

Colchester Borough Homes Annual Governance Statement 2022/23

1. Scope of Responsibility

Colchester Borough Homes (CBH), formed in October 2003, is the Arms-Length Management Organisation of Colchester City Council (CCC), responsible for the management and maintenance of the Council's homes and transferred general fund services. In 2022/23, these were primarily financed from the Council through a management fee of £10,916,000. This fee also includes professional fees to manage capital and revenue projects, corporate facilities management fee and CBH revenue work costs. The capital projects costing £3,947,000 are paid directly by CCC.

There is a formally binding management agreement between the Council and CBH in place until August 2023, and a recently agreed extension of 5 years will extend the agreement until August 2028. 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 at least three Council nominees, three tenants and four independent members (including the Chair). The Memorandum and Articles of Association were revised and approved in 2017, 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, Operations & Performance and Governance & Remuneration. Additionally, there is also a Residents Voice 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 organisation to pursue its vision effectively, as well as underpinning that vision with mechanisms for control and management of risk.

The governance framework comprises of the systems, processes, culture and values by which the organisation is directed and controlled and its activities through which it accounts to, engages with and serves the community. It enables the organisation 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 organisation'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.

The governance framework has been in place at Colchester Borough Homes for the year ended 31 March 2023 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, Standing Orders, Standing Financial Instructions and the NHF Code of Governance.
- The employment of suitably qualified and experienced staff to take responsibility for key areas of the business. This is supported by a formal appraisal system using 'check-ins' (monthly) and 'Quarterlies' through the MyContribution App.
- The preparation of forecasts and budgets that allow the Board and Committee's and the executive officers to monitor the key business risks and financial objectives, and identify variances arising during the monthly reporting cycle.
- Business planning based on a strategic plan, that sets out key actions to enable CBH to achieve its goals for the ensuing year, and the medium term delivery plan which is approved by the Council. This cascades through supporting service plans and individual performance appraisals (quarterlies). The objectives and themes of the strategic plan are:
 1. **Our Customers** – Delivering a positive customer experience.
 - (i) We're listening to and treating our customers with respect;
 - (ii) We're maintaining safe, healthy, and affordable homes;
 - (iii) We're creative and innovative;
 - (iv) We're delivering a great maintenance service;
 - (v) We're providing homes that our customers can be proud of.
 2. **Our Colleagues** – Valuing our people.
 - (i) Our colleagues say that we are a great employer;
 - (ii) Our investment in colleagues enables them to thrive;
 - (iii) Our teams are developed to be dynamic and resilient.
 3. **Our Communities** – Creating a better Colchester.
 - (i) We are increasing the number, quality and type of homes;
 - (ii) We're working in partnership with others to celebrate and support diverse, safe and inclusive communities;
 - (iii) We're preventing homelessness, tackling rough sleeping and supporting the most vulnerable;
 - (iv) We're looking after some of Colchester's most loved buildings for the future;
 - (v) We're considering the environmental impact of everything we do;

- (vi) We're creating accessible services, reducing inequalities, and enabling healthy communities.

The executive management and the Board carry out regular review of performance against objectives and targets detailed in the strategic plan action plan.

3. Review of Effectiveness

Colchester Borough Homes conducts an external review of the effectiveness of its governance framework every 3 years and reviews its performance internally on an annual basis. The review of effectiveness is informed by the decision-making, scrutiny, challenge and assurance of the organisation with emphasis on the NHF Code of Governance on resident focus, inclusion, integrity, openness, and accountability.

The organisation has produced a strategic plan, setting out the direction of the company until 2027. This combined with the medium term delivery plan are the primary guiding documents for the organisation. From these plans, key performance indicators (KPIs) and projects are produced. A performance and scrutiny framework is in place to review and monitor delivery against these. This is a combination of Board, corporate management, tenant and Council scrutiny as well as benchmarking against other providers. CBH's internal arrangements for ensuring the effectiveness of its governance arrangements consist of:

- The Board receiving quarterly progress reports on delivery of the strategic plan and the medium term delivery plan.
- The Governance & Remuneration Committee considering significant staffing matters.
- The Finance & Audit Committee considering internal audit reports throughout the year, reviewing, monitoring and stress testing how well strategic risks are identified and managed. Monitoring financial performance against budgets, including trading and seeking assurance as to the effectiveness of the compliance framework for health and safety.
- The Board monitoring the regular review of key policies against an agreed policy review timetable.
- The Residents Voice, consisting of involved residents and resident board members, reviewing policies which affect services to residents, influencing decisions about housing services, challenging and scrutinising performance and overseeing the community investment fund.
- The Operations and Performance Committee monitoring and having oversight of operational and housing management matters and considering CBH's standard

of operational services against the Regulator for Social Housings consumer standards and the medium term delivery plan.

- The monthly review and update of the Board and Committee work plan.

CBH will ensure that its arrangements to monitor the effectiveness of its governance arrangements remain in place and reflect best practice.

Internal Audit

Internal Audit is delivered through a contract with TIAA Ltd until 1st April 2025. TIAA carried out ten reviews, which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve Colchester Borough Homes' objectives.

Of these ten reviews, 5 were recorded with an assessment of substantial assurance and 5 were recorded with an assessment of reasonable assurance. Reports were presented to each Finance and Audit Committee to monitor progress against the internal audit plan and to monitor and scrutinise audit recommendations. There were no areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' or 'no assurance.'

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 organisation provided the Council with the following assurance regarding the robustness of its governance arrangements during the year:

- Internal audit reports
- Board and Committee work plan
- 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 SB Audit LLP 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, SB Audit LLP 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.

SB Audit LLP 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 organisation. 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 brought forward from 2021/22

There were no significant governance issues brought forward.

5. Significant Governance Issues completed in 2022/23

The significant governance issues raised in 2021/22 and actioned in 2022/23 were:

- **Board Effectiveness Review**
Implement the findings of the Board Effectiveness Review.
- **Management Agreement Action Plan**
Complete the CBH actions relating to the agreed new Management Agreement 2023-2028.
- **New Administration**
Prepare and deliver briefings for new councillors and specific detail for the Portfolio Holders for Housing, Resources and Communities

6. Significant Governance Issues to be addressed in 2023/24

The following significant governance issues have been raised through the Board and Committee work plan to be completed in 2023/24.

- **Board Recruitment**
Induct the new chair and recruit a new tenant board member.
- **Memorandum and Articles of Association review**
Review and update the CBH Mem & Arts in line with best practice and the NHF code of governance.
- **Financial stability of CBH**
Establish and monitor a 5 year financial plan, ensuring annual budgets are kept to, planned efficiencies are realised and income generation targets are met.

Action Plan

An action plan is set out below to address the governance issues that have been identified. Progress against this plan will be monitored by the Finance and Audit Committee and Board.

Description	Action	Responsibility	Target Completion Date
Board Recruitment	Induct the new chair. Recruit a new tenant board member.	DMT and Governance business partner	June 2023 December 2023
Memorandum and Articles of Association review	Review and update the CBH Mem & Arts in line with best practice and the NHF code of governance.	CEO and Governance business partner	October 2023
Financial stability of CBH	Establish and monitor a 5 year financial plan, ensuring annual budgets are kept to, planned efficiencies are realised and income generation targets are met.	F&A Committee and Director of Business Improvement	March 2024

Through completing this action plan the Company is satisfied that it will have made the improvements that were identified in its review of effectiveness.

Signed: _____
(Chair of the Board)

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

Signed: _____
(Director of Business Improvement)