Governance and Audit Committee Meeting

Grand Jury Room, Town Hall, High Street, Colchester, CO1 1PJ
Tuesday, 21 January 2020 at 18:00

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

Information for Members of the Public

Access to information and meetings

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

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

Have Your Say!

The Council welcomes contributions and representations from members of the public at most public meetings. If you would like to speak at a meeting and need to find out more, please refer to the Have Your Say! arrangements here: http://www.colchester.gov.uk/haveyoursay.

Audio Recording, Mobile phones and other devices

The Council audio records public meetings for live broadcast over the internet and the recordings are available to listen to afterwards on the Council's website. Audio recording, photography and filming of meetings by members of the public is also welcomed. Phones, tablets, laptops, cameras and other devices can be used at all meetings of the Council so long as this doesn't cause a disturbance. It is not permitted to use voice or camera flash functions and devices must be set to silent. Councillors can use devices to receive messages, to access meeting papers and information via the internet. Looking at or posting on social media by Committee members is at the discretion of the Chairman / Mayor who may choose to require all devices to be switched off at any time.

Access

There is wheelchair access to the Town Hall from St Runwald Street. There is an induction loop in all the meeting rooms. If you need help with reading or understanding this document please take it to the Library and Community Hub, Colchester Central Library, using the contact details below and we will try to provide a reading service, translation or other formats you may need.

Facilities

Toilets with lift access, if required, are on each floor of the Town Hall. A water dispenser is available on the first floor.

Evacuation Procedures

Evacuate the building using the nearest available exit. Make your way to the assembly area in the car park in St Runwald Street behind the Town Hall. Do not re-enter the building until the Town Hall staff advise you that it is safe to do so.

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

Accounts and Audit

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

Governance

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

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

Other regulatory matters

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

To determine and approve Community Governance Reviews.

Standards in relation to Member Conduct

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

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

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

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

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

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

General

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

COLCHESTER BOROUGH COUNCIL
Governance and Audit Committee
Tuesday, 21 January 2020 at 18:00

The Governance and Audit Committee Members are:

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

The Governance and Audit Committee Substitute Members are:
All members of the Council who are not Cabinet members or members of this Panel.

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

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

1 **Welcome and Announcements**

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

2 **Substitutions**

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

3 **Urgent Items**

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

4 **Declarations of Interest**

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

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

5   **Minutes of Previous Meeting**

The Committee will be invited to confirm that the minutes are a correct record of the meetings held on 29 October and 26 November 2019.

6   **Have Your Say!**

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

7   **Annual Review of the Council's Wholly-Owned Companies'**
       Business Plans

The Committee, in its role as the shareholder committee, will be invited to review the Business Plan of Colchester Commercial (Holdings) Limited and the plans of its subsidiary companies, and make comments and recommendations to Cabinet. This Report also reminds the shareholder committee of the governance arrangements that the Council has in place in order to monitor and review the activities of the companies. It also provides a summary of achievements this financial year, since the 2018-19 Annual Report was considered by the Committee in June 2019.

8   **Revised Code of Corporate Governance**

The Committee will review the Local Code of Corporate Governance for 2019/20. The Local Code of Corporate Governance is how the Council demonstrates that its structures comply with the recognised principles of good governance. The report also recommends that Full Council includes the Code in its Policy Framework which comprises all of the Authority's key polices.

9   **Interim Review of the Annual Governance Statement Action**
       Plan

The Committee will consider a report reviewing the implementation of the actions highlighted on the 2018/19 Annual Governance Statement (AGS), which was reported to the Governance and Audit

Committee in June 2019. The report included an action plan for issues to be resolved during the current financial year (2019/20).

The Committee will consider a report summarising the performance of Internal Audit, and details the audits undertaken between 1 April and 30 September 2019.

The Committee will receive a report providing Members with an overview of the Council's risk management activity during the period from 01 April 2019 to 30 September 2019. The Council has a comprehensive risk management process that is embedded across the organisation. This includes a strategic risk register, which is the responsibility of the senior management team, operational risk registers which are produced by each service and specific risk mitigation initiatives.

The Committee will consider a report which sets out the current Work Programme 2019-2020 for the Governance and Audit Committee.

13   Exclusion of the Public (not Scrutiny or Executive)

In accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).

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

Minutes - not for publication extract

- This report is not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (financial / business affairs of a particular person, including the authority holding information).

15   **Annual Review of the Council's Wholly-Owned Companies'
      Business Plans - Part B**

      The Committee will consider the not for publication business plans
      for Colchester Commercial Holdings Limited and its subsidiary
      companies.

GOVERNANCE AND AUDIT COMMITTEE
29 October 2019

Present:-   Councillor Nick Barlow, Councillor Paul Dundas,
                     Councillor Mark Goacher, Councillor Sam McCarthy,
                     Councillor Chris Pearson (Chairman), Councillor Dennis
                     Willetts, Councillor Barbara Wood
Also Present: -   Councillor David King Councillor Mike Lilley,

173. Minutes of Previous Meetings

RESOLVED that the minutes of the meetings held on 3 September 2019 be confirmed as a correct record.

174. Annual Audit Letter 2018-19

The Committee considered a report presenting the Annual Audit Letter 2018-10 to the Committee. Paul Cook, Finance Manager and Interim Section 151 Officer, and Lisa Clampin, BDO LLP, attended to assist the Committee and presented the report.

The Committee highlighted that there had been concerns in the local authority sector with audits being completed on time. Lisa Clampin explained that this had been an issue for a number of local authorities and that approximately 40% of authorities had not received their audit report on time. This was largely an issue of resources for the audit companies. BDO had only missed the deadline in respect of one authority and it was not anticipated that this would be a problem for Colchester Borough Council in future. The Audit Letter 2018-19 did not raise any significant issues, and this was a testament to the quality of the Council's finance team.

RESOLVED that the contents of the Annual Audit letter 2018-19 be noted.

175. Local Government and Social Care Ombudsman Annual Review Letter 2018-19

The Committee considered a report setting out the details of the Local Government and Social Care Ombudsman's Annual Review Letter 2018-19. Councillor King, Portfolio Holder for Business and Resources, and Hayley McGrath, Corporate Governance Manager attended to assist the Committee and presented the report. The Corporate Governance Manager explained that the very low levels of complaints to the Ombudsman, when seen in the context of over 10,000 direct customer contacts, was an indication of the quality of the services provided by Colchester Borough Council. Councillor King explained that this was indicative of the attitudes of staff within the Council and demonstrated an openness and willingness to deal with and learn from complaints.

Members of the Committee noted that, whilst the numbers involved were very low, the

upheld rate was slightly higher than average. However, none of the complaints that were upheld demonstrated a serious or significant failure of service.

RESOLVED that the contents of the Local Government and Social Care Ombudsman's Annual Review letter 2018-19 be noted.

176.   Equality and Safeguarding – Annual Report

The Committee considered a report setting out the Council's duties in respect of Equality and Safeguarding and the steps the Council had taken to meet these requirements since the last report to the Committee. Lucie Breadman, Assistant Director, Communities, Joanne Besant, Equality Lead Officer, and Sonia Carr, Safeguarding Lead Officer, attended to present the report and assist the Committee. Equality and safeguarding principles and practices were being integrated into the day to day work of the Council. For example, all decisions required an equality impact assessment to be completed and appropriate training was provided to staff to raise awareness and ensure they were aware of their responsibilities. The Council worked extensively in partnership with external organisations in respect of both issues.

In discussion, members of the Committee explored the provision of safeguarding training for officers. It was confirmed that online training on safeguarding was provided for all officers, and the take up of this was being monitored. The aim was to ensure that all officers completed the training. Consideration was being given to the provision of refresher training to reinforce the message and maintain awareness. More specialist training was provided where appropriate. It was emphasised that there was an important role for Councillors in ensuring they undertook the relevant training and maintained their awareness of equality and safeguarding issues in order to embed hem firmly throughout the organisation.

It was also suggested that it was important in terms of equality that gender-neutral language was used in Council policies and publications, and that photographs or graphics were suitably diverse. In response, it was explained that the Council was seeking was to embed that approach amongst all of its services through appropriate training. Most policies, reports and publications went through a rigorous checking process which should ensure that both language and images were appropriate.

RESOLVED that:-

(a)   the progress in meeting the Council's legal duties in regard to both Equality and Diversity and Safeguarding be noted;

(b)   the approach set out in paragraph 7 of the Assistant Director's report be endorsed.

177.   Health and Safety Policy and Report

The Committee considered a report setting out the Council's approach to its responsibilities for safeguarding the health and safety of employees and others who may be affected under the Health and Safety at Work etc. Act 1974, and specific duties under the Management of Health and Safety at Work Regulations 1999. Councillor King, Portfolio Holder for Business and Resources, Carl Free, Corporate Health and Safety Officer and Hayley McGrath, Corporate Governance Manager attended to present the report and assist the Committee.

The Committee were requested to consider the draft Health and Safety Policy, and agree the changes made which were required for 2019/20. The Committee were advised that it was appropriate to review the policy on an annual basis and that there were minor changes only to the Health and Safety Policy concerning the change of responsibility for Health and Safety in the organisation, and the differing requirements for the commercial companies established by the Council.

The Committee was advised that as part of the ongoing work that was required to keep the policy up to date, audits were carried out, and in the past year these had focussed on ill health, driving at work and security. The safety element of the policy was well developed and the focus had switched to less obvious, but equally serious concerns such as musculoskeletal disorders and stress, which in the past may have been more unnoticed. Considerable work would be put into identifying sources of stress throughout the organisation and then taking appropriate steps to address this stress. The Committee was advised that particular consideration had been given to the safety of staff and violence towards them, as it had been noted that police response times had become slower.

Carl Free explained that he was particularly keen to promote the 'near miss' reporting procedure which had been adopted, which ensured that near miss accidents are also reported. This allowed remedial measures to be taken to prevent future incidents from actually occurring.

Councillor Willetts referred to section 4.1 of the Health and Safety Policy and commented that the Council delivered a number of services through external companies. He considered that this could lead to a situation where a number of Health and Safety policies could be in force at the same time for different individuals. This could be potentially confusing. He suggested that the correct approach would be to strive for one policy to cover all associated Council business. In response, Carl Free confirmed that it was a legal requirement for each company to have their own Health and Safety Policy. However, Colchester Borough Council provided advice and assistance on these policies and related procedures. The Corporate Governance Manager kept an overview of these policies to ensure they were consistent

Councillor Dundas asked about the policy on company vehicles and maintenance between MOT inspections, and in particular whether or not Colchester Borough Council applied the same requirements to its own vehicles as were applied to hackney carriage vehicles, who were required to address any advisory notes on an MOT within a certain period of time. Carl Free advised that Council vehicles were subject to a daily check and a more thorough weekly check to ensure that the standards required were maintained.

Councillor Wood enquired whether there was any regular assessment of drivers eyesight and Carl Free confirmed that following on from a recent audit, this was an area which was being focussed on to improve the level of testing carried out.

Councillor Pearson praised the work that had been done on near miss reporting, and questioned whether this was a process that would potentially take second place to other work and asked what could be done to ensure that reports were submitted. Carl Free explained that the process for reporting a near miss had been made as simple as possible both online and via physical cards which were available in all Council building and vehicles, and which required far less information that a report of a full accident. The importance of reporting near misses was also now incorporated into every health and safety staff briefing and training for managers.

Councillor Pearson noted that the policy specifically referred to the responsibility of Cabinet in respect of the Health and Safety. He considered that it would be appropriate for the report to be presented to Cabinet for noting to ensure that Cabinet was aware of the work being done to ensure a proper approach to Health and Safety. Councillor King indicated that Cabinet would be pleased to receive the report.

RESOLVED that:-

(a) The Health and Safety Annual Report covering the period January to October 2019 be noted;

(b) The changes to the Health and Safety Policy required for 2019/20 be approved.

(c) The report considered by the Governance and Audit Committee, together with the Health and Safety Policy 2019/20 be referred to Cabinet for its consideration, in view of its responsibilities for Health and Safety.

178. Work Programme 2019-20

RESOLVED that the Work Programme 2019-20 be approved.

Present:- Councillor Nick Barlow, Councillor Robert Davidson, Councillor Mark Goacher, Councillor Chris Hayter, Councillor Sam McCarthy, Councillor Chris Pearson (Chairman), Councillor Dennis Willetts

Also Present: - Councillor David King

179. Minutes of Previous Meetings

No minutes of previous meetings were presented.

180. Review of the Council's Ethical Governance Policies

The Committee were requested to review the Council's updated Ethical Governance Policies. Councillor King, Portfolio Holder for Business and Resources, and Hayley McGrath, Corporate Governance Manager attended to assist the Committee and presented the report. Members heard that the suite of policies presented to them were part of the Council's overall policy framework that set out the ethics of the organisation, ensuring that decision making was correct. The Committee were advised that it was good practice to review these policies on an annual basis, although no substantive changes had been made to these documents which the Committee had previously considered. If the Committee approved the draft policies presented to it, these would be referred to full Council for ratification.

The Committee were advised that the only policy which had been invoked during the past year had been whistleblowing policy following receipt of an anonymous email. A full investigation had taken place as a result of this email, and appropriate measures had been taken.

Hayley McGrath highlighted changes that had been made to the Data Protection and Acceptable Use policies to reflect changes brought about by the Data Protection Act 2018. The policies had been strengthened to demonstrate the Council's commitment to data protection. The Income and Debt Management Policy will be the subject of a thorough review in 2020.

Councillor Willetts noted that the policies were predominantly aimed at Council staff and queried whether they took account of the role and working practices of Councillors. In response, Councillor King explained that the policies were rooted in legislation and the policies represented a combination of the Council's interpretation of that legislation and best practice guidance within the statutory framework. Councillor King further commented that it is very helpful to have the same rules for both Members and staff and raising awareness of the requirements of the policies could be something dealt with through the Member Development Group in the future. Councillor Pearson pointed out that it was the individual

responsibility of Councillors to ensure that they and their staff are aware of, and complied with, all the policies and rules that apply to them. Councillor Willetts made an enquiry as to the frequency of checks carried out on staff and Councillors to ensure compliance with the policies, and Hayley McGrath clarified that it was not Council policy to carry out routine checks, but that the rules and procedures gave the Council the authority to investigate any suggestion of wrongdoing thoroughly. All staff and Councillors had received training and guidance, and it was their responsibility ensure that data was handled and managed correctly. Councillors were reminded of their responsibility to notify Colchester Borough Council of anyone who was handling or managing data so that they could be advised whether this was permissible. The Committee were advised that data management had been improved recently through the ceasing of the practice whereby Council e-mails were forwarded to private e-mail addresses. The Committee considered that it would be appropriate for issues relating to the introduction of Councillors to the ethical governance policies and to councillors access to the Council's IT systems to be added to the update of the Review of Meetings and Ways of Working to be considered by the Committee in March 2020.

Councillor Willetts queried whether the Acceptable Use Policy could prevent legitimate criticism of Council policy by opposition Councillors. and whether such criticism would be classified as bringing the Council into disrepute. Councillor Barlow pointed out that anyone was entitled to express their fair opinion, and that there was a clear distinction between political criticism and bringing the Council into disrepute. Councillor Pearson reminded Members that common sense needed to be applied, and if there was any doubt then advice and guidance should be sought from the Monitoring Officer.

In response to an enquiry from Councillor Davidson, Hayley McGrath advised Members that the policies had been drafted by the relevant service area in the Council to which the policies applied, and that it was good governance practice to carry out this activity to ensure that policies were relevant to Colchester Borough Council and understood by both Officers and Members alike. Guidance offered by various relevant Local Government Organisations was followed, and used to assist, in the drafting of any policy. Although the review process necessitates some work from Officers, it is nonetheless a valuable process to follow.

RESOLVED that issues relating to the introduction of Councillors to the ethical governance policies and to Councillors access to the Council's IT systems to be added to the update of the Review of Meetings and Ways of Working to be considered by the Committee in March 2020.

RECOMMENDED TO COUNCIL that the revised Ethical Governance policies be included in the Policy Framework.

181. Annual review of the Members' Code of Conduct and the Council's Localism Act arrangements.

The Committee were requested to review the Councillor's Code of Conduct and to make any recommendations to Full Council they considered appropriate. Councillor King, Portfolio Holder for Business and Resources, and Hayley McGrath, Corporate Governance Manager attended to assist the Committee and presented the report. Hayley McGrath explained that the Code of Conduct is based on the seven Nolan Principles of public life, and sets the framework within which Councillors are expected to conduct themselves, together with the process for investigating any allegations of potential breaches of the Code of Conduct. The

number of complaints received since the code came into being in 2012 were detailed in the report. A rise in the number of complaints received in 2016/2017 and 2017/2018 could be attributed to the complaints process being used when people did not agree with a decision taken by a Councillor, as opposed to being about their actual conduct, and as a result of this, only one of the complaints received during this period was deemed to merit further investigation. Overall, there had been very few referrals to the Governance and Audit Committee, although there was an anecdotal report of a rise in the number of enquiries received by the Council, as people became more aware of the existence of the Code. The Committee noted the contents of the report and did not consider it was necessary to make a recommendation to Council to amend the Code of Conduct.

RESOLVED that:-

(a)   The review of the Members Code of Conduct and Localism Act be noted,

(b)   The Members Code of Conduct and the Council's Arrangements be kept under review;

(c)   No amendments to the Members Code of Conduct or the Council's Arrangements be be referred to Full Council.

182   Review of Local Code of Corporate Governance

The Committee were requested to review the Local Code of Corporate Governance. Councillor King, Portfolio Holder for Business and Resources, and Hayley McGrath, Corporate Governance Manager attended to assist the Committee and presented the report. It was explained that the Local Code of Corporate Governance was based on principles contained in guidance issued by The Chartered Institute of Public Finance and Accountancy (CIPFA), and The Society of Local Authority Chief Executives (SOLACE) and the code had been updated for 2019-2020 to reflect some of the Council's changing priorities towards emerging issues. In response to a Councillor enquiry, Hayley McGrath drew the attention of the Councillors to page 24 of The Code which sets out the steps that have been taken to implement the six core principles set out in The Code.

In respect of Principle Two of The Code, Councillor Willetts expressed his reservations on the wording used. He queried the phrase "common purpose" in Core Principle 2. It could not be said that all Members were working towards the same goals, as they were seeking to promote their own party policies and objectives and were effectively therefore not supporting a common purpose. In particular it was the role of the opposition to scrutinise and where appropriate oppose the policies of the administration. Councillor Goacher supported the notion that "common purpose" be more precisely defined in this context. Hayley McGrath explained that the wording was based on the CIPFA/SOLACE guidance. However, the wording would be reviewed to make its meaning clearer and an amended Code would be referred to the next meeting of Committee for ratification prior to referring it to Full Council.

RESOLVED that the wording of Core Principle 2 of the Code of Corporate Governance be reviewed and a revised Code be submitted to next meeting of the Committee.

183   Gifts and Hospitality – Review of Guidance for Councillors and Policy for Employees

The Committee were requested to review the Guidance for Councillors and Policy for Employees in relation to the receipt of gifts and hospitality. Councillor King, Portfolio Holder for Business and Resources, and Hayley McGrath, Corporate Governance Manager attended to assist the Committee and presented the report. The attention of the Committee was drawn to the process requiring the registration of gifts and hospitality and the process for checking and auditing the registers that are kept on a quarterly basis. The Committee heard that there were slightly different policies for Councillors and Employees and as such the approval of the policy had to take two slightly different routes.

RESOLVED that:-

(a)   The proposed Guidance for Councillors on Gifts and Hospitality be approved and incorporated in the Constitution,

(b)   The Gifts and Hospitality Policy for Employees be approved.

184   Review of Member / Officer Protocol

The Committee were requested to review the Member / Officer Protocol which provides a framework for good working relationships between Councillors and Officers. Councillor King, Portfolio Holder for Business and Resources, and Hayley McGrath, Corporate Governance Manager attended to assist the Committee and presented the report. The Committee were advised that the Protocol is included in the Constitution and were invited to approve the document which had last been considered in October 2018. The document was considered to be operating well, and therefore no changes had been made to it. In response to an invitation for comments or questions on the policy, Councillor Davidson gave an example of where he felt that the Protocol had not been adhered to in the context of officer attendance at Group meetings.

Councillor Willetts commended the work that has been done to date in this area, but highlighted the blurring of lines on decision taking, where some decisions were now being taken by Officers under delegated authority. He was concerned that although there was no evidence of this taking place, this practice could potentially open up Officers to criticism for decisions that they had taken, and suggested that there was a potential danger of Members passing political decisions on to Officers in order to avoid political fallout. It was important that there were clear dividing lines between those who took decisions and those who provided advice.

Councillor Goacher raised concerns about decisions that were being taken by the Council's commercial companies should potentially be taken by Councillors. Councillor Pearson explained that as the commercial companies were regulated by the Committee, this was an issue that the Committee could address when it reviewed their work. It was imperative that decisions that guide the Authority had to be taken by Members, and that the residents of Colchester understood how decisions were being taken.

Councillor King reassured the Committee that executive members took their decision-making responsibilities seriously and sought to ensure that decision making was transparent. Hayley McGrath explained that the authority for officers to take decisions were clearly set out in the

Constitution. The Committee could, if it wished, review the delegated powers to ensure they were set at appropriate levels. The Committee considered that the Protocol should be approved, but it would be sensible to receive a report clarifying the position on delegated authority.

RESOLVED that

(a) The Member / Officer Protocol be approved and included in the Constitution.
(b) A report reviewing the Scheme of Delegation to Officers be submitted to a future meeting of the Committee.

185   Guidance for Members on Dispensations

The Committee were requested to review the Guidance for Members on Dispensations who, due to having a Disclosable Pecuniary Interest, are precluded from participating on agenda items. Councillor King, Portfolio Holder for Business and Resources, and Hayley McGrath, Corporate Governance Manager attended to assist the Committee and presented the report.

RESOLVED that the Guidance for Members and Co-Opted Members on Dispensations be approved and included in the Council's Constitution.

186   Guidance for Councillors and Officers on Outside Bodies

The Committee were requested to approve the Guidance for Councillors and Officers on Outside Bodies, and that the Councillors and Officers who are appointed to outside bodies and provided with a copy of the Guidance. Councillor King, Portfolio Holder for Business and Resources, and Hayley McGrath, Corporate Governance Manager attended to assist the Committee and presented the report. Councillors were advised that the Guidance had last been reviewed by this Committee in 2013, and it was right that it now be revisited, particularly in the light of the formation of Colchester Commercial (Holdings) Limited. It was confirmed that all organisations to which Councillors or Officers were appointed did fall within the scope of this Guidance.

Councillor Willetts registered his concern about difficulties that could arise when Officers were appointed to roles outside the Council, and particularly in respect of clarity for the general public. He suggested that a solution to these potential difficulties would be for Officers appointed in this way to be granted status as an honorary Member to enable a more robust approach to be taken towards their work for the outside body, and remove them from the restrictions of the Member / Officer protocol which was designed to shield Officers from criticism. Councillor Pearson acknowledged the valid points that Councillor Willetts had made, and stated that as the arrangements for the governance of the Council's commercial companies were still in the early stages, these would be reviewed and it was suggested that Councillor Willetts held onto his concerns to raise them as part of this review process.

RESOLVED that the Guidance for Councillors and Officers on Outside Bodies be approved and incorporated in the Constitution, and that a copy of the Guidance be circulated to all Councillors and Officers who serve on outside bodies.

187   Annual Review of Business Continuity

The Committee were requested to consider and comment on the business continuity work undertaken during the period and to endorse the Business Continuity Strategy for 2020. Councillor King, Portfolio Holder for Business and Resources, and Hayley McGrath, Corporate Governance Manager attended to assist the Committee and presented the report. Hayley McGrath explained that business continuity was concerned with ensuring that the Council could continue to deliver its functions in the event of a natural disaster or other service interruption. The Business Continuity Strategy itself does not form part of the Policy Framework itself or form part of the Constitution, however, it is part of a risk management framework which is in turn incorporated into the Constitution. Hayley outlined the changes that had been made to the Business Continuity Plan which had been updated to refer to broader Council functions, as opposed to individual service areas within the organisation, which are subject to change. Business Continuity goes hand in hand with emergency planning, and the Council was under an obligation under the Civil Contingency Act to assist emergency services in the event there was a major incident within the Borough, with a primary goal of caring for local residents who may have been displaced from their homes due to flood or other emergency. The Council building Rowan House was the borough emergency centre, and would be utilised in the event of an emergency. It was also reported to the Committee that a considerable amount of staff time had been dedicated to planning for the UK exiting the EU, particularly an exit without a deal, and the unknown implications that could have for the Authority.

As part of the ongoing work around Business Continuity, the Council had also been looking at key issues, and recently carried out a generator test at Rowan House to ensure that staff knew how to get the building up and running in the event of a power outage. Security arrangements have also been considered for Rowan House out of hours, together with all other Council properties, the provision of which has been brought back in house from an external provider. The provision of I.T. support out of hours has also been addressed so that support can be given to the new, more flexible way of working which has been adopted by the Council.

Councillor Pearson thought it prudent that there be a backup to the Business Continuity Plan as he had recently had it confirmed that Rowan House was sited in a flood plain. Councillor Davidson enquired whether the Town Hall could still be used as an emergency centre, and sought an assurance that the working hours of senior staff would be controlled during an emergency to prevent them from being overworked. Hayley McGrath confirmed that the Borough Emergency Centre used to be in Angel Court, but had then been moved to Rowan House. It was, however the fall back position to utilise the Town Hall in the event that Rowan House could not be used as an emergency centre. Hayley also confirmed that in the event of a large disaster, it was likely that senior staff would be subject to longer than usual working hours, but that steps were in place to manage this as well as possible by way of a rota system. Councillor Davidson sought further clarification on senior officers who were nominated as 'first call officers' and whom he suspected were contacted out of hours more times that Members realised. Hayley confirmed that senior officers operate as first call officers for a month at a time, and are prevented from covering two months in a row. Generally speaking officers would expect to receive two or three calls in a month, although this could increase is the issues are weather related for example.

Councillor Willetts welcomed the process of review and praised the work undertaken by Officers, and enquired whether there had been any service failures. Hayley McGrath confirmed that there had been no serious incidents for some time, and although there had

been minor interruptions to service delivery, caused by issues such as powers cuts, the new ways of working adopted by the Council had enabled these issues to be dealt with quickly and efficiently, and it may be that the public were unaware that there had even been an issue.

In response to an enquiry from Councillor Willetts, Dan Gascoyne explained that a report had been presented to Scrutiny Panel earlier this month setting out some of the broader issues around the exit from the European Union and the work being done around this. In general terms we don't know what impact exit will have, which is why the planning work is being done now to try to enable the Council to cope with as yet unknown impacts.

RESOLVED that the Business Continuity Strategy for 2020 was endorsed.

188   Treasury Management Strategy, Mid-Year Review Report 2019-20

The Committee were requested to consider a report on the mid-year review of the Council's treasury management. Paul Cook, interim Finance Manager attended to assist the Committee and presented the report. Paul Cook presented the report and explained that following previous discussions there was some comparative information included with the report – for example the table included in section 6 of the report showing Local Authority borrowing. Councillor Davidson queried the number of investments that had been made, and enquired as to the possibility of increasing diversity in investment, and Paul Cook confirmed that he would continue to look at options when preparing the strategy for 2021.

Councillor Willetts referred to the table at section 8.2 of the report and enquired whether borrowing was being used to fund the Council's capital programme and Paul Cook confirmed that some of the capital programme was funded from revenue. Following general discussion on the mechanisms of borrowing regulation used by the Authority, Paul Cook said that he would bring further clarifying information to Committee in future.

RESOLVED that the Treasury Management Strategy mid-year review 2019-20 be approved.

189.   Work Programme 2019-20

Richard Clifford, Lead Democratic Services Officer, introduced the Work Programme 2019-20. The Committee confirmed that the item on Review of the Scheme of Delegation should be added to the Work Programme for the meeting in March 2020.

RESOLVED that

(a)The Work Programme for 2019-20 be noted.

(b) The item on the review of the Scheme of Delegation to Officers be scheduled for the meeting on 10 March 2020.

The Committee resolved under Section 100A(4) of the Local Government Act 1972 to exclude the public, including the press, from the meeting so that the following item as

they involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972).
190.   Treasury Management Strategy, Mid-Year Review 2019-20

This minute is not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (information relating to the financial or business affairs of a particular person, including the authority holding the information).

		Item
Governance and Audit Committee		**7**
Colchester	**21 January 2020**	

Report of	Assistant Director Place and Client Services	Author	Andrew Tyrrell ☎ 282390
Title	Annual Review of the Council's Wholly-Owned Companies' Business Plans		
Wards affected	All Wards		

1. Executive Summary

1.1 In 2017 the Council set up a wholly-owned company, Colchester Commercial Holdings Ltd (CCHL). Under CCHL, 3 subsidiary trading companies began trading activities commencing from 1 April 2018; Colchester Amphora Energy Ltd (CAEL), Colchester Amphora Homes Ltd (CAHL) and Colchester Amphora Trading Ltd (CATL).

1.2 The companies set an initial Business Plan period spanning 3 years, for 2018-2021, with a first annual review of this taking place in March 2019. This Report sets out the second annual review of the companies' Business Plans. The Governance & Audit Committee are asked, in their role as the shareholder committee, to review the Business Plan of Colchester Commercial (Holdings) Limited and its subsidiary companies and make comments and recommendations to Cabinet.

1.3 This Report also reminds the shareholder committee of the governance arrangements that the Council has in place in order to monitor and review the activities of the companies. It also provides a summary of achievements this financial year, since the 2018-19 Annual Report was considered by the Committee in June 2019.

2. Recommended Decision

2.1 To review, and make recommendations to Cabinet on, the refreshed draft Colchester Commercial (Holdings) Limited Business Plans, including the subsidiary companies.

2.2 To note the ongoing governance arrangements that are in place, and the achievements of the Council's companies in the first half of 2019/20.

3. Reason for Recommended Decision

3.1 At the Annual Meeting on 23 May 2018, the Governance & Audit Committee's terms of reference were amended to include the responsibility to act as the shareholder committee for Colchester Commercial (Holdings) Limited. As part of this role the Committee is required:
- To consider and review the activities and financial performance of Colchester Commercial (Holdings) Limited and its subsidiary companies.
- To receive, review and recommend Colchester Commercial (Holdings) Limited's business plans (including its subsidiary companies) annually.
- To monitor, challenge and make recommendations to Cabinet regarding Colchester Commercial (Holdings) Limited and its subsidiary companies.

- To make recommendations to Cabinet on how it should exercise the functions flowing from its ownership of shares in Colchester Commercial (Holdings) Limited and its subsidiary companies.
- To recommend the constitution and appointment of the Board of Directors, including to recommend to Cabinet the appointment of nominee directors to the board of Colchester Commercial (Holdings) Limited.

4. Alternative Options

4.1 No alternative options are provided.

5. Background Information

5.1 The Localism Act 2011 enabled local authorities to undertake activities designed to make a profit, but only if delivered within a company. The Council established wholly owned companies using these powers. The companies were incorporated under the Companies Act 2006 on 1 June 2017 and began operating from 1 April 2018. The aim was to enable the Council to operate its direct trading services and development functions within a more commercial culture, to address the challenges of ongoing budget pressures. Three subsidiary companies, each with distinct areas of trading, were also formed:
- Colchester Amphora Energy Ltd (CAEL)
- Colchester Amphora Homes Ltd (CAHL)
- Colchester Amphora Trading Ltd (CATL)

5.2 CCHL is a private company limited by shares, with the Council being the sole shareholder. The Council consequently retains full control over the direction of the companies, manages the risks and receives the resulting financial benefits.

5.3 Good governance, accountability and transparency are essential to councils and a cornerstone to improving public services. In discharging this accountability, the Council is required to make proper arrangements for the governance of its companies. It was imperative that an appropriate governance structure was put in place to ensure the sound and robust management of the companies, alongside protection of the Council's financial and reputational investment in them.

5.4 The Board of CCHL is made up of 4 Councillors and the Managing Director. The Managing Director of CCHL is the Chief Executive of the Council. The representation on the Board allows the Council to offer direction to the holding company and its subsidiaries, whilst providing it with the freedom to operate in a fully commercial marketplace driving forward delivery as outlined in the agreed Business Plans. The Managing Director has overall responsibility for ensuring compliance with the Shareholder Agreement.

5.5 Each subsidiary Board has three Directors. Directors have legal duties through the common law directors' duties and the statement of general directors' duties which are set out in the Companies Act 2006, but these are not exhaustive in terms of the duties that are owed by a Director to an organisation. Board members are also subject to other legal duties, including a large number of very important legal obligations around making investments, disposing of land, health and safety requirements, and employment laws.

5.6 Management Agreement

5.6.1 The Management Agreement between the Council and CCHL (The Company) sets out how the company will provide a range of services to the Council. The Company and its subsidiaries are also managed and monitored in accordance with the target budgets and other KPI's agreed with the Council under its Management Agreement. The Agreement complies with TECKAL regulations and it is expected that the companies will also, over time, develop and offer a range of services and activities to new markets, which may include other public sector bodies.

5.6.2 Within the Management Agreement it is set out that the Company representatives and Council representatives will meet in regular liaison meetings, where the Council, as (and through its) Client, monitors the manner and provision of the services set out in the management agreement, financial and budgetary performance, non-financial performance and other matters related to the relevant issues that may arise from time to

time. As an appendix to the Management Agreement there is a Liaison Protocol, which sets out the frequency and type of meetings to be held between the Council and the Companies.

5.6.3 The Management Agreement also sets out Audit requirements. All of the companies are subject to any audit and inspection requirements of the Council. External audit remains an essential element in accounting for public money and makes an important contribution to the stewardship of the Councils public resources. It also supports local democracy by helping to ensure that members and officers are accountable to the communities they serve and by providing assurance that the public money they manage has been properly spent.

5.6.4 Copies of audited accounts must be provided to the Council as soon as reasonably practicable after external audits. The Company also undertakes all internal and external audit to comply with the law. Similar requirements also exist in regard to complaints, enquiries and legal proceedings related to any services provided by the companies.

5.6.5 The Company manages, on behalf of the Council, the following budgets:
- Sports and Leisure Services
- Corporate asset management
- Commercial and investment properties
- Helpline
- CCTV
- Capital budgets related to project in the Revolving Investment Fund (RIF).

5.6.6 Budgets are set in accordance with the Council budget setting process, framework and timeframe. Submissions are made in November and considered as part of the overall Council budget. The Council budget is agreed as part of the annual budgeting process and the Company are notified of the budget no later than the 1st of March.

5.6.7 Monthly reporting between the Company and the Council takes place throughout the year, as part of the liaison protocol. This monitors the budget in terms of predicted overspends or underspends and explores issues that may arise in the course of the year. In the first instance, any remedial actions that may be required are planned and managed by the Company. In the event that this cannot be managed within the Company controls, they would submit a case to the Council to consider and agree what action should be taken. Where there are any underspends on budgets this is retained by the Council at year end.

5.6.8 The Management Fee that the Council pays to the Company to manage the services set out in the Management Agreement is also included within this document. This fee is agreed annually, as part of the Council budget process.

5.7 Service Level Agreement (SLA)

5.7.1 It was agreed that CCHL and its subsidiaries will "buy" services from the Council and these services are outlined in a Service Level Agreement (SLA). The Companies pay CBC a fee for the provision of these services. The current SLA runs from 1 April 2018 to 31 March 2021.

5.7.2 This agreement forms the basis of the partnership between the Councils companies and the services provided by the Council. The agreement lays out the respective roles and responsibilities of each party in the provision of the services as outlined below. The

service specification and standards for each of the following services are contained as appendices to this agreement;

- ICT and telephony
- Communications, marketing and PR
- Human Resources
- Finance
- Legal, audit, insurance, health and safety, procurement, security and post
- Room and Hallkeepers services (Governance)
- Accommodation
- Fleet
- Customer Services.

5.7.3 Performance of each service, delivery standards and any quality assurance matters were scheduled to be monitored at quarterly review meetings between named individuals within each Council service area and CCHL. Different services have since established different arrangements and practices with the Company that suit their needs as to who attends these meetings and when they are required. There remain agreed routes for escalation if the need arises, as set out within the SLA.

5.8 Business Plans

5.8.1 CCHL ensures that the three subsidiary companies deliver against their individual Business Plan targets. The overarching Business Plan for CCHL sets out that the holding company provides the strategic direction, financial performance monitoring and senior management capacity for the subsidiary companies.

5.8.2 In addition, although CCHL is a holding company, it does undertake some trading activities. For example, it provides the senior management service and strategic direction to the Council's Sport and Leisure function. Each of the subsidiaries has its own Business Plan as detailed below.

5.8.3 The draft version of the "refreshed" and updated CCHL Business Plan remains broadly similar to the 2018 version. Except that it starts to identify some growth objectives which, together with its subsidiaries, will be a focus for the remainder of the plan period (alongside delivery of the management agreement services for the Council). The Plan sets out aims to:

- Continue to deliver against set targets
- Develop second programme of sites for CAHL
- Develop phase 3 garage sites for the Council
- Continue to develop a pipeline of development projects for the Council
- Invest in Digital Technology in both Helpline and CCTV Service
- Explore new opportunities to develop low carbon projects in Colchester
- Continue to explore market for CCHL products and services

5.8.4 The CAEL Business Plan sets out the rationale for setting up the company, which was initially to focus on the Northern Gateway Heat Network. To be able to trade and supply heat the Council needed to set up a new company and it did so to demonstrate its commitment to the low carbon agenda and to provide leadership in the development of "infrastructure-first" energy provision. The resulting Northern Gateway Heat Network (NGHN) will provide an innovative ultralow-carbon heat solution to residents, businesses and other commercial users as part of the proposed growth planned in this part of the borough. The project will be the first of this scale in the UK and was 1 of only 9 pilot projects that gained grant funding nationally.

5.8.5 In its draft version of the refreshed Business Plan, CAEL now outlines the changes that have occurred in its first year of trading. The Northern Gateway Heat Project remains the main company focus, but the delivery mechanism for the project has changed with the Council taking on a lead role in the infrastructure of the scheme (as agreed at Cabinet in January). CAEL remain responsible for the heat plant and for supplying services to customers. The structure has been amended to reflect the CAEL ability to secure Renewable Heat incentive (RHI), which adds more financial sustainability into the project and grows the rate of return to the Council as shareholder. The Plan continues to highlight other emerging projects which will be developed in the next year of trading.

5.8.6 The Business Plan for CAHL reflects how the company was established to respond to the need for more high-quality homes in the borough that are affordable for local people by creating a cross subsidy mechanism with sale of the private homes creating a surplus to invest in affordable homes. Development of new homes for private sale also provides income opportunities for the Council (by optimising existing assets in its ownership and recycling any profits from development for the Council to reinvest into core services).

5.8.7 The Business Plan for 2018 to 2021 set out that the company will develop 4 sites, which were agreed by Cabinet in October 2018. The sites will deliver over 300 new homes and 30% of the new homes built will be affordable homes. The Business Plan also sets out that the company will be seeking to develop and secure terms for a second programme of sites for the Council.

5.8.8 The refreshed draft version of the CAHL Business Plan 2020 highlights the same core objectives of the company (building quality affordable homes for local people, creating a commercial income stream for the Council, and building sustainable homes). However, a number of changes have occurred since the company was established in 2018 and these are highlighted in the refreshed plan; these include:
- Changes to the CBC HRA borrowing headroom thus enabling the completed affordable assets in CAHL to be purchased back by the Council rather than being retained and rented out by CAHL
- Agreements to the site value and site purchase contracts exchanging for the land CAHL is buying from CBC
- CBC putting equity into CAHL
- New work taken on by the company to provide housing development management services to CBC for its own garage site new homes programme

5.8.9 The Business Plan for CATL sets out that the company offers a range of commercial trading businesses and services to customers which will generate new levels of income for the Council. CATL's offering has 2 main functions;
- Direct commercial trading services, including Helpline, Monitoring and CCTV and Events.
- Professional property and business services offered initially to the Council and then to external clients as the company grows. These services include estates management of the Council's assets, economic development and business support services and commercial development and regeneration project management.

5.8.10 The refreshed CATL Business Plan highlights the direction of travel for the new company as it approaches the end of its first year of trading. The Plan outlines new business opportunities as the Company becomes more established; for Events this focuses on growing the venues and introducing new markets, such as corporate functions. For Helpline, there are also new markets to be explored now that the business is trading effectively. For Development services more work is being picked up for other Council

departments, such as Communities, although the Company plans to seek other public sector clients in 2019.

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5.8.11 All of the Business Plans must be delivered in full compliance with the governance requirements set out by the Council. The Business Plans require the agreement of the Cabinet, but the latest proposals for revised draft Business Plans are attached as Appendices for review and recommendations to be made (to Cabinet) by this Committee.

5.9 Key Achievements

5.9.1 The overall company group performance so far this year means that CCHL is currently on target to deliver the CBC agreed dividend of £394,017 by end of March 2020. This is the primary financial target for the companies and a core KPI for performance monitoring.

5.9.2 In terms of highlighted activities; notably, given the Council declared a climate emergency, the Northern Gateway Heat Network being delivered for the Council by CAEL is a flagship project for low-carbon heat generation. This project is delivering the biggest use of a ground-source open-loop heat network in the UK, it has the support of the Department of Business, Industry and Industrial Strategy (BEIS) Heat Network Project (HNIP), being 1 of only 9 pilot schemes funded by their grant funding across the country. The project has national significance, due to the innovative use of ground water to generate heat at this scale.

5.9.3 During the 2019/20 financial year there has been the installation and testing of four boreholes on Northern Gateway South site, in addition to the borehole installed in 2018. The project remains on track to complete the open loop element of the Heat Network ground source heat pump. This pump aims to abstract and re-inject water to and from the chalk aquifer circa 70 metres below ground, acting as a low carbon solution to heat the planned houses and commercial buildings at Northern Gateway.

5.9.4 In terms of housing, CAHL are continuing to progress Phase 1 of their agreed development sites and will be delivering over 400 new homes in Colchester over the next few years. This will include the provision of 30% affordable homes. The affordable homes will be owned by the Council and are much needed by the borough's residents with almost 3,000 on the Housing Register.

5.9.5 A number of legal agreements (including the equity agreement, loan agreement and the sales agreements) were finalised in June 2019. The first site, Creffield Road, then obtained planning approval on 6 September. Groundworks started in December 2019 with archaeological investigations and tree work commencing, before construction will start in 2020.

5.9.6 Due to benefit from CAEL's delivery of the innovative heat network above, Mill Road will see CAHL delivering circa 350 homes (of which 105 are affordable homes). The site is currently subject to an outline planning application that is due to be determined shortly. Meanwhile CAHL have also been managing projects to deliver entirely affordable housing on sites owned by the Council through its Housing Revenue Account (HRA). Military Road has planning permission for 8 affordable homes, gained on 4 November 2019, and due to start construction in summer 2020; whilst 3 former "garage sites" are also currently under consideration and due to be determined by the Planning Committee in January 2020, before commencing construction in the summer as well. CAHL are also working in partnership with Colchester Borough Homes (CBH) on these Council projects.

5.9.7   CATL's Development Services are delivering a number of significant projects for the Council, including the Colchester Northern Gateway. Detailed planning work has started on the boulevard and infrastructure at both Northern Gateway North and South sites following the successful bid for £5.5m of capital funding in March 2019. Contractors are currently being appointed, with practical work to start mid-2020.

5.9.8   Construction is already well underway at Northern Gateway Sports Park and on track for completion Summer 2020. Good progress was made on plans for the Sports Park's Cycling facilities following the March 2019 successful application to British Cycling and Sport England Trailblazer for £590,000. Good progress was also made on the Indoor Cricket Centre plans at the park, following 2018-19's successful application to Essex County Cricket Club and the England and Wales Cricket Board for £100,000 of funding to support its development. Similarly, the "Wheels for All Cycling Partnership Project" saw a successful launch of an adaptive cycling programme in September, for people with mobility or disabilities comprising an introduction to cycling for individuals, schools and groups, along with teachers, parents and carers. This is supported by Cycling Projects, Leonard Cheshire, The Garrison PRC, Chavasse VC House, Essex Sport, British Cycling, Sustrans and Essex Sport.

5.9.9   In the town centre, construction is also ongoing at the Mercury Theatre where the £9m "Mercury Rising" expansion is due to open in the summer of 2020. The refurbishment of Jacks will also be completed early in the New Year, restoring a historic town centre building and bringing it back in to practical use. The town centre will also be benefitting from increased gigabyte broadband coverage with the £3.45m DCMS funded "LFFN Ultrafast broadband" expansion project being rolled out by March 2021. During the same time, the Council will be seeking to upgrade its CCTV system; providing a digital system that will help further the CCTV team that had assisted in 113 arrests out of a reported 1,827 incidents, during the first half of the year.

5.9.10 The town has also benefitted from CATL's delivery of the Council's events programme. The overall programme, quality and financial performance of events continues to grow across the Town Hall, Castle, Charter Hall and Castle Park. 3 large music events were held in Castle Park in summer 2019, attracting over 28,000 visitors. This summer also saw CATL establishing the "Nearly Festival" at Old Heath, creating a legacy community event. Overall, more than 75 events are planned at Charter Hall, a 30% increase on the previous year with a comedy programme boasting 10 nationally recognised comedians performing to sell-out audiences. The Town Hall and Castle also hosted 2 successful self-produced Weddings Fairs, whilst the Town Hall accommodated 10 sold-out Christmas parties.

5.9.11 CATL also continued growth in the Helpline service. The Helpline customer base had a net increase of 164 customers in the first six months of the year, which is above growth target. A new and effective management structure has been built, providing greater oversight of this service 7 days a week, 24/7 with greater support to staff out of hours. This, along with development of staff 1-1s and better access to line manager for support has led to improved and consistent operating procedures and policies across the team as a rapid turnaround of audit actions on Helpline and CCTV that were initially "poor limited assurance" and are now "achieving".

6.   Equality, Diversity and Human Rights implications

6.1   Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

6.2   The recommendations will have no disproportionate impact on any protected group. Further Equality Impact Assessment information can be found here.

7.   Strategic Plan References

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

7.2   GROWTH... Ensuring all residents benefit from the growth of the borough
- Help make sure Colchester is a welcoming place for all residents and visitors
- Ensure residents benefit from Colchester's economic growth with skills, jobs and improving infrastructure
- Promote inward investment to the borough
- Work with partners to create a shared vision for a vibrant town centre.

7.3   RESPONSIBILITY... Encouraging everyone to do their bit to making our borough even better
- Increase the supply of good quality homes by using legal powers to reduce the number of empty homes and improve standards in the private rented sector

7.4   OPPORTUNITY... Promoting and improving Colchester and its environment
- Promote and enhance Colchester borough's heritage and visitor attractions to increase visitor numbers and to support job creation
- Promote green technologies through initiatives such as SMART Cities
- Help business to flourish by supporting infrastructure for start-up businesses and facilitating a Business Improvement District
- Promote initiatives to help residents live healthier lives.

7.5   WELLBEING... Making Colchester an even better place to live and supporting those who need most help
- Encourage belonging, involvement and responsibility in all the borough's communities
- Work with Essex Police and partners in the Safer Colchester Partnership to make Colchester an even safer place
- Create new social housing by building Council homes and supporting Registered Providers
- Target support to the most disadvantaged residents and communities
- Help residents adopt healthier lifestyles by enabling the provision of excellent leisure facilities and beautiful green spaces, countryside and beaches.

8. Consultation

8.1 There is no specific consultation requirement generated in relation to this Report.

9. Publicity Considerations

9.1 There is no specific publicity consideration in relation to this Report.

10. Financial implications

10.1 In terms of overall governance, the companies operate as separate organisations with financial regulations agreed by relevant company boards. Where the companies are spending money on behalf of the Council, such as sport and leisure, capital budgets within the RIF, etc, then all approvals are required to be in line with normal Council procedures.

10.2 In terms of the financial assumptions and dividend targets, when the companies were set up the financial targets and estimated dividend for 2018/19 was broadly based on existing budget assumptions when services were operating within the Council.

10.3 The 2019/20 target dividend set out in the CCHL business plan and council budgets assumes an increase in income for the Council of £107k. The Business Plan for CCHL sets out how it is expecting to deliver this increased dividend for the Council, so that the Council can benefit from this in providing our services to the public.

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

11. Health, Wellbeing and Community Safety Implications

11.1 Health and wellbeing is influenced by a number of factors, many of which fall under the responsibility of the Council. The Company activities span various aspects and assist the Council to do all it reasonably can to promote positive health benefits to our residents; whilst reducing, removing or minimising any unintended consequences to health that may arise from services or decisions.

12. Health and Safety Implications

12.1 The matters herein do not result in harm to the health and safety of the general public.

13. Risk Management Implications

13.1   CCHL has a risk register that is actively managed. Each of the subsidiary companies also have their own risk register. All of the companies have a Business Continuity Plan.

13.2   The key risks associated with the companies concern the financial risk attached to the delivery of income targets (capital and revenue) and management of costs. This is actively managed through regular monitoring and reporting on the financial position and the governance arrangements detailed within the report.

14.   Environmental and Sustainability Implications

14.1   The Council has declared a Climate Emergency and has committed to being carbon neutral by 2030. Many of the company activities are helping deliver projects that will contribute towards the achievement of sustainable development as defined in the National Planning Policy Framework. Achieving sustainable development means that the meeting three overarching objectives, which are interdependent and need to be pursued in mutually supportive ways. These are economic, social and environmental objectives.

14.2   This report and the Business Plans outline the activities of the companies. Projects such as the delivery of homes, jobs and sports and leisure provision, contribute towards sustainable communities. Projects such as the Heat Network, an innovative low-carbon energy network, make positive contributions to reducing the impact of growth. Thus, in summary, activities undertaken by the Council through its companies has considered the Climate Emergency and the sustainable development objectives set out in the NPPF.

PUBLIC Appendix

Appendix A: CCHL Business Plan

CONFIDENTIAL Appendices

Appendix B: CAEL Business Plan
Appendix C: CAHL Business Plan
Appendix D: CATL Business Plan

NOTE: These 3 Business Plans contain commercially sensitive information.

Colchester
COMMERCIAL HOLDINGS

BUSINESS PLAN 2018 - 2021
Updated December 2019

CONTENTS

EXECUTIVE SUMMARY

Colchester Commercial Holdings Ltd

is the holding company for three separate subsidiaries, with related but distinct products, services, markets and opportunities. This business plan consolidates the three sub-divisions into a high-quality commercial offer which maintains the strong public sector ethos of its shareholder.

Colchester Amphora Trading

will deliver high quality products and services to public and private sector clients in the Property, Leisure and Health Care industries.

Colchester Amphora Energy

will design and implement low carbon energy systems and provide energy services in Colchester.

Colchester Amphora Homes

will deliver high quality affordable and private sale homes in Colchester and the surrounding area, along with managing the redevelopment of Colchester Borough Council owned garage sites.

COLCHESTER RUGBY CLUB
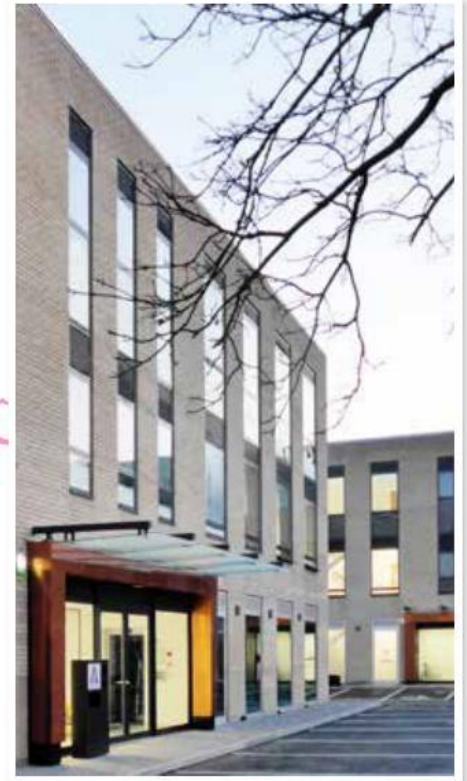
OBJECTIVES

CCHL AIMS:

- Generate profit to maintain viability, reduce risk, return a dividend to our shareholder and re-invest in CCHL.

- Operate in a commercial, innovative manner exploring options for development and expansion.

- Provide our clients with high-quality products and services while maintaining a high level of return for the Council.

- Improve quality and availability of homes for private sale and affordable rent for local people.

- Capitalise on our unique product and services range to gain market share.

- Build the global brand of Colchester as a place to do business, invest, live, study and visit.

GOVERNANCE & MANAGEMENT STRUCTURE

CCHL is a company limited by shares, wholly owned by Colchester Borough Council.

A board of directors has been established to provide strategic direction and oversee performance:

Cllr Nick Barlow
Board Chair

Adrian Pritchard
Board Director

Cllr Tim Young
Board Director

Cllr Brian Jarvis
Board Director

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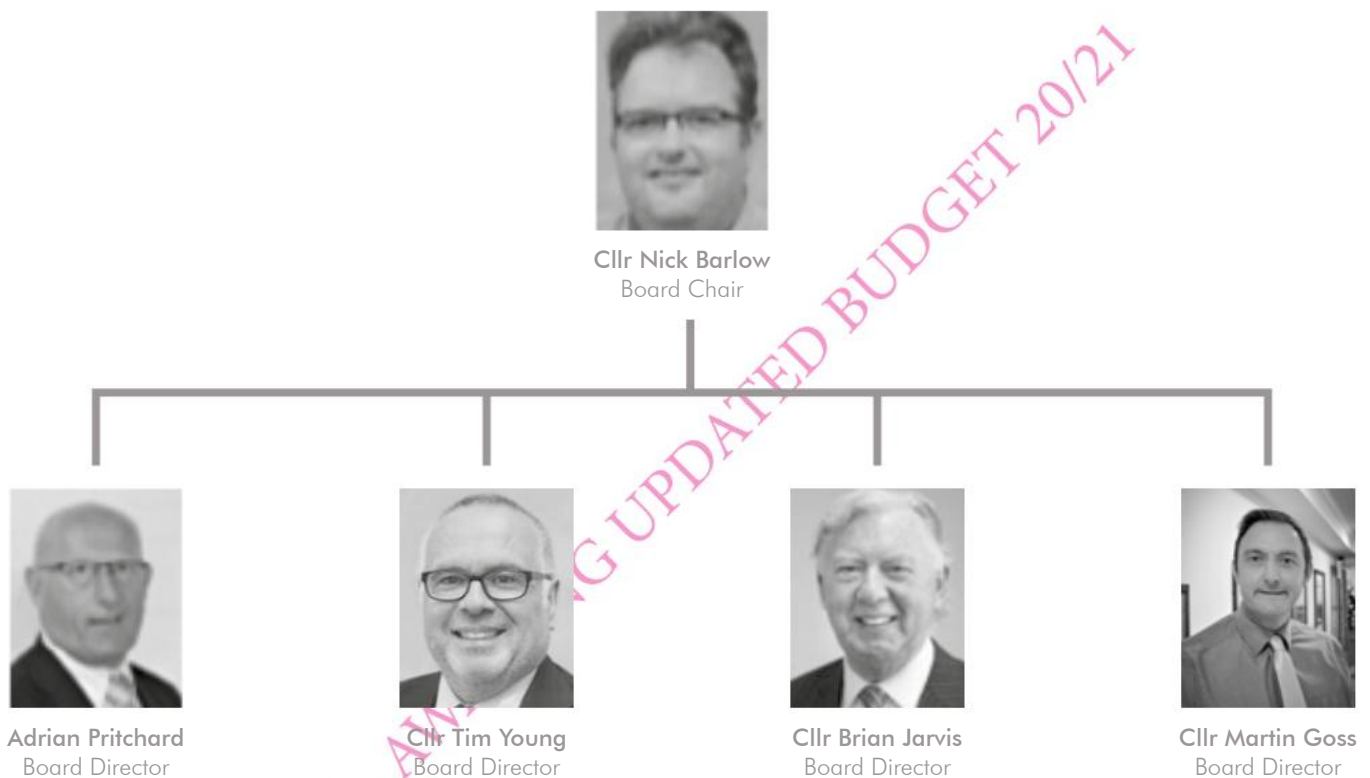
The directors hold the responsibility for making decisions, providing leadership and monitoring the performance of the company. The directors are responsible for obtaining appropriate legal, financial and tax advice to enable them to make informed decisions about the running of the company. The directors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

The articles of association govern the decision making and by whom. The company is required to comply with all laws governing private limited companies, such as the Companies Act 2006 and the regulatory regime for local authority companies under the Local Government and Housing Act 1989.

The board of directors are responsible for decisions regarding business development and the day-to-day operation of the company. However, the Cabinet, on behalf of the Council, are required to approve any decisions that would affect the shareholder's rights.

CCHL accesses a range of services from the Council through a series of Service Level Agreements. These are reviewed on a quarterly basis to ensure performance and to ensure the company and Council are achieving value for money.

Any profits made will either be repaid to the Council as a dividend, for the Council to invest in local services or reinvested in to the company.

The senior management of CCHL, as shown below, will produce an annual report on company performance to be taken to Governance and Audit Committee in June each year to provide an update on performance.

ADRIAN PRITCHARD
Managing Director (0.2)

PAUL SMITH
Group Commercial Director

ANTONIA CUTLER
Personal Assistant

AMY PARKER
Finance Manager and Company Secretary

ALISTAIR WILSON
Senior Commercial Manager

DANIEL EATON
Apprentice

STEPHANIE KAYE
Communications & Marketing

COLCHESTER AMPHORA ENERGY LTD (CAEL)

COLCHESTER AMPHORA HOMES LTD (CAHL)

COLCHESTER AMPHORA TRADING LTD (CATL)

OPERATIONAL MANAGEMENT

Accommodation

To provide office accommodation and associated facilities at Rowan House, Sheepen Road, Colchester

Finance

The provision of accountancy services for all aspects of the budget cycle, cash flow management and administration of the Council's financial systems.

ICT and Telephony

To provide efficient and effective ICT services in relation to advice, best practice, policy development, data security and general ICT services

Governance

The provision of hall keeping, insurance, internal audit (via Mazaars), Health and Safety, legal and procurement advice

HR

The People and Performance Team and HRSC will provide operational HR and strategic support

Communication, Marketing and PR

Develop, market, maintain and protect CCHL brand/s and services locally, regionally and nationally to raise their profile, increase customer awareness and satisfaction, communicate with target audiences and engage new audiences

Fleet Services

The provision of vehicles and maintenance in line with the specification required.

Customers

The provisions of customer business services, Multi-Functional Devices and Customer Experience Services.

MARKET OVERVIEW

COLCHESTER AMPHORA HOMES LTD (CAHL)

The need for housing in Colchester continues to grow, and supply constraints are an ongoing issue.

The current housing market nationally has suffered from some stagnation as a result of uncertainty around Brexit and other policy changes, e.g. tax changes regarding Buy to Lets. However, government policy incentives around first time buyers such as Help to Buy are stimulating an active housing market around smaller homes.

Supply and Demand

Whilst most indicators show an increase in new housing completions in Colchester over the last two years, the number of new housing starts has fallen and remains well short of projected need.

Outlook

There is a clear recognition across political parties of the urgent need to build more homes in the country overall, and specifically in Colchester. Long run trends in population growth and cumulative impact of years of undersupply point to an ongoing need for high quality new homes at an affordable price for both purchase and rent. This market dynamic is driving CAHL's desire to increase output and therefore to help address Colchester's housing shortage over the coming years. This currently stands at 2,890. CAHL looks to address the high levels of local demand by providing 30% Affordable Housing allocation on new development sites.

MARKET OVERVIEW

COLCHESTER AMPHORA ENERGY LTD (CAEL)

The Northern Gateway Heat Project will provide services to the core scheme identified, as such it will not be in competition with other energy service providers in this area.

However, we will work with the local authority to promote the heat network as part of a wider vision for the new Northern Gateway destination, a place which is proving to be a local and regional trailblazer for innovation around sustainability and digital communications.

In addition, as one of the 9 UK heat network pilots funded by BEIS, CAEL will continue to promote the ultra-low carbon scheme at Northern Gateway through national networks and local channels.

ENERGY CENTRE

MARKET OVERVIEW

COLCHESTER AMPHORA TRADING LTD (CATL)

Development Management

Development management is a client-driven industry, and as clients' needs change, the sector - and the firms within it - must adapt quickly in terms of services, structure and operations.

The past few years have seen significant transition, particularly in terms of technology, legislation, financial market Brexit uncertainty and the construction industry. Development management firms have had to respond rapidly, while maintaining their competitive edge and ensuring their own long-term growth.

"The market for development management is borne from investors and landowners seeking to drive best value from their assets".

CATL is new in this sector and as such will target smaller bespoke projects to work on as the larger established nationwide firms have larger multi-disciplinary teams who are able to respond to large scale development projects with ease.

Helpline

There when you need us

Helpline has been established in the Borough of Colchester, and provided a service to residents across North Essex, for over 20 years with a current customer base of over 3500 individuals.

Helpline prides itself on being the leading provider in North Essex of a dedicated Monitoring & Response falls pick up service, which operates 24 hours a day, 7 day a week. The key ethos of the organisation is to allow residents to remain independent at home and provide peace of mind to friends and family at the touch of a button.

Nationally, NHS England recognize the valuable input Technology Enabled Care (TEC) has on individuals, as it allows people to be in control of their own health, wellbeing and support, keeping them safe, well and independent and offering them and their families peace of mind.

TEC uses phone networks and internet connections to provide access to a range of health practitioners as well as care and support organisations that can respond to emergencies.

By 2025, analogue telephone services will be switched off as the UK's telecoms infrastructure is upgraded to digital connectivity. This shift has major implications for the technology enabled care sector and the 1.7 million people who rely on telecare in the UK. With this digital changeover TEC providers need to carry out work to upgrade their systems and recognise the opportunity digital connectivity represents to devise new services and product offerings.

COLCHESTER
EVENTS
COMPANY

The UK events industry is worth £42.3 billion and there are over 85m event attendees with 1.3 million business events held each year.

Colchester Event Company strives for excellence across the events industry, ensuring a vibrant and challenging selection of entertainment. Maximising the use of venue and outdoor space alike, attracting nationally profiled artists and events due to the commercial viability of the area plus can-do attitudes.

Focusing on social inclusion to ensure that all demographics of audience can be catered for through cultural diversity, working with minority groups to enable organisation and participation in events.

Colchester Events Company wants to develop long lasting partnerships and relationships to ensure sustainability moving forward with projects and initiatives that ensure a level of engagement and delivery for a wide spectrum of partners.

www.colchesteramphora.com

SPOTLIGHT ON:
COLCHESTER AMPHORA HOMES LTD

Colchester Amphora Homes Ltd is a housing development company which has four sites from the Council to deliver over 300 units, including 30% affordable homes, whilst exploring a further three Phase 2 sites, and a number of garage sites for Phase 3.

The Company aims to be on site building its first homes in Summer 2020.

CAHL will:

- Seek to become a successful local developer with a reputation for delivering high quality, well-designed residential property

- Make a positive contribution to the delivery of more housing across Colchester to meet need across a mix of tenures

- Recycle surplus funds generated from these projects to support corporate objectives of the Council as single shareholder

- Provide 30% affordable housing on its sites

- Trade in a manner that, wherever possible, acts in the best interest of the Council

- Develop new homes at the Northern Gateway

CAHL Delivery Schedule

	Mill Rd	Military Rd	Town Hall	Creffield Rd
2019				
2020	9 Affordable / 22 Private Sale	8 Affordable		2 Affordable / 6 Private Sale
2021	30 Affordable / 73 Private Sale		15 Affordable / 35 Private Sale	
2022	30 Affordable / 73 Private Sale			
2023	37 Private Sale / 76 Private Sale			
2024				

Delivery Year

DRAFT - AWAITING UPDATED BUDGET 20/21
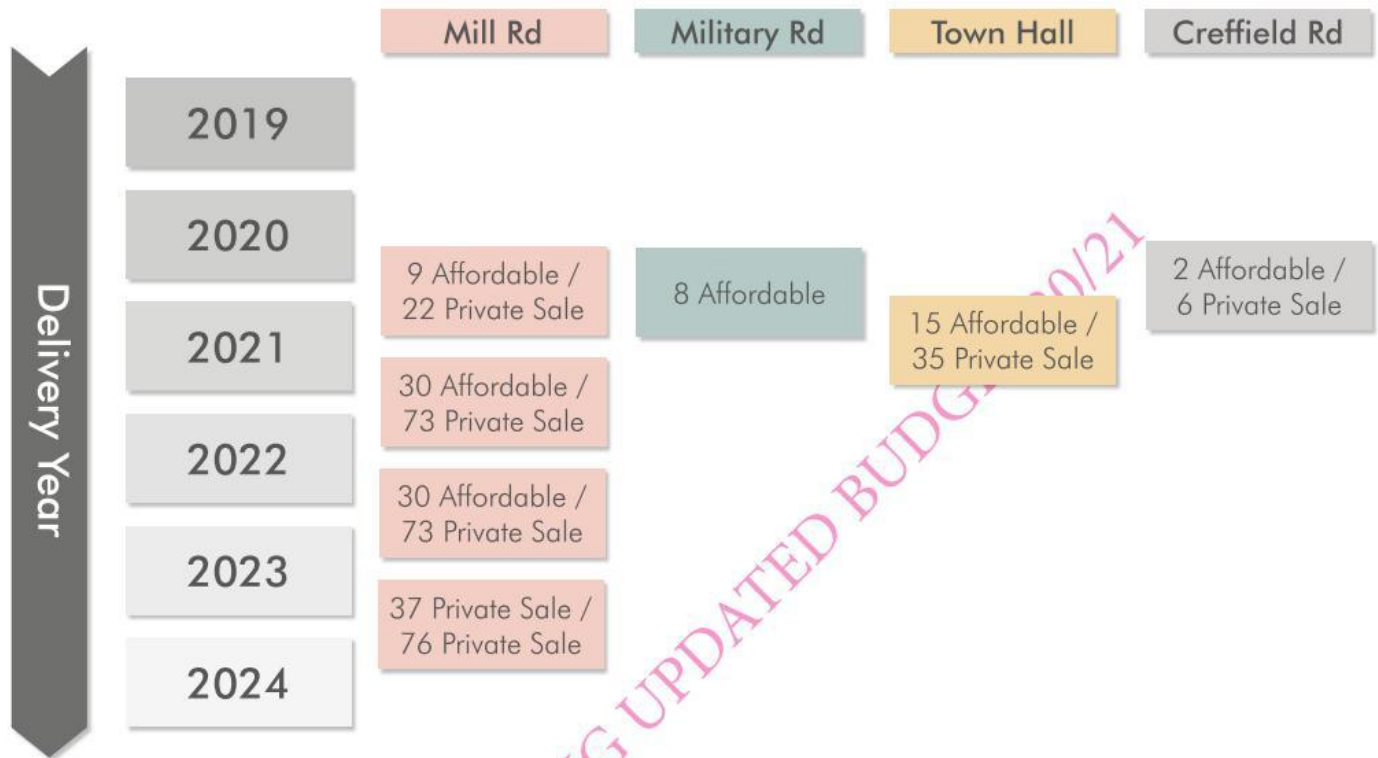
Within CAHL we will continue to offer products and services which are:

- High quality but good value for money

- Based on local provision, both in terms of the sites bought, which will be in or around the Borough, and the local suppliers CAHL seeks to use

- Sustainable - CAHL will strive to create homes which reflect the highest possible levels of environmental sustainability

- Reliable - CAHL will aim to become known as a trusted housebuilder who delivers a quality product

- Innovative - where possible we will seek to introduce new levels of innovation in homes without adding to cost for buyers.

SPOTLIGHT ON:
COLCHESTER AMPHORA TRADING LTD

CATL delivers a diverse range of products and services to individuals and businesses across the borough.

CATL will:

- Maximise commercial opportunities and to trade our services in a manner which reflects the ethos of our parent company and sole shareholder, Colchester Borough Council

- Build our customer and client base and grow a local and regional reputation by delivering high quality services which are good value for money.

- Deliver key services to our largest client, Colchester Borough Council, which maintain and grow its asset-based income levels AND maximise economic and social benefits across the Borough

- Develop new areas of business across all our services

- Maintain a happy and productive workforce

CATL will focus on four key areas of work within this plan period:

Maximising the Council's existing asset base (Estates /Commercial Projects) and managing other key services for CBC such as CCTV and Sport and Leisure (Management Fee Funded Services)

Developing a range of products and services which will be targeted towards the public sector.

KEY AIMS

Delivering and growing the company's Helpline and Events services

Growing a Development Management service for the Council, which can deliver complex high value projects on time and on budget.

Our Services will be:

- Flexible and innovative with tailor-made options to meet the needs of the individual customer
- Locally delivered - wherever possible (and relevant) we will utilise local suppliers
- Delivered by trusted, reliable and skilled employees.

SPOTLIGHT ON:
COLCHESTER AMPHORA ENERGY LTD

Colchester Amphora Energy Ltd (CAEL) will continue to develop and promote the use of local low carbon sources of heat and power through a range of projects and initiatives.

CAEL's current focus is on the delivery of a large heat network at North Colchester that will provide an ultra-low carbon heat solution to residents, businesses and other commercial users as part of the proposed growth location in this part of the Borough.

Delivery Timeline:

DECEMBER 2019
BOREHOLE TESTING COMPLETE

↓

APRIL 2020
PLANNING PERMISSION GRANTED

↓

OCTOBER 2020
ENERGY CENTRE CONSTRUCTION

↓

JULY 2021
ENERGY CENTRE BUILD COMPLETE

↓

AUGUST 2021
COMMENCE HEAT SALES

Image of borehole testing compound at the Northern Gateway

CAEL continues to explore new opportunities and are working with local and regional partners to develop proposals for further projects in the Borough.

OUR SECOND YEAR IN NUMBERS

COLCHESTER AMPHORA TRADING
COLCHESTER EVENTS COMPANY

CEC	18/19	19/20	Change	% Change
Number of Visitors by venue:				
Charter Hall	31,000	42,000	11,000	
Open Air/Park	180,000	185,850	5,850	
	211,000	227,850	16,850	+8%

Number of Events by venue:	18/19	19/20	Change	% Change
Charter Hall	55	70	15	
Town Hall	359	491	132	
Castle	57	47	-10	
Open Air/Park	46	45	-1	
	517	653	136	+26%
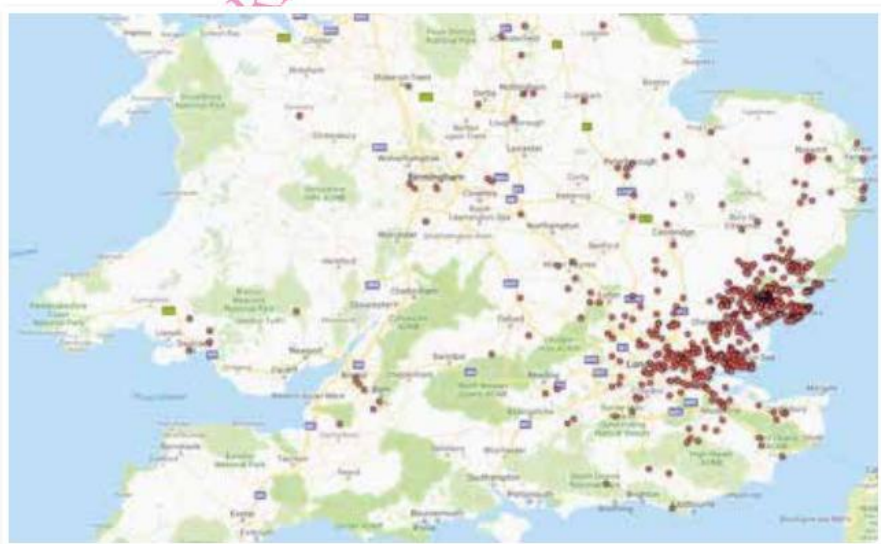
Map illustrating ticket purchasers in 2017/18 season for Colchester Events Company

OUR SECOND YEAR IN NUMBERS

HELPLINE

Helpline	18/19	19/20	Change	% Change
Answered Calls	56,000	57,862	1,862	+3.3%
Customers	3,500	3,655	155	+4.4%
Customer Falls	3,000	2,945	-55	-1.9%

Helpline response officer with vehicle

CCTV office

CCTV	18/19	19/20	Change	% Change
Assisted Arrests	150	283	133	+89%

OUR SECOND YEAR IN NUMBERS

COLCHESTER AMPHORA ENERGY LTD

- Testing and drilling of Boreholes
- Heat System Design

COLCHESTER AMPHORA HOMES LTD

- 1 housing development site acquired
- Phase 3 developments feasibility assessment
- Assessing Garage Sites and progressing towards planning applications
- Detailed planning granted for 2 Phase One sites and applications pending for 2 Garage Sites

COLCHESTER COMMERCIAL HOLDINGS LTD

- £394,000 dividend for year two is on forecast for delivery

COMMERCIAL DEVELOPMENT & ESTATES

- £3.5m income raised for Colchester Borough Council (CBC) via commercial lets
- £19m of external funding secured for CBC
- Managed £30m capital programme for CBC

FORWARD LOOK

BUILDING UPON OUR PERFORMANCE TO DATE:

KEY AIMS

- Continue to deliver against set targets
- Develop second programme of sites for CAHL
- Develop phase 3 garage sites for CBC
- Continue to develop a pipeline of development projects for CBC
- Invest in Digital Technology in both our Helpline and CCTV Service
- Explore new opportunities to develop low carbon projects in Colchester
- Continue to explore market for our products and services

FINANCIAL PLAN

Colchester Commercial (Holdings) Limited Group Forecast Consolidated Forecast 2019 to 2022

	2019/2020	2020/2021	2021/2022	TOTAL
Income	4,456,944	4,742,789	5,027,179	13,908,912
Expenditure	-3,970,835	-4,089,690	-4,213,141	-12,273,666
Profit before tax	486,108	653,098	814,039	1,635,245
Tax	-92,361	-124,089	-154,667	-310,697
Net Profit (Available for dividends)	393,748	529,010	659,371	1,324,549

The above forecast ignores the potential impact of the Local Government Pension Scheme movements as they cannot be accurately predicted.

Due to the fact that the balance sheet is relatively simple and no large fluctuations are expected it has not been deemed necessary to include a forecast balance sheet.

Due to the fact that the level of cash is controlled against the level of debt held with the Council it has also not been deemed necessary to include a forecast statement of cash flows.

www.colchesteramphora.com

	Governance & Audit Committee		Item
			8
	21 January 2020		
Report of	**Monitoring Officer**	**Author**	**Hayley McGrath** ☎ **508902**
Title	**Revised Code of Corporate Governance**		
Wards affected	Not applicable		

1. Executive Summary

1.1 This report requests the Committee to review the Local Code of Corporate Governance for 2019/20. The Local Code of Corporate Governance is how the Council demonstrates that its structures comply with the recognised principles of good governance.

1.2 The report also recommends that Full Council includes the Code in its Policy Framework which comprises all of the Authority's key polices.

2. Recommended Decision

2.1 To review the updated Local Code of Corporate Governance for 2019/20.

2.2 To recommend to Full Council that it be approved for inclusion in the Council's Policy Framework.

3. Reason for Recommended Decision

3.1 The Committee was originally asked to review the Local Code of Corporate Governance for 2019/20 at their meeting on 26 November 2019. However, concerns were raised over the wording for Principle 2 (*Members and officers working together to achieve a common purpose, with clearly defined functions and roles)* and the use of the phrase 'common purpose', as Councillors do not necessarily have the same political objectives.

3.2 Whilst the wording for the code is prescribed by the Chartered Institute of Public Finance, it was agreed that it would be reviewed to provide clarity on the definition of 'common purpose', and a revised code would be submitted to this meeting of the Committee.

3.3 The objective of Principle 2 is to ensure that Councillors and Officers work together to deliver the functions of the Council and implement the Council's vision.

3.4 The Council's vision was set out in the Strategic Plan for 2018-21, which was unanimously agreed by Full Council on 21 February 2018.

3.4 Therefore, the wording for Principle 2 has been amended to '*Members and officers working together to deliver the objectives of the 2018-2021 Strategic Plan (the common purpose), with clearly defined functions and roles.*'

4. Alternative Options

4.1 There are no alternative options to consider

5.   Equality, Diversity and Human Rights implications

5.1   There are no equality, diversity or Human Rights implications as a result of this report.

6.   Strategic Plan References

6.1   The achievement of the strategic plan requires a sound system of governance to ensure the effective delivery of services. Therefore, improving on existing governance arrangements will help to ensure that the strategic plan objectives can be achieved.

7.   Risk Management Implications

7.1   Risk Management is a fundamental part of the Governance process and a failure to agree a Code of Corporate Governance may have an effect on the ability of the Council to control its risks.

8.   Environmental and Sustainability Implications

8.1   There are no environmental or sustainability implications as a result of this report.

9.1   Other Standard References

9.1   There are no particular references to consultation, publicity considerations or financial; community safety or health and safety implications.

10.   Appendices

10.1   Appendix A – Revised Code of Corporate Governance 2019/20.

Code of Corporate Governance 2019/20

A guide to the Council's compliance with the six principles of Corporate Governance.

November 2019

Contents   Page

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THE PRINCIPLES OF CORPORATE GOVERNANCE

Core Principle 1   *Focusing on the purpose of the Council and outcomes for the community and creating and implementing a vision for the local area.*

Core Principle 2   *Members and officers working together to deliver the objectives of the 2018-2021 Strategic Plan (the common purpose) with clearly defined functions and roles.*

Core Principle 3   *Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.*

Core Principle 4   *Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.*

Core Principle 5   *Developing the capacity and capability of members and officers to be effective.*

Core Principle 6   *Engaging with local people and other stakeholders to ensure robust public accountability.*

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CODE OF CORPORATE GOVERNANCE

INTRODUCTION

"Governance is about how local government bodies ensure that they are doing the right things, in the right way for everyone, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities".

Delivering Good Governance in Local Authorities (CIPFA/SOLACE 2007)

The CIPFA/SOLACE guidance "Delivering Good Governance in Local Authorities" identified six Core Principles against which local authorities should review their existing corporate governance arrangements and develop and maintain a local code of governance. These principles are:

1. *Focusing on the purpose of the Council and outcomes for the community and creating and implementing a vision for the local area*
2. *Members and officers working together to achieve a common purpose with clearly defined functions and roles*
3. *Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour*
4. *Taking informed and transparent decisions which are subject to effective scrutiny and managing risk*
5. *Developing the capacity and capability of members and officers to be effective*
6. *Engaging with local people and other stakeholders to ensure robust public accountability.*

This Code of Governance has been prepared in accordance with the Guidance and will be reviewed by the Governance and Audit Committee on an annual basis.

Additionally authorities are required to prepare and publish an Annual Governance Statement in accordance with this framework under Regulation 4(2) of the Accounts and Audit (Amendment) (England) Regulations 2011. The Annual Governance Statement is

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a key corporate document. The Chief Executive and the Leader of the Council have joint responsibility as signatories for its accuracy and completeness.

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PRINCIPLE ONE

Core Principle 1 – Focusing on the purpose of the Council and outcomes for the community and creating and implementing a vision for the local area

Our aims in relation to focusing on the purpose of the Council and outcomes for the community and creating and implementing a vision for the local area are to:

1.1   Exercise strategic leadership by developing and clearly communicating the authority's purpose, vision and its intended outcome for citizens and service users
1.2   Ensure users receive a high quality service whether directly, or in partnership, or by commissioning
1.3   Ensure that the authority makes best use of resources and that tax payers and service users receive excellent value for money

In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
1.1.1 Develop and promote the Council's purpose and vision	Strategic Plan 2018-21 (approved by Full Council February 2018 following consultation and focus groups, with 20 priorities now set out under four new themes) and action plan. The Council's commercial programme, including the set-up of three trading subsidiaries – Amphora Trading, Homes and Energy – within the Colchester Commercial (Holdings) Ltd (CCH) holding company. Partnership working with local, regional and national stakeholders. Service Plans. ICT, Communication and Technology Strategy. Council website – www.colchester.gov.uk. Local Research and Statistics data on website. The Constitution and its committees and panels.	Development and monitoring of actions to support delivery of the Strategic Plan 2018-21, including spending priorities. Implementing the 'Service Futures' programme which took a fundamental review of Council services and how they are delivered. The development of the CCH/Amphora companies, and the implementation of their high-level goals, financial targets and management agreements. Encouraging self-serve and online options to maximise use of resources

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	Core values of 'customer, business and culture' with identified attitudes and behaviours Key Performance Indicators (KPIs) reported and published to show achievements against targets The Council's strategies and policies. Awards and accreditations. Publication Scheme/Transparency Code.	Council's Improvement and Engagement Team review customer demand and feedback, statistics and research to support business improvement. Council website – continuing its development to support the Council's vision and objectives, including focus on online self-serve options. Digital Access Support Team – external funding secured to help customers get online so they can access self-serve options and information to support themselves and the digital opportunities available if customers use the web.
1.1.2 Review on a regular basis the Council's vision for the local area and its impact on the authority's governance arrangements	Strategic Plan and its Action Plan. The Constitution and its committees and panels. Medium Term Financial Strategy and Capital Programme. Local Code of Corporate Governance. Annual Governance Statement and Assurance Framework. Risk Register.	Development and monitoring of actions to support delivery of the Strategic Plan 2018-21. Strategic Plan 2018-21 Spending Priorities. Local Code of Corporate Governance updated as required by CIPFA Guidance The Policy Review and Public Initiatives Panel was introduced from May 2018 to provide legislative, improvement and policy advice to Cabinet and Portfolio Holders on issues that may affect executive functions. The Panel considers

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		issues at the request of Cabinet and Portfolio Holders and must seek approval from Cabinet on whether and how issues proactively identified by the Panel are examined.
In order to achieve our aims we have/will:	**Source documents/Processes**	**Further work ongoing**
1.1.3 Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties	Strategic Plan 2018-21 Partners were key contributors in the Peer Challenge Partnership Strategy Council praised by All-Party Parliamentary Group Inquiry into partnership working Safer Colchester Partnership – annual plan, website, strategic and operational groups	Colchester Ambassadors – key borough businesses and their promotional work. Community Hub at Colchester library brings a range of partners together to provide customer-facing services. Also the Essex County Council Relationship Manager role.
1.1.4 Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance	Strategic Plan actions and monitoring of delivery Statement of Accounts Council's website www.colchester.gov.uk Awards and accreditations, Performance and Improvement sections of the website Performance Management Board ICT, Communication and Technology Strategy The Council's Forward Plan Publication Scheme/Transparency Code	Crime and Disorder Committee examines the work of the Safer Colchester Partnership. A webpage has been set up to bring all Annual Reports into one central place on the Council's website for improved transparency and open access. An online Datashare 'library' gives access to view and download a range of council databases and information
1.2.1 Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available	Customer – Portfolio Holder on the Cabinet Performance reporting to Senior Management , Scrutiny Panel and the Cabinet	Improvement and Engagement Team review customer demand and feedback, statistics and research to encourage services to make informed choices based

| | Consultation – "Consultations, Research and Statistics" section on website
Mosaic and other customer research tools
Annual Monitoring Report
External Audit annual audit letter and recommendations
Local Government and Social Care Ombudsman – Annual Review Letter
Review of Complaints Procedure (to Committee October 2018) | on fact, and support process improvement work council-wide.

'Customer' strand of the Council's Customer Service Standard.

'Customers and Partnerships' strand of Senior Management Team meetings – this meeting aims to ensure we are focused on our customers and looking for partnership opportunities.

Feedback tab on webpages (on the right)

'Help us get it right' options for customers |

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In order to achieve our aims we have/will:	Source documents/processes	Further work ongoing
1.2.2 Put in place effective arrangements to identify and deal with failure in service delivery	Performance reporting and performance indicators Complaints Procedure Internal Audit Process and annual work programme Chief Operating Officer Performance Management Board External Auditor's annual audit letter and recommendations The Constitution, its committees and panels Risk Management Strategy Ethical Governance Policies Annual Governance Statement Action Plan Review of Complaints Procedure	Performance Management Board addresses and manages performance and financial issues and meets monthly. Preparation for Budget Group is also managed here. 'Help us get it right' options for customers
1.3.1 Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions.	Performance Reporting Performance Management Board Environmental Sustainability Strategy/Actions External Auditor's annual audit letter and recommendations Statement of Accounts Annual Treasury Strategy Statement Parking Partnership annual report Report templates – financial considerations Monitoring of commercial performance Publication Scheme/Transparency Code Sustainability assessments for Local Development Framework	Building a sustainable commercial services arm for the Council – CCH/Amphora trading companies. The Council has declared a Climate Emergency and has established a Conservation and Environmental Sustainability Task and Finish Group. This is developing an Action Plan for the Council to be carbon neutral by 2020.

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PRINCIPLE TWO

Members and officers working together to deliver the objectives of the 2018-2021 Strategic Plan (the common purpose) with clearly defined functions and roles.

Our aims in relation to Members and Officers working together to achieve a common purpose with clearly defined functions and roles are to:

2.1   Ensure effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function

2.2   Ensure that a constructive working relationship exists between authority members and officers and the responsibilities of members and officers are carried out to a high standard

2.3   Ensure relationships between the authority, its partners and the public are clear so that each knows what to expect of the other

In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
2.1.1 Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the authority's approach towards putting this into practice	Constitution (Cabinet terms of reference) Record of decisions and supporting materials Member/Officer Protocol Member Training and Development Senior officer training Member role profiles Committee and Councillor area on the Council website Publication Scheme/Transparency Code	The Constitution will continue to be reviewed on a rolling basis.
2.1.2 Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers	Constitution (Statutory Officer positions, Terms of Reference for Committees, Member roles) Protocols on planning, the representational role of Members, Chairmen, Officer/Members Schemes of Delegation Terms and Conditions of Employment Member role profiles	.

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In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
2.2.2 Make the chief executive or equivalent responsible and accountable to the authority for all aspects of operational management	Development of the Committee and Councillor area on the Council website provides more complete and easily accessible information about Councillors and the Council's decision making processes. Chief Executive designated Head of Paid Service Constitution (Head of Paid Service responsibilities) Conditions of Employment Schemes of Delegation Job Accountability Statement /Person Specification Signature on Annual Governance Statement	The Constitution will continue to be reviewed on a rolling basis. Support for this from Chief Operating Officer
2.2.3 Develop protocols to ensure that the leader and chief executive (or equivalent) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained	Constitution Member/Officer Protocol Regular 1:2:1s	The Constitution will continue to be reviewed on a rolling basis. The development of the CCH/Amphora companies, and the implementation of their high-level goals, financial targets and management agreements.
2.2.4 Make a senior officer (usually the section 151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control	Strategic Finance Manager is the Council's Chief Financial Officer (S151 Officer). Constitution Job Accountability Statement / Person Specification S151 Officer Protocol Report template includes financial implications before report considered by Members Officer Pay Policy agreed by Full Council	

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In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
2.2.5 Make a senior officer (other than the responsible financial officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations are complied with (usually the Monitoring Officer)	Strategic Governance Manager is the Council's Monitoring Officer Monitoring Officer Protocol Job Accountability Statement / Person Specification Report template requires that Legal Services are consulted before a report is considered by Members	
2.3.1 Develop protocols to ensure effective communication between members and officers in their respective roles	Member / Officer Protocol Planning Procedures Code of Practice Outside Bodies advice given to Members Member and Officer Codes of Conduct	Portfolio Holder briefings
2.3.2 Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process including an effective remuneration panel (if applicable)	Pay and conditions policies and practices Independent Remuneration Panel Terms of Reference and Reports Regular liaison meeting with Unison Officer Pay Policy agreed by Full Council	
2.3.3 Ensure that effective mechanisms exist to monitor service delivery	Performance reporting and performance indicators Complaints Procedure Assistant Directors monitoring Service Plans Performance Management Board Performance management system Scrutiny Panel Annual Governance Statements for the Council, Colchester and Ipswich Museums Service and North Essex Parking Partnership Publication Scheme/Transparency Code	Customers and Partnerships' strand of Senior Management Team meetings Customer insight work Datashare brings key performance and related data into one place on the website

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In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
2.3.4 Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated	Strategic Plan underpinned by a review of all existing consultation work. Medium Term Financial Strategy Performance reporting and indicators Council Website ICT, Communication and Technology Strategy News releases, e-newsletters and social media Customer insight groups Service Reviews	Policy Review and Public Initiatives Panel set up to provide legislative, improvement and policy advice to Cabinet and Portfolio Holders on issues that may affect executive functions. Cabinet identifying and resourcing new strategic priorities.
2.3.5 When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority	Constitution Individual Partnership Agreements Service Level Agreements Advice given to Members in relation to outside bodies Partnership Strategy	Community Hub at Colchester library brings a range of partners together to provide customer-facing services. Scrutiny Panel work programme includes review of partnership arrangements, with presentations from partners at Scrutiny
2.3.6 When working in partnership: • ensure that there is clarity about the legal status of the partnership • ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.	Constitution Individual Partnership Agreements Service Level Agreements Advice given to Members in relation to outside bodies Partnership Strategy Monitoring Officer role and protocol	Customers and Partnerships' strand of Senior Management Team meetings

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PRINCIPLE THREE

Core Principle 3 – Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

Our aims in relation to promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour are to:

3.1   Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance

3.2   Ensuring that organisational values are put into practice and are effective

In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
3.1.1 Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect	Constitution Chief Executive's and Leader's blog on the Council's intranet Performance reporting Governance and Audit Committee has an overall view of conduct issues established by its terms of reference Member and Officer Codes of Conduct Member/Officer Protocol Whistleblowing Policy Anti-Fraud and Corruption Policy Freedom of Information Policy statement and publication scheme Monitoring Officer and S151 Officer Protocols Localism Act Member conduct regime Annual review of Ethical Governance policies Peer Challenge	Staff survey and taking action on its findings Leadership Development Programme led by Executive Management Team Social media, including Yammer on relaunched Council intranet Datashare on the Council's website and on www.data.gov.uk supports the importance of openness and transparency Employee Assistance Programme

In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
3.1.1 continued	Planning Procedures Code of Practice Officer Register of Gifts and Hospitality Officer voluntary register of interests Members' Register of Interests Website and intranet Portfolio Holder monthly sessions with senior officers "Corporate Governance" section on the Council's website bringing all relevant information together under one heading	
3.1.2 Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols	Member and Officer Codes of Conduct Performance management system Complaints procedures Anti-fraud and Corruption Policy Member/Officer Protocols Induction for new Members and staff Member Development Programme Member Personal Development Plans Officer training on Member/ officer relationship Whistleblowing Policy Information and Communication Technology (ICT) Security Policy Safeguarding Policy Intranet Annual review of Ethical Governance policies Review of Complaints Procedure	Embedding the Council's core values of 'customer, business and culture' with identified attitudes and behaviours. The Job Accountability Statement/Person Specification template highlights the core values to applicants, and the revised staff appraisal scheme now makes how you conduct yourself against the values, attitudes and behaviours to be equally important to achieving the SMART objectives that apply to the role.

In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
3.1.3 Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice	Member and Officer Codes of Conduct Equality and Diversity training for Members and Officers Financial Procedure Rules, Contract Procedure Rules Ethical Governance policies Registers of Interests (Officers and Members) Services and processes are underpinned by Equality Impact Assessments Equality Objectives Officer induction and training Annual review of Ethical Governance Policies Job Accountability Statements include whether or not a role is politically restricted	Introduction of mandatory Member training on Equality and Diversity
3.2.1 Develop and maintain shared values including leadership values both for the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners	Member and Officer Codes of Conduct Strategic Plan, objectives and priorities in place and shared Performance reporting Strategic Plan Action Plan – progress is reported to scrutiny on a half-yearly basis	People Strategy actions (existing) and development of 2020 update Embedding the Council's core values of 'customer, business and culture' with identified attitudes and behaviours
3.2.2 Put in place arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice	Contract Procedure Rules Ethical Governance Policies Member and Officer Codes of Conduct Monitoring of the above takes place by the Governance and Audit Committee ICT Security Policy Annual reporting to Governance and Audit Committee	

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In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
3.2.3 Develop and maintain an effective Standards Committee	Member conduct issues (standards) within remit of Governance and Audit Committee Agenda and Minutes Terms of Reference Regular meetings Member training on Code of Conduct Work programme	Annual review of the Localism Act arrangements by the Governance and Audit Committee.
3.2.4 Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority	Member and Officer Codes of Conduct Strategic Plan, objectives and priorities in place and being shared Performance Appraisals Portfolio Holder briefing with Senior Managers Policy Framework	Embedding the Council's core values of 'customer, business and culture' with identified attitudes and behaviours
3.2.5 In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively	Values agreed with each partner Partnership Strategy	Annual report to Cabinet on Members' appointments to outside bodies, including feedback on outcomes, issues and engagement Scrutiny Panel work programme includes review of partnership arrangements, with presentations from partners at Scrutiny

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PRINCIPLE FOUR

Core Principle 4 – Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
Our aims in taking informed and transparent decisions which are subject to effective scrutiny and managing risk are to: 4.1 Being rigorous and transparent about how decisions are taken and listening and acting on the outcomes of constructive scrutiny 4.2 Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs 4.3 Ensuring that an effective risk management system is in place 4.4 Using their legal powers to the full benefit of the citizens and communities in their areas

In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
4.1.1. Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the organisation's performance overall and of any organisation for which it is responsible	Scrutiny is supported by robust evidence and data analysis Agenda and Minutes Scrutiny Panel Work programme Successful outcome of reviews Ownership of work programme Training for scrutiny chairman and members Scrutiny of partners and joint projects	Scrutiny Panel work programme includes review of partnership arrangements, with presentations from partners at Scrutiny Specialised training provided to Scrutiny members on the scrutiny of commercial companies and treasury management
4.1.2 Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based	The Constitution, its committees and panels Decision making protocols Record of decisions and supporting materials Report template Decision list published (members) Live audio streaming of meetings on the website Website	The Policy Review and Public Initiatives Panel has been set up to provide legislative, improvement and policy advice to Cabinet and Portfolio Holders on issues that may affect executive functions.

In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
4.1.3 Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice	Member and Officer Codes of Conduct Member and Officer Registers of Interests Declaration of Interests at meetings Code of Conduct guidance and training provided to Members and Officers Planning procedures Code of Practice Governance and Audit Committee (responsibility) and Monitoring Officer (reports) Politically restricted posts Ethical Governance Policies, and annual review Secondary Employment Policy	
4.1.4 Develop and maintain an effective Audit Committee (or equivalent) which is independent or make other appropriate arrangements for the discharge of the functions of such a committee	Audit issues within remit of Governance and Audit Committee Member Development Programme Agenda and Minutes The Constitution	Continue to review Member training programme with specific reference to audit and governance
4.1.5 Put in place effective transparent and accessible arrangements for dealing with complaints	Complaints procedure "Help us get it right" on website with full details Annual letter from Local Government and Social Care Ombudsman Customer insight work Social media Review of Complaints Procedure	Feedback tab on webpages (on the right)
4.2.1 Ensure that those making decisions whether for the authority or partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications	Council's Website Report templates dealing with key aspects Report by Assistant Director with necessary technical expertise included Training and professional development Equality Impact Assessments	Datashare Projects carried out by the Council's Customer Improvement and Engagement Team Customer insight work

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In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
4.2.2 Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately	Report template requires that consultation is undertaken with legal and financial functions before report considered by Members Record of decision making and supporting materials S151 and Monitoring Officer Protocols Equality Impact Assessments Clear and well understood decision making processes with published timelines.	Business Partners for Policy and Corporate services, including legal and financial matters
4.3.1 Ensure that risk management is embedded into the culture of the organisation, with members and managers at all levels recognising that risk management is part of their job	Risk Management Strategy - Policy Framework Corporate Risk Manager Corporate/service planning Cabinet Member with accountability for risk management Half-yearly reporting to Governance and Audit Committee Performance Management Board quarterly risk review Risk Registers- Strategic, Operational and Project Risk and Control self-assessment completed by all managers Training for Members and Officers Intranet area for Risk Management Corporate Governance Team, bringing together the co-ordination of governance processes.	Embedding of risk management processes into projects, with a review of what constitutes a significant project Integrating operational, strategic and project risks into the risk reporting process to senior management
	Clear and well understood decision making processes with published timelines Publication Scheme and Transparency Code	

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In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
4.4.1 Actively recognise the limits of lawful activity placed on them by, for example the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities	Constitution Monitoring Officer Report templates Equality Impact Assessments Equality Objectives	
4.4.2 Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law	Availability of professional legal advice Knowledge of current and forthcoming legislation and regulations Monitoring Officer Protocol S151 Officer Protocol Report templates Constitution Equality Impact Assessments Equality Objectives Training and Policy updates	Business Partners for Policy and Corporate services, including legal and financial matters
4.4.3 Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice into their procedures and decision making processes	Availability of professional legal advice Knowledge of current and forthcoming legislation and regulations Monitoring Officer Protocol S151 Officer Protocol Procedure Rules Report template Constitution Format for quasi-judicial committees "Have Your Say" processes Planning Procedure Code of Practice Equality Impact Assessments Equality Objectives Datashare	Business Partners for Policy and Corporate services, including legal and financial matters

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PRINCIPLE FIVE

Core Principle 5 – Developing the capacity and capability of Members and Officers to be effective

Our aims in relation to developing the capacity and capability of Members and Officers to be effective are:
5.1 Making sure that Members and Officers have the skills, knowledge, experience and resources they need to perform well in their roles 5.2 Developing the capability of people with governance responsibilities and evaluating their performance as an individual and as a group 5.3 Encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal

In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
5.1.1 Provide induction programmes tailored to individual needs and opportunities for Members and Officers to update their knowledge on a regular basis	Member training and development Member training records on the website Member and Officer Induction programmes Refresher courses Briefings Performance reviews for officers People Strategy Personal Development Plans Learning and Development Strategy Charter Status for Elected Member Development renewed July 2018	Member skills development Intranet section with e-induction options and information for new starters. MyLearning is being developed as the 'one stop shop' for staff e-learning and development needs – from induction to essential skills and wellbeing. Introduction of mandatory member development in respect of GDPR, safeguarding, equality and diversity and chairing skills.
5.1.2 Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that	Appraisals and regular 1 to 1 sessions Personal Development Plans Training and development Recruitment and Induction	Talent Management/Career Track for staff Future Leader programme

these roles are properly understood throughout the organisation	Monitoring Officer and S151 Officer Protocols Employee Policies Learning and Development Strategy/Annual Learning and Development Plan	

In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
5.2.1 Assess the skills required by Members and Officers and make a commitment to develop those skills to enable roles to be carried out effectively	Performance reviews for officers SMART objectives Personal Development Plans for officers Member training and development People Strategy Learning and Development Strategy/Annual Learning and Development Plan Charter Status for Elected Member Development renewed July 2018	Member skills development

Developing the training records on the Member Information System

Talent Management/Career Track for staff
 Introduction of mandatory Member development in respect of GDPR, safeguarding, equality and diversity, and chairing skills. Specialised training provided to Scrutiny members on the scrutiny of commercial companies and treasury management |
| 5.2.2 Develop skills on a continuing basis to improve performance including the ability to scrutinise and challenge and to recognise when outside expert advice is needed | Performance reviews for officers Personal Development Plans for officers Member training and development Member scrutiny training People Strategy Colchester Learning Managers Vine HR and East of England Local Government Association – meetings, best practice and briefings Peer Challenge and action plan | Member skills development

Talent Management/Career Track for staff

Learning and Development – commercial and Office365 skills Specialised training provided to Scrutiny members on the scrutiny of commercial companies and treasury management |

	Charter Status for Elected Member Development renewed July 2018	
5.2.3 Ensure that effective arrangements are in place for reviewing the performance of the authority as a whole and of individual members and agreeing an action plan which might for example aim to address any training or development needs	Performance reporting and indicators Performance and Improvement Framework Performance management and appraisals – staff SMART objectives People Strategy Peer Challenge and action plan Annual Audit Letter Members' Personal Development Plans Annual Training Plan Local Government Ombudsman Annual Letter	

In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
5.3.1 Ensure that effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority	Equality Impact Assessments on services and policies Consultations, Research and Statistics on website Voluntary Sector Grants programme Public meetings Equality Objectives Strategic Plan Consultation Local Development Framework consultation Community development work Consultations Customer insight work Improvement and Engagement Team projects Have Your Say! processes Appointment of Independent Persons Audio streaming of Council meetings	Apprenticeship scheme Community Enabling Strategy Locality Budgets Use of social media Council's commitment to paying the Living Wage as a minimum for its staff including, for example, those helping to support the Council's elections work at polling stations Establishment of Policy and Public Initiatives Panel.

| 5.3.2 Ensure that career structures are in place for Members and Officers to encourage participation and development | People Strategy
Internal Recruitment Process
Internal Secondments
Personal Development Plans for officers
Personal Development Plans for members
Talent Management/Career Track for staff
Member skills development
Staff structure charts | Talent Management/Career Track - the SMT Talent Panel considers critical roles; moderate career track paths; confirm Future Leader or Future Potential assessments; and then consider those on the Future Leader career track and manage their development

Future Leader Programme

Staff Recognition Scheme

Opportunities such as the District Council Staff Development Programme and the Local Authority Challenge as they arise |

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PRINCIPLE SIX

Core Principle 6 – Engaging with local people and other stakeholders to ensure robust public accountability

Our aims in relation to engaging with local people and other stakeholders to ensure robust public accountability are to:

6.1   Exercise leadership through a robust scrutiny function which engages effectively with local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships

6.2   Take an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly, in partnership or by commissioning

6.3   Make best use of human resources by taking an active and planned approach to meet responsibility to staff

In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
6.1.1 Make clear to themselves, all staff and the community, to whom they are accountable and for what	Constitution Community Enabling Strategy Stakeholder identification Targets and Performance Monitoring Website and intranet Consultation Strategy ICT, Communication and Technology Strategy Asset Management Strategy Datashare section on the Council's website brings together all information required under statutory codes such as the 'Local Government Transparency Code' to make this easily accessible Structure charts for senior management	A key part of the Government's Transparency agenda is to bring information together into one searchable website - www.data.gov.uk to provide clarity on these issues. The information on the Datashare section of the Council's website is now also being published on www.data.gov.uk Locality Budgets for councillors have been brought in with clearer guidelines and all spend/activity transparently available on the Council's website.

In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
6.1.2 Consider those institutional stakeholders to whom they are accountable and assess the effectiveness of the relationships and any changes required	Stakeholder identification Statutory provisions Stakeholder surveys Consultation Strategy ICT, Communication and Technology Strategy Partnership Strategy Scrutiny Panel and the Crime and Disorder Committee Work Programme Datashare	Ongoing review of Freedom of Information requests to see if there are items which could be put onto the website or Datashare, so that a repeat request would not be needed as the item had been made freely available. Examples have been business rate and public funeral information now published as a matter of routine.
6.1.3 Produce an annual report on scrutiny function activity	Annual Scrutiny Report	
6.2.1 Ensure that clear channels of communication are in place with all sections of the community and other stakeholders including monitoring arrangements to ensure that they operate effectively	ICT, Communication and Technology Strategy News releases, e-newsletters and social media Websites for the Council and subsidiaries Equality Impact Assessments Safeguarding Policies Datashare, Freedom of Information and Data Protection section of the website Recordings of meetings on the website	Social media and text messaging Customer and demand projects
6.2.2 Hold meetings in public unless there are good reasons for confidentiality	Constitution Access to Information Rules Compliance with Localism Act access to information regulations Audio streaming of Council meetings	
6.2.3 Ensure arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands	Strategic Plan Website - "Consultations, Research and Statistics" section Consultation strategy ICT, Communication and Technology Strategy Community development work Equality Objectives and Equality Impact Assessments	Holding public consultations on key issues to encourage different sections with differing views to take part

	Budget Consultation Meeting	

In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
6.2.4 Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users including a feedback mechanism for those consultees to demonstrate what has changed as a result	Statement of Community Involvement Customer insight project team and its work Partnership framework ICT, Communication and Technology Strategy Consultation Strategy Budget Consultation - meeting and online Strategic Plan consultation Website - "Consultations, Research and Statistics" section Cabinet and Council – progress of questions raised by the public	
6.2.5 On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period	Statement of Accounts Strategic Plan Performance Reporting and Performance Indicators Council website has "Performance and Improvement", "Council Awards and Achievements" and "Council and Democracy" sections Publication Scheme and Transparency Code	Strategic Plan Action Plan – progress is reported to Scrutiny and Cabinet on a half-yearly basis A webpage has been set up to bring all annual reports into one central place on the Council's website for improved transparency

In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
6.2.6 Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so	Constitution Customer service standards Voluntary Sector Compact "Have Your Say" at meetings Freedom of Information Act Publication Scheme Member and Officer Codes of Conduct Ethical Governance Policies Monitoring Officer Protocol ICT, Communication and Technology Strategy Data Protection Policy ICT Security Policy Council website Datashare, Freedom of Information and Data Protection section of the website National Fraud Initiative - Fair Processing Notice Egress Switch Secure Email Encryption Publication Scheme and Transparency Code Audio Streaming of Council meetings	Community Hub at Colchester library brings a range of partners together to provide customer-facing services for customers of the Council and other organisations. This town centre location is easy to access for those who do not wish to self-serve or would like some assistance to do so online. It is open plan with a Welcome Zone where staff work with customers, but also includes areas where confidential discussions can be carried out if needed or appropriate Security checks on staff who process official/sensitive information using the Public Sector Network or who need a secure GCSX e-mail address
6.3.1 Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making	Investors in People Facilities and Recognition Agreement with UNISON – including monthly meetings. Internal Communications Strategy Service Reviews and other operational reviews include consultation and involvement arrangements as part of the process/staff communications	Staff survey and taking action on its findings Staff suggestion boxes Investors in People – reaccredited for three years to 2021.

	Governance & Audit Committee		**Item**
			9

21 January 2020

Report of	**Assistant Director of Corporate & Improvement Services**	**Author**	**Hayley McGrath** ☎ **508902**
Title	**Interim Review of the Annual Governance Statement Action Plan.**		
Wards affected	Not applicable		

1.   Executive Summary

1.1   This report reviews the implementation of the actions highlighted on the 2018/19 Annual Governance Statement (AGS), which was reported to the Governance and Audit Committee in June 2019. The report included an action plan for issues to be resolved during the current financial year (2019/20).

1.2   The annual governance review should be an ongoing process, therefore it is essential to ensure that issues identified in the AGS are monitored. Accordingly these issues have been discussed with the relevant lead officers, and the action plan has been updated with the progress made. The updated action plan is included at appendix A.

1.3   The key messages are that there has been progress against all of the issues identified in the action plan, and the external audit of the final accounts for 2018/19 did not raise any concerns with the Annual Governance Statement or the action plan.

2.   Recommended Decision

2.1   Consider and comment on the work undertaken to implement the current Annual Governance Statement action plan.

3.   Reason for Recommended Decision

3.1   Part 2 (3 & 6) of the Accounts and Audit Regulations 2015 requires the Council to ensure that it operates a sound system of internal control and to conduct an annual review of the effectiveness of its governance and internal control arrangements. The findings from this review, the Annual Governance Statement, must be reported to and approved by committee before being signed by the Leader of the Council and the Chief Executive, and then published for public inspection.

3.2   The regulations require the statement to be accompanied by an action plan for improving any issues identified. The CIPFA/SOLACE 'Good Governance' guidance highlights that the annual governance review should be a robust ongoing assessment, not just an annual year end exercise. Therefore it is essential to ensure that governance issues are considered during the year, and it was agreed that an interim report regarding progress against the action plan would be provided to this committee

4.   Alternative Options

4.1   There are no alternative options to consider

5.   Equality, Diversity and Human Rights implications

5.1   There are no equality, diversity or Human Rights implications as a result of this report.

6.   Strategic Plan References

6.1   The achievement of the strategic plan requires a sound system of governance to ensure the effective delivery of services. Therefore improving on existing governance arrangements will help to ensure that the strategic plan objectives can be achieved.

7.   Risk Management Implications

7.1   Risk Management is a fundamental part of the Governance process and a failure to implement the action plan may have an effect on the ability of the Council to control its risks.

8.   Environmental and Sustainability Implications

8.1   There are no environmental or sustainability implications as a result of this report.

9.1   Other Standard References

9.1   There are no particular references to consultation, publicity considerations or financial; community safety or health and safety implications.

10.   Appendices

10.1   Appendix A – Annual Governance Statement Action Plan for 2019/20, updated Nov 19.

Colchester Borough Council
Annual Governance Statement – Action Plan for 2019/20
Interim Review December 2019

No.	Issue	Action	Due Date	Responsible Officer	Position Update
1.	**Data Protection** During the governance review it was noted that, whilst there were no reportable data breaches during the year, there still needs to be some strengthening of the controls around the protection of data and use of personal information, including respecting individuals' rights and access arrangements.	Compile a complete register of Information Assets and Data Flows. Develop and deliver refresher data protection training to the whole organisation. Apply retention policy to all information assets, including corporate email. Introduce standard supplier controls covering contract clauses and procurement processes to manage information governance activities. Implement processes for managing privacy impact assessments which is compliant with GDPR requirements. Implement security measures as agreed by SMT. Conduct data protection audits at remote sites, e.g. leisure world, shrub end, museums etc.	31/03/20	Information Services Manager	A review of all information assets has been launched using the Flowz system – all information assets are to be updated by end of January 2020. This will be followed by an analysis of external data flows. The e-learning content has been updated, however waiting for approval of the breach process and policies so these can be included – this may delay the launch till January 2020. A retention project has commenced to review inclusion of automatic retention in any new systems. We are currently running a test on O365 to formulate a plan of action for corporate emails. Standard contractual clauses are in place for new contracts. Need to obtain assurances from suppliers that they are GDPR compliant – a list of critical suppliers needs to be drawn up. Privacy impact assessments are embedded for new projects – PowerApps form to be built to automate completion – needs to be scheduled into the workplan. Implementation of security measures are being scheduled into the workplan. A checklist for audits is being drawn up and a visit to the Town Hall is arranged for 16/12/19.

2.	**Project Management** Whilst the project management processes have continued to be embedded and a robust framework exists, which is beginning to demonstrate good management during the project initiation and implementation phases, there is still some improvement required to the post implementation stage. It should be ensured that there is a robust post-implementation review process that includes an honest assessment of what worked well and what didn't, monitoring and reporting of delivery against performance indicators, and knowledge sharing for future projects.	Cabinet agreed in January 2019 to review governance processes and programme reporting for all CBC transformation activity to provide greater oversight, strengthen programme management (pre- and post-implementation) and coordinate resources across Policy and Corporate and other services. A new Corporate Programmes and Projects SharePoint site, SMT governance and training will be established.	30/09/19	Strategic People & Performance Manager	Agreement by Leadership Team in June to new governance for project management with a new Programme Delivery Board (SMT) established to oversee all activity and provide delivery assurance, supported by the Programme Delivery Group (GMT managers), both of which meet monthly to review performance and tackle risks and issues to ensure delivery. Fully integrated Programme Management System developed using Power BI and Sharepoint with extensive training being delivered across the organisation.

No.	Issue	Action	Due Date	Responsible Officer	Position Update
3.	**Long Term Decision Making** Senior officers, and Members, recognised that the closeness of the political balance during the year had had an impact on longer term decision making, with the focus being on more reactive and shorter-term goals. This has caused some constraints on resources and officer ability to respond.	Working relationships between SMT and Cabinet members continue to be strengthened through informal meetings, member training, awareness raising and Portfolio briefings on key internal and external factors, demographics, legislation, policy development and trends affecting the Council. Refresher training on Members' code of conduct to be provided to all Members. Officers are supporting the administration to ensure political priorities are aligned with the three year Strategic Plan and MTFF issues.	31/03/20	Chief Operating Officer	As part of the budget strategy process for 20/21 and the MTFF, New Strategic Priorities (NSPs) have been developed through engagement with Cabinet, other Members and SMT Managers. The NSPs were agreed in the November 2019 Cabinet budget strategy report, including provision for revenue and capital requirements, and these priorities are being used to refresh the Strategic Plan in early 2020.
4.	**Finance System** The internal audit IT review of one of the financial systems highlighted a significant number of control weaknesses. Including licensing of the system, backup of data, disaster recovery plans and service level agreements with the supplier.	The current Finance system is scheduled to be upgraded by end of financial year 19/20. The contract is in place and initial technical work has been completed. The new version of the software will be implemented alongside an updated contract with SLAs, a review of process and is expected to resolve the significant control weaknesses identified. ICT and Finance see this new system implementation as a critical priority in this financial year	31/03/20	Strategic ICT Manager & Finance Manager (Technical)	Additional resource has been committed to drive this project forward, with regular reporting and oversight through PDG/PDB. Staff are now able to access the new web based solution of Efin. Basic testing has been carried out and a number of issues are being worked on with go-live expected early – mid February.

	Governance and Audit Committee		**Item**
			10
	21 January 2020		
Report of	**Assistant Director of Corporate & Improvement Services**	**Author**	**Hayley McGrath** ☎ **508902**
Title	**Mid-Year Internal Audit Assurance Report 2019/20**		
Wards affected	Not applicable		

1.0 Executive Summary

1.1 This report summarises the performance of Internal Audit, and details the audits undertaken, between 1 April and 30 September 2019.

1.2 The audit plan consists of a mix of regularity, systems and probity audits, and reports are generated for all audits carried out. This report has been designed to show:
- Summary information concerning audits finalised in the period receiving a 'Full' or 'Substantial' assurance rating and more detailed information on those audits receiving a 'Limited' or 'No' assurance rating.
- The effectiveness of the Internal Audit provider in delivering the service.

1.3 The key messages are:
- An effective internal audit service was provided during the first half of the 2019/20 financial year.
- The Security of Premises visits to Hollytrees Museum, the Castle and the Town Hall; Council Tax; Housing Benefits and Local Tax Support Scheme; and the Market site visits audits have achieved a 'Full' assurance rating.
- 18 priority 1, 55 priority 2 and seven priority 3 recommendations have been made. All recommendations have been accepted by management.
- There is good progress made in implementing and verifying outstanding recommendations.

2.0 Recommended Decision

2.1 To review and comment on:
- Internal audit activity for the period 1 April – 30 September 2019.
- Performance of internal audit by reference to national best practice benchmarks.

3.0 Reason for Recommended Decision

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

4.0 Alternative Options

4.1 None.

5.0 Background Information

5.1 Summary of Audits Finalised During the Period

During the period 1 April to 30 September 2019 a total of 23 audits have been finalised. There was no previous audit against which a change of assurance level could be assessed in 12 cases, including two where no assurance rating was given. Five audits increased their assurance rating, one audit decreased its assurance rating and in the remaining five cases, the audits remained at the same level.

Audit	Assurance Level	Change in Level	Priority of Recommendations			
			1	2	3	Agreed
501 - Food Control	Substantial	►	0	1	0	1
503 - Purchasing Cards	Substantial	▲	0	4	0	4
504 - Recruitment and Retention	Substantial	N/A	0	3	1	4
505 - Procurement / Purchasing	Limited	►	4	5	0	9
507 - Council Tax	Full	►	0	0	0	0
508 - Housing Benefit and Local Tax Support Scheme	Full	►	0	0	0	0
519 - Animal / Pest Control	Substantial	▲	0	2	0	2
520 - Waste Management	Limited	►	1	3	0	4
521 - Security of Premises – Hollytrees Museum	Full	▲	0	0	0	0
522 - Site Cash Up – Colchester Castle	Full	▲	0	0	0	0
523 - Access Cards	Substantial	N/A	0	3	1	4
524 - Engagement of Consultants / Specialists	Limited	N/A	0	1	0	1
525 – Allotments	Substantial	N/A	0	2	0	2
526 – Helpline	Limited	▼	0	9	1	10
528 - PCNs and MiPermit	Limited	N/A	2	7	0	9
530 - KPI - Missed Bins	N/A	N/A	0	1	0	1
531 - KPI - Homelessness	N/A	N/A	0	2	1	3
532 – Security of Premises – Museum Resource Centre	Substantial	N/A	0	2	0	2
533 – Security of Premises – Town Hall	Full	N/A	0	0	0	0
534 – Market Site Visit	Full	▲	0	0	0	0
537 – GDPR Readiness Review	Limited	N/A	2	3	1	6
538 – IT e-Financials Application	Limited	N/A	6	4	2	12
539 – IT Social Media	Limited	N/A	3	3	0	6

5.2 Use of Audit Resources:

	Days	%
Audit days delivered April – September 2019	109	34
Audit days remaining	214	66
	323	**100%**

5.2.1 The number of days delivered is in line with the profiled plan. A larger proportion of the plan is delivered in the second half of the year as they relate to key financial control and governance audits which impact on the annual Head of Internal audit Opinion and the Annual Governance Statement.

5.3 Status of all recommendations as at 30 September 2019:

5.3.1 Following the completion of each audit, a report is issued to management, incorporating recommendations for improvement in controls and management's response to those recommendations.

5.3.2 The table below provides a breakdown of the outstanding recommendations as at the 30 September 2019.

Date	Outstanding Recommendations That Are:			
	Implemented & Verified	Awaiting Verification	Not Due	Overdue
30/09/19	81	47	38	0

5.3.3 Progress in following up recommendations has continued throughout the period with revised lists of recommendations provided to the Assistant Directors to enable them to confirm that they have been implemented and for Internal Audit to verify.

5.3.4 Priority continues to be given to those awarded a higher priority rating and/or those that have been outstanding the longest, and work continues with management to arrange for them to be verified and cleared down.

5.3.5 Of the 47 recommendations that are awaiting verification 23 of them relate to IT audits.

5.3.6 The "not due" recommendation include those relating to the annual managed audit where it has been agreed that they will be formally followed up as part of the next audit.

5.4 Performance of Internal Audit 2019/20 to date – Key Performance Indicators (KPIs):

KPI	Target	Actual
Efficiency:		
Percentage of annual plan completed (to at least draft report stage)*	**35%**	**34%**
Average days between exit meeting and issue of draft report	**10 max**	**6.6**
Average days between receipt of management response and issue of final report	**10 max**	**0.7**
Quality:		
Meets Public Sector Internal Audit Standards	**Positive**	**Positive**
Results of Client Satisfaction Questionnaires (Score out of 10)	**7.8**	**9.3**
Percentage of all recommendations agreed	**96%**	**100%**

* As noted in 5.2.1, the audit plan is profiled towards the second half of the year.

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

5.5   Colchester Borough Homes Limited

5.5.1 Colchester Borough Homes Limited has its own agreed audit plan which is administered by Mazars LLP, who are also the Council's auditors. The coverage of the plan, and the scope of the audits, is decided by Colchester Borough Homes Limited and in general the audits do not affect the systems operated by the Council.

5.5.2 However, there are a small number of audits that, whilst they are carried out for either Colchester Borough Homes Limited or the Council, have a direct relevance and impact on the other organisation and in these circumstances it is appropriate that the results of the audit are reported to both organisations. These are known as joint audits.

5.5.3 The Access Cards audit has been completed. The audit result was a substantial assurance rating with three priority 2 and one priority 1 recommendations being raised.

6.0   Strategic Plan Implications

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

7.0   Risk Management Implications

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

8.0   Environmental and Sustainability Implications

8.1   There are no environmental or sustainability implications as a result of this report.

9.0   Other Standard References

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

Appendix 1
Key to Assurance Levels

Assurance Gradings

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

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

Recommendation Gradings

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

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

Summary of Audits with a Limited Assurance Rating:

505 – Procurement / Purchasing	Days	Assurance	Priority of Recommendations			Agreed
			1	2	3	
	15	**Limited**	4	5	0	9

Scope of Audit: This review examined the following areas:

- Strategy, Policies and Procedures;
- Value for Money and Joint Working;
- Compliance with Contract Procedure Rules,Supplier Lists, Quotations, Tenders; and
- Retention of Documentation.

Key Outcomes: The recommendations resulting from this review are summarised below.

- The Council should analyse cumulative expenditure across all of the service areas in order to identify trends and possible opportunities for collaborative procurement. (1)
- A paper on risks and opportunities should be presented to the Council's Senior Management Team around collaborative working and joint procurement. As part of this process the benefits of collaborative working should be embedded within the Council as a means of achieving greater value for money. (1)
- The Council should analyse cumulative expenditure by supplier on a quarterly basis in order to identify cases where overall expenditure could potentially indicate that a contract tender exercise is required / should be considered. These cases should be followed up to ensure that the correct procurement processes are being followed, in-line with the CPR, and to verify that economies of scale are identified to help achieve value for money. The Contracts Register should be reviewed as part of the analysis to identify contracts that have expired or are due to expire. (1)
- The Contracts Register should be reviewed and updated with the details of all contracts in place at the Council. Staff should be reminded to inform the Procurement Team of any contracts so that the Register can be updated. (1)
- The Council's Procurement Strategy (the Strategy) should be revised to take into account the content of the National Procurement Strategy for England 2018 published by the Local Government Association which includes the performance spectrum whereby local authorities can assess themselves under each criteria as developing or a leader. Prior to formal ratification the revised Strategy should be subject to review by the Interim Assistant Director, Corporate & Policy. The approved Strategy should be disseminated to service managers to help embed it throughout the Council. (2)
- A Training Needs Analysis should be developed to determine the level of training to be provided to staff including budget holders and assigned contract managers. The training should also incorporate the draft Strategy. The Procurement Team should receive notification from Human Resources (HR) of new starters, which would help to ensure that procurement training is incorporated as part of the induction process where appropriate, to staff involved in purchasing and/or contract management. (2)
- The Council should benchmark its contract expenditure, especially its key contracts, with similar local authorities. (2)
- Documentation to support procurement decisions made concerning quotation processes should be retained centrally by the Council on SharePoint. The documentation should include evidence of the quotes along with a completed copy of the Council's Record of Decision – Quotation Form especially where the lowest quote is not accepted. The requirement for the new process should be disseminated appropriately to staff. Compliance checks should be undertaken by the Procurement Team on a sample of quotations and the results should be shared with senior management and training provided to any service areas where improvement is required. (2)
- Documentation for each new contract tender process should be drafted on a designated folder within SharePoint to enable working papers to be continually updated whilst allowing shared access where appropriate. (2)

520 – Waste Management	Days	Assurance	Priority of Recommendations			Agreed
			1	2	3	
	10	**Limited**	1	3	0	4

Scope of Audit: This review examined the following areas:

- Service provision and complaints procedure;
- Management information;
- Stock control
- Special collections;
- Contracts / agreements held for trade waste customers / contractors;
- Raising of invoices and debt recovery; and
- Budgetary control procedures.

Key Outcomes: The recommendations resulting from this review are summarised below.

- The tender, which is in the process of being drawn up for the collection of recyclable materials, should be finalised. Once completed and the service providers selected, contracts should be drawn up, signed and kept on file. (1)
- Staff should be reminded to update the Stock Spreadsheet when stock is issued and reconcile the Stock Requisition form to the Stock Spreadsheet on a monthly basis. (2)
- A storage system should be put in place for the Duty of Care Forms so that they are held centrally and are accessible to relevant members of staff. A check should be completed to ensure that all trade waste customers have completed a Duty of Care Form each financial year. (2)
- The Waste Management Team should ensure that the fees provided to the Accounts Receivable Team are accurate and in-line with the approved Scale of Charges. Where recurring billing is not used random sample checks should be undertaken to ensure the correct fees have been charged. (2)

524 – Engagement of Consultants and Specialists	Days	Assurance	Priority of Recommendations			Agreed
			1	2	3	
	15	**Limited**	0	1	0	1

Scope of Audit: This review examined the following areas:
- Policies and Procedures;
- Compliance with policies (Pre-engagement);
- Compliance with policies (Post-engagement);
- Business Cases;
- Authorisation;
- Contracts;
- Performance Monitoring; and
- Budgetary Control.

Key Outcomes: The recommendations resulting from this review are summarised below.
- A periodic review should be completed over the costs on the Consultancy expense code to confirm that only the costs relating to the engagement of the consultant or specialist is charged to the code. Remedial action should be completed where mis-codes are identified. (2)

			Priority of Recommendations			
526 – Helpline	**Days**	**Assurance**	**1**	**2**	**3**	**Agreed**
	8	**Limited**	0	9	1	10

Scope of Audit: This review examined the following areas:

- Policies and Procedures;
- Promotion and Advertising;
- New Service Users;
- Workload and Helpline Routes;
- Management Information and Customer Satisfaction;
- Income;
- Budgetary Control; and
- Training.

Key Outcomes: The recommendations resulting from this review are summarised below.

- The link from the Colchester Borough Homes (CBH) websites should be updated so that they direct the enquirer to the new Helpline website. Requests should be made for CBH to update their website. The possibility of taking action so that the website shows on initial pages of internet searches should be investigated. (2)
- Management should complete a random sample check of new customers added to the system to confirm that all of the required information has been retained and that the Helpline Service Agreement has been signed by the customer. Signed agreements should be obtained from the customers identified from the testing completed where the forms could not be located. (2)
- The management information and KPIs requirements for the Service should be determined. Management should consider taking advice on the KPIs to monitor from the Essex Emergency Communication User Group that is attended by officers. Once in place the KPIs should be monitored on a monthly basis by management with remedial action taken where performance is below requirement. (2)
- Call monitoring should be commenced and this should be included as part of the monthly staff reviews. (2)
- System capabilities should be examined to see if the Rotacloud staff rota system can be used to verify completion of the required number of shifts by each permanent member of staff. If the system is not capable of this function a work round should be completed. (2)
- Process for recording of responses to emergency calls received should be implemented and once in place ongoing monitoring should be embedded in the management processes. The KPIs examined could cover aspects such as time taken to respond to an emergency call, time taken on site to resolve the issue and the outcomes of the emergency visits completed. (2)
- In line with Section 2 of the Procedure and Quality Manual, each Helpline customer should receive a routine visit before their first 12 week period, followed by an annual visit. The Process for monitoring completion of nine week / annual visits should be confirmed and embedded in the management processes. (2)
- The Training element of the Staff Tracker should be updated to include all mandatory training requirements. (2)
- All staff should complete Manual Handling training / refresher training as applicable as soon as possible. (2)
- The Procedure Manual should be updated to reflect new processes and then made available to relevant staff. (3)

528 – PCNs and MiPermit	Days	Assurance	Priority of Recommendations			Agreed
			1	2	3	
	10	**Limited**	2	7	0	9

Scope of Audit: This review examined the following areas:

- Policies and Procedures;

- Penalty Charge Notices;

- MiPermit; and

- Management Information.

Key Outcomes: The recommendations resulting from this review are summarised below.

- MiPermit should be amended to allow for the recording of descriptions of dispensation to provide a complete audit trail of the rationale for providing the dispensation. Details of the reason for the dispensation should be recorded. (1)

- Reports should be routinely generated from Chipside and MiPermit, covering functions performed by the Team, including Review Queues, Transfers of Money, Cancelled PCNs, Dispensations, Free of Charge, Refunds and other tasks completed by the Parking Team. These should be sample checked by management and evidence of the review and outcomes documented. If issues are identified, they should be investigated with additional training and/or guidance provided to staff. (1)

- The parking related policies that have not been updated for a number of years should be reviewed and refreshed to help ensure that they continue to meet operational working practices. In addition, each policy should include details of who has undertaken the review, the date of the next review and a version control. (2)

- Management should undertake an independent review of Review Queues to confirm that all cases are being proactively managed and closed down as appropriate. (2)

- A formal decision should be made as to whether members of staff are required to pay the PCN, if it the first one received. The decision should be formally documented to help ensure consistency and policy / procedures updated. Depending on the outcome, PCNs should be enforced where appropriate or records maintained that the member of staff has not been required to pay, to avoid any future parking infringement. (2)

- Although independent checks are now completed by management of cancellations, management should ensure that where there is no valid explanation for the cancellation and/or no evidence is retained, the officer involved should be reminded of the requirement to do so. (2)

- Monthly reports should be obtained from the Chipside system that detail amounts transferred between PCNs. The Report should be independently reviewed by management to confirm that each transfer has a rationale noted and the reason, together with the adjusting entry, are valid. (2)

- A log of PCNs issued to members of staff working within the Parking Team should be maintained and monitored by management to help ensure any PCNs are actioned appropriately. Checks should be undertaken to confirm that payments in respect of PCNs issued to members of staff are processed correctly. (2)

- The council tax number should be recorded on MiPermit as evidence of residency when applying for a Resident Parking Permit. (2)

537 – GDPR Readiness Review	Days	Assurance	Priority of Recommendations			Agreed
			1	**2**	**3**	
	10	**Limited**	2	3	1	6

Scope of Audit: This review examined the following areas:

- Information Inventory/Data Flow Mapping;

- Communicating Privacy Information;

- Individual Rights;

- Subject Access Request;

- Lawful basis for processing personal data; and

- Data Protection by Design and Data Protection Impact Assessments.

Key Outcomes: The recommendations resulting from this review are summarised below.

- Management should ensure that individual rights are considered as a matter of priority and ensure that all procedures have reflected the following rights for the individual: The right to be informed; The right of access; The right to rectification; The right to erasure; The right to restrict processing; The right to data portability; The right to object; and The right not to be subject to automated decision-making including profiling. (1)

- Management should ensure that a formalised procedure/policy is documented in regards to Subject Access Request together with any associated guidance for staff and ensure it is reviewed and updated in line with the new requirements under GDPR. The Council will also need to further consider the following within the created document: Purpose; Definitions; Roles & Responsibilities; Procedures for who can make a request; Time Limits; Processing a subject access request; Subject Access Request flow chart; Subject Access Request Form. In addition, management should take into consideration formalising one standard process to be utilised by the Council to ensure that there are no instances where subject access request have been overlooked or missed due to lack of visibility. (1)

- Management should ensure that it produces a comprehensive, accurate and up to date record of all the personal data it holds, including its location, origin and whether arrangements are in place for it to be shared with a third party. (2)

- Management should update the website/policies and ensure that it has given consideration to the following: What information is being collected? Who is collecting it? How is it collected? Why is it being collected? How will it be used? Who will it be shared with? What will be the effect of this on the individuals concerned? Is the intended use likely to cause individuals to object or complain? Ensure the legal basis for processing subject's data is explained; and Make subjects aware of their rights to complain to ICO if they think there is a problem with the way their data was handled. (2)

- Management should ensure that updated contract addendums are issued as a matter of priority taking into consideration the privacy laws, and also ensure that there is common contract clause in place which covers the GDPR regulation when issuing new contracts. (2)

- Management should ensure that the Council has clearly identified the lawful basis for processing specifically in regards to the purpose for personal data via the data flow mapping exercise and reflect this within the Council's Flows Asset Register. (3)

| 538 – IT e-Financials Application | Days | Assurance | Priority of Recommendations | | | |
			1	2	3	Agreed
	15	**Limited**	6	4	2	12

Scope of Audit: This review examined the following areas:
- Application Management and Governance;
- Systems Security;
- Interface Controls and Processing;
- Data Input, Data Output, Change Control;
- System Resilience and Recovery; and
- Support Arrangement.

Key Outcomes: The recommendations resulting from this review are summarised below.
- Management should request that the application supplier, Advanced Business Solutions (ABS), provide the Council with information regarding the existing software licensing arrangements for the eFinancials. Where necessary, management should establish a formally defined procedure to monitor and manage compliance with these arrangements. (1)

- The Finance Team should abide by the formalised Change & Release management process at the Council. Finance/ICT should enforce the requirement for every change to be supported by formal documentation of business approvals for each change following user acceptance testing (if appropriate) and final go-live approvals. We also recommend that a central log of all program and configuration change requests to eFinancials is maintained, with a checklist indicating evidence of testing and approval has been received. ICT should also ensure that all changes, including changes made by the supplier ABS, are created in a development environment and then tested in a test environment before being promoted into the production environment. (1)

- Management should establish procedures for the regular testing of backup media to ensure that data can be restored. The Council should consider the feasibility of testing the restore process either independently, or as part of a Disaster Recovery plan. (1)

- Management should document a formal and detailed IT Disaster Recovery plan as a matter of priority. As a minimum this should cover the following areas: Plan Approval; Version Control; Plan Objectives; Disaster Declaration; Plan Activation Procedures; Disaster Recovery Phases; Disaster Assessment; Critical Systems List; Details of the recovery site; Roles & Responsibilities of the Disaster Recovery Team; Key Contact List; Resumption of Normal Operations; Recovery Time Objective; Recovery Point Objectives; The requirement to test plan; Testing Strategy for the plan; and Vendor/Third-party listing. (1)

- A disaster recovery scenario test and backup restoration tests should be carried out on at least an annual basis to validate the system restoration processes. (1)

- Management should request that a formally defined Service Level Arrangement be put in place for the eFinancials application, which includes but is not limited to: The agreed levels of call priority; The agreed response and resolution times for calls raised with the supplier; The agreed call escalation procedures; and The requirement for the supplier to provide the Council with information regarding performance against the agreed service levels. Management on a routine basis should monitor supplier performance. (1)

- As a matter of urgency the Council formally develop a data classification policy/procedure that defines what categories and criteria the Council will use to classify data and specify the roles and responsibilities of employees within the Council regarding data stewardship. Subsequently, as part of the GDPR data mapping exercise, a full comprehensive data classification program should be undertaken to identify all data assets that the Council hold, which should incorporate the following: Confidential/Category 4: Highly sensitive corporate and customer data that if disclosed could put the Council at financial or legal risk. E.g. (Employee national insurance numbers, customer credit/debit card numbers. Restricted/Category 3: Sensitive internal data that if disclosed could negatively affect operations. E.g. (Contracts with third-party suppliers, employee reviews). Internal Use/Category 2: Internal data that is not meant for public disclosure. Public/Category 1: Data that may be freely disclosed. (2)

- We recommend that the Council explicitly define key responsibilities for the system owner, and KPI's are tracked against the defined responsibilities. Management should review the requirements of the system and formally assign core responsibilities to appropriate personnel or designated teams, for example, covering the following areas: Change Management; Problem Management; Incident Management; Back Up & Recovery; Incident Management; and Access Control. Once agreed, this should be incorporated into formalised system documentation. (2)

- Account lockout thresholds should be configured in the system, and the complex passwords are enforced. If limitations exist which prevent a number of the identified system configuration settings from being changed, procedures should be put in place to mitigate the risk. For example, users should be required to confirm on a regular basis that they have changed their password within a defined period e.g. (every 30 days) and that they have set their passwords in accordance with the prescribed policy standard. (2)

- A formalised framework should be updated as a matter of priority outlining the following: The roles involved in the transmission and receipt of the files; Timing requirements or deadlines for interface processing; The process of downloading/uploading files and the associated destination/source locations; and The process to be followed to reverse an interface that has failed or completed with errors. (2)

- The Council should ensure that a backup procedure/policy is documented and should cover the following as a minimum: The backup scope of all material systems and data; The backup of the database application and operating systems; The management of backup media ensuring that it is periodically changed; and The retention of successful backups; and the regular testing of data restores. (2)

- An internal training programme should be held on an annual basis, or formal training implemented as part of the new user's induction. This should then be signed off by senior management to ensure that staff members understand their roles, ways of working and how to utilise eFinancials in line with their job role. (3)

539 – IT Social Media	Days	Assurance	Priority of Recommendations			Agreed
			1	2	3	
	10	Limited	3	3	0	6

Scope of Audit: This review examined the following areas:
- Strategy and Governance;
- Training and Awareness;
- Processes; and
- Technology.

Key Outcomes: The recommendations resulting from this review are summarised below.
- In order to ensure access is appropriately restricted, and avoid compromising the confidentiality and integrity of data, we recommend strengthening the application password restrictions, taking into account the best practices: Password expiry settings should be configured to ensure that user account passwords are changed on a regular basis; Password minimum length: 8 characters, complexity enabled; Password should be renewed after a period of time (30-90 days); and Password history should not allow the same password to be reused several times in a row. (1)

- We would recommend that all Social Media Technologies are reviewed to ascertain whether there is a business need for a new social media platform, including the benefits and risks associated with the social media platform. The Council should also ensure that the benefits are documented and communicated appropriately. (1)

- We recommend the Council consider using an external monitoring tool e.g. Keyhole with all its social media platforms across all the entities to look at keywords, hashtags, URLs, and usernames and ensure that all accounts across the Council are being used appropriately. (1)

- In order to ensure a unitary understanding and compliance with the process in relation to social media, as well as proper staff commitment and responsibility, we recommend ensuring that the Information Security Policy is regularly reviewed and updated to reflect the use of social media. (2)
- We would recommend that the Council expressly prohibit the use of Social Media technologies within the Council's social media policy and ensure that the policy communicated to staff through the appropriate channels as well as confirming staff acceptance of the policy. (2)
- We recommend that an internal refresher training programme is held on an annual basis. This should be signed off by senior management to ensure that staff members understand their roles, ways of working and how to utilise social media in line with their Social Media Policy. (2)

			Item
	Governance and Audit Committee		**11**
	21 January 2020		

Report of	**Assistant Director of Corporate & Improvement Services**	**Author**	**Hayley McGrath** ☎ **508902**
Title	**Risk Management Progress Report**		
Wards affected	Not applicable		

1. Executive Summary

1.1 Effective management of risk is essential to ensuring that the Council's aims and objectives are achieved. This report provides members with an overview of the Council's risk management activity during the period from 01 April 2019 to 30 September 2019.

1.2 The Council has a comprehensive risk management process that is embedded across the organisation. This includes a strategic risk register, which is the responsibility of the senior management team, operational risk registers which are produced by each service and specific risk mitigation initiatives.

1.3 The key strategic risks are:
- The impact of the withdrawal from the European Union.
- Loss or misuse of sensitive data.
- The potential impact of future central government decisions on public funding, including that of partners.
- Failure or inappropriate performance management of one or more strategic partnerships or key contracts.
- Inability to meet the objectives of the Garden Communities project.
- Staff shortages due to a buoyant jobs market and / or staff sickness
- The impact of suffering a successful cyber attack on Council computer systems

2. Recommended Decision

2.1 Consider and comment on the Council's progress and performance in managing risk during the period from April to September 2019.

2.2 Consider and comment on the current strategic risk register.

3. Reason for Recommended Decision

3.1 The Risk Management Strategy, which forms part of the policy framework, identifies the Governance and Audit Committee as being responsible for reviewing the effectiveness of the risk management process and reporting critical items to cabinet as necessary.

3.2 Six monthly progress reports, detailing work undertaken and current issues, are provided to assist with this responsibility.

4. Alternative Options

4.1 There are no alternative options to consider

5. Background Information

5.1 The aim of the Council is to adopt best practice 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.

5.2 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 services
• Project – the delivery risks of specific initiatives.

5.3 Identified risks, in all three categories, are judged against levels of probability and impact to give them an overall score. This allows the risks to be shown as 'high, medium or low' which enables a prioritised action plan to be set for managing risks. A high score does not mean that a risk has, or will definitely, occur.

5.4 In many cases the causes of risks are outside of the Council's control, such as general economic issues. The Council cannot stop these risks from occurring (the probability score) but can put plans in place to mitigate against their effect if they occur (the impact score). Likewise, there are occasions that risks can be reduced with preventative actions but there is not much that can be done to mitigate their effect if they do occur, such as a failure to protect public resources. Therefore, some risks will tend to maintain the same score, regardless of the controls that the Council puts in place.

6. Work undertaken during the period

6.1 Risk mapping of the Internal Audit programme has been undertaken, to ensure that the audit process reviews the key risk areas and provides an assurance of the key risk controls.

6.2 Work has been started on reviewing the risk process, to consider how risks are identified, evaluated and recorded. The review is concentrating on how the risk registers are compiled, how mitigation actions are reflected in scores and potentially moving to more interactive on-line registers. This will enable services to take more ownership of their risks and provide better management reporting processes. Further updates will be provided to future meetings of this committee.

6.3 Support continues to be provided, reviewing the risk elements of event plans, to both the Colchester and the Community Stadium Safety Advisory Groups.

6.4 Following on from the last report to this panel in July 2019, the revised risk management strategy has been agreed by Cabinet and full Council, without amendment, and the policy framework has been updated accordingly.

7 Strategic Risk Register

7.1 The current strategic risk register is attached at appendix A with the score matrix attached at appendix B. The register was reviewed by senior management in December 2019.

8.   Equality, Diversity and Human Rights implications

8.1   There are no equality, diversity or Human Rights implications as a result of this report.

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 Implications

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.   Environmental and Sustainability Implications

11.1   There are no environmental or sustainability implications as a result of this report.

12.   Other Standard References

12.1   There are no particular references to consultation or publicity considerations or financial; community safety or health and safety implications.

Appendices

Appendix A – The strategic risk register
Appendix B – Strategic risk register score matrix

Colchester Borough Council Strategic Risk Register
December 2019

Ref	Risk Title	Description	Risk Type	P	I	O	RATING	Consequences	Mitigation	Lead
6f	Data Protection	Sensitive data, in any format, is not correctly managed, processed or protected from loss or theft in line with GDPR and Data Protection Act requirements.	Operational	4	5	20	Very High	Potentially severe disruption to core services and/or data theft, with financial, legal and reputational impacts for the Council, and potentially significant harm caused to residents from any breach, potential financial losses, directly or indirectly e.g. ICO fines.	Ongoing review of data security policies and protocols to ensure that they are fit for purpose and implement a training program for all staff.	DG
4e	EU Exit	The agreement to the UK Withdrawal Agreement by both the EU and the UK parliament potentially provides a managed withdrawal from the European Union but a large number of uncertainties remain. A 'no deal exit' could still happen at the end of 2020, following the end of the transition period, if no new trade deal is agreed between the UK and the EU. There are different potential risks depending on the agreed exit arrangements.	Strategic	4	4	16	Very High	The impacts of any EU exit will depend on a number of factors over time and the immediate implications of the withdrawal agreement. A 'No Deal' or disorderly EU Exit could impact on the macro and local economy including CBC commercial income and local businesses. There may be disruption to the Council's supply chains, legal uncertainty, and a negative impact on community wellbeing.	Continue to monitor the Government's announcements on the implications of the exit from the EU, including the potential implicationsof a 'no deal' Brexit. Participate fully in Essex Resilience Forum activity and exercises, complete all reporting to ERF and MHCLG, support communications to residents and businesses	DG
4d	Spending Power	The government changes following the General Election are likely to result in a comprehensive spending review impacting on public funding, including that of our partners e.g. Fair Funding Review, Business Rates Retention.	Strategic	4	4	16	Very High	As for 4a	Maintain a constant review of the budget situation, incl impact of decisions from central government. Identify additional actions and areas for spending as necessary.	DG
5a	Partnership Delivery	Failure or inappropriate performance management of one or more strategic partnerships or key contracts E.g. Haven Gateway, LEP, Health, CBH, Emergency Services	Strategic	4	4	16	Very High	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. 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.	Review the 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.	PD

Ref	Risk Title	Description	Risk Type	P	I	O	RATING	Consequences	Mitigation	Lead
5d	Garden Communities	Working across the partners for delivery of the garden communities project encounters delay. The partners - Colchester BC, Tendring DC, Braintree DC, Essex CC and Central Government fail to agree objectives, actions and resources.	Project	4	4	16	Very High	The project fails to deliver its objectives leading to increased costs as there would be delays in local plan progress and loss of reputation, as well as a negative impact on the ability to generate investment into the area and meet housing and employment needs.	The North Essex Garden Communities (NEGC) Board allows the Authorities to co-ordinate their actions and resolve issues. CBC BEGC Board Members and Officers continue to provide Member briefings and other communications about the project.	IV
3a	Staff Resources	Staff shortages due to a buoyant jobs market and / or staff sickness.	Operational	5	3	15	Very High	Decline in service performance Disengaged and demotivated staff Efficiency and productivity reduction Inability to meet changing requirements and needs Customer perceptions decline as we deliver less. Loss of key staff	Communicate job opportunities and benefits of working at CBC clearly and imaginatively. Review opportunities to do things differently for key posts including considering the value of trading companies.	RB
6g	Cyber Security	The Council suffers a successful cyber attack on it's computer systems.	Operational	3	5	15	Very High	Potentially severe disruption to core services, with financial, legal and reputational impacts for the Council, and potentially significant harm caused to residents.	Ongoing review of IT policies and protocols to ensure that they are fit for purpose and implement a training program for all staff.	RB
1c	Economic Development	The Council is unable to effectively influence changes in the Borough economy.	Strategic	3	4	12	High	Poorer external assessments by independent agencies and loss of Council reputation.		MJ
6a	Compliance	Failure to protect public funds and resources – ineffective probity / monitoring systems	Operational	3	4	12	High	Service delivery failure Financial and reputational loss by the Authority Personal liability of Officers and Members. Legal actions against the Council. Loss of stakeholder confidence in the Borough. Inability to sustain costs. Failure to delivere balanced budget as planned. A need to use balances / reserves or to adapt financial plans to deal with impact of changes. Required to use Reserves & Resources to fund capital priorities. Severe impact on cash-flow leading to negative effect on performance targets.	Ensure the outcomes of the assurance systems that form the internal control environment, (including Internal Audit, Risk Management, Budget process, Corporate Governance and performance management) are appropriately reported so that issues and concerns are managed, and variances are spotted at an early stage.	DG
6b	Asset Management	Risk that Asset Management is not fully linked to strategic priorities and not supported by appropriate resources	Strategic	3	4	12	High	As for 6a	Continue to review the Asset Management Strategy in line with Strategic Priorities. Effective management of Client function. Ensure the continued development of the Revolving Investment Fund (RIF) and ensure that assets are used to their full commercial potential.	IV

Ref	Risk Title	Description	Risk Type	P	I	O	RATING	Consequences	Mitigation	Lead
6d	Capital Programme	Failure to set aside sufficient capital funds for strategic priorities	Strategic	3	4	12	High	As for 6a	Monitor the review processes for the medium term financial outlook, capital programme and HRA business plan processes, to ensure they are kept up to date and realistic.	DG
2a	Customer Expectations	The expectations of our customers, set alongside the financial constraints, create challenges to service delivery, our channel shift ambitions and the reputation of the authority.	Strategic	3	4	12	High	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 technology capabilities.	Monitor engagement and consultation processes to ensure customers are able to inform service priorities and delivery, whilst managing their methods of interaction with the organisation. This will be evidenced by reporting the pattern of usage of the routes used by customers and savings achieved.	PD
4b	Service Innovation	Not taking or creating opportunities to maximise the efficient delivery of services through shared provision, partnerships or commercial delivery	Strategic	4	3	12	High	As for 4a	Identify and maintain skill set required to meet future challenges, maintain partnership relationships	IV
5b	Partnership Commitment	Change of direction / policy within key partner organisation and they revise input / withdraw from projects.	Strategic	4	3	12	High	As for 5a	Set a formal relationship / performance review process to be used by all partnerships and ensure results are reported to senior management. Ensure that Exec Board and Leadership review partnerships on a regular basis. Embed Scrutiny Cttee process for key partnerships including CBH and the Safer Colchester Partnership.	PD & IV
5c	Partnership Performance	Potential inability to agree shared outcomes/ agendas with partners and the Council's ability to influence partner's performance.	Strategic	3	4	12	High	As for 5a	As for 5a	PD

Ref	Risk Title	Description	Risk Type	P	I	O	RATING	Consequences	Mitigation	Lead
3c	Staff Wellbeing	Staff wellbeing or motivation declines with an impact on service delivery and resilience.	Operational	3	4	12	High	As for 3a	Monitor staff morale and trends using staff surveys and by monitoring the People Dashboard; and ensure good communications with staff, exploiting new technologies such as yammer. Implement the action plan for the People Strategy; ensuring that performance is regularly monitored. Regularly report the progress of the learning and development strategy, including financial considerations and business behaviours, and exploring training alternatives.	RB
6c	Budget Strategy	Inability to deliver the budget strategy as planned.	Strategic	3	4	12	High	As for 6a	Ensure effective use of the controls built into the annual budget strategy, to enable the organisation to respond quickly to changes. Include sensitivity analysis to consider the impact of potential changes to external funding/ income streams and the capacity of the organisation to deliver services. Consider income risks as part of budget strategy / budget plans.	DG
6e	ICT	Major system failure causing significant service disruption	Operational	2	5	10	High	As for 6a	Ensure that the IT Disaster Recovery plan, and service plans, adequately reflect the organisation's requirements and provide an effective framework for maintaining service provision. Regularly review the IT development strategy to ensure it continues to support the organisations ambitions.	RB
1b	Pace of Delivery	Unrealistic internal and external expectations on the speed of delivery.	Operational	3	3	9	Medium	Major downturn in public sector resourcing over the next few years will hamper the speed of delivery across the services provided.	Identify and maintain skill set required to meet future challenges, maintain partnership relationships	DG
1d	Capacity	Over reliance on a limited number of people limits ability to deliver our ambition.	Operational	3	3	9	Medium	The Borough Council loses its status and influencing ability at sub-regional, regional and national levels.	Manage the recruitment and development processes to ensure that the organisation has the appropriate skills and expertise.	AP

Ref	Risk Title	Description	Risk Type	P	I	O	RATING	Consequences	Mitigation	Lead
2b	CBC Function	The expectation remains that the Council will step in to deliver services when other providers either fail or reduce service provision	Strategic	3	3	9	Medium	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.	Ensure that Cabinet set a clear and consistent message about the role of CBC for customers and partners.	PD
4c	Legislative Context	Failure by the Council to spot / influence at an early stage the direction of Central Government policies / new legislation	Strategic	3	3	9	Medium	As for 4a	Ensure that responses are considered and provided for consultations. Utilise specialist officer knowledge and ensure CBC representation on relevant working groups.	RB
3e	Customer Confrontation	There is an increase in challenging behaviour from customers, towards officers, when the Council cannot meet the customer's expectations. Alongside partners being unable to provide support or having incorrectly signposted the customer to the Council.	Operational	3	3	9	Medium	Officers suffer potential mental and physical issues as a result of confrontations. The ability to assist the customer is reduced. Service delivery declines	Ensure that the Health & Safety reporting process is used to record instances of violence and aggression, with regular reporting to senior management. Develop an on-line training tool for staff, for managing difficult situations. Liaise with partners, such as Police and health, about expectations for vulnerable customers. Both in terms of emergency response to issues and services that the Council can, and cannot, provide.	PD
4a	Strategic Impacts	To continuously assess future challenges to ensure Council is fit for future purpose	Strategic	2	4	8	Medium	If not properly managed then either the Council could lose the opportunity to develop further or may 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.	Regularly monitor national trends and policy changes, ensure that CBC is represented on specialist network groups	PD
1a	Strategic Ambition	In a period of public sector resource reductions, the ability to have ambition and to deliver on that ambition.	Strategic	3	2	6	Medium	Major changes needed to the town would not be delivered thus affecting the quality of life of its residents and businesses.	Ensure the KPI and SPAP reporting processes are effectively used to inform senior management and politicians about the performance and direction of the organisation. Continuosly seek new and innovative opportunities to deliver outcomes in line with the Council's ambitions, including through alternative sources of funding.	DG

Ref	Risk Title	Description	Risk Type	P	I	O	RATING	Consequences	Mitigation	Lead
2c	Universal Credit	Impact of the implementation of Universal Credit in Colchester could lead to additional work for CBC to help customers apply for the new single benefit. There will be a transition period whereby residents move to the new application which could be difficult for some of our more vulnerable customers.	Operational	2	3	6	Medium	The Council fails to support our most vulnerable residents leading to an increase in crisis intervention.	Regularly monitor the impact of the resources allocated to the welfare reform project, to ensure that customers are supported with signposting to appropriate providers/partners.	PD

SCORE DEFINITIONS	1	2	3	4	5
Impact	Very Low Insignificant effect on delivery of services or achievement of Strategic Vision & Corporate Objectives.	Low Minor interruption to service delivery or minimal effect on Corporate Objectives.	Medium Moderate interruption to overall service delivery/effect on Corporate Objectives or failure of an individual service.	High Major interruption to overall service delivery or severe effect on Corporate Objectives.	Very High 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

RISK MATRIX
Dec 19 - Mar 20

Scoring 1-5

		1 Very Low	2 Low	3 Medium	4 High	5 Very high
Probability of Occurance	5 Very High			3a Recruitment & Retention		
	4 High			4b 5b	4d Spending Power / 4e EU Exit / 5a Partnership Delivery / 5d Garden Communities	6f Data Protectiuon
	3 Medium		1a	1b 1d / 2b / 3e 4c	1c 2a 3c / 5c 6a / 6b 6c 6d	6g Cyber Security
	2 Low			2c	4a	6e
	1 Very Low					

Severity of Impact

RATING	SCORE
VERY HIGH	15 or above
HIGH	10 or 12
MEDIUM	5 - 9
LOW	4 or below

	Governance and Audit Committee	Item 12
	21 January 2020	
Report of	Assistant Director Corporate and Improvement Services	**Author** Matthew Evans ☎ ext. 8006
Title	Work Programme 2019-20	
Wards affected	Not applicable	

1. Executive Summary

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

2. Recommended Decision

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

3. Reason for Recommended Decision

3.1 The Work Programme of this Committee is kept under review throughout the municipal year to ensure that business is progressed and Members have the opportunity to review upcoming agenda items.

4. Alternative Options

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

5. Background Information

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

5.2 The Committee's Work Programme will evolve as the Municipal Year progresses and items of business are commenced and concluded. At each meeting the opportunity is taken for the Work Programme to be reviewed and, if necessary, amended according to current circumstances.

5.3 Members are asked to note that an additional item has been added to the Work Programme for the meeting scheduled on 10 March 2020. This item is an update report following the Polling District and Polling Place Review which

was initially considered by this Committee at the meeting of 03 September 2019.

6. Standard References

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

7. Strategic Plan References

7.1 Governance is integral to the delivery of the Strategic Plan's priorities and direction for the Borough as set out under the four themes of growth, responsibility, opportunity and wellbeing.

7.2 The Council recognises that effective local government relies on establishing and maintaining the public's confidence, and that setting high standards of self-governance provides a clear and demonstrable lead. Effective governance underpins the implementation and application of all aspects of the Council's work.

WORK PROGRAMME 2019-20

Governance and Audit Committee
Meeting date / Agenda items -
Governance and Audit Committee - **25 June 2019** **Reports to be received by 14 June 2019**
Governance and Audit Committee briefing – **18 June 2019 6.30pm** 1. Draft Annual Statement of Accounts 2018/19 2. Year End Internal Audit Assurance Report 2018/19 3. Review of the Governance Framework and Draft Annual Governance Statement 4. Committee on Standards in Public Life Consultation on Local Government Ethical Standards Response 5. Polling District and Polling Place Review 6. CCHL – Annual report
Governance and Audit Committee - **30 July 2019** **Reports to be received by 19 July 2019**
Governance and Audit Committee briefing – **23 July 2019 6pm followed by Statement of Accounts training and Code of Conduct refresher session**
 1. Audited Statement of Accounts 2018/19 and Annual Audit letter 2. 2018/19 Year End Review of Risk Management

Governance and Audit Committee - **3 September 2019**   **Reports to be received by 23 August 2019**
Governance and Audit Committee briefing – **27 August 2019 6pm**
  1. Colchester Borough Homes Annual Report and Governance Statement   2. Financial Monitoring Report – April to June 2019   3. Capital Expenditure Monitor 2019/20   4. Treasury Management 18/19 Report   5. Polling District and Polling Place Review
Governance and Audit Committee - **29 October 2019**   **Reports to be received by 16 October 2019**
Governance and Audit Committee briefing – **21 October 2019 6pm**
  1. Local Government and Social Care Ombudsman Annual Review 2018/19   2. Health and Safety Policy and Annual Report   3. Equality and Safeguarding Annual Update   4. Annual Audit Letter 2018/19
Governance and Audit Committee – **26 November 2019**   **Reports to be received by 15 November**
Governance and Audit Committee Briefing –**19 November 2019 6pm**
1. Review of the Council's Ethical Governance Policies   2. Annual Review of the Members' Code of Conduct and the Council's Localism Act "Arrangements"   3. Review of Local Code of Corporate Governance   4. Review of Member/Officer Protocol   5. Gifts and Hospitality – Review of Guidance for Councillors and Policy for Employees   6. Treasury Management – Half Yearly Update   7. Annual Review of Business Continuity

Governance and Audit Committee - **21 January 2020**

Reports to be received by 10 January 2020

Governance and Audit Committee briefing – **14 January 2020 6pm**

1. Interim Review of the Annual Governance Statement Action Plan
2. Risk Management Progress Report
3. Mid-Year Internal Audit Assurance Report 2019/20
4. CCHL Half-Year Performance Report
5. Annual Review of the Council's Companies' Business Plans
6. Review of the Local Code of Corporate Governance – clarified wording

Governance and Audit Committee - **10 March 2020**

Reports to be received by 28 February 2020

Governance and Audit Committee briefing – **3 March 2020 6pm**

1. External Audit Plan for year ending 31 March 2020
2. Financial Monitoring Report
3. Capital Expenditure Monitor 2019/20
4. Internal Audit Plan 2020/21
5. Review of Meetings and Ways of Working Update
6. Review of Scheme of Delegation
7. Certification of Claims and Returns – Annual Report 2018/19
8. Polling District and Polling Station Place Review - update