

Governance and Audit Committee Meeting

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

Tuesday, 13 September 2016 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, which is usually published five working days before the meeting, and minutes once they are published. Dates of the meetings are available at www.colchester.gov.uk or from Democratic Services. Occasionally meetings will need to discuss issues in private. This can only happen on a limited range of issues, which are set by law. When a committee does so, you will be asked to leave the meeting.

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The Council values contributions from members of the public. Under the Council's Have Your Say! policy you can ask questions or express a view to most public meetings. If you wish to speak at a meeting or wish to find out more, please refer to Your Council> Councillors and Meetings>Have Your Say at www.colchester.gov.uk

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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.

COLCHESTER BOROUGH COUNCIL
Governance and Audit Committee
Tuesday, 13 September 2016 at 18:00

Member:

Councillor Chris Pearson
Councillor Nick Barlow
Councillor Karen Chaplin
Councillor Peter Chillingworth
Councillor Fiona Maclean
Councillor Dennis Willetts

Chairman
Deputy Chairman

Substitutes:

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

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

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

1 Welcome and Announcements

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

2 Substitutions

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

3 Urgent Items

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

4 Declarations of Interest

The Chairman to invite Councillors to declare individually any interests they may have in the items on the agenda. Councillors

should consult Meetings General Procedure Rule 7 for full guidance on the registration and declaration of interests. However Councillors may wish to note the following:-

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

5 Minutes

9 - 18

To confirm as a correct record the minutes of the meeting held 26 July 2016.

6 Have Your Say!

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

(b) The Chairman to invite contributions from members of the public who wish to Have Your Say! on a general matter relating to the terms of reference of the Committee/Panel not on this agenda.

7	Work Programme 2016-17	19 - 22
	See report of Assistant Chief Executive.	
8	Colchester Borough Homes Annual Report and Governance Statement	23 - 32
	See report of Director of Resources, Colchester Borough Homes.	
9	Annual Statement of Accounts 2015/16	33 - 34
	See report of Assistant Chief Executive.	
10	Financial Monitoring Report – April to June 2016	35 - 44
	See report of Assistant Chief Executive.	
11	Capital Expenditure Monitor 2016/17	45 - 56
	See report of Assistant Chief Executive.	
12	Review of Meetings and Ways of Working	57 - 66
	See report of Assistant Chief Executive	
13	Exclusion of the Public (not Scrutiny or Executive)	
	In accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).	

Part B

(not open to the public including the press)

GOVERNANCE AND AUDIT COMMITTEE

26 JULY 2016

Present:- Councillor Pearson (Chairman), Councillor Barlow, Councillor Chaplin, Councillor Chillingworth, Councillor Willetts

Substitutes:- Councillor Hazell for Councillor F.Maclean

Also Present:- Councillor Barton, Councillor Bourne, Councillor Buston, Councillor Cope, Councillor Davies, Councillor Lissimore, Barbara Pears (Independent Person)

9. Minutes

RESOLVED that the minutes of the meeting held 28 June 2016 were confirmed as a correct record.

10. Work Programme 2016/17

Councillor Pearson introduced the work programme and highlighted that depending on the decision of Council, the Governance and Audit Committee is scheduled to have the quarterly budget reports included within the work programme.

RESOLVED that the Work Programme 2016/17 be noted.

11. Annual Statement of Accounts 2015/16

Steve Heath, Finance Manager, introduced the Annual Statement of Accounts 2015/16 report. The report requests that the Committee accept the auditors' report, note the comments in the covering report, approve the letter of representation and approve the audited statement of accounts.

Steve Heath introduced Kevin Suter, Executive Director, Ernst and Young to present the auditors' report. Kevin Suter stated that Council officers had produced a good set of financial statements, which have been audit and no significant items of issue were found. This is a very good reflection on officers' ability, particularly given the tight timescales in completing the financial statements.

Kevin Suter also stated that following the publication of the auditors' report, the audit had been completed and that there were no further issues to update the Committee on. This means that subject to the approving and signing of the relevant documents the audit can be completed and signed off. In addition the National Audit Office has issued the group instructions so it will be possible to certify the completion of the audit when the opinion is signed.

Kevin Suter, stated that Ernst and Young are proposing to issue an unqualified opinion on financial statements, and propose an unqualified opinion on arrangements for value for

money. Kevin Suter highlighted that under the value for money assessment this only related to the 2015/16 financial year and therefore does not include any impact of the EU referendum result. An opinion on this result and its impact would be included for the next financial year. Kevin Suter was also able to reconfirm the auditors' independence from the Council.

Councillor Willetts congratulated officers and auditors on the way in which the information is prepared and presented. Councillor Willetts queried the movement of reserves statement, due to the amount of money moved to reserves and suggested that the explanation note behind the move was not sufficient.

Kevin Suter stated that the auditors responsibilities relate to whether the accounts confirm to the relevant rules and regulations, which they do. With regard to this particular issue this would be something for the financial team at Colchester Borough Council would answer, as it is not within the auditors remit.

Sean Plummer, Finance Manager, stated that accounts form part of the set of financial records maintained by the Council. The budget reports that go to the Scrutiny Panel and Cabinet throughout the year provide additional information on the levels of reserves and the movements on earmarked reserves as there are in year movements. The Statement of Accounts provides a snapshot at a particular time of year; throughout the document there are notes referring to the movement of reserves which the auditors have deemed compliant with regulations. The finance team at Colchester Borough Council can look into providing additional information on this basis for future years.

RESOLVED that;

- a) The Auditors Report be approved.
- b) The Governance and Audit Committee note the comments within the covering report.
- c) The letter of representation be approved.
- d) The audited statement of accounts be approved.

12. Complaints in Relation to Councillor Buston

Councillor Pearson introduced Barbara Pears, Independent Person, who was attending the Committee for this item to provide advice to Committee members. Councillor Pearson stated that both members of the public and Councillors who wish to speak would be restricted to three minutes, with Councillor Bourne and Councillor Buston limited to ten minutes. In addition, only one contribution to the discussion would be permitted from each member of the Committee.

Councillor Willetts voiced concern that Councillors contributions would be limited to just one occasion on this important issue.

Andrew Weavers, Monitoring Officer, and author of the report, set out the contents of the report and the decision required. The Committee is required to make an initial assessment on whether Councillor Buston's conduct potentially amounted to a breach of the Members' Code of Conduct, and if so whether either one or both of the complaints requires no further investigation or merits further investigation. If the Committee determines that it does not require any further investigation it can take no further action or consider providing advice. If the Committee agree that further investigation is required then an external person would be

appointed to conduct an investigation. The Committee were informed that the decision would need to be based on the information provided within the report and the letter that had been circulated to members from Councillor Buston regarding training that he had attended.

Andrew Weavers informed the Committee of the background of the complaints. Andrew Weavers stated that the complaints allege that Councillor Buston did not comply with the Members Code of Conduct paragraph three relating to not breaching equality enactments. The Equalities Act 2010 provides that travellers are a group of society which are afforded protected characteristics. In addition the Council, as a public authority is required by the act to comply with the Public Sector Equality Duty which has due regard to eliminate discrimination, advance equality of opportunity and foster good relations between different groups of people in society when carrying out functions. Councillors are required to take the Public Sector Equality Duty into account when taking decisions and when undertaking communications in relation to their role as a Councillor.

In relation to these complaints, the Committee is required to decide whether Councillor Buston's comments potentially breached part of the Public Sector Equality Duty which relates to fostering good relations between different groups. Andrew Weavers outlined that Councillor Buston had stated that he was representing the views of residents in his ward, which comes under Freedom of Expression as part of the Human Rights Act 1998. Andrew Weavers stated that this is a qualified right and is subject to restrictions prescribed by law within a democratic society, which includes the prevention of disorder or crime and protection of reputation or rights of others. If the Committee decides that the complaints merit further investigation, these issues will be looked into in greater detail.

Andrew Weavers, following a query from Councillor Willetts, clarified that travellers are a group with protected characteristics under the category of race.

Have Your Say

Terry Cheelds

Terry Cheelds attended the meeting requesting assistance from Colchester Borough Council to answer a question from his son. He stated that his son, whilst walking to school, had witnessed travellers cutting down hedges, driving four wheel drive cars on fields and leaving behind waste. His son had questioned why this was able to occur, when local residents would not be able to do the same.

Further to this, Mr Cheelds stated that the Cowdray Centre Development Site was broken into by travellers. Whilst the Police were called and were helpful, the travellers stated that if the criminal damage charge was dropped they would leave the area, which they did. Mr Cheelds believed that there should be more protection for Colchester residents and questioned why this situation can be allowed to occur.

Mike Hardy

Raised a point of clarification with the monitoring officer, as he understood that there was only protection to certain groups of travellers; Romany Gypsies and Irish Travellers. Other

travelling communities are not covered by the Act, and therefore do not have protected statuses.

Mike Hardy stated that the Equalities Act defends groups against discrimination and defines the types of discrimination which are protected characteristics. Mike Hardy distributed an information sheet on the types of discrimination taken from the Government website.

Mike Hardy stated that in relation to Councillor Buston, no comments were made on any protected characteristic and therefore has not breached the Equalities Act or the Members Code of Conduct.

Mike Hardy also commented on the second complaint, believing that Councillor Bourne's interpretation of Councillor Buston's intent was inaccurate.

Councillor Cope

Councillor Cope highlighted his concerns regarding the visibility of the legal processes when issues with travelling communities are raised with the Police. Councillor Cope also believed that more information should be provided to Councillors and residents to understand the processes and to prevent the perception that nothing is happening.

Councillor Cope highlighted a number of incidents that had occurred in his ward that were reported to Police, but no information then passed on to Councillors or local residents.

Councillor Cope also questioned whether this particular issue could be a diversity, ethnicity or equality issue given that the report does not contain information from the Essex Countywide Travellers Unit on who the travellers were on that particular site.

Councillor Lissimore

Councillor Lissimore stated that she was not originally intending to speak at the meeting and thanked Councillor Cope for opting to speak at the meeting.

Councillor Lissimore stated that local residents are fully in support of Councillor Buston, and that she had not been made aware of any complaints received other than that from Councillor Bourne.

Councillor Lissimore also reminded the Committee of the incidents that had originally led to Councillor Buston's letter, and that the comments within the letter were reflecting the residents' comments on the circumstances.

Councillor Lissimore requested that membership of political parties be put to one side on this issue and that Councillors look at the words used in making their decision.

Councillor Jarvis

Councillor Jarvis spoke to the Committee and protested at the limitation on length of time allotted to speak on the issue. Councillor Jarvis clarified to the Committee the circumstances behind the inclusion of his name in the original e-mail heading which related to an e-mail template displaying the shared ward information. Following receipt of the

complaint Councillor Buston immediately clarified that Councillor Jarvis was not responsible for the comments, and this highlighted the conduct of Councillor Buston.

Councillor Jarvis stated that he had recently visited Hilly Fields and had spoken to a number of residents who indicated their upset at the current situation. Councillor Jarvis also highlighted his frustration with the Police, who have the power to remove encampments without going through the courts. In this circumstance, the Police deemed it inappropriate to invoke Section 50 of the Criminal Justice Act.

The Hilly Fields site is a scheduled ancient monument, which is the highest protection given to sites under planning law. Councillor Jarvis highlighted the issues that had occurred on the site, which local residents were not permitted to do. Councillor Jarvis also questioned how much more damage to local amenities could be permitted.

Councillor Jarvis also highlighted his concern that the complaint was lodged due to party political reasons. Councillor Jarvis commented on commitment to the Human Rights Act and free speech and that Local Councillors should not be afraid of reflecting the views of their residents.

Councillor Jarvis stated that he believed the matter should not have come before the Governance and Audit Committee, and that there should be no further action taken.

Councillor Bourne

Councillor Bourne stated that part of her Portfolio relates to gypsy and traveller encampments under environmental protection section. As Portfolio Holder, Councillor Bourne regularly corresponds with the Essex Countywide Traveller Unit to discuss additional pitches and liaison sites.

Councillor Bourne stated that as Councillors it is necessary to manage expectations of local residents and to help to foster good relations between those who share protected characteristics and those who do not. With regard to the complaint, Councillor Bourne stated that she objected to the language used by Councillor Buston regarding the unauthorised encampment on Hilly Field. Councillor Bourne felt that the language used by Councillor Buston breached the Members Code of Conduct as it did not help to foster good relations between those who share protected characteristics.

Councillor Bourne stated that she was aware that for some residents having strangers in their local area is not welcome and can be perceived as a threat, especially when local residents do not share the same characteristics. In these situations it is necessary for Councillors to tread a cautious and respectable path when dealing with these matters.

When incidents with the travelling community occur Colchester Borough Council, Essex Police, the County Council and the Essex Countywide Travellers Unit have a protocol which has been in place for a number of years. As a result of the number of complaints and conversations held with Councillors, the Council is now reviewing this protocol. Cabinet will shortly be receiving a presentation from the Essex Countywide Travellers Unit and discuss the best way forward to deal with concerns.

Councillor Bourne stated that if Councillors have concerns regarding gypsies and travellers, they can be raised with officers or with the Portfolio Holder. Unfortunately Councillor Buston did not choose either of these potential routes. Councillor Bourne stated that the initial complaint to the monitoring officer was regarding the language used by three different Councillors. Councillor Goss apologised for comments in the press and attended equality and diversity training and Councillor Jarvis had responded quickly and stated that he didn't mean to cause offense. Councillor Bourne stated that she had spoken to members of all political parties, including Labour, regarding issues around travellers and the language used, which can stigmatise communities. Whilst the comments made may seem honest, they can lead others to take more extreme actions. In each discussion with Councillors, they had understood the reason behind making contact and not reiterated the words in future articles and communications.

Councillor Bourne stated that Councillors, as community leaders have a leadership role, and if Councillors use intemperate and incautious language it can vindicate others to be more extreme in their views.

Councillor Bourne highlighted that following comments in the local newspaper regarding Syrian refugees she had spoken to the paper and had a retraction printed. Councillor Bourne also denied that this was a party political issue, and that she had not commented in the press or on social media about this particular case. As part of the Councillors role, Councillor Bourne stated that she wished that Councillor Buston would take advice on the language used, and highlighted an extreme comment that had been posted by a member of the public underneath the article which included Councillor Buston's comments.

Councillor Buston

Councillor Buston formally objected to the time limits being imposed on his speaking time when defending accusations on this matter. Councillor Buston was disappointed that this issue had been brought to the Governance and Audit Committee.

Councillor Buston commented that his response to the Monitoring Officer with regard to the original complaint remain, in addition Councillor Buston thanked a number of local residents who had contacted him providing support.

Councillor Buston stated that the comments made were solely in relation to the rule of law, in that everyone is treated equally, and reflected the views of local residents in Lexden and Prettygate. Councillor Buston provided a brief history of the issue at Hilly Fields that led to the comments, including contact with Colchester Borough Council and the Police.

With regard to complaint one, Councillor Buston stated that all statements made were truthful and reflective of residents of the previous ward he represented as part of his role of being a Councillor. Councillor Buston stated that throughout the comments made he called for all to be treated equally before the law with no exceptions.

With regard to complaint number two, Councillor Buston stated that whilst no official advice or warning was given, no advice was required. Any comments made were not directed to whole communities or groups, only those individuals who had broken the law or treated residents with disrespect. Councillor Buston stated that had the police taken a keener

interest then these charges would have been against the individual and not a group. Comments made directly refer to conversations had, and therefore Councillor Buston believed that he complied with the Members Code of Conduct.

Councillor Buston also stated with the language used, he could not see anywhere where he had unlawfully discriminated against anyone; individuals break the law and membership of a group does not entitle them to do this.

Councillor Buston also highlighted that he fully supported the Council motion to help support Syrian refugees in Colchester, and that racism, hate crime and xenophobia had no place in the UK.

Councillor Buston concluded by stating that there was not a justification for the complaint as he was fulfilling his role as an elected Councillor. No part of the e-mails or interviews could be interpreted as breaching equality law or protocol, and he was not aware that anyone other than Councillor Bourne had complained. He requested that the Committee determine that conduct did not potentially amount to a breach of the Code of Conduct. In addition Councillor Buston formally requested the total cost of each traveller site in Colchester, including the legal proceedings, clean up and repairs be furnished to full Council.

Committee Discussion

Councillor Pearson invited members of the Committee to make statements on the report and the information that had been provided.

Councillor Hazell stated that she has known Councillor Buston for a number of years and did not believe that he would stigmatise any group in the community; Councillor Buston was reflecting the views of his residents. Councillor Hazell stated that she believed that Councillor Buston had no case to answer; comments underneath the online article were views of residents who were not happy with the situation.

Councillor Chillingworth stated that the Have Your Say speakers had provided a view of how residents feel about this issue. Councillor Chillingworth did not believe that any illegal action had been undertaken by Councillor Buston, and that he would not in any way encourage any hate or racism. Councillor Chillingworth stated that Councillor Buston was highlighting the incidents that had occurred on the Hilly Fields site, and did not use extreme or unlawful language. With regard to the press article these were reflecting the views of the local residents, and not inciting fear in residents. Councillor Chillingworth stated that he believed that no further action will be necessary. Councillor Chillingworth also suggested that the Borough should consider having a transit site as this would help to prevent these situations from occurring.

Councillor Barlow stated that it is difficult to divorce the comments regarding the complaint, from comments on the incident that happened on Hilly Fields. Councillor Barlow stated that Councillor Buston's wording led to misinterpretation, and that Councillors should take care of the language that they have used. Councillor Barlow also stated that whilst there could be a breach of the Members Code of Conduct, he was not convinced that an investigation would be in the public interest. Councillor Barlow suggested that a recommendation be made to Cabinet to hold a private meeting between Colchester Borough Council and Essex

County Council Councillors and Officers, Essex County Council, Essex Countywide Travellers Unit and the Police to share information and provide a greater understanding of the current situation in Colchester.

The Committee received advice from Barbara Pears, Independent Person; Barbara Pears stated that whilst the case was complex she did not believe that it warranted a further investigation as Councillor Buston was doing the best for his residents.

Councillor Pearson commented on points made by those who spoke at the meeting; Councillor Pearson highlighted that any attempt to trespass on public or private land causes immediate distress. These are matters for the Police and authorities to deal with, if the Police do not provide a suitable solution Councillors are able to take that up with the Police in different means. Councillor Pearson also highlighted that in working in the criminal justice sector, there is no evidence to suggest that members of the travelling community are any more or less likely to be prosecuted than other members of the community. Councillors have a responsibility to the community, and need to be mindful of the whole community they represent and set an example.

RESOLVED that;

- a. Both complaints merit no further investigation.
- b. *RECOMMEND* to Cabinet for consideration that a private meeting between Colchester Borough Council Councillors, Colchester Borough Officers, Essex County Council, Essex Police and the Essex Countywide Traveller Unit be held to share information and provide an update on the situation within Colchester.

13. 2015/16 Year End Review of Risk Management

Hayley McGrath, Corporate Governance Manager, introduced the report on the 2015/16 Year End Review of Risk Management. The report requests the Committee consider and note the risk management work undertaken during 2015/16, the current strategic risk register, the proposed risk management strategy for 2016/17 and endorse the report to Cabinet.

Hayley McGrath stated that risk management forms an important part of the governance framework, providing reassurance that decisions are being made in the correct way. Risk Management is not a process to eliminate risk, but to identify risks in decision making to ensure that decisions are based on good reasons with an understanding of the impact and potential issues. Hayley McGrath stated that risk management is not viewed negatively at Colchester Borough Council, but as a method to make the most out of opportunities and new ways of working.

Hayley McGrath outlined that the risks are split into three different categories, Strategic, Operational and Project. The strategic risks are those owned by the senior management team and relate to the future direction of the organisation. Operational risks are those that relate to the day to day operation of the Council and project risks are those identified as part of specific initiatives.

The Risk Management strategy is brought to the Governance and Audit Committee each year to ensure that it is still fit for purpose. Once the Committee endorses the strategy, it

then goes to Cabinet, and then Council before being incorporated into the constitution.

With regards to the work undertaken during 2015/16, a significant amount of work has been carried out to improve the health and safety across the organisation. There has also been support provided to the Colchester Stadium and Football Club Safety Advisory Group including creating a link between the group and Colchester Borough Council's Safety Advisory Group. In addition the Council has also been working with Colchester Garrison Safety Advisory Group due to the strong links between Colchester Borough Council and the Garrison which benefits a number of civic events.

Within the Council the change and performance team have also been embedding the identification of risk into the project management processes, with information and guidance now available to all staff.

Hayley McGrath outlined that there had been no changes to the processes used to identify and control risk. The identification of risks continues to be regular meetings with managers and the senior management teams. An audit of risk management is carried out each year, and there were two level two recommendations which included refreshing the information available to staff online and around a formal review of operational risk registers. Work with the Council's partnerships, North Essex Parking Partnership and Joint Museum service both continued with information presented to both of their committees.

Hayley McGrath also commented on the strategic risk register which sets out the future risks that are considered significant.

Councillor Barlow questioned the risk around the result of the EU referendum and whether it should be broken down into the internal impact on the Council and the external impact, such as the local economy, of the decision made. In response Hayley McGrath stated that this is a new risk which will constantly be altered when more information is available; discussions with Senior Management Team on this particular risk are likely to occur every quarter. Areas of funding that directly affect the Council will be included within the financial risks.

Following a query from Councillor Willets, Hayley McGrath confirmed that the risk of a failure to provide effective and visible political and managerial leadership had been removed in July 2015, and that risk 3d should refer to risk 3c.

Councillor Chillingworth thanked Hayley McGrath for the report and work involved, and Councillor Hazell stated that she was pleased to hear the positivity involved within the risk management strategy. Hayley McGrath stated that the Council is not risk adverse, but recognizes risk in its decision making.

RESOLVED that;

- a) The risk management work undertaken during 2015/16 be noted
- b) The Governance and Audit Committee considered and commented on the current risk register
- c) The Governance and Audit Committee considered and commented on the proposed risk management strategy for 2016/17
- d) The Governance and Audit Committee *RECOMMEND* the 2015/16 Year End Review of Risk Management report to Cabinet.

14. Review of Meetings and Ways of Working

Councillor Pearson introduced the item on the review of meetings and ways of working. The report requested that the Committee note the contents of the report, and agree that a further report be presented to the next meeting of the Committee providing more detail of the process and methodology of the review.

Andrew Weavers highlighted that the review will be able to proceed, if agreed, once the Council has approved a change to the Terms of Reference, which is being put to Council on 27 July 2016.

Members of the Committee welcomed the report and emphasised the importance of the review. Committee members highlighted a range of issues including increasing the level of representation from different age groups and increasing diversity on the Council. In addition, Committee members highlighted the possibility of changing meeting locations and improving accessibility. Councillor Pearson stated that if there are any further suggestions for consideration that they be sent to the Democratic Services Officer.

Committee members also discussed the requirement on Councillors to fully participate in the review due to the significant amount of work required. The Committee also welcomed suggestions of inviting Councillors, members of the public and other external stakeholders to an additional meeting and incorporating their views into the review. The Committee suggested that this meeting could take place at a time and date that is more convenient for members of the public to attend, such as a Saturday.

Andrew Weavers stated that the Independent Remuneration Panel was shortly to be convened, and as part of its remit would be looking at methods to remove barriers to participation in public office; all political groups are welcome to participate in the process.

RESOLVED that:

- a) The Governance and Audit Committee noted the contents of the report.
- b) A report be submitted to the September Governance and Audit Committee providing more detail behind the process and methodology of the review.

13 September 2016

Report of	Assistant Chief Executive	Author	Jonathan Baker
Title	Work Programme 2016-17		☎ 282207
Wards affected	Not applicable		

This report sets out the current Work Programme 2016-2017 for the Governance and Audit Committee.

1. Decisions Required

- 1.1 The Committee is asked to note the contents Committee's Work Programme for 2016-17.

2. Alternative options

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

3. Introduction

- 3.1 The Governance and Audit Committee deals with the approval of the Council's Statement of Accounts, audit, other miscellaneous regulatory matters and standards.
- 3.2 The Committee's work programme will evolve as the Municipal Year progresses and items of business are commenced and concluded. At each meeting the opportunity is taken for the work programme to be reviewed and, if necessary, amended according to current circumstances.
- 3.3 Following agreement at Council on 27 July 2016 to amend the Governance and Audit Committees Term of Reference, the quarterly Revenue and Capital Monitor reports have been added to the agenda for this meeting. A further meeting of the Governance and Audit Committee will soon be arranged for towards the end of the municipal year, where the third quarter Revenue and Capital Monitor reports will be scheduled. In addition the Treasury Management – Half Yearly Update has been added to the November Governance and Audit Committee.
- 3.4 The previously scheduled Review of Contract Management has now been rescheduled for the October meeting.

4. Strategic Plan References

- 4.1 Governance is integral to the delivery of the Strategic Plan's vision themes of a vibrant, prosperous, thriving and welcoming Borough.
- 4.2 The Council recognises that effective local government relies on establishing and maintaining the public's confidence, and that setting high standards of self governance provides a clear and demonstrable lead. Effective governance underpins the implementation and application of all aspects of the Council's work.

5. Standard References

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

WORK PROGRAMME 2016-17

Meeting date / Agenda items
28 June 2016 <ol style="list-style-type: none">1. Audit Plan and Annual Audit & Certification Fees (Ernst and Young)2. Draft Annual Statement of Accounts 2015/16 (Finance Manager)3. Review of the Governance Framework and Draft Annual Governance Statement (Corporate Governance Manager)4. Year End Internal Audit Assurance Report 2015/16 (Audit Manager and Corporate Governance Manager)
26 July 2016 <ol style="list-style-type: none">1. Annual Statement of Accounts 2015/16 (Finance Manager)2. Complaints in relation to Councillor Buston3. Review of Council Meetings and Procedures4. 2015/16 Year End Review of Risk Management
13 September 2016 <ol style="list-style-type: none">1. Colchester Borough Homes Annual Report and Governance Statement2. Annual Statement of Accounts 2015/163. Financial Monitoring Report – April to June 20164. Capital Expenditure Monitor 2016/175. Review of Meetings and Ways of Working
11 October 2016 <ol style="list-style-type: none">1. Local Government Ombudsman Annual Review (Monitoring Officer)2. Review of the Council's Ethical Governance Policies (Monitoring Officer)3. Review of the Members' Code of Conduct and the Council's "Arrangements" (Monitoring Officer)4. Gifts and Hospitality – Review of Guidance for Councillors and Policy for Officers (Monitoring Officer)5. Review of Local Code of Corporate Governance (Monitoring Officer)6. Health and Safety Policy and Annual Report7. Review of Contract Management
22 November 2016 <ol style="list-style-type: none">1. Annual Audit Letter (Ernst and Young)2. 2016-17 Interim Annual Governance Statement (Corporate Governance Manager)3. Internal Audit Work Programme 2017/18 (Corporate Governance Manager)4. Annual Review of Business Continuity (Corporate Governance Manager)5. Equality and Safeguarding Annual Update6. Treasury Management – Half Yearly Update
17 January 2017 <ol style="list-style-type: none">1. Certification of Claims and Returns – Annual Report 2015/16 (Ernst and Young)2. Risk Management Progress Report (Corporate Governance Manager)3. 2016-17 Interim Internal Audit Monitor (Corporate Governance Manager)4. Annual Governance Statement Interim Review (Corporate Governance Manager)

13 September 2016

Report of	Director of Resources	Author	Michael Hadjimichael
Title	Colchester Borough Homes		☎ 01206 507815
Wards affected	Colchester Borough Homes Annual Report and Governance Statement		
	Not Applicable		

The purpose of the report is for the Committee to consider and comment on the Governance Assurance Statement of Colchester Borough Homes

1. Recommendation

- 1.1 The Committee considers and comments on the Governance Assurance Statement of Colchester Borough Homes.
- 1.2 The Committee accepts the assurance provided by Colchester Borough Homes regarding its governance arrangements throughout 2015/16.

2. Background

- 2.1 Colchester Borough Homes is a wholly owned company of the Council. As such:
 - Its accounts are consolidated into the Council's financial statements
 - Disclosures regarding the adequacy and effectiveness of its governance arrangements are included in the Council's Annual Governance Statement.
- 2.2 Colchester Borough Homes has therefore provided the Council with its own Annual Governance Statement for 2015/16 as evidence of how well its arrangements are operating (Appendix 1).
- 2.3 The Annual Governance Statement will inform the Council's Governance Statement.
- 2.4 Colchester Borough Homes' Finance and Audit Committee Chairman and the Director of Resources will present this report to Committee and respond to any questions relating to it.

3. Additional Information

- 3.1 The Finance and Audit Committee of Colchester Borough Homes also takes the following actions to assure itself that the Company has proper and secure arrangements in place:
 - Each year it agrees an audit plan for a three year period on a risk based approach
 - It receives regular updates on the progress against this plan throughout the year from Internal Audit
 - It carries out an annual self assessment of how it is functioning based on CIPFA guidelines

- It considers and recommends the Annual Governance Statement to the Board
- It monitors the actions coming out of the Annual Governance Statement
- It produces the Risk Management Strategy and monitors the key strategic risks of the Company

4. Head of Internal Audit Opinion 2015/16

4.1 Set out below are some key information from the Internal Audit Opinion Report:

- The Audit Plan covered 11 internal audit projects including all the key financial areas.
- Assurance gradings were as follows:

Assurance Grading	No.
Full	2
Substantial	9
Limited	0

- Although no areas of Limited Assurance have been identified, Colchester Borough Homes continually reviews its control framework and strives for best practice where possible.
- **The overall Internal Audit Opinion is that substantial assurance on internal controls within the financial and operating systems operating throughout the year are in accordance with proper practice.**

5. Financial Implications

5.1 No further financial implications arise from matters included in these reports.

6. HR Implications

6.1 No HR implications arise from matters included in these reports.

7. Legal Implications

7.1 No legal implications arise from matters included in these reports.

8. Health & Safety Implications

8.1 No Health & Safety implications arise from matters included in these reports.

9. Equality & Diversity Implications

9.1 There are no direct diversity or equal opportunities issues as a result of these reports.

10. Residents at the Heart

10.1 These reports provide members with additional assurance around systems of internal control at Colchester Borough Homes Ltd.

11. Risk Management

- 11.1 Failure to operate robust governance arrangements can potentially lead to poor management, performance, stewardship of public engagement and, ultimately, poor outcomes for citizens and service users. It increases the risk that the company's priorities will not be delivered. Reviewing the governance arrangements each year and identifying and addressing the key issues minimises these risks.

12. Appendices

- 12.1 Annual Governance Statement

Colchester Borough Homes Annual Governance Statement 2015/16

1. Scope of Responsibility

Colchester Borough Homes (CBH), formed in October 2003, is the Arms Length Management Organisation of Colchester Borough Council, responsible for the management and maintenance of the Council's homes and transferred general fund services. In 2015/16, these were primarily financed from the Council through a Management Fee of £9,215,500. This fee also includes Property Services professional fees, Corporate Facilities management fee and CBH Revenue work costs. Property Services also manages capital and revenue work costs paid directly by CBC, totalling £9,645,000.

There is a formally binding Management Agreement between the Council and CBH in place until August 2023, with a review in 2020. This clearly sets out the governance arrangements that should apply between the two parties and complies with national best practice.

CBH is managed by a Board comprising four Council nominees, four tenants and four independent members. In discharging this overall responsibility, Colchester Borough Homes is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk. Three committees report to the Board: Finance & Audit, Governance & Remuneration and Operations. Additionally, there is also a Business Opportunities Panel. These all have formal, approved terms of reference, which are reviewed annually.

2. The Purpose of the Governance Framework

Good governance leads to good management, good performance, good stewardship, good public engagement and ultimately good outcomes for citizens and the service user. Good governance enables the Company to pursue its vision effectively, as well as underpinning that vision with mechanisms for control and management of risk.

The governance framework comprises the systems, processes, culture and values by which the Company is directed and controlled and its activities through which it accounts to, engages with and serves the community. It enables the Company to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process, designed to:

- identify and prioritise the risks to the achievement of the Company's policies, aims and objectives
- to evaluate the likelihood of those risks being realised and the impact should they be realised
- to manage them efficiently, effectively and economically.

Colchester Borough Homes Annual Governance Statement 2015/16

The governance framework has been in place at Colchester Borough Homes for the year ended 31 March 2016 and up to the date of approval of the financial statements of accounts.

Colchester Borough Homes exercises control through:

- Corporate governance arrangements outlined in the Memorandum & Articles of Association, the Code of Governance and the Standing Financial Instructions.
- The employment of suitably qualified and experienced staff to take responsibility for key areas of the business. This is supported by a formal annual appraisal system.
- The preparation of forecasts and budgets that allow the committees and the executive officers to monitor the key business risks and financial objectives, and identify variances arising during the monthly reporting cycle.
- Business planning is based on a 3 year Medium Term Development Plan that sets out key actions to enable CBH to achieve its goals for the ensuing year. This cascades through supporting Service Plans and individual performance appraisals. The key aims for 2016/17 are:
 - ✓ Maximise the supply of housing to meet local needs at a price people can afford
 - ✓ Work with partners and residents to create mixed and sustainable communities
 - ✓ Prevent homelessness and rough sleeping
 - ✓ Improve the life chances of Colchester's residents
 - ✓ Work with customers to enable them to make informed choices about their housing
 - ✓ Make the best use of existing homes, including reducing the number of empty homes and homes that are under-occupied.
 - ✓ Work to ensure that existing and new homes are healthy, safe and energy efficient
 - ✓ Ensure that housing and related services meet a range of specialist needs

The Executive Management and the Board carry out regular review of performance against objectives and targets detailed in the Medium Term Delivery Plan.

3. Review of Effectiveness

Colchester Borough Homes conducts, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of the Executive Directors and Senior Management Team within the Company, who have responsibility for the development and maintenance of the governance environment. This is supported by the Internal Audit's annual report, and by comments made by external auditors and other review agencies and inspectorates.

The company produces a Medium Term Delivery Plan every three years, which is refreshed every year. From this plan, Key Performance Indicators (KPIs) and projects are produced. A performance and scrutiny framework is in place to review and monitor

Colchester Borough Homes Annual Governance Statement 2015/16

delivery against these. This is a combination of company, tenants and CBC scrutiny as well as benchmarking against other providers.

CBH's internal arrangements for ensuring the effectiveness of its governance arrangements consist of:

- the Operations Committee receiving quarterly performance reports.
- The Governance & Remuneration Committee monitoring the implementation of the Governance Action Plan and significant staffing matters.
- the Finance & Audit Committee considering Internal Audit reports throughout the year, reviewing how well strategic risks are identified and managed, and monitoring financial performance against budgets.
- the Finance & Audit Committee monitoring the regular review of key policies against an agreed policy review timetable.
- the production and approval of annual Manager Assurance Statements by service directors and their teams to assess compliance with key governance processes throughout the year.

Internal Audit

Internal Audit is delivered through a contract with Mazars Public Sector Internal Audit Ltd (Mazars). A five-year risk-based Strategic Audit Plan was initially prepared based on an audit needs assessment undertaken in April 2011. This has been refreshed on an annual basis in consultation with the Directors Management Team and has been extended to cover the period 2014-17. The updated plan was approved by the Finance & Audit Committee in March 2016. However, the re-appointment of Mazars for another 3 years saw the review of the Strategic Audit Plan and was presented to Finance & Audit Committee in June 2016.

The audit plan was delivered, with reports issued to senior managers at the conclusion of each audit highlighting internal control weaknesses identified and the actions required to address them. Recommendations were also reviewed to ensure they were implemented properly by the due date. Reports were presented to each Finance & Audit Committee of progress against the audit plan as well as the status of outstanding recommendations.

The Head of Internal Audit prepares an annual Head of Internal Audit Opinion (HOIA) report that includes an overall opinion on CBH's internal control environment based on the results of the audit work completed. This was considered by the June 2016 Finance & Audit Committee.

Internal Audit performance is subject to annual review by the external auditor of CBH in order that they can place reliance on its audit work. The Company provided the Council with the following assurance regarding the robustness of its governance arrangements during the year:

- Internal Audit reports
- Summary results of Manager Assurance Statements

Colchester Borough Homes Annual Governance Statement 2015/16

- The Annual Report, which incorporates the Head of Internal Audit's annual report (including an opinion on the effectiveness of the company's systems of internal control)

External Audit

External Audit of the annual financial statements is undertaken by Scrutton Bland with a view to expressing an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland).

In carrying out the audit work, Scrutton Bland will consider whether the financial statements are free from 'material misstatement'. Materiality is an expression of the relative significance of a particular matter in the context of the financial statements as a whole. An item will normally be considered material if its omission would reasonably influence the decisions of those using the financial statements.

Scrutton Bland will issue a report to management at the conclusion of the audit work. This will include a management letter that will contain comments and recommendations for improvements in operations and internal control in respect of the Company. This will be discussed with management prior to the issue of the final report. The report will also include details of significant adjusted and unadjusted items that arise as a result of the audit work.

The Finance & Audit Committee considers the external auditor's report and recommends adoption of the financial statements to the Board.

4. Significant Governance Issues

The main area for further work identified through the Governance Assurance Process in 2015/16 (and is brought forward from the previous year), and which should be disclosed in the Governance Statement Action Plan is:

- **Disaster Recovery**
Carry out a disaster recovery exercise.

Following the appointment of a new Director of Resources in June 2015, the Business Continuity Plan was reviewed and modified in late 2015. It was therefore not feasible to devise a test plan before year end. However, to test the Board and Directors Management Team's governance process in the event of a disaster, the 'Iron Grip' Business Plan Stress-testing activity is due to take place in September 2016.

5. Action Plan

An action plan is set out overleaf, which will be monitored by the Finance & Audit Committee:

Colchester Borough Homes Annual Governance Statement 2015/16

Description	Proposed Actions	Responsibility	Target Completion Date
Disaster Recovery	Carry out a Disaster Recovery Exercise	Director of Resources	31 Dec 2016

We propose over the coming year to take steps to address the above matter to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: _____
(Chair of the Board)

Signed: _____
(Chair of the Finance & Audit Committee)

Signed: _____
(Chief Executive Officer)

13 September 2016

Report of	Assistant Chief Executive	Author	Steve Heath
Title	Annual Statement of Accounts 2015/16		☎ 282389
Wards affected	Not applicable		

This report presents the audited Statement of Accounts for 2015/16

1. Action required

- 1.1 To note the publication of the audited Statement of Accounts (SOA) for 2015/16.

2. Supporting information

- 2.1 The pre-audit SOA was certified by the responsible financial officer in accordance with the statutory deadline. A report was presented to this Committee on 28 June highlighting the availability of the draft accounts, and explaining the key financial statements. Following the submission of the Auditors' report to the Committee on 26 July, the Committee approved the audited accounts and the Section 151 Officer submitted the Letter of Representation providing assurance about the information within the SOA.
- 2.2 On 27 July the Auditor issued an unqualified opinion that the accounts give a true and fair view of the Council's financial position as at 31 March 2016 and of its income and expenditure for the year then ended. The audit was formally closed, and the audited accounts were published on the Council's website. Once again this year, the SOA has only been produced in an electronic format.
- 2.3 In submitting this report, and the earlier reports, the Council is following procedures set out in the Accounts and Audit Regulations 2015. By law the Council must publish audited accounts by the statutory deadline of 30 September and this has been achieved.

3. Strategic Plan references

- 3.1 The objectives and priorities of the Strategic Plan informed all stages of the budget process for 2015/16.

4. Financial implications

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

5. Publicity considerations

- 5.1 The availability of the SOA is advertised on the Council's website and can be accessed via the link shown below.

6. Other standard references

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

Background Papers

Available on the Colchester Borough Council website:

Audit of Accounts 2015/16

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

Statement of Accounts 2015/16

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

Draft Annual Statement of Accounts – Report to Governance & Audit Committee on 28 June 2016

<http://colchester.cmis.uk.com/colchester/MeetingCalendar/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/394/Committee/35/Default.aspx>

Annual Statement of Accounts – Report to Governance & Audit Committee on 26 July 2016

<http://colchester.cmis.uk.com/colchester/MeetingCalendar/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/395/Committee/35/SelectedTab/Documents/Default.aspx>

13 September 2016

Report of	Assistant Chief Executive	Author	Sean Plummer ☎ 282347 Darren Brown ☎ 282891
Title	Financial Monitoring Report – April to June 2016		
Wards affected	Not applicable		

The Committee is invited to review the financial performance of all General Fund services and the Housing Revenue Account for the first three months of 2016/17

1. Action required

- 1.1 The Committee is asked to consider the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the first three months of 2016/17.

2. Reason for scrutiny

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

3. Background and Summary Position

- 3.1 This report reviews the Council's overall position based on profiled income and expenditure for the three months to 30 June 2016, and also shows a projection of the outturn figures for the full year. All the information presented in respect of General Fund Services shows the position based on net 'direct costs'. The review of the Housing Revenue Account is different in that it shows all costs, both direct and indirect.
- 3.2 The projected outturn for the General Fund is currently a net overspend of £47k. The Housing Revenue Account forecast outturn position is currently to be on budget.
- 3.3 The General Fund position is set out in more detail in the following paragraphs and the HRA position explained in section 6. Budgets carried forward from 15/16 are now included in the schedules within this report, and as such will be monitored as part of the overall position.

4. General Fund – Position to 30 June 2016

Service Budgets

- 4.1 Appendix A shows the current budget variances and forecast outturn variances by Service Group. The net position shows a variance against profiled budget for General Fund Services (excluding Benefits, NEPP & JMC) of £570k (favourable). This comprises total expenditure being £618k lower than expected and total income being £48k lower than expected. Appendix B breaks these variances down by subjective group.

Income

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

Expenditure

- 4.3 There are underspends against profiled budgets in most services areas, predominantly within employee and premises costs. This can be a result of profiling of budgets as well as timing of expenditure. Committee members will be aware from previous reports that as part of the 17/18 budget setting process, we are undertaking a further outturn review which takes into account the 2015/16 outturn position.
- 4.4 Benefits payments are not shown in Appendix A & B to avoid distorting the reported position for Service Groups. It is currently projected that this area will be on budget at year end, when the final subsidy claim is paid. Furthermore, NEPP and JMC variances are not included in the Appendix A & B totals, given these areas are ring-fenced and are reported to the relevant joint committee.

5. Outturn Forecast / Risk Areas

- 5.1 This is the first review this year of the 2016/17 budget position, and the current forecast outturn is a net overspend of £47k.

	£'000	
Service budgets	47	See paras. 5.2 – 5.3 and Appendix C
Technical Items	-	
Potential net overspend	47	

Service Budgets

- 5.2 The following table sets out the forecast outturn for all service areas with outturn variances. This shows a net forecast overspend of £47k. As the table shows, this mainly reflects additional expenditure within a number of areas, but primarily in Commercial Services.

Service	Forecast outturn		
	Expenditure	Income	Net
	£'000	£'000	£'000
Corporate & Financial Management	12	(1)	11
Community Services	(17)	3	(14)
Commercial Services	119	(13)	106
Customer Services	23	(100)	(77)
Operational Services	40	21	61
Professional Services	24	(64)	(40)
Total all services	201	(154)	47

- 5.3 Appendix C sets out details of all forecast variances against service budgets at the year-end totalling £47k. However, there are underspends that are not currently included in the forecast outturn. For example, detailed salary forecasting is currently being worked on, and will be reflected in the Quarter 2 report.
- 5.4 There are other risks, both positive and negative, to the outturn position that are not currently shown in the forecast. These and other areas will be closely monitored over the coming months and if appropriate the outturn forecast will be revised.

Corporate / Technical Items

- 5.5. The budget includes a number of corporate and technical budget areas such as net interest earnings, the provision to repay debt, pension costs and some non-service specific grants. It is currently assumed that the outturn for these areas will be in line with the budget, however with the growing prospect of short term interest rates reducing following the EU referendum result, there is likely to be a pressure on achieving investment income targets.
- 5.6. A saving of £75k from the insurance re-tender is anticipated in 16/17, which has been used to contribute towards the procurement target for the current financial year. This leaves a balance of £65k to find, and it is currently expected we will be able to identify savings during the year to achieve this target.

Summary position and action proposed

- 5.7. The forecast outturn shows a potential net overspend of £47k. Further more detailed work will be undertaken during Quarter 2 to ensure forecast outturn positions are robust, including forecasting of employee costs and areas where underspends to date have not been reflected in the forecast outturn position.
- 5.8. SMT continues to monitor the budget position on a monthly basis. The next report to the Committee will consider the position after 9 months, with the half-year position being reported to Scrutiny Panel in November. This will provide a better opportunity to assess progress against budget targets and income levels.

6. Housing Revenue Account

- 6.1 The Housing Revenue Account (HRA) is a ring-fenced account which is affected by a number of variable factors. At the end of June 2016, the HRA is showing a net underspend of £731k compared to the profiled budget for the same period. This is primarily due to lower expenditure on Premises costs (£406k), Supplies & Services costs (£121k), and £136k more income than budgeted.

Position to date

- 6.2 Premises related costs are showing an underspend of £406k as at the end of June 2016. Overall, there is a net underspend of £185k on Repairs and Maintenance, which primarily relates to the timing of expenditure on repairs and maintenance of pumping stations, Homeless Persons Units and other delegated areas. There are further underspends of £129k on Grounds Maintenance budgets, £28k on Council Tax on void properties and £24k on Utility and Water costs which relate to the timing of expenditure.
- 6.3 Supplies & Services costs are underspent by £121k at the end of June. There is a general underspend across most budget headings, which primarily relate to the timing of expenditure, the main factor being IT costs of £48k.
- 6.4 We have received £136k more income at the end of June 2016. This primarily reflects the late amendment by the Government to those properties which the 1% rent reduction is applied to. At the time of setting the 16/17 budget, it was assumed that the

Government's rent reduction applied to all properties. However, the Government then stated after the budget had been set, that it was their intention that temporary accommodation would be subject to a permanent exception, whilst sheltered housing accommodation would benefit from a one year exception whilst the Government are carrying out a review of supported accommodation. This has resulted in us receiving more income than originally assumed. Furthermore, the additional income also reflects the net impact of less rental & service charge income being lost from dwellings and garages than assumed within the budget, through a combination of voids and the level of Right to Buy sales, as well as additional income from rechargeable repairs.

Forecast Outturn

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

7. Strategic Plan references

- 7.1. The priorities within the Strategic Plan are reflected in the Medium Term Financial Forecast. This makes assumptions regarding government grant and Council Tax income, and identifies where necessary savings will be found in order to achieve a balanced budget. The 2016/17 revenue budget was prepared in accordance with the Strategic Plan's priorities, in the context of the Council facing growing financial pressures. Budget monitoring enables the financial performance against these priorities to be assessed.

8. Financial implications

- 8.1. As set out above.

9. Risk management implications

- 9.1. Risk management is used throughout the budget cycle, and this is reflected in the strategic risk register. The 2016/17 revenue budget report that was approved by Council in February 2016 detailed a number of potentially significant risk areas that had been identified during the budget process. In addition, Heads of Service identify a number of both positive and negative risk areas during the year.

10. Other Standard References

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

Background Papers

None

Current Budget Variances and Forecast Outturn Variances by Service Area

		Position to date			Forecast Outturn		
Area		Spend £'000	Income £'000	Net £'000	Spend £'000	Income £'000	Net £'000
Corporate & Democratic Core		6	-	6	-	-	-
Total		6	-	6	-	-	-
Corporate & Financial Management							
Assistant Chief Executive		2	-	2	-	-	-
Finance		1	-	1	28	-	28
ICT and Communications		(39)	3	(36)	(23)	-	(23)
People and Performance		6	(4)	2	1	(1)	-
Governance		(11)	4	(7)	6	-	6
Total		(41)	3	(38)	12	(1)	11
Executive Management Team							
EMT		(2)	(11)	(13)	-	-	-
Partner Projects		-	-	-	-	-	-
Total		(2)	(11)	(13)	-	-	-
Community Services							
Head of Community Services		-	-	-	-	-	-
Cultural Services		-	12	12	1	-	1
Community Zones		(29)	(14)	(43)	(16)	-	(16)
Community Development		(37)	(4)	(41)	(2)	3	1
Colchester Museums		(5)	(22)	(27)	-	-	-
Subtotal		(71)	(28)	(99)	(17)	3	(14)
Colchester & Ipswich Museums		(15)	3	(12)	2	-	2
Total		(86)	(25)	(111)	(15)	3	(12)
Commercial Services							
Head of Commercial Services		14	-	14	-	-	-
Place Strategy		(53)	(15)	(68)	-	(13)	(13)
Economic Growth		(16)	(13)	(29)	102	-	102
Corporate Asset Management		(79)	6	(73)	17	-	17
Commercial - Trading		(188)	76	(112)	-	-	-
Commercial - Housing		59	(46)	13	-	-	-
Total		(263)	8	(255)	119	(13)	106

		Position to date			Forecast Outturn		
	Area	Spend	Income	Net	Spend	Income	Net
		£'000	£'000	£'000	£'000	£'000	£'000
Customer Services							
	Head of Customer Services	17	-	17	-	-	-
	Customer Operations	(51)	4	(47)	23	-	23
	Customer Demands & Research	71	(67)	4	-	-	-
	Customer Solutions	(45)	49	4	-	-	-
	Local Taxation & NNDR	16	(1)	15	-	(100)	(100)
	Subtotal	8	(15)	(7)	23	(100)	(77)
	Benefits - Payments & Subsidy	(274)	999	725	-	-	-
	Total	(266)	984	718	23	(100)	(77)
Operational Services							
	Head of Operational Services	13	-	13	-	-	-
	Sport & Leisure	(54)	47	(7)	15	(4)	11
	Recycling & Fleet	(171)	50	(121)	25	25	50
	Car Parking	(72)	60	(12)	-	-	-
	Subtotal	(284)	157	(127)	40	21	61
	Parking Partnership (NEPP)	4	201	205	-	-	-
	Total	(280)	358	78	40	21	61
Professional Services							
	Head of Professional Services	-	-	-	-	-	-
	Licensing & Food Safety	(9)	(7)	(16)	-	-	-
	Environmental Health Services	(11)	(21)	(32)	-	-	-
	Electoral Services	10	(10)	-	-	-	-
	Prof Support Units	32	9	41	-	-	-
	Land Charges	10	8	18	24	(24)	-
	Planning	(3)	(45)	(48)	-	(40)	(40)
	Total	29	(66)	(37)	24	(64)	(40)
	Total (excluding Benefits, NEPP & JMC)	(618)	48	(570)	201	(154)	47

Current Budget Variances and Forecast Outturn Variances by Subjective Group

		Position to date			Forecast Outturn		
		Actual	Budget	Variance	Actual	Budget	Variance
	Subjective	£'000	£'000	£'000	£'000	£'000	£'000
	Expenditure						
	Employees	5,864	6,144	(280)	24,229	24,167	62
	Premises Related	1,113	1,394	(281)	6,722	6,659	63
	Transport Related	485	546	(61)	2,952	2,953	(1)
	Supplies & Services	2,952	2,909	43	10,300	10,223	77
	Third Party Payments	635	687	(52)	2,203	2,203	0
	Transfer Payments	38	25	13	100	100	0
	Capital Financing Costs	110	110	0	110	110	0
	Total	11,197	11,815	(618)	46,616	46,415	201
	Income						
	Government Grant	(462)	(432)	(30)	(811)	(811)	0
	Other Grants & Reimbursements	(397)	(507)	110	(2,401)	(2,394)	(7)
	Customer & Client Receipts	(5,702)	(5,664)	(38)	(20,633)	(20,486)	(147)
	Income-Interest	(26)	(32)	6	(129)	(129)	0
	Inter Account Transfers	0	0	0	0	0	0
	Total	(6,587)	(6,635)	48	(23,974)	(23,820)	(154)
	Net	4,610	5,180	(570)	22,642	22,595	47

Forecast Outturn Variances

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Corporate and Financial Management (incl. CDC)				
Finance	28	0	28	Forecast overspend relating to employee costs.
ICT and Communications	(23)	0	(23)	Underspends across supplies & services for ICT.
People & Performance	1	(1)	0	Small overspend on training costs being offset by extra income.
Governance	6	0	6	Overspend on post room equipment purchase and new member induction.
Community Services				
Cultural Services	1	0	1	Small overspend on supplies and services.
Community Zones	(16)	0	(16)	Forecast savings mainly on Public conveniences utility bill refund, and savings on cleaning contract. Additional £5k savings in equipment.
Community Development	(2)	3	1	Small savings on Ground Maintenance contract. Forecasting less income generated by school visits to Highwoods Country park.
Colchester and Ipswich Museums	2	0	2	Forecasting small overspend (medical fees, equipment).
Commercial Services				
Place Strategy	0	(13)	(13)	A small surplus of Pre-Planning Application income has been forecast by year end.
Economic Growth	102	0	102	Cost pressures have been forecast in the following areas:- Estates Management team have forecast £20k on temporary agency cover; East Colchester legal fees £28k ; North Colchester cesspool issues £20k; St James/Roman House security and pest control issues £28k.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Corporate Asset Management	17	0	17	Town Hall Building works.
Customer Services				
Customer Operations	23	0	23	£20k over spend on postage costs within Technical services. There has been a £50K budget reduction in this area due to efficiency savings that will be made over the course of the next year. This is reliant on new technology currently being evaluated.
Local Taxation & NNDR	0	(100)	(100)	£100k more income from Court Fees Recovered is estimated for the year.
Operational Services				
Sport and Leisure	15	(4)	11	Car Park have not been working but a new system has been installed so future income should be secure. There are controllable variances across most cost centres as you would expect in a business operating in this sector.
Recycling and Fleet	25	25	50	£20k overspend on Repair and Maintenance costs to Baling machine and £25k less income from Glass Sales due to falling prices.
Parking Partnership	0	0	0	NEPP budgets are expected to run within budget.
Professional Services				
Land Charges	24	(24)	0	Overspend relating to Arcus software, to be offset by additional income
Planning	0	(40)	(40)	More income is forecast.

June 2016	Current Period - June 2016			Forecast Year-End Position		
	Profiled Budget to Period 3 £'000	Actual to Period 3 £'000	Variance (under) / over £'000	Annual Budget £'000	Projected Outturn £'000	Variance (under) / over £'000
Account Description						
HRA - Direct & Non-Direct						
EXPENDITURE						
Employees	27	14	(13)	108	108	-
Premises Related	1,920	1,514	(406)	6,721	6,721	-
Supplies & Services	274	153	(121)	972	972	-
Third Party Payments	1,141	1,132	(9)	3,435	3,435	-
Transfer Payments	41	11	(30)	166	166	-
Support Services	885	885	-	3,808	3,808	-
Capital Financing Costs	17	-	(17)	15,273	15,573	300
TOTAL EXPENDITURE	4,305	3,709	(596)	30,483	30,783	300
INCOME						
Other Grants & Reimbursements	(19)	(6)	13	(145)	(145)	-
Customer & Client Receipts	(7,998)	(8,147)	(149)	(29,968)	(30,268)	(300)
Income-Interest	-	-	-	(32)	(32)	-
Inter Account Transfers	-	-	-	(160)	(160)	-
TOTAL INCOME	(8,017)	(8,153)	(136)	(30,305)	(30,605)	(300)
TOTAL NET - HRA	(3,712)	(4,444)	(732)	178	178	-

13 September 2016

Report of	Assistant Chief Executive	Author	Graham Coleman ☎ 282741
Title	Capital Expenditure Monitor 2016/17		
Wards affected	Not applicable		

The Panel is invited to review the progress against all capital schemes during the first three months of 2016/17

1 Action required

- 1.1 To review the level of capital spending during the first three months of 2016/17, and forecasts for future years.

2 Reason for scrutiny

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

3 Background information

- 3.1 This report sets out details of spending in the first three months of the financial year 2016/17 (April to June) and revised forecasts for future years, including new capital funding and changes to the capital programme. The report includes capital expenditure in respect of the Housing Investment Programme, including expenditure on the Council's housing stock. It also includes the capital resources that form part of the Revolving Investment Fund (RIF).
- 3.2 Accrued capital spending for the first three months of the year totalled £2.4 million. This represents 9% of the projected spend for 2016/17. **Appendix A** sets out details of spending on all schemes, along with expenditure forecasts provided by budget managers to provide an indication of progress against their expectations for schemes in monetary terms.
- 3.3 It should be noted that the Capital Programme mainly consists of schemes where spending is planned across more than one year. Any apparent variances from the forecast position for the year are unlikely to indicate any over or under spending against projects as a whole, but tend to relate to timing differences between anticipated payments and actual payments to contractors. Any significant divergences from planned activity would be brought to the Panel's attention in the following paragraphs.
- 3.4 The table below provides a summary of the capital programme by service area:

	Total Prog.	2016/17 Spend Qtr 1	2016/17 Forecast	Future Years Forecast	(Surplus) / Shortfall
Service / Scheme	£'000	£'000	£'000	£'000	£'000
Corporate & Financial Mgmnt	218	0	218	0	0
Operational Services	3,083	5	3,083	0	0
Professional Services	2,166	122	992	1,174	0
Commercial Services (excl. RIF)	502	23	441	61	0
Community Services	3,141	352	2,053	1,088	0
Revolving Investment Fund (RIF)	15,937	742	8,397	7,540	0
Completed Schemes	84	0	83	0	(1)
Capitalised Maintenance Schemes	196	0	196	0	0
Housing Revenue Account	12,461	1,192	12,461	0	0
Total Capital Programme	37,788	2,436	27,924	9,863	(1)

- 3.5 Changes to the Capital Programme are regularly made to reflect changes in funding and the addition of new schemes. The Capital Programme has increased by £5.7 million since the previous report, and now stands at £37.8 million. Of this increase £3.1m relates to revenue contributions, £1.4m relates to external funding and £1.2 is from capital receipts. These changes to the Capital Programme are shown in **Appendix B**.
- 3.6 The most significant areas of planned expenditure for the year are detailed in **Appendix C**, along with the actual expenditure and updated commentary from budget holders.
- 3.7 **Appendix A** includes a RAG (Red, Amber, Green) status of overall project performance against capital schemes. Although there are no 'Red' schemes, a total of five schemes were classed as 'Amber' by the budget managers. The current position against these schemes is detailed in **Appendix D** to this report.
- 3.8 There was a net underspend of £12k against completed capital schemes at the end of the quarter, which was reported to Cabinet on 13 July. This leaves a small underspend of £0.6k that will be referred to a future meeting of Cabinet for consideration.

4 Strategic Plan references

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

5 Financial implications

- 5.1 As set out above.

6 Risk management implications

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

7 Other standard references

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

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	2016/17 £'000	Forecast		(Surplus) / Shortfall £'000	RAG Status	
				2017/18 £'000	2018/19 £'000		Q1	Q4
SUMMARY								
Corporate & Financial Management	218.4	0.0	218.4	0.0	0.0	0.0		
Operational Services	3,082.8	4.6	3,082.8	0.0	0.0	0.0		
Professional Services	2,166.0	121.6	992.5	800.0	373.5	0.0		
Commercial Services (excluding RIF)	502.0	22.6	441.1	60.9	0.0	0.0		
Community Services	3,141.4	352.6	2,053.1	1,088.3	0.0	0.0		
Revolving Investment Fund (RIF)	15,936.7	741.7	8,396.7	2,040.0	5,500.0	0.0		
Completed Schemes	83.4	0.0	82.8	0.0	0.0	(0.6)		
Capitalised Maintenance Schemes	196.4	0.3	196.4	0.0	0.0	0.0		
Total (General Fund)	25,327.1	1,243.4	15,463.8	3,989.2	5,873.5	(0.6)		
Housing Revenue Account	12,460.4	1,192.2	12,460.4	0.0	0.0	0.0		
Total Capital Programme	37,787.5	2,435.6	27,924.2	3,989.2	5,873.5	(0.6)		
CORPORATE & FINANCIAL MANAGEMENT								
ICT Strategy	210.6	0.0	210.6	0.0	0.0	0.0	G	G
Financial Systems Migration	7.8	0.0	7.8	0.0	0.0	0.0	G	G
TOTAL - Corporate & Financial Management	218.4	0.0	218.4	0.0	0.0	0.0		
OPERATIONAL SERVICES								
Shrub End Depot - new baler and shed	840.5	0.0	840.5	0.0	0.0	0.0	A	A
Priory Street Car Park	534.4	4.4	534.4	0.0	0.0	0.0	G	G
LWC - Health & Fitness Extension	994.0	0.0	994.0	0.0	0.0	0.0	G	-
LWC - Aqua Springs Refurbishment	250.0	0.0	250.0	0.0	0.0	0.0	G	-
LWC - Leisure Pool Refurbishment	270.0	0.2	270.0	0.0	0.0	0.0	G	-
LWC - Coffee Shop Extension	80.0	0.0	80.0	0.0	0.0	0.0	G	-
St Johns Car Park	90.0	0.0	90.0	0.0	0.0	0.0	G	-
Shrub End Pitch Replacement	23.9	0.0	23.9	0.0	0.0	0.0	G	G
TOTAL - Operational Services	3,082.8	4.6	3,082.8	0.0	0.0	0.0		
PROFESSIONAL SERVICES								
Mandatory Disabled Facilities Grants	1,973.5	121.6	800.0	800.0	373.5	0.0	G	G
Private Sector Renewals - Loans and Grants	192.5	0.0	192.5	0.0	0.0	0.0	G	G
TOTAL - Professional Services	2,166.0	121.6	992.5	800.0	373.5	0.0		

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	2016/17 £'000	Forecast		(Surplus) / Shortfall £'000	RAG Status	
				2017/18 £'000	2018/19 £'000		Q1	Q4
COMMERCIAL SERVICES								
Assistance to Registered Housing Providers	91.9	(4.8)	46.0	45.9	0.0	0.0	G	G
CCTV Monitoring	115.0	5.6	100.0	15.0	0.0	0.0	G	G
Local Authority Carbon Management (LACM)	190.0	0.0	190.0	0.0	0.0	0.0	G	-
Cemetery Extension	43.7	5.0	43.7	0.0	0.0	0.0	G	G
Cemetery Exterior Lighting	50.0	16.8	50.0	0.0	0.0	0.0	G	G
Replacement of Cremators	11.4	0.0	11.4	0.0	0.0	0.0	G	G
TOTAL - Commercial Services	502.0	22.6	441.1	60.9	0.0	0.0		
COMMUNITY SERVICES								
Improving Life Opportunities	38.3	0.0	0.0	38.3	0.0	0.0	A	A
Oak Tree Community Centre Roof	50.0	0.0	0.0	50.0	0.0	0.0	G	-
Lion Walk Activity Centre	40.0	0.0	40.0	0.0	0.0	0.0	G	G
Garrison Gym Rebuild	88.2	46.6	88.2	0.0	0.0	0.0	A	A
Leisure World Skatepark	112.8	111.8	112.8	0.0	0.0	0.0	G	G
Mersea Pontoon	10.6	0.0	10.6	0.0	0.0	0.0	G	G
Castle Park Sensory Garden S106	60.6	2.1	60.6	0.0	0.0	0.0	G	G
Cook's Shipyard Playsite Wivenhoe S106	11.6	0.0	11.6	0.0	0.0	0.0	G	G
Old Heath Recreation Ground Improvements	132.1	89.7	132.1	0.0	0.0	0.0	G	G
Market Development	2.7	0.0	2.7	0.0	0.0	0.0	G	G
Wivenhoe Pontoon	25.0	0.0	25.0	0.0	0.0	0.0	G	G
Jet Washer	102.0	102.0	102.0	0.0	0.0	0.0	G	G
Walls - new merged scheme	521.8	0.4	521.8	0.0	0.0	0.0	G	G
Mercury Theatre Redevelopment	1,430.7	0.0	430.7	1,000.0	0.0	0.0	G	-
Relocation of Museum Resource Centre	515.0	0.0	515.0	0.0	0.0	0.0	A	A
TOTAL - Community Services	3,141.4	352.6	2,053.1	1,088.3	0.0	0.0		
REVOLVING INVESTMENT FUND								
Northern Gateway North	445.2	86.4	445.2	0.0	0.0	0.0	G	G
Northern Gateway South	493.2	6.3	493.2	0.0	0.0	0.0	G	G
Town Centre	6,551.6	7.6	211.6	1,340.0	5,000.0	0.0	G	G
Creative Business Hub	1,086.5	413.2	1,086.5	0.0	0.0	0.0	G	G
Jacks - St Nicholas St	915.0	2.7	915.0	0.0	0.0	0.0	G	-

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	Forecast			(Surplus) / Shortfall £'000	RAG Status	
			2016/17 £'000	2017/18 £'000	2018/19 £'000		Q1	Q4
Sheepen Road	3,492.3	202.7	3,292.3	200.0	0.0	0.0	G	G
District Heating Project North	26.8	0.0	26.8	0.0	0.0	0.0	G	G
District Heating Project East	10.0	0.0	10.0	0.0	0.0	0.0	G	G
East Colchester Enabling Fund	285.0	0.0	285.0	0.0	0.0	0.0	G	G
Breakers Park	75.0	0.8	75.0	0.0	0.0	0.0	G	-
Surface Water Flooding - Distillery Lane/Haven Road	77.4	0.0	77.4	0.0	0.0	0.0	A	A
Site Disposal Costs	4.8	0.0	4.8	0.0	0.0	0.0	G	G
Moler Works Site	40.7	0.0	40.7	0.0	0.0	0.0	G	G
CMP Phase 3 - PV Systems	95.4	0.0	95.4	0.0	0.0	0.0	G	G
Business Broadband	337.8	22.0	337.8	0.0	0.0	0.0	G	G
Land Acquisition	2,000.0	0.0	1,000.0	500.0	500.0	0.0	G	G
TOTAL - RIF	15,936.7	741.7	8,396.7	2,040.0	5,500.0	0.0		

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	2016/17 £'000	Forecast			(Surplus) / Shortfall £'000	RAG Status	
				2017/18 £'000	2018/19 £'000			Q1	Q4
HOUSING REVENUE ACCOUNT									
Housing Improvement Programme	8,752.9	743.2	8,752.9	0.0	0.0	0.0	G	G	
Adaptations to Housing Stock	604.0	56.3	604.0	0.0	0.0	0.0	G	G	
Sheltered Accommodation Review	2,818.0	392.7	2,818.0	0.0	0.0	0.0	G	G	
Housing ICT Development	285.5	0.0	285.5	0.0	0.0	0.0	G	G	
TOTAL - Housing Revenue Account	12,460.4	1,192.2	12,460.4	0.0	0.0	0.0			
COMPLETED SCHEMES (OR WHERE RETENTION ONLY OUTSTANDING)									
Town Hall DDA Sensory Project	0.6	0.0	0.0	0.0	0.0	(0.6)			
Town Station Square	42.8	0.0	42.8	0.0	0.0	0.0			
Castle Museum - Castle Bridge	1.0	0.0	1.0	0.0	0.0	0.0			
Moot Hall Organ	39.0	0.0	39.0	0.0	0.0	0.0			
TOTAL - Completed Schemes	83.4	0.0	82.8	0.0	0.0	(0.6)			
CAPITALISED MAINTENANCE									
Crematorium - Gutters & Fascias	13.4	0.0	13.4	0.0	0.0	0.0	G	G	
Colchester Leisure World - Dryside Changing Rooms	48.0	0.0	48.0	0.0	0.0	0.0	G	G	
Town Hall - Bell Tower Repairs	135.0	0.3	135.0	0.0	0.0	0.0	G	G	
TOTAL - CAPITALISED MAINTENANCE	196.4	0.3	196.4	0.0	0.0	0.0			

Changes to the Capital Programme 2016/17

Qtr 1 £'000	Detail
Capital Receipts	
915.0	Jacks, St Nicholas Street – RIF Committee 01-02-16
190.0	Local Authority Carbon Management – Cabinet 27-01-16
58.0	Priory St Car Park – Cabinet 13-07-16
(12.1)	Remove unders/overs – Cabinet 13-07-16
1,150.9	Subtotal Capital Receipts
Revenue Contributions	
50.0	Cemetery exterior lighting – revenue balances
90.0	St John's Car Park – earmarked repairs & renewals reserve
5.0	Town Hall bell tower – earmarked repairs & renewals reserve
100.0	CCTV monitoring – New Homes Bonus
1,420.0	Leisure World refurbishment – New Homes Bonus
94.0	Leisure World refurbishment – earmarked repairs & renewals reserve
75.0	Breakers Park – New Homes Bonus
200.0	Relocation of Museums Resource Centre – New Homes Bonus
1,000.0	Mercury Theatre redevelopment – New Homes Bonus
42.0	Priory St Car Park – Cabinet 13-07-16
1.0	Jet Washer - revenue
3,077.0	Subtotal Revenue Contributions
Section 106	
80.0	Leisure World refurbishment
(24.5)	Wivenhoe Cricket Club Pavilion
30.0	Oak Tree Community Centre Roof
85.5	Subtotal Section 106
External Funding	
994.0	Disabled Facilities Grant 2016/17 – DCLG
430.7	Mercury Theatre redevelopment – Arts Council
5.0	Oak Tree Community Centre Roof
1,429.7	Subtotal External Funding
5,743.1	Total Change

Capital Programme – Significant areas of spend 2016/17

Scheme	2016/17 Forecast £'000	Spend to Qtr 1 £'000	Commentary
Operational Services			
Leisure World – Health & fitness extension	994.0	0.0	Extension of Activa Gym & Redevelopment of offices to provide additional Studio space. Building work currently in design stage, due to go out to tender by end of August 16, commence work on site in November 16 and practical completion in March 2017. Two further workstreams to purchase fitness equipment in time for opening of new facility.
Shrub End Depot	840.5	0.0	Discussions with Essex County Council (ECC) are ongoing with regard to the potential redevelopment of the Recycling Centre for Household waste at Shrub End. Traffic surveys have taken place and negotiations on land are ongoing between Estates and ECC. The outcomes of this will feed into the options for the Council's Depot development alongside other potential sites.
Priory Street Car Park	534.4	4.4	The consultation on the proposals to refurbish the car park was successful and the results published on the Council's website. Several changes to the design of the scheme were made as a result of comments received and these have now been discussed with Historic England who have granted Scheduled Monument consent. A tender has been advertised for a company to undertake the improvement works and one has been appointed. Start dates are being negotiated. The Cabinet has also agreed a further capital contribution of £100k as the construction costs have increased since the initial engineering calculations were made.
Professional Services			
Disabled Facilities Grants	800.0	121.6	This budget funds the mandatory support for adaptations for disabled people to enable them to remain living independently in their home. Colchester Borough Homes currently assist in this process with access to their contractors. Expenditure is determined by customer demand. The Better Care Fund allocation this year is double that from previous years. Discussions are ongoing with health and social care partners to provide an enhanced DFG service and to use the DFG budget more innovatively. This work is likely to focus around providing adaptations for acute care patients to enable rapid hospital discharge and works to contribute toward reducing avoidable hospital admissions. Commitment stands at £400k. Cases in progress to approval likely to be completed this year value approximately a further £400k. In addition, cases at very early stages unlikely to be completed and paid this year total approximately £200k.

Capital Programme – Significant areas of spend 2016/17

Scheme	2016/17 Forecast £'000	Spend to Qtr 1 £'000	Commentary
Community Services			
Town Walls	521.8	0.4	Budgets covering repairs to closed churchyard walls, Roman walls and Castle walls merged into single cost centre. Next phase of major Roman wall repairs commence on site July 2016. Thereafter rolling repairs c£50k to be undertaken on an annual basis. Final works to East elevation of Castle walls completed in October 2014. Closed churchyards to be surveyed 2016 with possible further phase of repairs scheduled for 17/18 depending upon survey results.
Relocation of Museum Resource Centre	515.0	0.0	This is New Homes Bonus monies which have been allocated for feasibility work on the relocation of the Museum Resource Centre. The project team is actively examining possibilities for moving the MRC collection to new accommodation by the end of 2017. A number of options are under scrutiny, while the MRC team actively rationalises its collections in preparation for the move.
Revolving Investment Fund			
Sheepen Road	3,292.3	202.7	Contractor appointed and work now onsite to bring forward phase 1 office development which has been pre let. Work progressing on budget and on programme currently.
Creative Business Hub	1,086.5	413.2	Contribution to Creative Business Centre to be formed in the St Botolphs Quarter (old police station). Construction underway and due to complete early Autumn. The project now includes the provision of ultrafast broadband. An operator has been secured for the centre and legal documents are being drafted.
Land Acquisition	1,000.0	0.0	RIF have agreed to purchase circa 30 acres at North Colchester as part of a strategic land purchase. Negotiations are in legal hands.
Jacks, St.Nicholas St.	915.0	2.7	To sensitively redevelop a key property, in Council ownership, in an important part of the Town Centre. The Council proposes to bring forward an improved retail outlet on the ground floor, with 7 residential flats as part of the scheme. A Planning Application has been lodged with the Council. £30k of New Homes Bonus money was originally allocated to this project.

Capital Programme – Significant areas of spend 2016/17

Scheme	2016/17 Forecast £'000	Spend to Qtr 1 £'000	Commentary
Housing Revenue Account			
Housing Improvement Programme	8,752.9	743.2	Scheme to maintain council housing stock at the Decent Homes standard together with other works to improve and maintain council homes. The programme is devised using information from the Council's 30 year asset management strategy. The profile of expenditure throughout the year is dependent on when works are completed to properties by contractors, and subsequently submitted to the Council for reimbursement. The first quarter's expenditure is in line with the programme and is forecast to be fully expended during the course of this financial year.
Sheltered Accommodation Review	2,818.0	392.7	Improvements made to Council's sheltered housing accommodation. Refurbishment works started on Enoch House in August 2015; phases 1 & 2 are complete and residents have moved into their new homes with high levels of satisfaction. Works are due to start in phase 3 & 4, the project is running to programme and is expected to be completed on time.
Adaptations to Housing Stock	604.0	56.3	Improvements made to Council housing stock to meet specific tenants needs. The programme is on target and is expected to be fully expended in the course of the year.

Capital Programme – ‘Amber’ schemes Qtr 1 2016/17

Scheme	Spend to Qtr 1 £'000	Commentary
Operational Services		
Shrub End Depot	0.0	See Appendix C
Community Services		
Improving Life Opportunities	0.0	This project is classified as amber because some monies are not currently committed. Opportunities include a second fully accessible disabled toilet scheme and feasibility and location is being reviewed. £15k has been allocated to the repair of the Oak Tree Centre roof along with Section 106 funding - this scheme is now shown on a separate budget line in Appendix A.
Garrison Gymnasium Rebuild	46.6	This project is classified as amber whilst confirmation of the insurance settlement remains unresolved. Weather tight works have been completed and the final account is being determined. A Portfolio Holder decision is to be made on the funding that is to be made available to complete the refurbishment in a way that meets community delivery requirements. The Abbeyfields Church Group, the anticipated tenant, has withdrawn from the project following a decision reached at their AGM in June 2016. The facility is to be advertised for expressions of interest for community use by which time the CBC contribution towards the tenants fitting out costs should be confirmed. A number of informal expressions of interest have been received following the release of information of the withdrawal of Abbeyfields Church Group.
Relocation of Museum Resource Centre	0.0	See Appendix C
Revolving Investment Fund		
Surface Water Flooding - Distillery Lane/Haven Road	0.0	A joint solution to the flooding of Haven Road has been agreed between Anglian Water, the Environment Agency and Colchester Borough Council has been agreed and is awaiting implementation.

13 September 2016

Report of	Assistant Chief Executive	Author	Jonathan Baker
Title	Review of Meetings and Ways of Working		☎ 282207
Wards affected	Not applicable		

This report requests the Committee review the work undertaken to date and agree a way forward for the review of meetings and ways of working.

1. Decision(s) Required

- 1.1 To consider and note the contents of this report.
- 1.2 To consider the ideas suggested in **Appendix 1**, and provide feedback on the focus of the review.
- 1.3 To consider the proposal for an informal meeting of the Governance and Audit Committee with internal and external stakeholders to discuss the review and ways of working.
- 1.4 To agree a timescale for the review to take place and when the next report will come to the meeting.

2. Reasons for Decision(s)

- 2.1 At the previous meeting of the Governance and Audit Committee, Members agreed a scope and a set of objectives for the review of the current ways of working. This report sets out the current situation as well as some of the ongoing projects that will be running in parallel to this review.
- 2.2 Following the Committee agreeing to the scope officers have provided a brief summary, **Appendix 1**, of the issues that the Committee may wish to consider and any immediately identifiable advantages or disadvantages to these issues.
- 2.3 The Committee will need to identify those issues that it wishes to focus on, and whether there are any additional items that need to be included as part of the review.
- 2.4 To ensure that the review is effective, it has been suggested that the Committee hold an informal meeting to discuss decision making processes and identify ideas that could be further researched. As part of this meeting the Committee may wish to invite members of the public, Colchester Borough Councils and Councillors from other authorities.
- 2.5 The Committee will also need to determine the timescales to which they want additional reports to come back to the Governance and Audit Committee within the work programme.

3. Current situation

- 3.1 All public Committee meetings provide members of the public with the ability to have their say at the beginning of each meeting on either a general matter relating to the committee or on an issue relating to an item on the agenda. Each speaker is permitted three minutes to speak, with a bell indicating when they have one minute remaining and a final bell to signal the end of the three allotted minutes. **Table 1**, below highlights the number of public have your say speakers for each meeting.

Table 1

Committee Meeting	Number of Meetings during 2015/16	Number of Public 'Have Your Say' speakers
Cabinet	7	12
Council	6	18
Governance Committee	5	0
Local Plan	6	11
Planning Committee	21	87
Revolving Investment Fund Committee	4	2
Scrutiny Panel	9	7
Trading Board	6	1
Total	64	138

- 3.2 The current age profile of Councillors on the authority is listed below in **Table 2**, with information on the gender profile just below. The Local Government Association Census in 2013 reported that the average age of Councillors was 60.2 years, with 12% of Councillors aged under 45, and 22.2% of Councillors aged over 70. Whilst the average age of Councillors on Colchester Borough Council is similar to the national average, there are a higher proportion of Councillors aged under 45 and a lower average of Councillors over 70. With regard to the gender profile of the Council, the proportion of male Councillors is similar to the national average, as reported in the 2013 Census, of 67.3%.

Table 2

	<21	21-30	31-40	41-50	51-60	61-70	>70
Totals	0	6	4	6	11	18	6
Percentage	0	12%	8%	12%	21%	35%	12%

Councillor Gender Profile;

- Male 33 (65%)
- Female 18 (35%)

- 3.3 The Council uploads recordings of all Committee meetings on its website in the days following the meeting. Unfortunately information on the number of users accessing these files is unavailable. Some neighbouring Councils in Essex provide both video and audio streaming of meetings.
- 3.4 The provision, delivery and evaluation of member development is overseen by the Member Development Group. This is an all-party group, chaired by the Portfolio Holder for Resources, which reports to Cabinet on an annual basis. The priorities for Member Development are set out in the Council's Member Training Plan. Going

forward, it is anticipated that the Group will be looking at assessing the training needs of the new Council and reviewing the Training Plan.

Training and development sessions are scheduled on an approximately monthly basis. In 2015-16, forty nine councillors attended one or more development event, either internal or external, with almost a third of Councillors number attending five or more sessions. Some training is mandatory: for example members sitting on planning and licensing committees must have attended relevant training. Following the whole Council elections in May 2016, a New Council Conference was held on 12 May 2016. This was a new approach and was aimed at providing Councillors with the information they needed about the Council and its services and the support available to them at an early stage and in one event, reducing the overall time required to address these issues for both Councillors and officers. Initial feedback has been positive.

The Council was awarded Charter Status for Elected Member Development, an external assessment of its member development policies and processes, in April 2011 and has maintained its accreditation since. The Council passed its most recent interim reassessment in June 2016 and a full reassessment will be due in January 2018.

- 3.5 With regard to Social Media, a link to the published agenda is tweeted from Colchester Borough Council's twitter profile. In addition, members of the public are able to sign up to newsletters through the Colchester Borough Council website containing links to published Committee agendas and any significant changes to the Committee calendar.

4. Ongoing Projects

The Council is currently implementing the Digital Challenge business Case, which aims to improve the way the Council works by harnessing the latest technology.

- 4.1 As part of this project Officers and Councillors are having their IT software upgraded to Microsoft Office365, a cloud based platform allowing for the access of e-mails, files and the office package on any device in any location. Councillors will also have the ability to set up shared drives between Committees, Political Groups, and Councillors as a whole. Councillors may wish to identify means by which they believe the processes around meetings could be improved.
- 4.2 In addition to the move to Office365, Councillors are also part of a pilot to help save money by reducing the Council's printing bill. This involves accessing Committee agendas through tablet and laptop applications. Using MyCMIS, agendas are automatically delivered and downloaded to devices; the applications also allow for annotations to be made and saved for access during meetings. The Democratic Services team held an event on 11 July 2016 to highlight the ways in which Councillors could access their agendas digitally; 25 Councillors attended the meeting. There are further plans to continue the roll out of the application and support to Councillors, a user guide for the applications has also been produced.
- 4.3 A project to improve the Town Hall wireless network is underway. This is expected to be in place by October providing a quicker and more stable connection to the internet across the building. This follows the improvement of the wireless network at Rowan House Offices during August.

5 Proposals

- 5.1 That the Governance and Audit Committee agree the ideas that it wishes to include in the review of meetings and ways of working.
- 5.2 That the Governance and Audit Committee hold an informal meeting at a time that Committee members deem most convenient to members of the public and other stakeholders to ensure their participation. Members will also need to consider whether they wish to hold the meeting in public or in private to enable the most effective means of feeding external views into the review. Councillors will also be required to ensure that members of the public are aware of an informal meeting and encourage participation.
- 5.3 Given that the review is occurring as part of the work programme for the Governance and Audit Committee, the review of meetings and ways of working will need to be completed by the end of the municipal year. The Governance and Audit Committee has three meetings remaining, with an additional meeting needing to be scheduled in for February/March 2017. This due to the inclusion of the Revenue and Capital Quarterly Monitoring reports being moved from the Scrutiny Panel following the last Council meeting. Given that this would be the final Governance and Audit Committee of the municipal year a final report on the review of meetings and ways of working could be scheduled for this meeting.

6. Strategic Plan References

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

7. Publicity Considerations

- 7.1 If the Committee decide to hold an informal meeting to gather the views of members of the public and external stakeholders, this will have to be publicised with advanced notice to ensure effective participation.

6 Financial, Equality, Diversity and Human Rights, Consultation, Community Safety, Health, Safety and Risk Management Implications

- 8.1 None identified

Background Papers

Census of Local Authority Councillors 2013

Appendix 1

Objective	Idea	Advantages	Disadvantages	Further information and research required
Improvement of public participation at meetings	Increased use of social media to highlight important items on agendas to members of the public and providing live feeds at meetings.	Greater information sharing and possible increase in participation.	Resource intensive during meetings to provide feeds.	Colchester Borough Council's Twitter protocol. Live feeds are provided at significant meetings by both Gazette and Colchester Chronicle. Other Council's social media feeds. Possibility that webcasting meeting facility provides a social hub for live feeds.
	Advertise ability to Have Your Say through social media.	Greater accessibility for those using the service.		Guidelines on how this would be operated required, including time limits, deadlines and whether those attending the meeting to 'Have Your Say' retain priority over those contacting through social media. Discussion on focus of participation between members of the public attending and virtual participation.
	Increasing the relevance of subject matter to members of public e.g. Area Committees, scrutiny reviews on important local matters and Policy Review and Development Panel. Potential to allow members of the public to suggest topics for review.	Potential of greater attendance and participation.	Officer resourcing implications in providing additional meetings and research.	Other Local Authorities that allow for suggestions by members of the public, and hold area committees. Greatest level of participation will be those decisions that affect where residents live or directly affecting their lives.
	Review meetings processes to assess whether improvements could be made.			Review constitution and relevance.
	Non-elected members on Committees.			Research from other Local Authorities, including information on funding and role of co-opted member.

Objective	Idea	Advantages	Disadvantages	Further information and research required
Making public meetings more accessible and engaging for residents	Live video or audio streaming of meetings.	Available from any location. Opportunity to review microphone and presentation facilities. Promotional opportunity to film other functions in the town hall. Potential live feed through webcasting facility.	Cost, possible resourcing issues to operate facility, difficulty in holding meetings at other locations due to infrastructure required. Possible requirement for fixed camera positions.	Video stream - Public-I - estimated £25,000 p/a Audio stream - Audiominutes - £3,900p/a Individual meeting streaming possible, but additional cost. Check other Councils user figures.
	Review Have Your Say arrangements e.g electronic Have Your Say, Councillor contributions, introductions, responses, perception of value of contributions.	Increase contributions, wider participation.	Issue for those without internet connectivity.	Further information on how this would be administered required, and research from other Local Authorities.
	More accessible agendas and reports. Plain English, shorter reports.			LGA Guidance Research from other Councils Views of residents
	Locate meetings in different areas of the Borough	Greater engagement with communities. Community	Resources and meeting room suitability, induction loop,	Research on other local authorities and available meeting rooms in the area. Previous occasions when meetings

Appendix 1

	members owning decisions, more accessible decision making. Ease of access.	accessibility, Wi-Fi, paperless agendas access. Video/audio streaming. Target locations with business plan – impact on timescales. Financial cost, officer time.	have moved to different locations in Colchester. E.g. Scrutiny at West Mersea for Bradwell Task and Finish Group, Scrutiny Panel at University of Essex and Firstsite, Cabinet at Colchester Castle and Lion Walk Church. Planning Committee at Charter Hall for Horkesley Park.
Modernising Council Language	More inclusive and more relevant for members of public.		Modernising procedure rules. Plain English Report template Invite Councillors to share best practice Clarification on purpose of report

Objective	Idea	Advantages	Disadvantages	Further information and research required
Make the way we work more flexible to improve the opportunity for an improved diversity of Councillors	Review of start time; different start times to reflect the nature of the committee.	Easier for those people without flexibility to attend 6pm meetings. Potential impact on the diversity of Councillors.	Resourcing issue. Day time meeting conflict with ECC. Health and Safety issues from late night finishes; potential impact on decision making. More frequent meetings due to shorter meeting length required. Potential impact on diversity.	Other Local Authorities comparison. Councillor viewpoint Public viewpoint Diversity of Councillors
	Evaluation on training for Councillors	Potential to improve the accessibility of becoming a Councillor.		Charter Status for Member Development Evaluation strategy from the Member Development Group
	Review of selection process for candidates (currently managed by political groups).			BeaCouncillor Campaign http://beacouncillor.co.uk/ Information on elections page of the website

Appendix 1

Objectives	Idea	Advantages	Disadvantages	Further information and research required
Offer Councillors a more efficient way of working through better use of new technology	Office365	Ease of sharing documents, flexibility of devices and accessibility. Councillors using .gov.uk e-mail address (consistent approach for all councillors). Digital Challenge helping to reduce paper across authority.	Time investment from councillors in order to take advantage of the new technology.	Going to be rolled out shortly. Training required to ensure Councillors use it to full potential.
	Move to digital decision making. Electronic agendas through the MyCMIS application.	Electronic agendas reduction in printing costs. Reduction in courier delivery costs.	Resource requirement for training, support and administration. Familiarisation with Councillors using digital devices at meetings.	MyCMIS application currently in pilot stage – 25 Councillors attended first training session. Further sessions to be scheduled. Remains a legal requirement to produce a printed copy of the agenda in the Library. How will agendas be provided to members of the public – electronic display?
	Town Hall Wi-fi and power supplies in meeting rooms.	Provide a stable and reliable internet connection for those using the internet in the Town Hall.	Difficulty in adapting Town Hall for modern technology. Issues with interference	Existing wi-fi in the process of being upgraded. Research required on how and what type of power supplies to be installed

	with other town centre networks.	in meeting rooms.
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