

Governance and Audit Committee Meeting

**Grand Jury Room, Town Hall, High Street,
Colchester, CO1 1PJ
Tuesday, 26 July 2022 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!

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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.

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

Accounts and Audit

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

Governance

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

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

Other regulatory matters

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

To determine and approve Community Governance Reviews.

Standards in relation to Member Conduct

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

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

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

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

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

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

General

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

COLCHESTER BOROUGH COUNCIL
Governance and Audit Committee
Tuesday, 26 July 2022 at 18:00

The Governance and Audit Committee Members are:

Councillor Paul Smith	Chair
Councillor Chris Pearson	Deputy Chair
Councillor Dave Harris	
Councillor Sam McCarthy	
Councillor Rhys Smithson	
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 Councillors will be invited to confirm that the minutes of the meeting held on 21 June 2022 are a correct record.

Draft minutes - 21-06-2022

7 - 12

6 Have Your Say! (Hybrid meetings)

Members of the public may make representations to the meeting. This can be made either in person at the meeting or by joining the meeting remotely and addressing the Council via Zoom. Each representation may be no longer than three minutes. Members of the public wishing to address the Council remotely may register their wish to address the meeting by e-mailing democratic.services@colchester.gov.uk by 12.00 noon on the working day before the meeting date. In addition, a written copy of the representation will need to be supplied for use in the event of unforeseen technical difficulties preventing participation at the meeting itself.

There is no requirement to pre-register for those attending the meeting in person.

7 Local Government Association Model Councillor Code of Conduct

13 - 32

The Committee will consider a report requesting it to adopt the revised Local Government Association (LGA) model councillor code of conduct. In December 2020, following a consultation, the LGA published its model councillor code of conduct regulating the standards of behaviour expected of councillors. This report asks the Committee to review the model code and decide whether to make a recommendation to Full Council that it be adopted.

8 2021/2022 Revenue Outturn

33 - 54

The Committee will consider a report setting out the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the year 2021/22.

9 2021/22 Year End Review of Risk Management

55 - 78

The Committee will consider a report providing members with an overview of the Council's risk management activity undertaken during the financial year from 01 April 2021 to 31 March 2022.

10 Work Programme 2022-2023

79 - 82

The Committee will consider a report setting out the current work programme for 2022/2023.

Exclusion of the Public (not Scrutiny or Executive)

In accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public, including the press, from the meeting so that any items containing exempt information (for example

confidential personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).

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

GOVERNANCE AND AUDIT COMMITTEE

21 June 2022

Present:- Councillor Sam McCarthy, Councillor Chris Pearson,
Councillor Paul Smith, Councillor Rhys Smithson,
Councillor Dennis Willetts, Councillor Barbara Wood

Substitutions: Councillor Sam McLean for Councillor Dave Harris

Also Present:-

315. Minutes of the previous meeting

Councillor Wood raised a query in relation to the minutes which had been presented, considering that an error had been made in relation to the record of her being substituted at the meetings of 8 March 2022 and 25 May 2022. Officers would confirm the correct position and make any amendments to the draft minutes necessary.

RESOLVED that: Subject to any amendment necessary in respect of the substitution record of Councillor Wood, the minutes of the meetings of 8 March 2022 and 25 May 2022 be confirmed as an accurate record.

316. Head of Internal Audit Annual Report 2021/2022

Hayley McGrath, Corporate Governance Manager, attended the meeting to present the report and assist the Committee with its enquiries. The Committee heard that Colchester Borough Council (the Council) ran a comprehensive internal audit programme which was managed by an external contractor, TIAA. Two reports would be presented to the Committee during the course of the year, a final report containing a summary of the previous year, and a mid-year update to keep the Committee appraised of the progress of audits that had been carried out, together with any recommendations which had been made.

A comprehensive internal audit programme had been provided through the year, with 19 areas being audited, and 12 of these achieving a 'substantial assurance' rating, the highest rating it was possible to achieve, compared to 11 audits which had achieved this rating the previous financial year. The 'limited assurance' ratings which had been given had risen from 1 to 2 compared to the previous financial year, and

details of these were outlined in the Officer's report. As a result of the audit work, 3 urgent recommendations had been made, which was the same number that were made in the preceding financial year. The overall opinion of TIAA was that the Council operated an effective system of internal control. The 2 audits which had received a 'limited assurance' rating were on a similar theme, and were in relation to procurement and contracts.

A Committee member was pleased to note the high level of assurance which had been achieved, and considered that this was evidence of good levels of control within the Council with no significant problems, and the failings which had been noted were in compliance areas, and not across the whole area of the audit. Considering the limited assurance ratings which had been received, however, they expressed unease at the way the procurement system was operating, and requested further details in respect of the concerns raised during the audit, wondering what steps the Council needed to take strategically to deal with these concerns. Hayley McGrath confirmed that one of the issues experienced by the Council was in relation to the central control of suppliers. The council delivered a very broad range of services, and each service area was responsible for procuring its own goods and external services. When each service area was considered individually, no set expenditure thresholds were breached, but when the spend of all the service areas was combined, the Council's thresholds were breached, and what was currently missing was a central control and assessment of combined spend across the organisation. Fiona Dodimead, Director of Audit for TIAA, confirmed that it was difficult for the Council to monitor spend with a devolved service, and the Committee heard that some Councils dealt with this via a central register which required additional support.

In respect of the issues which had been raised in relation to the maintenance of registers, Hayley McGrath confirmed to the Committee that a lot of the items in question had originally been purchased via a framework and services became used to using a particular supplier. The frameworks used were national frameworks which expired, and services were continuing to use the same supplier after the expiration of the framework, when a new framework should have been implemented or new resourcing was carried out via a tender process. As things currently stood, no central checks were available to determine when frameworks had expired and contracts therefore needed to be addressed.

The Committee considered the recommendation which had been made by TIAA in relation to the maintenance of a central catalogue in support of the Councils aim to use local suppliers wherever possible. The intention to secure additional social value through the use of local suppliers was considered, and it was suggested that there was an inherent problem when determining what element of the cost of the contract was to be ascribed to the key deliverable service being procured, and how much of the cost of the contract was then associated with additional social value. As the auditors had made a recommendation in relation to local suppliers, were they concerned that this presented an issue for the Council? Fiona Dodimead confirmed to the Committee that the Council had made a policy decision in relation to where procurement was to be directed. It was considered that the policy either had to be

complied with, or modified to ensure that its intentions were clear and capable of being met.

The Committee sought the advice of TIAA to see if they were able to offer any guidance on how to approach the procurement issues, and it was also suggested that a recommendation be made that the Committee consider the area further, later on in the municipal year. Fiona Dodimead confirmed that it was for the Council to decide how it arranged its services, and the audit would only highlight potential risks that were identified. Hayley McGrath suggested that the Council's Procurement Policy could be referred to the Committee later in the municipal year, at the same time as the Committee considered the Council's ethical governance policies, a suggestion that was welcomed by the Committee.

A Committee member noted that the internal audit report had highlighted referred to a culture in the Council of not including the procurement team in the procurement process, and questioned by there had been no recommendation on this point. Was the culture ingrained in the Council, or had it arisen as a result of the Covid-19 pandemic? Hayley McGrath explained that the Covid-19 pandemic did have an impact on staff communication, and in addition to this the management responsibility for the procurement team had been moved within the council, coinciding with the loss of a procurement officer. Although the procurement process had been highlighted as an issue, what was not reflected was the large number of contracts which passed through the procurement team in a year. the audit which had been carried out of the procurement process had been requested by a manager from another service area, and the culture surrounding procurement was to be addressed as part of a review of the service.

A Committee member commented on the lack of information in the report concerning the steps which were taken to ensure supplier viability or key supplier continuity. Hayley McGrath confirmed to the Committee that these issues were addressed as part of the procurement process, together with supplier resilience, ethical standards and the provision of social value. In response to a question from a member of the Committee, Olufolake Mustafa, Audit Manager for TIAA, advised the Committee that matters such as staff access to Council systems after they had left the organisation were monitored, but the reason that these matters did not form part of the overall audit report was because no exceptional circumstances had been found.

RESOLVED that:

- Internal audit activity for the period 1 April 2021 to 31 March 2022 be noted,
- Colchester Borough Council's Procurement Policy be referred to the Committee at its meeting in November 2022.

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

Hayley McGrath, Corporate Governance Manager, attended the meeting to present the report and assist the Committee with its enquiries. The Committee heard that Colchester Borough Council (the Council) had a duty under the Accounts and Audit Regulations 2015 to ensure that the Council had a sound system of internal control, which facilitated the effective exercise of the Council's functions and achievements of its aims and objectives. As part of the annual statement of account process, the Council was required to demonstrate that it had systems of internal control in place, and an internal review of the governance arrangements was carried out every year to ensure that this was the case. The Council was required to produce an Annual Governance Statement, and this had been prepared for the financial year 2021/2022. The Statement complied with the 7 principles of good governance set out by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), and was set out in the format provided by CIPFA.

Areas of financial control were required to be examined as part of the annual review, including financial controls and procedures. As part of the review process, every member of the Council's Senior Management Team was interviewed individually, prior to the completion of the review, and any areas of concern were highlighted in the Statement. The governance arrangements for the Council's wholly owned companies were also examined to ensure that these remained fit for purpose, together with the arrangements for the Council's joint services, Colchester and Ipswich Museum Service and the North Essex Parking Partnership. Also taken into account during the review was the Head of Internal Audit Annual Report. As part of the process the Statement was referred to the Governance and Audit Committee for approval prior to being signed off by the Leader of the Council and the Chief Executive and went into the Council's statement of accounts.

This year, three areas had been identified where it was felt that improvements could be made in the control arrangements to improve the arrangements what were currently in place. The first of these areas was the Council's procurement arrangements, where it was felt that this was an area which would benefit from more appropriate controls. The second area of concern was in relation to the extended delays in finalising the Council's annual statement of accounts. Although this was an area over which the Council had little control, it was felt that it was appropriate to flag this as a concern as part of the Statement. The final area of concern was the governance arrangements for the Council's wholly own company, Colchester Commercial Holdings Limited (CCHL). The company had been operating for a number of years, and it was felt appropriate that its governance arrangements were subject to a review to ensure that they remained relevant and accurate.

The Committee noted the need for a review of the Council's procurement process, and took the view that the issues which had been experienced with the Council's statement of accounts should be raised both with the Local Government Association

(LGA), and central government. It was a particular concern that local authorities found themselves in such a position, which was wholly unacceptable. Hayley McGrath confirmed that the Council's head of Finance and the Deputy Chief Executive were actively engaged with making the necessary representations to the relevant bodies in respect of the position with the Council's external audit delays.

It was suggested that as CCHL had been active for a number of years, that it was appropriate for a special meeting of the Governance and Audit Committee to be convened with the Board of CCHL in order that it could dispense its duties as the shareholder committee for the companies. Hayley McGrath considered that it would be appropriate to hold a shareholders meeting in respect of the Council's companies, confirming that an external advisor had been assigned to look at the current governance arrangements for CCHL, and a shareholder meeting would take place after this review had been finalised. The Committee confirmed that it would welcome training on its shareholder responsibilities before the meeting took place.

The Committee considered the governance arrangements which were in place in respect of CCHL, noting that these were closely aligned with the arrangements of the Council itself, but wondered whether this arrangement would cost the companies the flexibility that they needed to be successful. An update was requested on the cyber security issue which had been raised as part of the Governance Statement for the previous year, and it was questioned whether the Council's procurement policy should be included as part of its ethical governance framework. Hayley McGrath confirmed a review of the difference between the governance arrangements of the Council and CCHL would be included as part of the external assessment of the companies which was to take place. It was not proposed that the Council's procurement policy form part of its ethical governance policies, and the criteria for inclusion in this suite of policies had been set before the Committee in the past. The issue of cyber security was a continuing national problem, and the Council was making continual efforts to ensure the safety of its systems, including regular testing of staff.

RESOLVED that:

- The Council's compliance with the seven principles of good governance (CIPFA International Framework: Good Governance in the Public Sector 2016) including the review of effectiveness of the internal control arrangements be noted
- Annual Governance Statement for 2021/22 be approved

318. Work Programme

Matthew Evans, Democratic Services Officer, attended the meeting to present the report and assist the Committee with its enquiries.

The Committee noted that there had been discussion during the meeting about scheduling an additional shareholder meeting, together with shareholder training and an update on cyber security. It was content to allow Officers to liaise outside the

meeting to locate the most appropriate times for these proposals and agree these with the Chair and Group Spokespersons in due course.

A Committee member requested that items on the work programme which were required to be presented to the Committee at a certain time due to a statutory deadline be highlighted in the report.

Hayley McGrath, Corporate Governance Manager, requested that the item on 2021/2022 Year End Review of Risk Management be moved from the September meeting of the Committee to its meeting in July.

RESOLVED that: the contents of the work programme be noted, subject to the following amendments:

- an additional meeting of the Governance and Audit Committee as Shareholder Committee to Colchester Commercial Holdings Limited be scheduled
- an additional update report in relation to the Colchester Borough Council's position in relation to cyber security be provided to the Committee at a future date
- the agenda item 2021/2022 Year End Review of Risk Management be considered at the July meeting of the Committee

26 July 2022

Report of	Monitoring Officer	Author	Andrew Weavers ☎ 282213
Title	Local Government Association Model Councillor Code of Conduct		
Wards affected	Not applicable		

1. Executive Summary

- 1.1 This report asks the Committee to adopt the revised Local Government Association (LGA) model councillor code of conduct. In December 2020, following a consultation, the LGA published its model councillor code of conduct regulating the standards of behaviour expected of councillors. This report asks the Committee to review the model code and decide whether to make a recommendation to Full Council that it be adopted.

2. Recommended Decisions

- 2.1 That the Committee recommends to Full Council that Colchester Borough Council adopts the Local Government Association's Model Councillor Code of Conduct with effect from 1 December 2022.
- 2.2 That the Monitoring Officer organises training for all Councillors on the Model Code of Conduct prior to its implementation.
- 2.3 That the Monitoring Officer be requested to write to all Town and Parish Councils in the Borough recommending that they adopt the Model Code of Conduct and that training be offered.

3. Background

- 3.1 The Borough Council adopted its current Members' Code of Conduct in 2012 which has been the subject of an annual review by this Committee. The Code has over the years been found to serve the Borough Council well. A link to the current code can be found at Appendix 1.
- 3.2 In early 2019 the national Committee on Standards in Public Life published a report on standards in local government. They made a number of recommendations to local authorities, to the LGA and to central government. The Borough Council has broadly implemented those recommendations. Central government still has not yet responded to the recommendations and we do not yet know when it will react, although a response is said to be expected soon.
- 3.3 The key recommendation to the LGA was that it should produce a model code for local authorities (including parishes) to consider adopting. At present all local authorities have their own code. A 'model' code was produced by the Essex authorities in 2012 but almost all authorities have amended the 'model' code to reflect their own circumstances. Over time the authorities (including parishes) have carried out further reviews and most authorities are now using a code which, though based on the original Essex Code, has significant differences. This impacts on members of the Borough Council given that 25% of councillors are members of at least one other authority.
- 3.4 At its meeting on 28 July 2020 the Committee considered and agreed its response to the LGA's consultation on its draft Model Councillor Code of Conduct. The LGA received many responses to its consultation which led to some changes in the code.

- 3.5 In December 2020 the LGA model code was published but most authorities in Essex were not at that stage intending to adopt it. This was because there were a number of concerns about the clarity of the rules regarding declaration of interests. As a result, the Monitoring Officer decided not to recommend adoption to the Committee, but to keep a watching brief on the situation.
- 3.6 In May 2021 the LGA published a revised version of the model code which is attached at Appendix 2. This addressed the main concerns that Monitoring Officers had with the previous version of the LGA model code. All Monitoring Officers in Essex are now generally satisfied with the model code and each are now working towards adoption with their respective authorities.
- 3.7 The Borough Council has previously welcomed the introduction of a national model code in the hope that all Essex authorities (including parishes) would adopt it. The adoption of a national code would mean that the Borough Council has to accept a code designed for all local authorities rather than one specifically for the Borough Council, but the benefits of all Essex local authorities (at all tiers) using the same code, outweighs these disadvantages.
- 3.8 Essex County Council adopted the model code on 1 June 2022 and other Districts and Boroughs within Essex either have or are working towards adopting the model code. Some parishes within the Borough are also considering adopting the model code.
- 3.9 Accordingly it seems sensible to consider whether the Borough Council should now adopt the model code. What would adopting the model code mean?
- 3.10 The fundamental aim of the model code is to create and maintain public confidence in the role of Councillor and of Local Government. It also aims to protect the public, Councillors, Officers, and the reputation of Local Government. The model code clearly sets out:
- The general principles of conduct expected of all Councillors and specific obligations in relation to standards of conduct; and
 - The type of conduct that could lead to action being taken against them.
- 3.11 The model code covers the following areas:
- Respect.
 - Bullying, harassment and discrimination. (The model code includes a definition of bullying, something which our current code does not have. The Committee on Standards in Public Life recommends that local authorities include such a definition in their code.)
 - Impartiality of officers of the Council.
 - Confidentiality and access to information.
 - Disrepute.
 - Use of position.
 - Use of Local Authority resources and facilities.
 - Complying with the Code of Conduct.
 - Protecting your reputation and the reputation of the Local.
 - Interests.
 - Gifts and hospitality.
- 3.12 Some key features of the model code:
- It has been written in the first person, to make it more personal to Councillors.
 - It contains provisions on the use of social media, including confidentiality.
 - In relation to declaration of interests, there are three categories:
 - (i) Disclosable Pecuniary Interests,
 - (ii) Other Registrable Interests; and
 - (iii) Non- Registrable Interests.

This strengthens those areas of declaration that have been seen to be too weak. The model code is explicit about declaration of interests that not only affect spouses, civil partners or co-habitees, but also relatives or close associates. This should provide protection to Councillors.
 - A duty to comply with any sanction imposed.

- 3.13 The LGA has also produced:
- Guidance on the model code including examples (a link to which can be found at Appendix 3); and
 - Training Resource Pack.
- The Guidance is welcomed as it will assist all Councillors and Monitoring Officers to interpret the Code consistently.
- 3.14 The LGA plan to undertake an annual review of the model code to ensure it continues to be fit for-purpose, incorporating advances in technology, social media and changes in legislation. Every time it changes the Borough Council will need to consider updating its own code to reflect the changes in the model code. The LGA have indicated that the model code will not change in 2022.
- 3.15 If the Committee recommends adoption to Full Council, training will be arranged for all Councillors by the Monitoring Officer using the LGA's Training Resource Pack referred to in 3.13 above.
- 3.16 If we adopt the model code, all Councillors will need to review their register of interests as the requirements for registration are slightly different, although the requirements of the LGA model code are slightly simpler. The position regarding registration and declaration of Disclosable Pecuniary Interests remains the same as these are subject to a separate legislative provision albeit included in the code for completeness.
- 3.17 In conclusion it is suggested that the Borough Council adopts the model code and that it should come into effect from 1 December 2022 (or such other date as suggested by the Committee) to enable suitable training to be provided by the Monitoring Officer prior to its implementation. It is also suggested that the Monitoring Officer writes to all Town and Parish Council's in the Borough to recommend that they consider adopting the model code and offer training. This will ensure consistency across the Borough and also assist dual hatted Councillors.

4. Strategic Plan References

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

5. Financial, Publicity, Equality, Diversity and Human Rights, Consultation, Health, Wellbeing and Community Safety, Health and Safety and Risk Management, Environmental and Sustainability Implications

- 5.1 None identified.

List of Background papers:

Appendix 1 – current Colchester Borough Council code

[MembersCodeofConduct.pdf](#)

Appendix 2 - LGA Model Councillor Code of Conduct

Appendix 3 - LGA Guidance

[Guidance on Local Government Association Model Councillor Code of Conduct | Local Government Association](#)



Local Government Association

Model Councillor Code of Conduct 2020

Joint statement

The role of councillor across all tiers of local government is a vital part of our country's system of democracy. It is important that as councillors we can be held accountable and all adopt the behaviors and responsibilities associated with the role. Our conduct as an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to. We also want individuals from a range of backgrounds and circumstances to be putting themselves forward to become councillors.

As councillors, we represent local residents, work to develop better services and deliver local change. The public have high expectations of us and entrust us to represent our local area, taking decisions fairly, openly, and transparently. We have both an individual and collective responsibility to meet these expectations by maintaining high standards and demonstrating good conduct, and by challenging behaviour which falls below expectations.

Importantly, we should be able to undertake our role as a councillor without being intimidated, abused, bullied, or threatened by anyone, including the general public.

This Code has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.

Introduction

The Local Government Association (LGA) has developed this Model Councillor Code of Conduct, in association with key partners and after extensive consultation with the sector, as part of its work on supporting all tiers of local government to continue to aspire to high standards of leadership and performance. It is a template for councils to adopt in whole and/or with local amendments.

All councils are required to have a local Councillor Code of Conduct.

The LGA will undertake an annual review of this Code to ensure it continues to be fit-for-purpose, incorporating advances in technology, social media and changes in legislation. The LGA can also offer support, training and mediation to councils and councillors on the application of the Code and the National Association of Local Councils (NALC) and the county associations of local councils can offer advice and support to town and parish councils.

Definitions

For the purposes of this Code of Conduct, a “councillor” means a member or co-opted member of a local authority or a directly elected mayor. A “co-opted member” is defined in the Localism Act 2011 Section 27(4) as “a person who is not a member of the authority but who

- a) is a member of any committee or sub-committee of the authority, or;
- b) is a member of, and represents the authority on, any joint committee or joint sub-committee of the authority;

and who is entitled to vote on any question that falls to be decided at any meeting of that committee or sub-committee”.

For the purposes of this Code of Conduct, “local authority” includes county councils, district councils, London borough councils, parish councils, town councils, fire and rescue authorities, police authorities, joint authorities, economic prosperity boards, combined authorities and National Park authorities.

Purpose of the Code of Conduct

The purpose of this Code of Conduct is to assist you, as a councillor, in modelling the behaviour that is expected of you, to provide a personal check and balance, and to set out the type of conduct that could lead to action being taken against you. It is also to protect you, the public, fellow councillors, local authority officers and the reputation of local government. It sets out general principles of conduct expected of all councillors and your specific obligations in relation to standards of conduct. The LGA encourages the use of support, training and mediation prior to action being taken using the Code. The fundamental aim of the Code is to create and maintain public confidence in the role of councillor and local government.

General principles of councillor conduct

Everyone in public office at all levels; all who serve the public or deliver public services, including ministers, civil servants, councillors and local authority officers; should uphold the [Seven Principles of Public Life](#), also known as the Nolan Principles.

Building on these principles, the following general principles have been developed specifically for the role of councillor.

In accordance with the public trust placed in me, on all occasions:

- I act with integrity and honesty
- I act lawfully
- I treat all persons fairly and with respect; and
- I lead by example and act in a way that secures public confidence in the role of councillor.

In undertaking my role:

- I impartially exercise my responsibilities in the interests of the local community
- I do not improperly seek to confer an advantage, or disadvantage, on any person
- I avoid conflicts of interest
- I exercise reasonable care and diligence; and
- I ensure that public resources are used prudently in accordance with my local authority's requirements and in the public interest.

Application of the Code of Conduct

This Code of Conduct applies to you as soon as you sign your declaration of acceptance of the office of councillor or attend your first meeting as a co-opted member and continues to apply to you until you cease to be a councillor.

This Code of Conduct applies to you when you are acting in your capacity as a councillor which may include when:

- you misuse your position as a councillor
- Your actions would give the impression to a reasonable member of the public with knowledge of all the facts that you are acting as a councillor;

The Code applies to all forms of communication and interaction, including:

- at face-to-face meetings
- at online or telephone meetings
- in written communication
- in verbal communication
- in non-verbal communication
- in electronic and social media communication, posts, statements and comments.

You are also expected to uphold high standards of conduct and show leadership at all times when acting as a councillor.

Your Monitoring Officer has statutory responsibility for the implementation of the Code of Conduct, and you are encouraged to seek advice from your Monitoring Officer on any matters that may relate to the Code of Conduct. Town and parish councillors are encouraged to seek advice from their Clerk, who may refer matters to the Monitoring Officer.

Standards of councillor conduct

This section sets out your obligations, which are the minimum standards of conduct required of you as a councillor. Should your conduct fall short of these standards, a complaint may be made against you, which may result in action being taken.

Guidance is included to help explain the reasons for the obligations and how they should be followed.

General Conduct

1. Respect

As a councillor:

1.1 I treat other councillors and members of the public with respect.

1.2 I treat local authority employees, employees and representatives of partner organisations and those volunteering for the local authority with respect and respect the role they play.

Respect means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor, you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not, however, subject individuals, groups of people or organisations to personal attack.

In your contact with the public, you should treat them politely and courteously. Rude and offensive behaviour lowers the public's expectations and confidence in councillors.

In return, you have a right to expect respectful behaviour from the public. If members of the public are being abusive, intimidatory or threatening you are entitled to stop any conversation or interaction in person or online and report them to the local authority, the relevant social media provider or the police. This also applies to fellow councillors, where action could then be taken under the Councillor Code of Conduct, and local authority employees, where concerns should be raised in line with the local authority's councillor-officer protocol.

2. Bullying, harassment and discrimination

As a councillor:

2.1 I do not bully any person.

2.2 I do not harass any person.

2.3 I promote equalities and do not discriminate unlawfully against any person.

The Advisory, Conciliation and Arbitration Service (ACAS) characterises bullying as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. Bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and may not always be obvious or noticed by others.

The Protection from Harassment Act 1997 defines harassment as conduct that causes alarm or distress or puts people in fear of violence and must involve such conduct on at least two occasions. It can include repeated attempts to impose unwanted communications and contact upon a person in a manner that could be expected to cause distress or fear in any reasonable person.

Unlawful discrimination is where someone is treated unfairly because of a protected characteristic. Protected characteristics are specific aspects of a person's identity defined by the Equality Act 2010. They are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The Equality Act 2010 places specific duties on local authorities. Councillors have a central role to play in ensuring that equality issues are integral to the local authority's performance and strategic aims, and that there is a strong vision and public commitment to equality across public services.

3. Impartiality of officers of the council

As a councillor:

3.1 I do not compromise, or attempt to compromise, the impartiality of anyone who works for, or on behalf of, the local authority.

Officers work for the local authority as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. You can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written. However, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

4. Confidentiality and access to information

As a councillor:

4.1 I do not disclose information:

- a. given to me in confidence by anyone**
- b. acquired by me which I believe, or ought reasonably to be aware, is of a confidential nature, unless**
 - i. I have received the consent of a person authorised to give it;**
 - ii. I am required by law to do so;**
 - iii. the disclosure is made to a third party for the purpose of obtaining professional legal advice provided that the third party agrees not to disclose the information to any other person; or**
 - iv. the disclosure is:**
 - 1. reasonable and in the public interest; and**
 - 2. made in good faith and in compliance with the reasonable requirements of the local authority; and**
 - 3. I have consulted the Monitoring Officer prior to its release.**

4.2 I do not improperly use knowledge gained solely as a result of my role as a councillor for the advancement of myself, my friends, my family members, my employer or my business interests.

4.3 I do not prevent anyone from getting information that they are entitled to by law.

Local authorities must work openly and transparently, and their proceedings and printed materials are open to the public, except in certain legally defined circumstances. You should

work on this basis, but there will be times when it is required by law that discussions, documents and other information relating to or held by the local authority must be treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

5. Disrepute

As a councillor:

5.1 I do not bring my role or local authority into disrepute.

As a Councillor, you are trusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on you, other councillors and/or your local authority and may lower the public's confidence in you or your local authority's ability to discharge your/its functions. For example, behaviour that is considered dishonest and/or deceitful can bring your local authority into disrepute.

You are able to hold the local authority and fellow councillors to account and are able to constructively challenge and express concern about decisions and processes undertaken by the council whilst continuing to adhere to other aspects of this Code of Conduct.

6. Use of position

As a councillor:

6.1 I do not use, or attempt to use, my position improperly to the advantage or disadvantage of myself or anyone else.

Your position as a member of the local authority provides you with certain opportunities, responsibilities, and privileges, and you make choices all the time that will impact others. However, you should not take advantage of these opportunities to further your own or others' private interests or to disadvantage anyone unfairly.

7. Use of local authority resources and facilities

As a councillor:

7.1 I do not misuse council resources.

7.2 I will, when using the resources of the local authority or authorising their use by others:

- a. act in accordance with the local authority's requirements; and**
- b. ensure that such resources are not used for political purposes unless that use could reasonably be regarded as likely to facilitate, or be conducive to, the discharge of the functions of the local authority or of the office to which I have been elected or appointed.**

You may be provided with resources and facilities by the local authority to assist you in carrying out your duties as a councillor.

Examples include:

- office support
- stationery
- equipment such as phones, and computers
- transport
- access and use of local authority buildings and rooms.

These are given to you to help you carry out your role as a councillor more effectively and are not to be used for business or personal gain. They should be used in accordance with the purpose for which they have been provided and the local authority's own policies regarding their use.

8. Complying with the Code of Conduct

As a Councillor:

8.1 I undertake Code of Conduct training provided by my local authority.

8.2 I cooperate with any Code of Conduct investigation and/or determination.

8.3 I do not intimidate or attempt to intimidate any person who is likely to be involved with the administration of any investigation or proceedings.

8.4 I comply with any sanction imposed on me following a finding that I have breached the Code of Conduct.

It is extremely important for you as a councillor to demonstrate high standards, for you to have your actions open to scrutiny and for you not to undermine public trust in the local authority or its governance. If you do not understand or are concerned about the local authority's processes in handling a complaint you should raise this with your Monitoring Officer.

Protecting your reputation and the reputation of the local authority

9. Interests

As a councillor:

9.1 I register and disclose my interests.

Section 29 of the Localism Act 2011 requires the Monitoring Officer to establish and maintain a register of interests of members of the authority .

You need to register your interests so that the public, local authority employees and fellow councillors know which of your interests might give rise to a conflict of interest. The register is a public document that can be consulted when (or before) an issue arises. The register also protects you by allowing you to demonstrate openness and a willingness to be held accountable. You are personally responsible for deciding whether or not you should disclose an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise. It is also important that the public know about any interest that might have to be disclosed by you or other councillors when making or taking part in decisions, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained.

You should note that failure to register or disclose a disclosable pecuniary interest as set out in **Table 1**, is a criminal offence under the Localism Act 2011.

Appendix B sets out the detailed provisions on registering and disclosing interests. If in doubt, you should always seek advice from your Monitoring Officer.

10. Gifts and hospitality

As a councillor:

- 10.1 I do not accept gifts or hospitality, irrespective of estimated value, which could give rise to real or substantive personal gain or a reasonable suspicion of influence on my part to show favour from persons seeking to acquire, develop or do business with the local authority or from persons who may apply to the local authority for any permission, licence or other significant advantage.**
- 10.2 I register with the Monitoring Officer any gift or hospitality with an estimated value of at least £50 within 28 days of its receipt.**
- 10.3 I register with the Monitoring Officer any significant gift or hospitality that I have been offered but have refused to accept.**

In order to protect your position and the reputation of the local authority, you should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you because you are a councillor. The presumption should always be not to accept significant gifts or hospitality. However, there may be times when such a refusal may be difficult if it is seen as rudeness in which case you could accept it but must ensure it is publicly registered. However, you do not need to register gifts and hospitality which are not related to your role as a councillor, such as Christmas gifts from your friends and family. It is also important to note that it is appropriate to accept normal expenses and hospitality associated with your duties as a councillor. If you are unsure, do contact your Monitoring Officer for guidance.

Appendices

Appendix A – The Seven Principles of Public Life

The principles are:

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must disclose and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Appendix B Registering interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1 (Disclosable Pecuniary Interests)** which are as described in “The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012”. You should also register details of your other personal interests which fall within the categories set out in **Table 2 (Other Registerable Interests)**.

“Disclosable Pecuniary Interest” means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in Table 1 below.

"Partner" means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

1. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.
2. A ‘sensitive interest’ is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.
3. Where you have a ‘sensitive interest’ you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

Non participation in case of disclosable pecuniary interest

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in **Table 1**, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a ‘sensitive interest’, you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.
5. [Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it]

Disclosure of Other Registerable Interests

6. Where a matter arises at a meeting which **directly relates** to the financial interest or wellbeing of one of your Other Registerable Interests (as set out in **Table 2**), you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a ‘sensitive interest’, you do not have to disclose the nature of the interest.

Disclosure of Non-Registerable Interests

7. Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in Table 1) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.
8. Where a matter arises at a meeting which **affects** –
 - a. your own financial interest or well-being;
 - b. a financial interest or well-being of a relative or close associate; or
 - c. a financial interest or wellbeing of a body included under Other Registrable Interests as set out in **Table 2**

you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied

9. Where a matter (referred to in paragraph 8 above) **affects** the financial interest or well-being:
 - a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
 - b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

10. [Where you have an Other Registerable Interest or Non-Registerable Interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it]

Table 1: Disclosable Pecuniary Interests

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the [Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012](#).

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the

	<p>councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council —</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land and Property	<p>Any beneficial interest in land which is within the area of the council.</p> <p>‘Land’ excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.</p>
Licenses	<p>Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer</p>
Corporate tenancies	<p>Any tenancy where (to the councillor’s knowledge)—</p> <p>(a) the landlord is the council; and</p> <p>(b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.</p>
Securities	<p>Any beneficial interest in securities* of a body where—</p> <p>(a) that body (to the councillor’s knowledge) has a place of business or land in the area of the council; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were</p>

	spouses/civil partners have a beneficial interest exceeds one hundredth of the total issued share capital of that class.
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* 'director' includes a member of the committee of management of an industrial and provident society.

* 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registrable Interests

You must register as an Other Registerable Interest :

- a) any unpaid directorships
 - b) any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority
 - c) any body
 - (i) exercising functions of a public nature
 - (ii) directed to charitable purposes or
 - (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)
- of which you are a member or in a position of general control or management

Appendix C – the Committee on Standards in Public Life

The LGA has undertaken this review whilst the Government continues to consider the recommendations made by the Committee on Standards in Public Life in their report on [Local Government Ethical Standards](#). If the Government chooses to implement any of the recommendations, this could require a change to this Code.

The recommendations cover:

- Recommendations for changes to the Localism Act 2011 to clarify in law when the Code of Conduct applies
- The introduction of sanctions
- An appeals process through the Local Government Ombudsman
- Changes to the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012
- Updates to the Local Government Transparency Code
- Changes to the role and responsibilities of the Independent Person
- That the criminal offences in the Localism Act 2011 relating to Disclosable Pecuniary Interests should be abolished

The Local Government Ethical Standards report also includes Best Practice recommendations. These are:

Best practice 1: Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.

Best practice 2: Councils should include provisions in their code of conduct requiring councillors to comply with any formal standards investigation and prohibiting trivial or malicious allegations by councillors.

Best practice 3: Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.

Best practice 4: An authority's code should be readily accessible to both councillors and the public, in a prominent position on a council's website and available in council premises.

Best practice 5: Local authorities should update their gifts and hospitality register at least once per quarter, and publish it in an accessible format, such as CSV.

Best practice 6: Councils should publish a clear and straightforward public interest test against which allegations are filtered.

Best practice 7: Local authorities should have access to at least two Independent Persons.

Best practice 8: An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to

review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.

Best practice 9: Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied.

Best practice 10: A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.

Best practice 11: Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council, rather than the clerk in all but exceptional circumstances.

Best practice 12: Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.

Best practice 13: A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.

Best practice 14: Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.

Best practice 15: Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.

The LGA has committed to reviewing the Code on an annual basis to ensure it is still fit for purpose.

Governance & Audit Committee

Item
8

26 July 2022

Report of	Deputy Chief Executive	Author	Paul Cook ☎ 505861 Darren Brown ☎ 282891
Title	Financial Monitoring Report – End of Year 2021/22		
Wards affected	Not applicable		

1. Executive Summary

- 1.1 This report sets out the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the year 2021/22.

2. Action required

- 2.1 The committee is asked to note the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the year 2021/22.

3. Reason for scrutiny

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

4. Background

- 4.1 The revenue budget position was last considered by Governance and Audit Committee on 8th March 2022. This was as at Quarter 3 and showed a projected net underspend of £1.606m on the General Fund, assuming the agreed use of reserves of £2.4m in the budget. Within the report it recognised that there remained a number of potential changes to the forecast, and that the intention was that the use of reserves for covid would be the last source of funding in determining the outturn position, preserving reserves as much as possible. The Housing Revenue Account was being forecast to be on budget.
- 4.2 The accounts for 2021/22 are currently being finalised and this report has been prepared using these draft figures, which are still subject to external audit.
- 4.3 All the information presented in respect of General Fund Services shows the position based on net 'direct costs'. The review of the Housing Revenue Account is different in that it shows all costs, both direct and indirect.

5. General Fund – End of Year Position

- 5.1 In total the General Fund outturn shows an “on-budget” position, after carry-forwards and a use of reserves of £0.073m. This is considerably better than the assumed use of reserves in the budget of £2.400m. A number of the factors contributing to this position have been identified and reported during the year, but some of the key messages behind this figure are that:-
- General Fund service budgets (after carry-forwards, excluding benefits, CIMS & NEPP and including corporate savings targets) are **£2.055m under budget**.
 - Included within this, we have received £1.808m more income than assumed within the budget, the majority of which we have been forecasting during the year as a result of the recovery from the pandemic of our key income earning services such as sport & leisure, parking and commercial & investment properties.
 - The 21/22 budget was set in the midst of a national lockdown, with little information at the time of when we might move out of restrictions and return to “normality”. The performance in these key income areas is predominantly due the profiling of how we recover back to pre-covid levels.
 - The outturn position has also been aided by £0.420m of additional Sales, Fees & Charges income support from the Government for Quarter 1 then assumed within the budget, which has been reported during the year.
 - There have been one-off unforeseen/unbudgeted costs (e.g. redundancy costs) and service-demand cost pressures that have contributed to the outturn position.
 - There are a number of one-off technical items which are included in within the outturn position, including; an increase in the level of bad debts provision required, an external audit recommendation to provide MRP on our investment in Amphora Energy and the increase to the General Fund minimum balances as agreed by Cabinet as part of the budget setting cycle.
- 5.2 The following table summarises the outturn position for each Service, the effect of the approved requests for carry forward into 2022/23, and a breakdown of the outturn position against the main non-service areas.

	Actual	Budget	Variance	c/f	Net
	£'000	£'000	£'000	£'000	£'000
Corporate & Democratic Core	(147)	(106)	(41)	-	(41)
Executive Management Team	679	669	10	-	10
Corporate & Improvement	6,228	6,286	(58)	259	201
Customer	3,082	3,794	(712)	319	(393)
Community	25	210	(185)	285	100
Environment	6,384	7,125	(741)	557	(184)
Place & Client	3,409	6,369	(2,960)	1,268	(1,692)
Sub-Total Services	19,660	24,347	(4,687)	2,688	(1,999)
NEPP	797	819	(22)	22	-
CIMS	1,036	1,114	(78)	78	-
Benefits	(424)	(473)	49		49
General Fund / HRA	2,072	1,836	236		236
HRA Contingency (cost shown above)		108	(108)		(108)
Total Services	23,141	27,751	(4,610)	2,788	(1,822)
Pensions	335	395	(60)		(60)
MRP	2,289	1,945	344		344
CLIA	(551)		(551)		(551)
Provision for Bad Debts	(155)	(261)	106		106
Misc & Banking Adjustments	23		23		23
Gov't grants - Covid 19 - Income Support	(1,077)	(657)	(420)		(420)
Misc Gov't grants	(21)		(21)		(21)
General service related items		1,296	(1,296)	1,240	(56)
Increase GF minimum balance (Nov 19 Cabinet)		(130)	130		130
Use of Reserves - Covid 19	(73)	(2,400)	2,327		2,327
Business Rates Pool	(864)		(864)	864	-
Total (all)	23,047	27,939	(4,892)	4,892	0

5.3 The above table shows approved carry forward requests and other technical accounting adjustments totalling £4.892m. The key items include:-

- £0.948m in respect of specific Strategic Plan items within services
- £0.574m of Strategic Plan funded items yet to be allocated to service budgets
- £0.864m in respect of the business rates pooling gain
- £0.703m of Covid Recovery and Transformation funding supporting projects in 22/23
- £0.372m in respect of New Homes Bonus Affordable Housing element
- £0.319m linked to various projects in Customer, including Dynamics and Northgate implementation, and externally funded posts
- £0.379m linked to various projects within Corporate & Improvement, including IT/ systems projects, digital improvements to the Town Hall, the Rowan House refurbishment project and the Queens jubilee.
- £0.240m in respect of Hythe Quay River Wall repairs
- £0.140m funding for local design codes (agreed by Cabinet in March 22)
- £0.100m relating to the surpluses within North Essex Parking Partnership and the Colchester & Ipswich Joint Museums service.
- £0.083m supporting climate change
- £0.069m for Amphora Homes development fees

- 5.4 The following table provides an alternative view of the outturn position and gives a breakdown by major expenditure and income variances.

Table 1 - Draft Outturn Summary	£'000	£'000
Cost Pressures:-		
• Net Waste (Recycling credits / Employee & Contractor costs / Materials / Fleet costs)	154	
• Governance (net overspend across employee costs, streaming members meetings costs, insurance. Additional income from CBH)	147	
• Place Strategy (employee costs / Local design code)	126	
• Planning (cost of planning appeals, legal & consultancy costs)	119	
• Finance (employee costs / finance system upgrade costs)	69	615
Less income:-		
• Museums (shortfall in income due to Coronavirus)	97	
• Private Sector Housing	87	
• Licensing & Food Safety	84	268
Underspends / income gains:-		
• Sport & Leisure net gain in income	(1,004)	
• Commercial & Investment (primarily limited impact of coronavirus assumed in the budget)	(625)	
• Car Parking Income	(325)	
• Net Local Taxation & Business Rates (underspend on employee costs, additional grant income and reimbursements received)	(259)	
• Amphora Dividend	(172)	
• Bereavement Income	(108)	
• Net Customer Benefits & Hub (underspends on employee, IT and printing & postage costs, additional grant income received)	(96)	
• Planning income	(84)	
• Council Tax Sharing Agreement	(73)	
• Housing (employee costs and more rent & service charge income)	(52)	
• Net Land Charges	(39)	
• Net Customer Digital & Systems (underspend mainly on employee costs)	(27)	(2,864)
Corporate / technical items		
• Govt grants for Covid support	(420)	
• Net Benefits cost	49	
• MRP on CAEL Investment (BDO Recommendation)	344	
• Net interest paid/received	(551)	
• Provision for Bad Debts increase	106	
• Pensions	(60)	
• Misc Govt grants	(21)	
• Increase GF minimum balance	130	
• Various service related and misc. technical items	77	
• Less use of budgeted reserves	2,327	1,981
Total	-	-

Service Budget Position

- 5.5 **Appendix A** details final direct expenditure and direct income for each service (excluding Benefits, NEPP & JMC), and **Appendix B** breaks this down by subjective group.
- 5.6 **Appendix C** details all major budget variances analysed between expenditure and income, including the agreed carry forwards against each area to provide some context. The majority of the more significant variances have been reported to Governance and Audit Committee during the year.
- 5.7 The overall position on services shows a higher net underspend from the forecast reported at Period 9. The largest changes include; less income from the Council Tax sharing agreement, more income and less expenditure than forecast in Neighbourhoods, more parking income, more net income in Sport & Leisure and Commercial & Investment than forecast.
- 5.8 Appendix B highlights there is less expenditure of £1.825m with more income of £2.862m. Expenditure savings are across a range of service areas and include where a carry forward has been agreed. Income gains primarily relate to sport & leisure, commercial & investment and parking, which are as a result of the improved trajectory towards pre-covid income levels compared to the budget assumptions.

Technical / corporate items

- 5.9 In addition to Service budgets it is necessary to review the corporate and technical items in the budget. A number of these are one off such as:-
- £344k pressure on MRP (one-off of £324k which relates to the loan element of our investment in Amphora Energy following an accepted external audit recommendation).
 - £551k gain from net interest paid/earned, as a result of the level of new borrowing required for the capital programme and increased investment rates.
 - £106k cost from an increase in provision for bad debts and £60k gain relating to pensions.
 - Income gain of £461k from Government grants including the reimbursement of Sales, Fees & Charges losses.
 - £130k cost relating to the Cabinet decision to increase the minimum level of the General Fund balance as part of the budget setting cycle.
- 5.10 In respect of business rates, provisional pooling figures show we will receive £864k from the business rates pool and it is assumed that this will be carried forward within the Business Rates Reserve. The Medium-Term Financial Forecast assumes that £200k of this will be used to support the 23/24 budget.

Summary and impact on future years

- 5.11 Outturn variances are discussed with relevant service managers and the overall position is considered by Senior Management Team. One important issue is to consider the extent to which any budget variance is likely to be a recurring issue, and if so, has the 22/23 budget been adjusted to reflect this. This is particularly pertinent for the 21/22 outturn due to the significant improvement in the profiling of the recovery of key income areas post-covid, and any deviation that may arise from our assumptions when setting the 22/23 budget. Service managers are reviewing all outturn variances and any recurring issues will be reported alongside the emerging 2023/24 budget strategy.

- 5.12 The 2022/23 budget was based on the assumption that the 21/22 outturn would require a use of reserves for covid of £1.210m. Given the improved position reflected in this report, we were only required to use £0.073m of reserves for covid, which means those reserves planned to be used which now haven't been, will be available for use in future financial years should there be the need.

6. Housing Revenue Account

- 6.1 **Appendix D** sets out the pre-audit revenue outturn for the Housing Revenue Account (HRA).
- 6.2 The outturn position is showing a net surplus of £68k compared to a budgeted deficit of £399k for the year, a favourable variance of £467k. However, there are carry forwards that reduce this variation to a favourable variance of £149k. The outturn variance needs to be considered in the context of the forecast outturn position at Period 9, which was predicting the outturn position would be on budget, and also the predicted underspend for 2021/22 contained within the 2022/23 HRA budget setting papers considered by Cabinet at its meeting in January 2022.
- 6.3 The revenue outturn position also needs to be considered alongside the outturn position for the Housing Investment Programme (Capital) shown elsewhere on the agenda. Given the slippage of capital expenditure into 2022/23, less revenue resources are required to fund the 2021/22 Housing Investment Programme (Capital), therefore the revenue underspend will be carried forward within the HRA balance and be used to fund the Housing Investment Programme in 2022/23 when the expenditure is incurred. The outturn position has arisen as a result of variances in several areas and has been split between service and non-service elements.

Service Areas

- 6.4 We received £552k less income than budgeted. This primarily reflects the net impact of rental & service charge income being lost from dwellings and garages than assumed within the budget, through a combination of voids and the level of Right to Buy sales, along with the timing of acquisitions and additions to our housing stock.
- 6.5 There was less expenditure than anticipated in a number of areas, the major variances being as follows; There was a net overspend on Premises costs, primarily due to more expenditure on utility costs and repairs & maintenance budgets. These were partially offset by less expenditure on Council Tax on void properties and underspends on CBH delegated budgets such as contract cleaning and grounds maintenance work. There was a general underspend across most Supplies and Services budgets, which was primarily due to a lower contribution to our Bad Debts Provision than budgeted reflecting the amount of write-off's during the year and the level of rent arrears at the year-end, and the underspend reflecting the carry forward request for IT system/project costs including Project Aurora.
- 6.6 The HRA receives recharges from a number of services and given the outturn within these areas, there is a resultant impact upon the HRA. Carry forward requests of £318k have been approved.

One-Off/Technical Items

- 6.6 Given the slippage in the Housing Investment programme reported elsewhere on the agenda, there has been a lower borrowing requirement in 2021/22, which has resulted in a saving in interest payable. Therefore we have been able to use some of these additional revenue resources to make an additional revenue contribution to fund the

2021/22 Housing Capital Programme. This has meant we have been able to minimise new borrowing, and therefore forego additional interest costs.

- 6.7 The HRA balance at 31st March 2022 is £4,555k. However, £2,955k of this balance is currently committed to future years in order to fund revenue expenditure committed to during 2021/22, together with future contributions to the Housing Investment Programme (Capital). This leaves the uncommitted HRA balance at £1,600k, which is the recommended minimum prudent level of balances. The level of balances at the year-end is in line with the estimate used when the 30-year HRA Business Plan was agreed by Cabinet in January 2022.
- 6.8 The HRA is a “ring-fenced” account which means that any underspend or overspend in a given year must be retained within the HRA. The effect of the 2021/22 outturn position will need to be reflected within the Medium-Term Financial Forecast (MTFF) for the HRA to establish the level of resources for future years. This will be reviewed as part of the forthcoming budget process for 2023/24.

7. Strategic Plan references

- 7.1 The priorities within the Strategic Plan are reflected in the Medium-Term Financial Forecast, which makes assumptions regarding government grant/funding and Council Tax income and identifies where necessary savings will be found in order to achieve a balanced budget. The 2021/22 revenue budget was prepared in accordance with the Strategic Plan’s priorities, in the context of the Council facing growing financial pressures. Budget monitoring enables the financial performance against these priorities to be assessed.

8. Financial implications

- 8.1 As set out above.

9. Environmental and Climate Change Implications

- 9.1. All budget measures will be assessed for their likely environmental impact, reflecting the Council’s commitment to be ‘carbon neutral’ by 2030. Environment and Climate Change is an essential cross-cutting theme in the Council’s post-Covid recovery planning.

10. Risk management implications

- 10.1 Risk management is used throughout the budget cycle, and this is reflected in the strategic risk register. The 2021/22 revenue budget report that was approved by Council in February 2021 took into consideration a number of potentially significant risk areas that had been identified during the budget process. In addition, Assistant Directors identify a number of both positive and negative risk areas during the year.

11. Other Standard References

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

Background Papers

None

Actual Outturn Expenditure and Income by Service Area – Direct Costs only

		Actual Outturn		
	Area	Spend	Income	Net
		£'000	£'000	£'000
	Corporate & Democratic Core	327	(474)	(147)
	Total	327	(474)	(147)
	Executive Management Team			
	EMT	670	(7)	663
	Coronavirus	16		16
	Total	686	(7)	679
	Community Services			
	Assistant Director Communities	155		155
	Licencing, Food & Safety	546	(523)	23
	Community Safety	730	(835)	(105)
	Environmental Health Services	499	(70)	429
	Building Control	359	(417)	(58)
	Community Initiatives	1,523	(1,518)	5
	Private Sector Housing	448	(96)	352
	Bereavement Services	862	(1,732)	(870)
	Cultural Services	605	(93)	512
	Colchester Museums	17	(435)	(418)
	Total	5,744	(5,719)	25
	Customer Services			
	Assistant Director Customers	164		164
	Accounts & Debt	791	(153)	638
	Local Tax & NNDR	569	(999)	(430)
	Benefits & Hub	1,025	(391)	634
	Contact & Support Centre	1,088	(23)	1,065
	Electoral Services	614	(133)	481
	Customer Digital & Systems	896	(203)	693
	Land Charges	146	(309)	(163)
	Total	5,293	(2,211)	3,082
	Environment Services			
	Assistant Director Environment	146		146
	Neighbourhood Services	13,488	(4,863)	8,625
	Car Parking	987	(3,374)	(2,387)
	Total	14,621	(8,237)	6,384

		Actual Outturn		
	Area	Spend	Income	Net
		£'000	£'000	£'000
	Place and Client			
	Assistant Director Place & Client	189		189
	Place Strategy	1,792	(950)	842
	Housing	4,040	(2,619)	1,421
	Planning	1,297	(1,379)	(82)
	Sustainability & Climate Change	401	(192)	209
	Garden Communities	633	(567)	66
	Subtotal	8,352	(5,707)	2,645
	<i>Company Related:-</i>			
	Client - Commercial Company	1,967	(172)	1,795
	Corporate Asset Management	1,804	(298)	1,506
	Commercial & Investment	416	(3,468)	(3,052)
	Sport & Leisure	4,962	(4,447)	515
	Total	17,501	(14,092)	3,409
	Corporate and Improvement			
	Assistant Director Corp & Improvement	136	-	136
	Finance	1,007	(165)	842
	ICT	2,027	(840)	1,187
	People And Performance	845	(175)	670
	Governance	3,022	(415)	2,607
	Communications	1,007	(221)	786
	Total	8,044	(1,816)	6,228
	Total (all)	52,216	(32,556)	19,660

End of Year – Subjective Analysis

Account Description	Actual £'000	Budget £'000	Variance (fav) / adv £'000
By Subjective Group			
Employees	25,035	24,941	94
Premises Related	7,831	8,399	(567)
Transport Related	1,876	1,985	(109)
Supplies & Services	11,409	12,268	(859)
Third Party Payments	5,628	6,013	(385)
Transfer Payments	432	432	-
Capital Financing Costs	5	4	1
Subtotal Expenditure	52,216	54,041	(1,825)
Government Grant	(3,788)	(3,632)	(156)
Other Grants & Reimbursements	(6,502)	(6,164)	(338)
Customer & Client Receipts	(22,023)	(19,670)	(2,353)
Income-Interest	(243)	(227)	(16)
Subtotal Income	(32,556)	(29,694)	(2,862)
Total General Fund Services	19,660	24,347	(4,687)

Major Outturn Variances

Note: Underspends and additional income variances are shown in brackets.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Executive Management Team					
EMT	2	-	2		<ul style="list-style-type: none"> Overspend due to Chief Executive recruitment (100%) offset mainly by consultancy (100%) and transport underspends (94%).
Coronavirus	16	(8)	8		<ul style="list-style-type: none"> Net overspend due to a code being set up in the EMT budget to capture Covid costs of pay for those people who have worked additionally on Covid related roles. This was done to capture the information in case we needed to make a claim to MHCLG for such costs. This will result in showing a net overspend in the EMT budget for April and May 2021 pay (100%).
Community					
Assistant Director Community	(6)	-	(6)		<ul style="list-style-type: none"> Small underspend on staff – p/t PA post.
Licensing and Food Safety	(4)	84	80		<ul style="list-style-type: none"> £11k (2.3%) underspend on staff due to a vacant post and savings on training costs. Further savings on travel - £4k. Overspend of £12k (31%) in S&S on equipment, legal costs, unmet survey demand and testing. Income shortfall of £84k (18%) (mainly in Licensing - private hire vehicle licenses and Advice fees).
Community Safety	(77)	-	(77)	72	<ul style="list-style-type: none"> Small underspend on CBC contribution to Com. Safety. Large part of the underspend relates to £72k being carried forward for future Community safety initiatives and Community Safety post staff allocation.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Environmental Health Services	(43)	1	(42)	24	<ul style="list-style-type: none"> Underspend on casual staff costs (100%) and travel £3k (55%). Further underspend in Animal control – stray dog boarding £5k (100%), legal, testing and supplies. £1k (1%) less income in Animal / Pest Control and Searches. £24k carry forward for Business Improvement Officer post.
Building Control	(21)	38	17		<ul style="list-style-type: none"> Employees underspend of £38k (12%) due to a vacant post. This is offset by £20k (50%) overspend on outsourcing surveying services. £3k savings on staff mileage claims (25%). £38k (8.3%) shortfall in overall building control income.
Community Initiatives	(27)	(1)	(28)	6	<ul style="list-style-type: none"> Employees underspend of £8k (2%). £2k (56%) underspend on staff mileage costs and £11k (1%) underspend across supplies and services of which £10k underspend from absorbing grant allocation costs into the team. Carry forward of £6k relates to Locality budgets c/f request.
Private Sector Housing	(12)	87	75		<ul style="list-style-type: none"> Employees underspend of £12k (2.4%) due to member of staff being on reduced hours plus greater amount of staff costs is being recouped from DFG in Healthy homes. Mileage claims savings of £4k (89%). Small overspend on legal fees. Shortfall in overall income of £87k (48%) from HMO licences, civil penalties and redress scheme.
Bereavement Services	35	(108)	(73)		<ul style="list-style-type: none"> Employees overspend of £21k (9%) due to an additional Asst Manager role. Post holder is responsible for increasing recovery of income for assisted funerals and a new source of income. Small overspend of £12k (2%) across premises, supplies and services and third party payments. £108k (7%) additional income due to Weeley crematorium being shut that had resulted in an increased income from cremations.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Cultural Services	(93)	22	(71)	72	<ul style="list-style-type: none"> Underspend on staff costs, third party payments and goods for resale is offset and balanced by a shortfall in VIC sales income, guided tours and advertising. This resulted in a very small pressure of £1k at year end. Carry forwards of £72k - £2.5k for Women Tour Cycling, the remainder of carry forward relates to Cultural Strategy and Events fund.
Colchester Museums	(156)	97	(59)	111	<ul style="list-style-type: none"> £45k underspend relates to casual staff, publicity, business development and some gain on stock provision. Income shortfall of £97k (18%) on Guided Tours, general admissions and schools income. This is due to Castle's late opening from mid-May and the limited capacity due to Covid restrictions that were still in place at the time. Admissions net income loss was reclaimed from the Government under their income loss compensation scheme. This is being recorded corporately. Carry forwards of £111k - £10k Heritage Live, £5k Capt. Jones & Lt Pinto, £11k Priory security funding, £7k Arts and Heritage project officer post, £48k for Red Lion Mosaic, £30k – Our Heritage.
Colchester and Ipswich Museums (CIMS)	(87)	9	(78)		<ul style="list-style-type: none"> CIMS is a ring-fenced budget. Underspend of £64k (3%) on employees. This is due to lower casual staff requirements during lockdown and a freeze on recruitment due to ongoing uncertainty relating to the pandemic. £19k (10%) underspend on premisses relating to running costs and £7k (49%) underspend on staff travel. Other underspend relates to Supplies and services offset by third party provision payments linked to staff underspend. Much of the underspend relates to delays in spend. These funds are fully committed to be spend in a new financial year.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					<ul style="list-style-type: none"> £9k (0.5%) shortfall in income relates mainly to Museum Events. Retail income target had been reduced by £10k due to income loss re-imbursement claim from MHCLG on behalf of CIMS.
Customer					
Assistant Director Customer	6	-	6		<ul style="list-style-type: none"> Small overspend relating to superannuation adjustment (12%).
Accounts & Debt	16	(5)	11		<ul style="list-style-type: none"> The overspend mainly relates to employee costs £46k (7%), offset by underspends on training £12k (70%), central stationery £10k (95%) and IT costs £10k (29%) Income variance relates to court fees recovered. (100%).
Local Taxation & Business Rates	(50)	(255)	(305)	46	<ul style="list-style-type: none"> The underspend relates to New Burdens funded posts - £46k of the underspend is being requested as a carry forward to help with the recovery and stabilisation of collection following the team's additional workload during the Covid Grant allocation. The income variance relates to unbudgeted New Burdens income £146k (586%), unbudgeted reimbursement of council tax costs £85k (100%), and additional Court Fees Recovered income £26k (9%) with an NNDR Admin Grant shortfall of £3k (1%).
Benefits & Hub	(158)	(36)	(194)	98	<ul style="list-style-type: none"> Underspends on employee costs (£98k) due grant funded fixed-term posts straddling two financial years. This amount is being requested as a carry forward to fund the remaining term of the posts. Also underspends on IT costs £35k (29%) and print and postage costs of £24k (24%). The income variance relates to the balances of one-off new burdens funding for Test and Trace and Covid Response (24%).
Contact & Support Centre	27	6	33		<ul style="list-style-type: none"> Messenger & Post Room postage £28k over budget (72.4%), with a £6k under recovery of income (65.25%).

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Electoral Services	106	(130)	(24)		<ul style="list-style-type: none"> The overspend relates to the cost of running the May 2021 Election. The income variance relates to Election claims.
Customer Digital & Systems	(202)	-	(202)	175	<ul style="list-style-type: none"> £57k underspend on employee costs - recruiting into vacant posts was challenging and posts remained vacant for longer than expected (8.74%). Carry Forward: £30k employee funding was agreed by the Transformation Board in March 21 and was intended for 21/22 but work is now expected in 22.23. Carry Forward: £145k due to Northgate's land and property product road map being revised meaning some modules will now be delivered in 22/23. This also pushes additional licence costs and a legacy system cost extension into 22/23.
Land Charges	18	(57)	(39)		<ul style="list-style-type: none"> A £57k over recovery of income (22.9%) meant that the demand for searches increased, and third-party payments has overspent £17k (53%). Overspend on software licences £3k (19.72%).
Benefits – Payments & Subsidy	(5,373)	5,422	49		<ul style="list-style-type: none"> Variances on both expenditure and income are due to the fall in the level of payments being made and subsidy earned which is directly due to claimants moving on to Universal Credit. Overpayment collection has maintained a steady level throughout the year and resulted in c£70k greater than budget by year end. The provision for bad debt increased due to the expansion of UC moving the debt away from clawback and the aging of the whole HB debt making it harder to recover. The DWP DHP grant has been fully utilised in year.
Environment					

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Assistant Director Environment	(6)	-	(6)		<ul style="list-style-type: none"> Employee underspend due to reduced PA hours (4.74%).
Neighbourhood Services	(76)	(327)	(403)	557	<ul style="list-style-type: none"> £510k employee overspend to maintain Waste Collections (14.8%). £67k overspend on redundancy payments. (100%). £93k overspend on tree and shrub maintenance due to emergency works to widespread damage following Storm Eunice. £129k underspend on Fleet relates to delays in replacing light fleet and caged tippers (10.49%). As a result of global market fluctuations there was a £479k over recovery of income derived from the sale of recyclable materials and £101k savings on associated contractor costs (12.8%). Recycling Credit Claim income achieved £94k more than budget (5.5%) Shortfall of income on Market & Street Trading £174k (75.23%), Trade Waste Collections £20.8k (3.31%), Beach Hut licence fees £19.8k (16.13%) and Roundabout advertising £20k (100%). Carry Forwards relate to spend committed in 22.23 on Strategic Priorities (£121k), Waste and Green and Blue Strategy Development (£80k), Colchester Woodland planting year 3 of 5 (£55), Trade Waste relaunch (£13k), Fleet Replacement Programme (14k), Signage Works (£23k), Summer Rangers (£10k) and Field Gate Quay repair works (£240k).
Car Parking	(8)	(325)	(333)		<ul style="list-style-type: none"> The expenditure variance mainly relates to an underspend on NNDR £11k (1%). Parking income over-recovered during the year; Pay and Display was £278k over (10%), Season Tickets/Permits £1k over (1%) and PCN income £46k over (25%). Note: For 2021/22 there was £1M adjustment to reduce the income budgets to reflect the impact of Covid.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
North Essex Parking Partnership (NEPP)	(199)	233	34		<ul style="list-style-type: none"> NEPP budgets are ring-fenced and operate within budget, with the deficit being transferred from the Decriminalised Parking Reserve at year-end.
Corporate & Improvement (incl. CDC)					
Corporate & Democratic Core	33	(73)	(40)	-	<ul style="list-style-type: none"> Overspends on Banking Transaction Charges (29%). More income from Council Tax Sharing Agreement (18%).
Assistant Director Corporate & Improvement	(5)	-	(5)	-	<ul style="list-style-type: none"> Underspend on service training budget (38%).
Finance	(36)	-	(36)	105	<ul style="list-style-type: none"> Underspends across employee costs due to vacant posts (8%) offsetting overspends on agency staff, recruitment costs (100%) and asset valuation fees (54%). A carry forward has been requested relating to consultancy work for ABS to implement Capital onto the My Budget system and for moving the finance system onto a cloud base solution.
ICT	25	(63)	(38)	18	<ul style="list-style-type: none"> Overspends mainly across supplies and services including Microsoft software licences (14%). More income received from CBH for their proportion of the mobile phone bundle (23%) and Street Name and numbering fees (34%). Carry forwards have been requested relating to delayed works at Shrub End, mobile phone and headset purchases delayed delivery.
People & Performance	(95)	74	(21)	29	<ul style="list-style-type: none"> Underspends due to vacant posts (2%), one off central training budgets which have been requested as a carry forward (64%), shared payroll service (33%) and staff travel plan (100%). Less income from staff car parking due to home working and part year closure of Rowan House (85%). Carry forwards have been requested relating to E&D training, transformational leadership and SMT coaching remaining one off budgets.
Governance	150	(94)	56	91	<ul style="list-style-type: none"> Overspends due to redundancy and pension strain costs associated with a restructure of the hall keeping team to deliver agreed savings

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					<p>(100%), not having had sufficient vacant posts yet this year to achieve the budget target for vacancies, employee costs in Hallkeepers as a higher saving was allocated to service than could be achieved with the agreed reduction in level of Hallkeepers (67%), members equipment hire due to Mark's Tey Radio streaming costs (100%), higher insurance costs (5%) offset slightly by underspends across transport costs (94%) and one off Queens Jubilee budget underspend which has been requested as a carry forward.</p> <ul style="list-style-type: none"> • More income in insurance from CBH as CBC now manage their premiums offsetting costs incurred. • Carry forwards have been requested relating to web streaming solution for the Grand Jury Room, remaining covid memorial one off budget and remaining Queens Jubilee one off budget.
Communications	(16)	-	(16)	16	<ul style="list-style-type: none"> • Overspend due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies offset by underspends across marketing spend (6%). • A carry forward has been requested relating to new marketing priorities for 2022/23.
Place & Client					
Assistant Director Place & Client	(3)	-	(3)		<ul style="list-style-type: none"> • Small underspend on the 'opportunities for transformation' consultancy (incl. Sport & Leisure) budget £5k (10%).
Place Strategy	(555)	-	(555)	681	<ul style="list-style-type: none"> • Underspends mainly relate to the carry forward requests for Local Plan, LDF, Local design code, metal arch recovery funding and orbital spending priorities. • Underspends also across salaries due to vacant posts (4%).
Housing	(428)	(24)	(452)	378	<ul style="list-style-type: none"> • Carry forwards have been requested relating to the underspend of the Affordable Housing New Homes Bonus as a project was unable to proceed this year and temporary accommodation shower refurbishment. • Underspend on salaries due to a vacant post (19%).

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					<ul style="list-style-type: none"> More income for rents and service charges from council dwellings (15%)
Planning	119	(84)	35	4	<ul style="list-style-type: none"> Overspends due to planning appeal costs (100%), legal (180%) and management consultancy costs (200%). Underspends on salaries due to vacant posts (5%) offsetting overspend on consultancy to cover these vacant posts (100%). More income received from planning fees (6%). Carry forwards have been requested relating to the remaining New Homes Bonus Funded Heritage Project and Town Wall Spending Priorities Funding.
Sustainability & Climate Change	(87)	-	(87)	93	<ul style="list-style-type: none"> Underspends mainly relates to the carry forward requests for Fixing the Link 2, transport strategy spending priorities and E-cargo bike recovery funding. Small overspend across salaries (2%) and subscription to Transport East ongoing corporate membership (100%).
Client – Commercial Company	-	(172)	(172)		<ul style="list-style-type: none"> The budget was set in late 2020 during the Covid pandemic, and then a potential dividend of £111k was forecast during the year. However, as a group the companies have recovered better than expected, coupled with some key achievements, and an increased dividend above the original forecast has resulted.
Corporate Asset Management	(2)	(27)	(29)	25	<ul style="list-style-type: none"> There were underspends on both the Town Hall £33k and Rowan House £7k in year although £7k and £18k have been requested to carry forward some budget due to delayed refurbishment works. Corporate repairs and maintenance for general fund buildings was over budget due to some unexpected costs arising from heating and drainage works. Income was higher than budget due mainly to recovery of costs for external drainage and engineering works £27k.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Commercial & Investment	(19)	(675)	(694)	69	<ul style="list-style-type: none"> Commercial properties have some underspends including Housing Development £69k (subject to a carry forward request) and some refunds from utility companies £26k. Rental income was better than the 21/22 budget primarily due to the assumed impact of Coronavirus lockdown and there were gains in year from many of the industrial sites, however some of this was offset by shortfalls in the retail and leisure rentals. The covid pandemic hindered the fibre broadband infrastructure construction phase through 2020/21, and the consequent related delays to growing the new connecting customer base in 2021/22 as the network was completed. This resulted in an expenditure budget pressure of £57k alongside a £38k shortfall of income.
Sport and Leisure	(196)	(808)	(1,004)	18	<ul style="list-style-type: none"> Employee savings on salaried staff were £423k (16%) which was partially offset by increased casual costs and overtime £184k (43%). Utility costs were varied with £47k (21.6%) electricity and £17k (11%) water over budget, offset by £67k (26.6%) gas under budget. NNDR costs were £32k higher than budget as CNG valuation finally received. The CNG site however produced £156k (61%) grounds and building maintenance savings due to the delayed opening. Supplies and Services over budget by £171k (30%) which reflects expenditure getting back to normal levels, and as CNG site became fully active. A request to carry forward £18k of equipment budgets has been made to complete some of the improvement/replacement that has been made to improve the customers experience as they return to the centres. The final income position by year end was £0.8m (22.4%) better than budget, reflecting a good recovery following the lifting of the second lockdown. This included improved income on Pools £391k (56%), Swimming Lessons £176k (60%), Aqua Springs £113k (40%), Dryside £64k (51%) Catering £41k (25%), Car Park £55k (98%) and

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					Zoggs' sales £16k (21%). CNG income was £116k (17%) lower than budget but reflects the delay in opening of the site.

End Of Year 2021/22

<u>Account Description</u>	<u>Actual for Year £'000</u>	<u>Budget for Year £'000</u>	<u>Variance (under) / over £'000</u>
HRA - Direct & Non-Direct			
EXPENDITURE			
Employees	265	225	40
Premises Related	7,196	6,965	231
Transport Related	0	1	-1
Supplies & Services	919	1,487	(568)
Third Party Payments	3,853	3,839	14
Transfer Payments	72	128	(56)
Support Services	3,236	3,450	(214)
Capital Financing Costs	14,623	15,088	(465)
TOTAL EXPENDITURE	30,164	31,183	(1,019)
INCOME			
Other Grants & Reimbursements	(168)	(139)	(29)
Customer & Client Receipts	(29,996)	(30,573)	577
Income-Interest	(13)	(16)	3
Inter Account Transfers	(55)	(56)	1
TOTAL INCOME	(30,232)	(30,784)	552
TOTAL NET - HRA	(68)	399	(467)
<i>Technical Items:-</i>			
Carry Forwards		(318)	318
OVERALL - POSITION	(68)	81	(149)

26 July 2022

Report of	Assistant Director of Corporate & Improvement Services	Author	Hayley McGrath ☎ 508902
Title	2021/22 Year End Review of Risk Management		
Wards affected	Not applicable		

1. Executive Summary

- 1.1 This report provides members with an overview of the Council's risk management activity undertaken during the financial year from 01 April 2021 to 31 March 2022.
- 1.2 Effective management of risk is essential to ensuring that the Council's aims and objectives are achieved. The Council has therefore approved a Risk Management Strategy, which is included in the policy framework. This provides a comprehensive risk management process that is embedded across the organisation and includes a strategic risk register (which is the responsibility of the senior management team), operational risk registers which are produced by each service, project risk monitoring and specific risk mitigation initiatives.
- 1.3 The Risk Management strategy and processes are reviewed annually to ensure that they are still appropriate to the Council's needs and continue to be effective in identifying and mitigating risks to its aims and objectives.
- 1.4 The key strategic risks are:
 - Partnership commitment
 - Covid -19
 - Spending Power
 - Cyber Security
 - Staff wellbeing

2. Recommended Decision

- 2.1 Consider and comment on the Council's progress and performance in managing risk during the period from April 2021 to March 2022.
- 2.2 Consider and comment on the current strategic risk register.
- 2.3 Consider and comment on the proposed risk management strategy for 2022/23.
- 2.4 Endorse the submission of this report to Cabinet to approve the risk management strategy for 2022/23

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 progress to Cabinet at least annually.
- 3.2 As part of the Policy Framework, any changes and reviews of the strategy need to be approved by Cabinet and ratified by Full Council.

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 each individual service.
 - 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 There were no fundamental changes to the risk management function, or the processes used to identify and control risk, during 2021/22.
- 6.2 During the year the majority of risk management activity was focused on operational risks, working with frontline services such as waste and recycling, parking services and sport and leisure, to ensure that physical risks to staff and customers were appropriately managed. Health and Safety guidance and support was provided to the Colchester Sports Park to ensure that the risk from the activities, such as the cycle track, are understood and managed as far as possible.
- 6.3 Work has continued to develop the insurance programmes for Colchester Borough Homes and Colchester Commercial (Holdings) Limited, to ensure that emerging risks are appropriately managed.

- 6.5 Support continues to be provided, reviewing the risk elements of event plans to the Colchester Safety Advisory Group.
- 6.6 The risk registers, and strategies, for the Joint Museum Service and the North Essex Parking Partnership both continue to be produced and reported to the joint committees.

7 Strategic Risk Register

- 7.1 During 2021/22 the strategic risk register was reviewed by the senior management team every quarter and reported to the Governance & Audit Committee every six months.
- 7.2 For the majority of 2021/22 the council's strategic risks were consistent and were mainly around the impacts of the pandemic, including the effect on finances.
- 7.3 The Corporate Governance Manager reviewed the strategic risks with the Senior Management Team in June 2022 to ensure that the identified risks were still appropriate.
- 7.4 Changes were made to the scores for two risks:
- ST3 - Partnership Commitment was increased from a residual score of 9 to a score of 16, making it the Council's highest strategic risk. This is a reflection of the recent replacement of the Clinical Commissioning Group, as the Council is now more remote from the decisions that impact on the wellbeing of local residents.
 - ST4 – Covid-19 pandemic was reduced from a residual score of 16 to 12, although infection rates are still high, new variants are continually emerging and seasonal peaks are still anticipated, the impacts on service delivery are not as significant as they were prior to the immunisation programme.
- 7.5 The current register is shown at appendix 1. These risks have been mapped onto a risk matrix, shown at appendix 2, that shows the risk profile before, and after, mitigating actions.

8. Risk Management Strategy for 2022/23

- 8.1 The Council's current approach to managing risk was introduced in 2006/07. A requirement within the strategy, and also of the annual audit assessment, is to review the approach each year to ensure that it is still appropriate to the Council's needs.
- 8.2 Therefore a review has been undertaken and the strategy has been updated for 2022/23. The revised strategy is attached at appendix 3. There are no changes proposed to the risk process, with amendments only to external review comments and the updating of job titles.

9. Equality, Diversity and Human Rights implications

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

10. Strategic Plan References

- 10.1 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.

11. Risk Management Implications

- 11.1 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.

12. Environmental and Sustainability Implications

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

13. Other Standard References

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

Appendices

Appendix 1 – The strategic risk register

Appendix 2 – Risk Matrix

Appendix 3 – Risk Management Strategy for 2022/23

Colchester Borough Council Strategic Risk Register
Governance & Audit Cttee 26 July 22

					Initial Score							Residual Score		
Ref	Risk Title	Strategic Plan / Recovery Strand link	Description	Score Category	P	I	O	RATING	Consequences	Mitigation	Lead	P	I	O
ST3	Partnership Commitment	Strategic	Change of direction / policy within key partner organisation and they revise input / withdraw from projects. Increased risk due to partners having to review service provision in response to the impacts of Covid-19 on their business. This has specifically increased with the replacement of the Clinical Commissioning Group by the Integrated Care Board from 01 July 22, as CBC is more remote from the direct decision making processes that impact the wellbeing of local residents.	Corporate Objectives	5	4	20	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.	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.	Strategic Director, Policy & Place	4	4	16
			Previous score Mar 22		4	3	12					3	3	9
ST4	Covid-19 Pandemic	Service Provision	The impacts of the COVID-19 pandemic continue to be felt on the council, the community, our customers and the economy. Especially the uncertainty of planning for future service delivery alongside the threat of further infection waves / restrictions plus potential seasonal illnesses such as winter flu.	Service Delivery	4	4	16	Very High	The ongoing and future impacts of the COVID-19 pandemic including service and staff resilience and shortages, including through self-isolation, additional service pressures, short term changes in policy and alert status disrupting delivery of strategic priorities, impacts on service delivery with additional cost pressures and potentially reduced income levels alongside additional work to support recovery.	Delivery of the revised Strategic Plan which incorporates recovery objectives and additional burdens (e.g. outbreak controls). Specific recovery actions, including Reopening of the High Street, being monitored through the project management process. Maximise the use of available government support including income loss grant. The Omicron variant is increasing case numbers and the income support grant has ended. There is no guarantee that income will be protected if there are further lockdowns.	Deputy Chief Executive	3	4	12
			Previous score Mar 22		5	4	20					4	4	16
ST2	Spending Power	Finance	Previous Government spending reviews will impact on Council funding for 2022/23, with the Ministry for Housing, Communities and Local Government not one of the departments with 'protected' departmental expenditure limits (DEL).	Finance	4	4	16	Very High	Changes could be favourable or adverse for the Council's funding. If adverse, the Council could lose the opportunity to develop further, may have enforced changes to service delivery and covid recovery. 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.	Maintain a constant review of the budget situation, including the impact of decisions from central government. Identify additional actions and areas for increasing income as necessary, including through the Council's Transformation Programme. Reduce reliance on New Homes Bonus to support the base budget. Lobby Government for a fair, multi-year funding settlement.	Deputy Chief Executive	4	3	12
SP3	Cyber Security	Service Provision	The Council suffers a successful cyber attack on it's computer systems. There has been an increasing frequency of national attacks, including on Tendring DC in Dec 21. The ever increasing sophistication of phishing attacks increases the likelihood of officers and members inadvertently opening malware emails.	Technology	4	4	16	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 and members. Implementing defined action plans to rapidly respond to any attacks on our systems to help minimise any potential damage. CBC suffered a targeted cyber attack in December 2020, which was successful in breaching the security protocols. However the activation of the rapid response plans to lock accounts, reset all passwords and introduce new measures (including multi factor authentication for all users) were effective in limiting the impact and demonstrated the effectiveness of the mitigation measures in place.	Assistant Director, Corporate & Improvement	4	3	12

					Initial Score							Residual Score		
Ref	Risk Title	Strategic Plan / Recovery Strand Link	Description	Score Category	P	I	O	RATING	Consequences	Mitigation	Lead	P	I	O
SP5	Staff Wellbeing	Service Provision	The sustained response to the pandemic to ensure continued (and additional) service delivery, results in staff reaching their personal resilience levels, leading to physical impacts on individual officers and organisational fatigue.	Resources	4	4	16	Very High	An unwarranted sense of 'personal failure' for some staff who put pressure on themselves to perform at a certain level, that is not sustainable. Decline in service performance. Efficiency and productivity reduction. Inability to meet changing requirements and needs. Insufficient capacity to deliver the transformation programme. Customer perceptions decline as we deliver less. Loss of key staff. There are staff who would be considered as some of the Councils vulnerable residents (in terms of financial resilience), thereby increasing the pressure on them from both work and personal perspectives.	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. Use it as an opportunity to review individuals in the community who could be retrained and reskilled, using processes such as supported internships. Ensure that all staff are reminded of the Employee Assistance Programme on a regular basis and are enabled to have 'safe conversations' with managers or other designated officers about concerns and issues.	Assistant Director, Corporate & Improvement	4	3	12
CO1	Partnership Delivery	Community	Failure or inappropriate performance management of one or more strategic partnerships or key contracts E.g. LEP, CBH, Anchor Network, North East Essex Alliance, Emergency Services	Corporate Objectives	3	4	12	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.	Deputy Chief Executive	3	3	9
CO2	CBC Function	Community	The expectation remains that the Council will step in to deliver services when other providers either fail or reduce service provision	Resources	4	3	12	High	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.	Deputy Chief Executive	3	3	9
CM1	Service Innovation	Service Delivery	Not taking or creating opportunities to maximise the efficient delivery of services through shared provision, partnerships or commercial delivery	Corporate Objectives	4	3	12	High	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.	Clear approach and 'roadmap' for transforming the Council including an 'innovation' strand, monitored by the Senior Management Team and reported to Cabinet as part of the budget process.	Strategic Director, Policy & Place	3	3	9
SP4	Compliance	Finance	Failure to protect public funds and resources – ineffective probity / monitoring systems/legislative breaches. Especially as a result of the rapid changes in service delivery required to respond to the impacts of Covid-19	Finance	3	5	15	Very 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 deliver 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. Horizon scanning upcoming legislative / policy changes. The current Internal Audit reviews are demonstrating that systems are operating effectively, and there were no adverse impacts of the operating changes implemented to respond to the pandemic.	Deputy Chief Executive	2	4	8

					Initial Score							Residual Score		
Ref	Risk Title	Strategic Plan / Recovery Strand Link	Description	Score Category	P	I	O	RATING	Consequences	Mitigation	Lead	P	I	O
SP1	Data Protection	Service Provision	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.	Technology & Data	3	4	12	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 and members as required. Provision of secure CBC devices to staff and Members.	Deputy Chief Executive	2	4	8
PR1	Budget Strategy	Finance	Inability to deliver the budget strategy as planned.	Finance	3	4	12	High	Failure to deliver the planned budget. Unplanned additional use of balances / reserves or to adapt financial plans to deal with impact of changes. May be a need to make in-year budget and service changes.	Ensure effective use of the controls built into the annual budget strategy, to enable the organisation to respond quickly to changes. Regular monitoring of actual spend/income and sensitivity analysis to consider the impact on income streams and the capacity of the organisation to deliver services. Regular and open reporting and updating of the budget position through Cabinet, prudent use of reserves where necessary to mitigate in-year losses. Transformation Programme established early in 2021 to contribute savings to balance the 22/23 and future year's budgets.	Deputy Chief Executive	2	4	8
OP1	ICT	Operational	Major system failure causing significant service disruption	Technology & Data	2	5	10	High	The accelerated use of technology in 2020 and increasing reliance on IT to continue normal business leaves the Council potentially vulnerable to any major system failure, across all service areas.	Continue to shift any remaining legacy systems into more resilient, cloud-based solutions in line with ICT strategy. 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 and provides appropriate safeguards for IT service delivery.	Assistant Director, Corporate & Improvement	2	4	8
CO3	Financial Inequality	Community	The current, and future, impacts of the costs of living crisis are likely to increase the number of vulnerable residents leading to greater financial inequality and increasing the number of residents seeking support from the Council.	Resources	3	4	12	High	The support available for the most vulnerable residents is not sufficient, leading to an increase in crisis intervention.	Regularly monitor the impact of the resources allocated to supporting customers to ensure that they are signposted to appropriate providers/partners. During the pandemic the in-person customer support team have refocused to a financial and employment team, who support residents with financial and employment needs. They provide the covid support systems as well as general welfare support, helping customers to apply for income entitlements from other agencies such as Personal Independent Payments, including supporting them with tribunals and appeals. CBH also provide a welfare support service. They are working to target customers who may not be aware of the service, working with other council services to identify residents who may benefit from the support. Colchester is recognised as a leader in providing this support. The Council Tax collection rates have been maintained throughout the pandemic, demonstrating the success of the support for those on low incomes.	Deputy Chief Executive	3	2	6

					Initial Score							Residual Score		
Ref	Risk Title	Strategic Plan / Recovery Strand link	Description	Score Category	P	I	O	RATING	Consequences	Mitigation	Lead	P	I	O
EF1	Capacity	Efficiency	The Capital programme contains more projects than the Council has the ability to deliver due to limited resources including specialist staff.	Corporate Objectives	3	3	9	Medium	The Borough Council is unable to deliver the priorities as set out in the strategic plan and key projects are delayed, increase in cost or fail to be delivered. Inability to leverage additaional resources.	Manage the recruitment and development processes to ensure that the organisation has the appropriate skills and expertise. Frequently review the Capital Programme to ensure that programmes are realistic and deliverable with available resources and / or identify any additional resources required to deliver key projects. Agile methodology enables project scopes to be adjusted through effective governance processes. Establishment of the Capital Programme Steering Group (informal Cabinet) to oversee the entire capital programme and address any capacity and other risks before they become issues.	Assistant Director, Corporate & Improvement	3	2	6

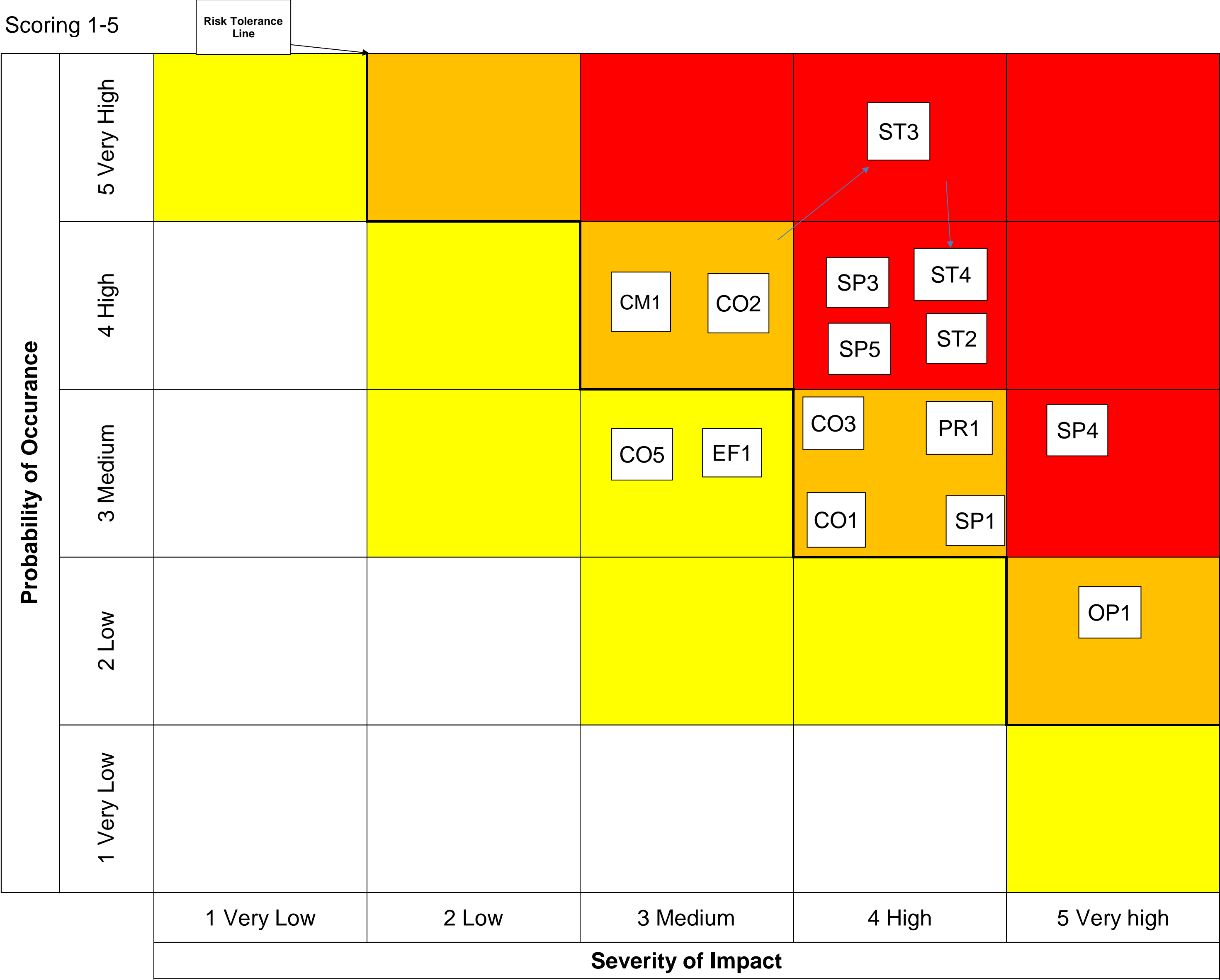
SCORE DEFINITIONS	1	2	3
Impact	<p>Very Low</p> <p>Insignificant effect on delivery of services or achievement of Strategic Vision & Corporate Objectives.</p>	<p>Low</p> <p>Minor interruption to service delivery or minimal effect on Corporate Objectives.</p>	<p>Medium</p> <p>Moderate interruption to overall service delivery/effect on Corporate Objectives or failure of an individual service.</p>
Probability	<p>10%</p> <p>May happen – unlikely</p>	<p>10 -25%</p> <p>Possible</p>	<p>26 – 50%</p> <p>Could easily happen</p>

4	5
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
51 – 75% Very likely to happen	Over 75% Consider as certain

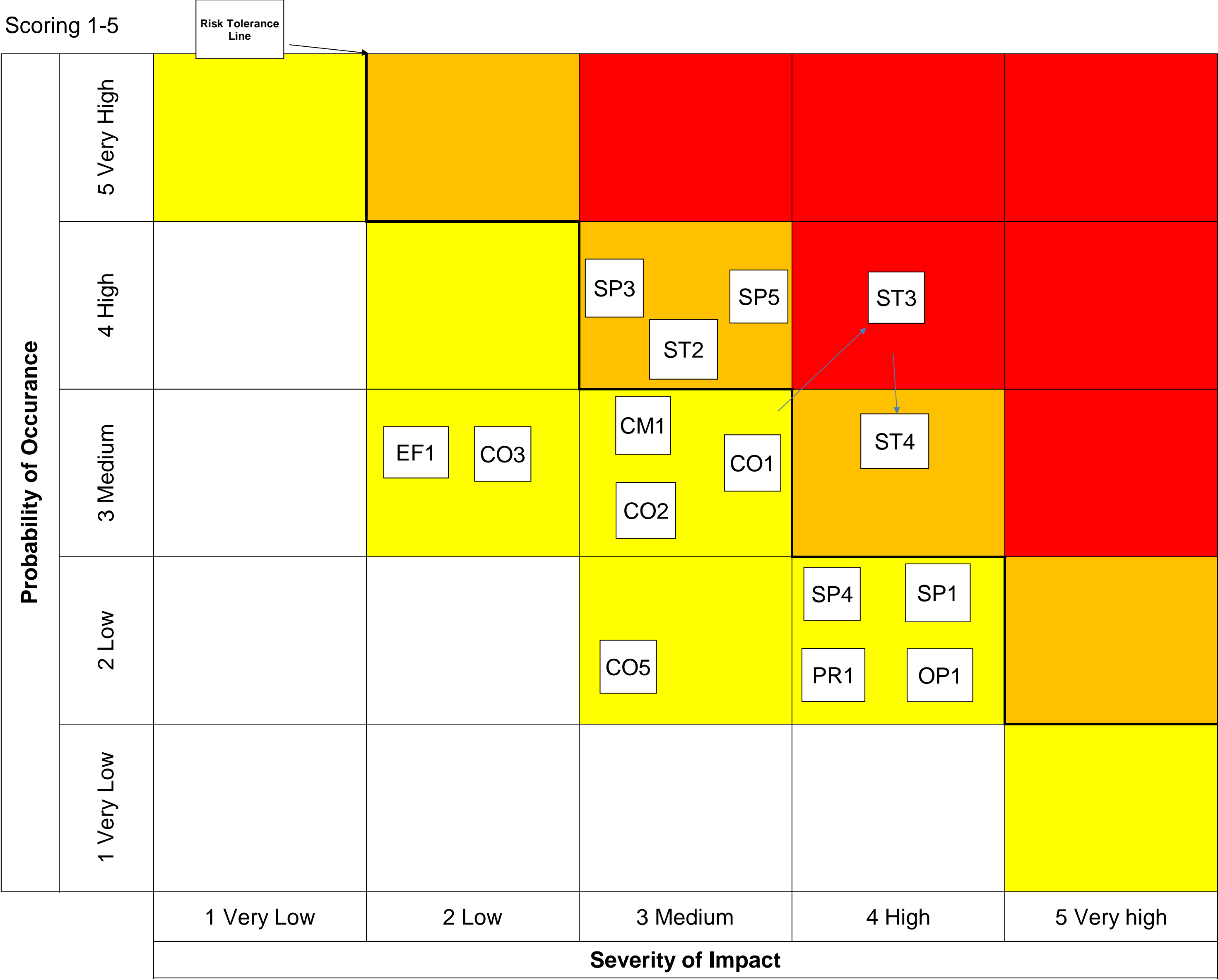
RISK MATRIX
G&A July 2022

Low Risks	Medium Risks	High Risks
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Initial Score Matrix



Residual Score Matrix



Risk Management Strategy 2022/23

RISK MANAGEMENT STRATEGY

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

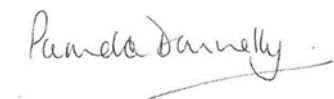
INTRODUCTION

This strategy will ensure that:

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

Endorsement by Pamela Donnelly, Chief Executive

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



WHAT IS RISK MANAGEMENT

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

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

The ‘Delivering Good Governance in Local Government’ 2016 framework, jointly issued by The Chartered Institute of Public Finance & Accountancy and the Society of Local Authority Chief states that there are seven core principles of good governance including ‘Managing risks and performance through robust internal control and strong public financial management’. The document goes on to state ‘Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities.’

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

In broad terms risks are split into three categories:

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

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

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

This has led to a practical and workable approach to managing risk, which has resulted in the Council becoming more risk aware and taking more risks, as demonstrated by the comprehensive project risk register. Colchester is also highly regarded for managing risk by both our insurers and other authorities.

The 2020/21 internal audit of risk management gave a reasonable assurance opinion. Six recommendations were raised during the audit relating to developing the process to review maturity and appetite levels.

OWNERSHIP

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

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

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

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

Portfolio Holder for Local Economy & Transformation – Lead Member for the risk management process

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

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

Deputy Chief Executive – Lead officer for the risk management process, demonstrating commitment to manage risk.

Assistant Director Corporate & Improvement – Responsible for co-ordination of the risk management process, co-ordinating and preparing reports and providing advice and support.

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

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

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

AIMS & OBJECTIVES

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

The risk management objectives of Colchester Borough Council are to:

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

STRATEGIC RISK MANAGEMENT

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

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

OPERATIONAL RISK MANAGEMENT

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

LINKS

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

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

ACTION REQUIRED

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

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

REVIEW

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

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

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

The three appendices attached give greater details of key areas:

Appendix 1 – Outline of the risk management process.

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

Appendix 3 – CIPFA guidance on Risk Management Responsibilities

APPENDIX 1

The Risk Management Process

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

Stage 1 – Risk Identification

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

Stage 2 – Risk Analysis

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

Stage 3 – Risk Control

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

Stage 4 – Risk Monitoring

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

APPENDIX 2

Reporting

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

Types of Report

- The strategic risk register is reviewed a minimum of twice yearly by PMB, with interim reports quarterly as required.
- Six monthly review of the operational risk registers and a summary report of these reviews to PMB
- Project risks are reported through the project management process and reported to the project management board. Significant issues will also be included in the reporting process to PMB
- A six-monthly report is provided to Committee (Governance and Audit) detailing the current strategic and high-level operational risks and the progress made in controlling them.
- An annual report reviewing Risk Management activity and an action plan for the coming year – taking into account changes in methodology and results of internal and external reviews. Going to PMB, Governance & Audit and Cabinet.
- Ad-hoc reports need to be provided to PMB when new, significant risk issues arise.

The reports can be summarised as follows:

	Services	P.M.B.	Governance & Audit	Cabinet
Quarterly		Review of strategic risk register		
6 Monthly	Review of operational risk register	Summary of operational review from services	Progress report of strategic & high-level operational risks	
Yearly		Scrutiny of annual progress report to cttee on R.M.	Endorsement of annual progress report on R.M.	Summary of past years work on R.M.

APPENDIX 3

Risk Management Responsibilities – CIPFA / SOLACE Guidance

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

Governance and Audit Committee

Item
10

26 July 2022

Report of	Assistant Director Corporate and Improvement Services	Author	Matthew Evans ☎ ext. 8006
Title	Work Programme 2022-2023		
Wards affected	Not applicable		

1. Executive Summary

- 1.1 This report sets out the current Work Programme 2022-2023 for the Governance and Audit Committee. This provides details of the reports that are scheduled for each meeting during the municipal year.
- 1.2 Members will note that the 2020/2021 Annual Audit Letter and Opinion report which was due to be considered at this meeting has been deferred until a later meeting with the approval of the Chair of this Committee.
- 1.3 Members are asked to note that, where known, agenda items in the work programme which are presented to the Committee due to statutory or procedural deadlines have been underlined, in order to make the Committee aware. Further highlights will be made as necessary.

2. Recommended Decision

- 2.1 The Committee is asked to note the contents of the Work Programme for 2022-2023.

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.

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 2022-23

Governance and Audit Committee
Meeting date / Agenda items -
Governance and Audit Committee - 21 June 2022
<ol style="list-style-type: none">1. Year End Internal Audit Assurance Report 2021/20222. <u>Review of the Governance Framework and Draft Annual Governance Statement</u>

Governance and Audit Committee - 26 July 2022

1. Local Government Association Model Code of Conduct for Councillors
2. 2021/2022 Revenue Outturn
3. 2021/2022 Year End Review of Risk Management

Governance and Audit Committee - 6 September 2022

1. Draft Annual Statement of Accounts 2021/2022
2. Colchester Borough Homes Annual Report and Governance Statement
3. Revenue Monitoring Report – April to June 2022/23
4. Capital Expenditure Monitor April to June 2022/2023

Governance and Audit Committee - 18 October 2022

1. Local Government and Social Care Ombudsman Annual Review 2021/2022
2. Health and Safety Policy and Annual Report
3. Colchester Commercial Holdings Limited – Annual report
4. Use of Resources Judgment 2020/2021
5. Treasury Management Report 2021/2022

Governance and Audit Committee – 22 November 2022

1. Revenue Monitoring Report – July to September 2022/232.
2. Capital Monitoring Report – July to September 2022/23
3. Review of the Council's Ethical Governance Policies
4. Annual Review of the Members' Code of Conduct and the Council's Localism Act "Arrangements"
5. Review of Local Code of Corporate Governance
6. Review of Member/Officer Protocol
7. Gifts and Hospitality – Review of Guidance for Councillors and Policy for Employees
8. Treasury Management – Half Yearly Update
9. 2021/2022 Statement of Accounts with Audit Opinion

Governance and Audit Committee - 17 January 2023

1. Interim Review of the Annual Governance Statement Action Plan
2. Risk Management Progress Report
3. Mid-Year Internal Audit Assurance Report 2022/2023
4. CCHL Half-Year Performance Report
5. Annual Review of the Council's Companies' Business Plans
6. Annual Review of Business Continuity

Governance and Audit Committee - 7 March 2023

1. Internal Audit Plan 2023/2024
2. Revenue Monitoring Report – October to December 2022/2023
3. Capital Monitoring Report – October to December 2022/2023