

GOVERNANCE AND AUDIT COMMITTEE

8 March 2022

Present:- Councillor Michelle Burrows, Councillor Adam Fox,
Councillor David King, Councillor Dennis Willetts
(Chairman)

Substitutions: Councillor Lewis Barber for Councillor Kevin Bentley
Councillor Jackie Maclean for Councillor Hayter
Councillor Tate for Councillor Barbara Wood

Also Present:-

304. Welcome and Announcements

Councillor Willetts made reference to the recent death of Councillor Nick Cope, and noted his long and extensive service to both Colchester Borough Council and the residents of the borough. A minute's silence was observed to allow the Committee and attendees to reflect upon, and remember, all that Councillor Cope had achieved.

305. Minutes of the previous meeting

RESOLVED that: the minutes of the meeting held on 18 January 2022 be confirmed as a correct record.

306. Equality and Safeguarding Annual Update Report

Lucie Breadman, Assistant Director – Communities attended the meeting to introduce the report. The Committee heard that the report presented to it served as a reminder of the Council's responsibilities towards equality, diversity and safeguarding, as well as providing an update on national developments and the work which Colchester Borough Council (the Council) had been focussing on. The Committee were invited to consider the approach taken by the Council, and consider whether it thought there were any gaps in the services provided.

The Council's obligations were defined in a number of pieces of legislation, including the Children Act 2004 and the Care Act 2014. The actions taken by the Council to discharge its responsibilities and try to ensure that Colchester was as inclusive a place as possible to live, ranged from formal processes to special activities and projects in both service areas and with key partners and communities. Particular

highlights of the work undertaken included working with staff and Councillors to deliver training and awareness in key areas, having dedicated policies which were specifically linked to safeguarding together with a formal reporting process, and working to embed knowledge across the Council via key staff in each service area. Close attention was paid to examples of best practice from elsewhere, and the Committee heard that the Council delivered services which exceeded the statutory requirements. Progress towards the Council's goals was monitored via impact assessments, audits and staff surveys, and the publication of this annual report which formed a public record of the Council's activities over the preceding year.

The Council participated in serious case reviews and domestic homicide case reviews and supported and engaged pro-actively with both the Essex Safeguarding Adults Board and the Essex Safeguarding Children Board, and the Community Safety Partnership. Policies and procedures were constantly reviewed to ensure that they supported the Council's work towards reducing inequality in local communities.

It was considered that there was nothing obvious that the Council should be doing but was not, however, areas of focus for the future which had been identified included equality and diversity in the Council's workforce, and key policies and strategies would be reviewed to examine how far equality and diversity was embedded in the Council from senior management downwards.

The attention of the Committee was drawn to the Council's "Communities Can" approach, which had been delivered in partnership with the One Colchester Partnership and delivered over the preceding year. The Council had worked with partners to better understand the impact of Covid-19 on community groups and other assets, and provide help to promote health and wellbeing, and tackle inequality in the community.

Sonia Carr, Community Safety Co-ordinator, attended the meeting and advised the Committee that a comprehensive safeguarding training plan for staff had been implemented in May 2021, containing differing levels of training for different roles in the organisation. It was hoped that more work would be undertaken with Councillors to bring specialised training to Member Development Sessions.

Councillor Willetts considered that work around equality and safeguarding was rightly embedded in the fabric of the Council, but he considered that the volume of information which had been presented to the Committee was not easy to comprehend or digest, and he wondered if the information could be distilled into a short, summary document. If a document such as a pamphlet could be produced, this could provide an easy way for members of the public and those who had not received training on the subject to comprehend the actions which were being taken. By way of response, Lucie advised the Committee that the duties of the Council were very broad, and could not be satisfied by a 'tick box' exercise, and it was for this reason that substantive information had been provided to the Committee. The Council's website did provide information which was focussed on key areas of work. It may be possible in the future that two reports could be provided to the Committee, dealing with safeguarding and equality and diversity separately.

Councillor King noted the huge volume of work which was represented by the presented report, and wondered whether it was possible to compare the work undertaken by the Council against what was considered to be good practice elsewhere. He further wondered what the future held for partnership working, which had been extremely successful, and whether the Council was fully prepared to offer the support which may be needed by incoming refugees in the future.

Lucie advised the Committee that audit exercises were carried out, which did allow for some comparison to other organisations, however, drawing direct comparisons was difficult as an assessment of key areas of work was guided by subjective judgement of each authority. The Committee was assured that the partnerships which had been formed with key organisations both in the local area and nationally were very strong and would be crucially important in delivering services in the future. With regard to the possible influx of refugees to the borough, work had already been undertaken with the group Refugee Action, the Council would take advantage of the close relationship that it had with the Home Office. Specific guidance from national government was still awaited, however, the Council was well placed to offer support due to the strong relationships that it enjoyed with partner organisations.

Councillor Willetts wondered whether key performance indicators (KPI) and benchmarking against other local authorities was a worthwhile exercise in the realm of safeguarding and equality, as the majority of services provided were responsive and therefore not measurable against routine targets. Lucie advised the Committee that there were some elements of the work carried out which could be measured, such as the provision of training to staff and Councillors, however, it was appropriate to use such measurements carefully to ensure that they remained relevant.

Councillor Fox praised the work that was being undertaken, particularly to address inequality and disproportionately high suicide rates. He noted that mandatory safeguarding training was to be introduced for all taxi drivers licensed by the Council, and sought confirmation of how this training has been implemented and enforced for both new and existing drivers. Sonia confirmed that the training package for taxi drivers had almost been completed in conjunction with the Council's Licensing Team, however, the implementation of this had not been smooth, with technological issues meaning that the training had suffered some delay. Councillor Fox was satisfied that the work was in progress and was moving forward.

In response to a question from Councillor Maclean, Lucie reminded the Committee that work in respect of safeguarding and equality and diversity was ongoing, and it was invited to reflect upon the contents of the Officer's report, and give a view as to whether it considered that the work which was being undertaken was appropriate and comprehensive, or whether additional work was required. Councillor Maclean considered that it would be useful to obtain statistics around the training which had been delivered, to chart how successful the programme of training had been. The Committee were assured that all staff were trained and offered levels of training which were appropriate to their role, allowing necessary referrals to be made if these were required.

Councillor Willetts considered that the Committee had expressed a wish for future reports to be delivered in a format which was easier to digest, and which highlighted the results which had been achieved, if this was possible.

RESOLVED that:

- the Committee had reviewed the progress made in meeting the Council's legal duties and objectives regarding both Equality and Diversity, and Safeguarding.
- the approach set out at paragraph 7 of the Officer's report be endorsed.
- Future reports be requested to contain summary information highlighting what had been achieved during the preceding year.

307. External Audit 2020/2021 update

Paul Cook, Head of Finance, attended the meeting to present the report and assist the Committee with its enquiries. The Committee were advised that the audit of Colchester Borough Council (the Council)'s statement of accounts of 2021 had still not been completed, and it therefore had not been possible to bring the auditors final report to the Committee for approval at this meeting. Notwithstanding this, the Committee heard that work had already started toward closing the Council's 2021/2022 accounts, and the timetable for these accounts would mean that draft accounts would be available for public inspection by the end of July 2022, and it was planned that the audit opinion would be granted by 30 November 2022. With regard to the accounts for 2022/2023, according to a government consultation, there would be a much tighter timetable in place. Work was about to commence on the 2023/2024 budget, and it would be extremely helpful for the 2021 audit to be finalised. The Committee was assured that it was not anticipated that anything financially concerning would be revealed as a result of this audit, but this could not be confirmed until it had been completed.

Aphrodite Lefevre, Audit Director from BDO, the Council's external auditors, attended the meeting and addressed the Committee. It was confirmed that BDO were not yet in a position to issue their audit opinion for the Council's accounts for the 2021 year. Apologies were offered to the Committee on behalf of BDO, and the extensive delay was attributed to a number of factors, including the national difficulty in recruiting and retaining trained and experienced audit staff, the increasing complexity of public sector accounts, and increasing regulatory pressure. Sadly the audit fees payable for local government audits had not matched the increase in the audit work which was now required, and this had led to reduced investment in the sector and consequent inability to attract staff to the profession. In addition to these issues, the Covid-19 pandemic had meant that the audit was conducted remotely via email and telephone which was much less efficient than face to face auditing, and which had had a huge impact on the ability to train junior staff which had led to performance issues and delays. There were specific issues which had impacted the Council's audit such as BDO team members resigning, sickness absence and increased quality expectations on the papers prepared by the Council. Work was

ongoing with Officers to agree a realistic timetable for completing the audit, and it was hoped to be in a position to conclude in the coming weeks. At the current time all of the required testing had been carried out by BDO, and the necessary manager review of the work was being carried out, which was 65% complete. This meant that 35% of the audit work had been carried out but not reviewed, meaning that there may still be questions arising from this. It was hoped that the audit work would be completely concluded by the end of March, subject to any questions arising.

Councillor Barber noted the continual slippage which had occurred in respect of the timing of audit completion, and considered that the Council should look to seek the return of some of the fees which had been paid to BDO for the service. He did not consider it acceptable that taxpayer money was being spent on a service which had yet to be delivered. He expressed a lack of confidence that the deadlines which had been proposed by BDO would be met.

Aphrodite confirmed that a rebate was not being considered, and an offer had been made from central government to provide additional funding to ease the issues with fees. At the current time, there had been no conversations with the Council in respect of a rebate.

Councillor Fox noted that the officers report confirmed that the delay would have no impact on the Council's financial management in future years, however he sought reassurance from BDO that the delays would not impact on future years accounts, and requested clarification on how it would be ensured that future audits were carried out on time.

Aphrodite assured the Committee that BDO was doing everything possible to deliver the necessary service, however, in the short term it was considered unlikely that it would be possible to return to the timescales which had previously been worked to in auditing the accounts. The plan for the forthcoming year was to work with Officers to provide an achievable audit plan, however, it was not possible to provide the Committee with any assurance that the deadline for next year would be met, as this would be extremely difficult. The fees which were charged were set by Public Sector Audit Appointments (PSAA), and in addition to these, variations on these fees were sought by BDO for additional elements of work which had to be carried out.

Dan Gascoyne, Chief Operating Officer, addressed the Committee and confirmed that the audit of the 2020/2021 statement of accounts needed to be completed as soon as possible. A meeting had taken place earlier in the day between the Chair of this Committee, representatives from BDO and the Council's senior management team, and the Council's Monitoring Officer had suggested that a specially convened meeting of the Governance and Audit Committee could take place before the end of April to deal with the audited statement of accounts. Such a meeting would, however, present significant challenges for staff, as even if the audit work was completed by the end of March, the findings would still have to be reviewed and Committee paperwork prepared and published in time. Another, more practical option would be for the Committee to delegate the power to approve the final audited statement of accounts to the Chair and Group Spokespersons of the Governance and Audit Committee, which was the recommended option. A detailed work

programme would be agreed between Officers and BDO for the forthcoming audits, although the Committee was advised that a negative impact to this process caused by the current delays was inevitable.

Councillor Willetts noted that the date which had been given for the completion of the audit work of the end of March was not certain, although there was some confidence that BDO would be able to complete the work in this timeframe. He considered that if the audit were to be completed as planned, then waiting three months for the next meeting of the Governance and Audit Committee in the new municipal year was not acceptable, given the delays which had already occurred. He therefore considered that it was a sensible contingency that the Committee did accept the recommendation which had been made to authorise the Chairman and Group Spokespersons to approve the audited statement of accounts, as and when these were prepared. Andrew Weavers, Monitoring Officer of Colchester Borough Council, advised the Committee that the approach that had been suggested was an acceptable way of proceeding, noting that the audit work needed to be brought to a conclusion for a variety of reasons, including that of the good governance of the authority. Once this work had been concluded, he suggested that a report be presented to the Governance and Audit Committee outlining what action had taken place. Paul Cook confirmed that he was happy with the suggested approach, noting the importance of signing off the accounts, and reminding the Committee that it had already seen the draft accounts at a previous meeting.

RESOLVED that:

- The further delays in finalising the 2020/2021 audit had been
- The Chairman and Group Spokespersons of the Governance and Audit Committee be granted delegated authority to approve the final audited statement of accounts for 2020/2021

308. Financial Monitoring Report – April to December 2021

Paul Cook, Head of Finance, attended the meeting to present the report and assist the Committee with its enquiries. The Committee heard that Colchester Borough Council (the Council) expected to use £1.6m less reserves in 2021/2022 than had been originally budgeted for. This variation had been caused by delays in the Council's capital programme and slightly improved investment rates. Additionally, it had been anticipated that approximately £500,000 support would be received from central government in respect of lost sales, fees and charges, but the figure actually claimed had been £920,000. Sport and leisure services had also improved their income beyond the budget expectations. Although the Council was in a good position, it was anticipated that the reserve would be needed in the future as inflation forecasts predicted an impact on interest rates.

Councillor Willetts was pleased to note that that income had been increasing faster than expected, although recognised that the Officer's report also contained information about some income sources recovering less swiftly.

Councillor Willetts raised his concern in respect of the Council's Neighbourhood Services vacancy factor target, which required the Council to predict which posts would be vacant, and he wondered whether it was possible to provide more advice for departments to assist them in estimating the likelihood of vacant posts, and the costs associated with these, more accurately. Paul Cook confirmed that the overall budget assumption on the vacancy factor was considered at the end of the financial year, and further detail could be provided to the Committee in respect of the vacancy factor target when considering future budgets.

RESOLVED that:-

- the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the first nine months of 2021/22 had been considered.
- the forecast budget underspend of £1.606m on the General Fund and the fact that this would necessitate less reserves being used to deliver an on-budget year-end position than originally assumed, be noted.

309. Capital Monitoring Report, Quarter 3 – 2021/2022

Paul Cook, Head of Finance, attended the meeting to present the report and assist the Committee with its enquiries. The Committee heard that up to quarter three of the financial year, Colchester Borough Council (the Council) has spent just under £24m, and it was expected to have spent just under £63m by year end. The Covid-19 pandemic had caused project delays and resource shortages, and the Council's Capital Programme had recently been revised. The Officer's report contained red, amber, green (RAG) ratings for the Council's schemes across three different categories, and there were detailed notes in relation to schemes which were 'amber' rated.

Dan Gascoyne, Chief Operating Officer, in response to an enquiry by Councillor King, confirmed that the Council was working hard to improve the systems in place within the organisation to ensure that mechanisms were available to support the ongoing supervision and review of projects. It had been a challenging year, and comments in the report provided explained where there had been delays or difficulties with particular projects. Although it was acknowledged that there were some areas where improvements could be made, it was considered that the Council had not made any fundamental mistakes within the Capital Programme, and some significant schemes were being brought forward. Paul Cook confirmed that it was difficult to forecast capital projects, which typically ran over a number of financial years, however, he noted the successful delivery of a number of projects to a tight timetable such as the securing of Town Deal funding.

Councillor Willetts praised the presentation of the report, considering that the presentation of information was much clearer than it had been in the past, allowing

the Committee to more effectively scrutinise and understand the Programme. He considered that significant effort had been put into managing the Capital Programme successfully, under very challenging, swiftly changing, circumstances.

RESOLVED that:

- the progress of the Capital Programme as set out in the Officer's report, the associated spend for Quarter Three and the programme forecasts for future years be approved.
- the red, amber, green (RAG) rating for each capital programme scheme provided by project managers be noted.
- the risk analysis on areas where there is a risk of material shortage, inflation, or increases in costs had been reviewed.

310. Internal Audit Plan 2022/2023

Hayley McGrath, Corporate Governance Manager, attended the meeting to present the report and assist the Committee with its enquiries. The Committee heard that the Internal Audit Plan formed part of a five year plan, which had been agreed a couple of years ago. It was, however, still appropriate to ask the Committee to consider the one year plan each year to ensure that it remained appropriate in the light of changing services and issues. The Council's internal auditors, Tiaa, had provided a report to the Committee setting out the audits which were to be undertaken, either annually or on a rolling basis, together with audits carried out for Colchester Borough Homes and Colchester Commercial Holdings Limited. Emerging themes in the sphere of internal audit had been considered and incorporated into the programme for the future, with some key themes also being included in Colchester Borough Council (the Council)'s Risk Register, as the Council's internal audit programme was part of the Council's risk management assurance process.

Councillor Willetts was assured that the audit process was part of the Council's risk management process, and considered that the presentation of information in the Officer's report was extremely good, and allowed the Committee to follow the logic of the allocation of the Council's audit resources.

Councillors King considered that the Officer's report represented a first class piece of work, and offered his thanks to both Tiaa and Officers, sentiments which were echoed by Councillor Barber, who noted that the report was so clear and easy to understand that further interrogation of the Plan was made redundant.

RESOLVED that: the suggested Internal Audit plan for 2022/23, shown in appendix 1 to the Officer's report, be agreed.

311. Review of Digital Meetings following Covid-19, verbal update.

Andrew Weavers, Strategic Governance Manager (Monitoring Officer), attended the meeting to provide a verbal update to the Committee. The Committee were reminded that on 25 March 2021, a call for evidence had been launched by central government regarding local authority remote meetings, and this consultation had ended on 25 June 2021, and there was no current indication when the government's response would be published. It was, however, considered that the government would eventually enable digital or hybrid meetings to happen, and the Secretary of State had expressed his support for these styles of meetings. In the meantime, Colchester Borough Council (the Council) was bound by the requirements of the Local Government Act 1972, and had to continue with in-person meetings. Councillors would be kept up to date with any developments in this regard as and when they occurred.

It was considered that the most appropriate way forward was to live stream Council meetings over the internet, and this was something that had been considered over a number of years. When streaming had first been considered, technological solutions to allow this were limited and very expensive, and the Covid-19 pandemic had brought forward both more solutions and expectations regarding digital accessibility, and by implication transparency and accountability in Council meetings. The Council was currently audio streaming some meetings, or video streaming meetings where remote attendance was appropriate given the nature of the business to be transacted.

Although a range of solutions had been considered for the Town Hall, it had become apparent that a single solution would not be found that was suitable for all the meeting rooms in the building, and the decision had therefore been taken to aim to equip the Grand Jury Room first as this was the easiest room in which to install the necessary equipment. The Committee were advised that a bespoke system had been ordered which would comprise a control console, two large display screens, a wide angle camera and a camera with zoom functionality. The solution was portable and would provide full coverage of the meeting room, as well as being able to highlight individual speakers. The equipment had been tested, and it was proposed that it would be used from the commencement of the new municipal year. Work was ongoing to seek a similar bespoke solution for the Council Chamber, but due to the complexity of the room layout and the fact that it was located inside a listed building, this was a more complicated project. The Committee would be kept apprised of any progress that was made in this regard.

Councillor Willetts praised the sourcing of an easy to use, economical system, particularly given the high expectations of computer systems now, and he acknowledged the difficulty of providing this in a listed building.

Councillor Fox noted that broadcasting meetings had been under consideration since he was first elected as a Councillor, and felt that this was an important step forward

in delivering more transparency for residents. He welcomed further investment in the Town Hall in this regard in the future.

Councillor Barber supported the scheme and considered that it expanded the options which were available to those wishing to attend a Committee meeting, but who may not have the time to commit to attending at the Town Hall for the entire meeting.

Councillor Willetts was disappointed that there had yet to be an amendment to the Local Government Act 1972 allowing those Councillors attending remotely to vote on items, however he considered that the new system would be extremely useful in assisting the Council to carry out its business.

RESOLVED that: the contents of the verbal report be supported and noted.

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312. Work Programme 2021-2022

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

RESOLVED that: the contents of the work programme be noted.