

Governance Committee Meeting

**Grand Jury Room, Town Hall, High Street,
Colchester, CO1 1PJ
Tuesday, 19 January 2016 at 18:00**

The **Governance 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

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Governance 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 Committee
Tuesday, 19 January 2016 at 18:00

Member:

Councillor Cyril Liddy
Councillor Jo Hayes
Councillor Christopher Arnold
Councillor John Elliot
Councillor Julia Havis
Councillor Peter Higgins
Councillor Ben Locker
Councillor Fiona Maclean

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 **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.

6 **Minutes**

To confirm as a correct record the minutes of the meeting of 24

9 - 12

November 2015.

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|----|--|---------|
| 7 | Work Programme 2015/16 | 13 - 14 |
| | See report of Assistant Chief Executive. | |
| 8 | Certification of Claims and Returns - Annual Report 2014/15 | 15 - 26 |
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| 9 | Amendment to the Member / Officer Protocol | 27 - 28 |
| | See report of Monitoring Officer | |
| 10 | Gifts and Hospitality – Review of Guidance for Councillors and Policy for Officers | 29 - 36 |
| | See report of Monitoring Officer | |
| 11 | Risk Management Progress Report | 37 - 52 |
| | See report of Assistant Chief Executive | |
| 12 | Annual Review of Business Continuity | 53 - 64 |
| | 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 COMMITTEE

24 NOVEMBER 2015

Present :- Councillor Cyril Liddy (Chairman)
Councillors Julia Havis, Jo Hayes, Peter Higgins and Fiona Maclean

Substitute Members :- Councillor Dennis Willetts for Councillor Chris Arnold

Also present: Councillor G.Oxford

25. Minutes

The minutes of the meeting held 13 October 2015 were confirmed as a correct record.

26. Work Programme

Councillor Liddy introduced to the Work Programme for 2015/16.

The Committee noted that items on Gifts and Hospitality and Member/Officer Protocol would be brought to the January meeting of the Governance Committee.

RESOLVED that:

- (a) An item on Gifts and Hospitality, and an item on the Member/Protocol be brought to 19 January 2016 Governance Committee.
- (b) The Work Programme be noted.

27. Councillor Code of Conduct Training – Update Report

The Governance Committee received an update to confirm that all members who had required Members Code of Conduct training as a result of the decision at the previous Governance Committee had now received that training.

The Committee discussed whether all Colchester Borough Councillors should be required to undertake mandatory code of conduct training. Councillors also requested that training attendance that is still relevant be uploaded on to the Colchester Borough Council website. The Committee were also made aware of a scheduled induction day on 12 May for new Councillors after the election which will include Code of Conduct training. Some members of the Committee raised concerns that Councillors should not be restricted from sitting on those Committees that were not quasi-judicial if they have not completed the training.

The Chief Operating Officer stated that a proposal to look at whether Code of Conduct training should become mandatory for all Councillors could be looked at in detail by the Member Development Group.

Councillor Oxford attended the meeting and, with consent of the Chairman, stated that as a member of the Member Development Group they have been looking at

mandatory training and working with Essex County Council to share training expertise.

RESOLVED that;

- (a) The Governance Committee request the Member Development Group to look into compulsory training for Councillors.
- (b) The Councillor Code of Conduct Training – Update Report be noted.

28. Annual Audit Letter

Debbie Hanson, Ernst and Young, introduced the Annual Audit Letter to the Governance Committee. The report requests that the Committee consider and note the contents of the 2014/15 Annual Audit Letter, and the notification of a variation to the final fee.

Debbie Hanson stated that this would be the last occasion that she would be representing Ernst and Young for Colchester Borough Council, as due to independence rules there has to be rotation of Audit Directors. In future this function will be completed by Kevin Suter, with Francesca Palmer remaining as the Audit Manager for Colchester Borough Council.

The Annual Audit letter is a requirement under the Code of Audit Practice, and contains similar information as provided in the Audit Results Report but tailored for members of the public rather than a technical report.

Debbie Hanson stated that Ernst and Young had given Colchester Borough Council an unqualified audit opinion and an unqualified value for money conclusion on the 17th of September in advance of the statutory deadline. The key findings in the report as previously reported to the Governance Committee highlight the risks associated around external funding and the use of the New Homes Bonus.

Debbie Hanson highlighted that the Audit Letter reports future accounting changes that have not been reported before and will impact Colchester Borough Council. This includes a new requirement to account for Highways Network Assets in 2016/17. Whilst this will mainly impact on the County Council's there may be a requirement on District Councils where certain assets are categorised as part of the Highways Network, which will may require a significant amount of data collection. Debbie Hanson stated that whilst the guidance from the Chartered Institute for Public Finance and Accountancy has yet to be issued, it has been flagged to all Council clients and a number of workshops have already taken place. In addition to this change there will also be the requirement to close the accounts by the end of May and for the audit process to have completed by the end of July. Debbie Hanson stated that the Council are aware and are prepared.

In response to questions of the audit procedures and the risks that have been identified, Debbie Hanson stated that the audit focus is on those areas of the organisation where the accounts have more manual intervention or are based on significant estimates. An example of this is the estimation of business rates provision, and the work on financial journals. In addition the audit will look at ensuring that Capital spending is funded by the capital budget and not from the general balance sheet.

In response to a question on the impact from the change from Depreciated Historic Cost to Depreciated Replacement Cost for the Highways Network Assets, Debbie Hanson stated that the answer is not yet known. There may be an issue with the unadopted roads and street lights and whether deemed to be part of the highways network. Ernst and Young are still waiting for guidance from the CIPFA to determine the extent of the work required; there has been confirmation that this will only apply going forward from 2016/17.

RESOLVED that the Annual Audit Letter be noted.

29. Polling District and Polling Place Review

Sarah Cheek, Electoral Services Manager, introduced the Polling Districts and Polling Places Review, requesting that the Governance Committee consider the proposed changes to Polling Districts and Polling Places following the consultation period. The report also asks the Committee to recommend the report to Full Council.

Sarah Cheek presented the report to the Committee, outlining that the review of the Polling Districts and Polling Places was necessary due to the boundary review creating polling districts that were no longer aligned. After approval from the Governance Committee on 8 September a consultation was launched for a period of 30 days.

Following the consultation there have been three changes to the Polling Districts and Places that have been included in Appendix B. The first is the movement of the polling station in Old Heath Ward, Scarletts District to Worsnop House making it more accessible for those living in the ward. The second change is for the polling station for Mile End Ward, Bergholt Road District to be moved within the ward. The final change is in Greenstead Ward, where Heatley Way will move from Longridge District to Hawthorn Avenue District. This has been changed to make the polling district more accessible and convenient for the elector.

Sarah Cheek stated that all of the Polling stations will now be mapped with the changes. The publication of the electoral register will take place on 1 February 2016; with the first election where the changes have been implemented is 5 May 2016.

Councillor Hayes questioned whether the mapped changes will be placed on the internet. Sarah Cheek stated that this had not yet been published on the website, but this is something that is scheduled to occur as soon as possible.

Councillor Willetts asked whether there was likely to be further consultations on the naming of the polling districts. Councillor Willetts highlighted that in Lexden and Braiswick Ward the Trafalgar Polling District no longer contains the roads that gave it its name as they have been moved to a different District. Sarah Cheek stated that the renaming of Polling Districts is not something that is included in this consultation; keeping the same names in this consultation allowed for consistency for members of the public. If Councillors wished for the names to be changed in the future a further consultation could be conducted.

RESOLVED that;

- (a) The Governance Committee considered the proposed changes to polling districts and polling places following the consultation.

- (b) The Governance Committee *RECOMMEND* to Full Council that the Polling Districts and Polling Places Review be approved and adopted.

30. Interim Review of the Annual Governance statement Action Plan

Hayley McGrath, Corporate Governance Manager, introduced the Interim Review of the Annual Governance Statement Action Plan. The Committee is requested to consider and note the work undertaken to implement the current Annual Governance Statement Action Plan.

Hayley McGrath stated that there had been good progress on the three issues identified as part of the action plan, with all the additional controls due to be fully implemented by the end of the financial year. In addition the report included the action plan updates for the North Essex Parking Partnership and the Colchester and Ipswich Museum Service, which have been agreed and accepted by their own Committees.

RESOLVED that the Interim Review of the Annual Governance Statement Action Plan be noted.

31. Mid-Year Internal Audit Assurance Report 2015/16

Hayley McGrath, Corporate Governance Manager, introduced the Mid-Year Internal Audit Assurance Report 2015/16. The report requests that the Governance Committee note and comment on the internal audit activity for the period between April and September and the performance of the internal audit by reference to national best practice benchmarks.

Hayley McGrath stated that there was an effective internal audit service at Colchester Borough Council and there had been good progress on the audit recommendations. With regard to the audit days used, Hayley McGrath highlighted that the audits are on track and the majority of audit days are used towards the end of the financial year.

The Committee heard that the Discretionary Housing Payments Team had been audited for the first time and achieved a full assurance level rating. There were also two audits which had been given a limited assurance level due to a level one recommendation. The first of which was the Lions Walk Activity Centre which had received a level one recommendation due to the need to carry out a monthly reconciliation of memberships to ensure that all expected membership fees have been collected. The second limited audit was the Building Control Fees, which related to the requirement for independent verification and recording of evidence when charging the building control fees on unique developments.

RESOLVED that the Mid-Year Internal Audit Assurance Report 2015/16 be noted.

19 January 2016

Report of	Assistant Chief Executive	Author	Jonathan Baker
Title	Work Programme 2015-16		☎ 282207
Wards affected	Not applicable		

This report sets out the current Work Programme 2015-2016 for the Governance Committee.

1. Decisions Required

- 1.1 The Committee is asked to note the contents Committee's Work Programme for 2015-16.

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 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.

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 2015-16

Meeting date / Agenda items
30 June 2015 <ol style="list-style-type: none">1. Audit Plan and Annual Audit & Certification Fees (Ernst and Young)2. 2014/15 Annual Governance Statement and Framework (Corporate Governance Manager)3. Year End Internal Audit Assurance Report 2014/15 (Audit and Governance)4. Draft Annual Statement of Accounts 2014/15 (Finance Manager)
28 July 2015 <ol style="list-style-type: none">1. CANCELLED
25 August 2015 <ol style="list-style-type: none">1. CANCELLED
8 September 2015 <ol style="list-style-type: none">1. Annual Statement of Accounts 2014/152. 2014/15 Annual Governance Statement and Audit Report Colchester Borough Homes3. Polling District and Place Review4. 2015/16 Risk Management Strategy
13 October 2015 <ol style="list-style-type: none">1. Publication of the Audited Statement of Accounts (Finance Manager)2. Local Government Ombudsman Annual Review (Monitoring Officer)3. Review of the Council's Ethical Governance Policies (Monitoring Officer)4. Review of the Members' Code of Conduct and the Council's "Arrangements" (Monitoring Officer)5. Gifts and Hospitality – Review of Guidance for Councillors and Policy for Officers (Monitoring Officer)6. Review of Local Code of Corporate Governance (Monitoring Officer)
24 November 2015 <ol style="list-style-type: none">1. Annual Audit Letter (Ernst and Young)2. 2015-16 Interim Annual Governance Statement (Corporate Governance Manager)3. 2015-16 Interim Internal Audit Monitor (Corporate Governance Manager)4. Polling District and Place Review Consultation Responses
19 January 2016 <ol style="list-style-type: none">1. Certification of Claims and Returns – Annual Report 2014/15 (Ernst and Young)2. Member/Officer Protocol (Monitoring Officer)3. Gifts and Hospitality – Review of Guidance for Councillors and Policy for Officers (Monitoring Officer)4. Risk Management Progress Report (Corporate Governance Manager)5. Annual Review of Business Continuity (Corporate Governance Manager)

19 January 2016

Report of	Assistant Chief Executive	Author	Steve Heath
Title	Certification of Claims and Returns – Annual Report 2014/15		
Wards affected	Not applicable		

**The Panel is invited to note and comment on the contents of the
2014/15 annual grant claims report**

1. Action required

- 1.1 To note and comment on the contents of the 2014/15 Certification of Claims and Returns annual report from the external auditor, Ernst & Young.

2. Reason for report

- 2.1 The Accounts and Audit Regulations require the Council to consider this report.

3. Supporting information

- 3.1 This report summarises the outcomes of the Auditor's certification work on the Council's claims and returns for 2014/15, and highlights the significant issues. The Auditors' work related to the housing benefits subsidy claim with a total value of £55.4m.
- 3.2 The Auditor's work identified a number of errors, which the Council amended. There were no new recommendations arising from the Auditor's work on the 2014/15 claim.
- 3.3 The Auditor also carried out work on the 2014/15 Housing pooling return. No significant issues were identified as part of this work.

4. Strategic Plan references

- 4.1 The objectives and priorities of the Strategic Plan informed all stages of the budget process for 2013/14.

5. Financial implications

- 5.1 The auditor is proposing an additional fee of £4,259 for the 2014/15 work to reflect the additional testing that was required on the claim. This will be included in the projected outturn that will be reported to the Scrutiny Panel in the quarter 3 monitoring report.
- 5.2 The amendments to the claim had a small net impact, reducing the overall amount due to the Council by £3,236.

6. Other Standard References

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

Certification of claims and returns annual report 2014-15

Colchester Borough Council

December 2015

Ernst & Young LLP



Building a better
working world

The Members of the Governance Committee
Colchester Borough Council
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22 December 2015

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Dear Members

Certification of claims and returns annual report 2014-15 Colchester Borough Council

We are pleased to report on our certification work. This report summarises the results of our work on Colchester Borough Council's 2014-15 claims.

Scope of work

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified auditors to certify the claims and returns submitted to them.

Under section 28 of the Audit Commission Act 1998, as transitionally saved, the Audit Commission made arrangements for certifying claims and returns in respect of the 2014-15 financial year. These arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions (DWP) and did not undertake an audit of the claim.

Statement of responsibilities

The Audit Commission's 'Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns' (statement of responsibilities) applied to this work. It serves as the formal terms of engagement between ourselves as your appointed auditor and the Council as audited body.

This report is prepared in the context of the statement of responsibilities. It is addressed to those charged with governance and is prepared for the sole use of the Council. As appointed auditor we take no responsibility to any third party.

Summary

Section 1 of this report outlines the results of our 2014-15 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £55,428,984. We met the submission deadline. We issued a qualification letter for the housing benefit scheme claim and details of the qualification matters are included in section 2. Our certification work also found errors in

the housing benefit claim which the Council corrected. The amendments had a marginal effect on subsidy, reducing the overall amount due to the Council by £3,236.

We made no recommendations in the prior year and have none to make this year.

Fees for certification work are summarised in section 2. The fees for 2014-15 were published by the Audit Commission on 27 March 2014 and are now available on the Public Sector Audit Appointments Ltd (PSAA's) website (www.psa.co.uk).

We welcome the opportunity to discuss the contents of this report with you at the 19 January 2016 Governance Committee.

Yours faithfully

Debbie Hanson
Director
Ernst & Young LLP
Enc

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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£55,432,220
Amended/Not amended	Amended - subsidy reduced by £3,236
Qualification letter	Yes
Fee - 2014-15	£23,949 (this comprises the scale fee of £19,690 plus a proposed scale fee variation of £4,259. Further detail on the scale fee variation is included in section 2 of this report).
Fee - 2013-14	£16,743

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires auditors to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the audit of previous years' claims. We found errors and carried out extended testing in five areas:

- Non HRA rent rebates - treatment of changes of address - amendment made to the claim;
- Non HRA rebates - application of cap - amendment made to the claim;
- Classification of overpayments - this related to one landlord and all potentially affected cases were reviewed - audit review of this work however identified an error and as a result this issue was reported in the qualification letter (further detail is provided on this below);
- Errors in input of earnings details - 40+ testing carried out and reported in qualification letter;
- Error in calculation of Local Housing Allowance - 40+ testing carried out and reported in qualification letter.

Extended and other testing identified errors which the Council amended, as noted above. These changes had a small net impact on the claim, reducing the overall amount due to the Council by £3,236.

We have reported uncertainties and the extrapolated value of other errors in a qualification letter to the DWP. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back benefit subsidy paid on the basis of the extrapolated figures reported in the qualification letter. The main issues we reported in our qualification letter for 2014-15 are summarised below:

- 40+ testing was carried out on local housing allowance rates (rent value for tenants of private landlords) and earnings for rent allowances (non local authority

tenants). Extrapolations of the errors identified by this testing were reported in the qualification letter.

- Initial testing of rent allowances cases identified one case where an overpayment had been incorrectly classified as claimant error instead of local authority error. This was due to the Council initially applying incorrect rental amounts for one particular Housing Association. The Council was able to identify the full affected population in relation to this issue, review all the affected cases and process an amendment on the housing benefit system accordingly. However our review of a sample of the work performed identified an error in the Council's workings. As a result, we were unable to confirm that the amendment processed on the housing benefit system had been fairly stated. This issue was therefore included within the qualification letter.
- As a result of the issue reported in the previous year qualification letter relating to modified schemes, we carried out additional work on the adjustments made by the Council to these claims in previous years. As a result of this and further work carried out by the Council, an amendment to the claim was made and we have been able to report to the DWP that no further issues remain.

2. 2014-15 certification fees

The Audit Commission determined a scale fee each year for the audit of claims and returns. For 2014-15, these scale fees were published by the Audit Commission on 27 March 2014 and are now available on the PSAA's website (www.psa.co.uk).

Claim or return	2013-14	2014-15	2014-15
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	16,743	19,690	23,949

We are proposing a scale fee variation of £4,259 in addition to the indicative scale fee of £19,690. The proposed variation reflects:

- The additional time spent reviewing modified schemes. This work was undertaken to address the prior year qualification issues which had resulted in large number of prior year adjustments being made to this year's claim. As noted in section 1 of this report, not all of the prior year adjustments had been made correctly. As a result, additional work had to be undertaken by both the Council and the audit team.
- The fact that we have had to undertake 40+ testing for the first time in several years. As a result of errors identified in initial testing we had to undertake two sets of additional testing on local housing allowance rates and earnings.

We must seek the agreement of PSAA to this proposed variation, which also needs to be agreed with the Colchester Council's Strategic Finance Manager.

3. Other assurance work

During 2014-15 we also acted as reporting accountants in relation to the following scheme:

- ▶ Housing pooling return.

We have provided a separate report to the Council in relation to this return. This work has been undertaken outside the Audit Commission/PSAA regime, and the fees for this are not included in the figures included in this report. They are referred to here for completeness to ensure to ensure Members have a full understanding of the various returns on which we provide some form of assurance. We did not identify any significant issues as part of this work that need to be brought to the attention of Members

4. Looking forward

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to Public Sector Audit Appointments (PSAA) by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2015-16 is £12,557. This was prescribed by PSAA in April 2015, based on no changes to the work programme for 2015-16. PSAA reduced scale audit fees and indicative certification fees for most audited bodies by 25 per cent based on the fees applicable for 2014-15.

Details of individual indicative fees are available at the following web address:
<http://www.psaa.co.uk/audit-and-certification-fees/201516-work-programme-and-scales-of-fees/individual-fees-for-local-government-bodies>

We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Strategic Finance Manager before seeking any such variation.

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19 January 2016

Report of	Monitoring Officer	Author	Andrew Weavers ☎ 282213
Title	Amendment to the Member / Officer Protocol		
Wards affected	Not applicable		

This report requests the Committee to approve an amendment to the Member / Officer Protocol

1. Decision Required

- 1.1 To approve the revised wording to paragraph 10 (4) of the Member / Officer Protocol contained at paragraph 3.1 of this report and that it be included in the Council's Constitution.

2. Background

- 2.1 The Member / Officer Protocol is contained in Part 5 of the Constitution. This Protocol provides a guide to good working relationships between Members and Officers, to define the respective roles of Members and Officers and provide some principles governing conduct.

- 2.2 The Committee at its meeting on 13 October 2015 agreed an amendment to paragraph 10 (4) of the Member / Officer Protocol which relates to Members when acting in their official capacity not criticising or undermining respect for Officers, (and Officers not criticising or undermining respect for Members) via social media as follows:

“Members when acting in their official capacity must comply with the Council’s Social Media Policy and should not use social media to criticise or undermine respect for Officers. Officers should not use social media to criticise or undermine respect for Members and must comply with the Council’s Social Media Policy at all times.”

- 2.3 Subsequently the Chairman of the Committee received a letter from Will Quince MP, which expressed concerns that whilst he agreed wholeheartedly that it was inappropriate for Members to use social media to abuse or harass officers, the amended paragraph purported to suggest that if a Member acting in their official capacity made a post on social media which was critical of, or caused readers to have a lower opinion of the Council or its departments, then the Member could be in breach of the Members’ Code of Conduct. In addition he was also concerned that this could restrict backbench Members publically disagreeing (and for them to be potentially sanctioned) for raising their constituents concerns and criticisms.

- 2.4 The consequences mentioned at paragraph 2.3 above were not intended by the amended wording and would not have been interpreted as such in reality but it is accepted that it could give this impression. Following receipt of the letter the Monitoring Officer, in consultation with the Chairman and Group Spokespersons, agreed to bring a further report back to the Committee to clarify the wording of paragraph 10 (4).

3. Proposals

- 3.1 It is proposed that the following revised wording be agreed to paragraph 10 (4) of the Member / Officer Protocol to make it clear that Members, when acting in their official capacity, should not use social media to abuse, harass or undermine respect for individual Officers online but will still enable Members represent their constituents and to ensure that the Council remains accountable:

“Members when acting in their official capacity must comply with the Council’s Social Media Policy and should not use social media to abuse, harass or undermine respect for individual Officers. Officers should not use social media to criticise or undermine respect for Members and must comply with the Council’s Social Media Policy at all times.”

- 3.2 Any breach of the Member / Officer Protocol by Members would be dealt with via the Council’s Localism Act “Arrangements” and if by an Officer via the Council’s disciplinary procedures.

4. Strategic Plan References

- 4.1 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.

5. Publicity Considerations

- 5.1 The Member / Officer Protocol forms part of the Council’s Constitution which is published on the Council’s website

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

- 6.1 None.

19 January 2016

Report of	Monitoring Officer	Author	Andrew Weavers ☎ 282213
Title	Gifts and Hospitality – Review of Guidance for Councillors and Policy for Officers		
Wards affected	Not applicable		

This report recommends that the Committee approves revised guidance and policy relating to gifts and hospitality

1. Decision(s) Required

- 1.1 To approve the attached Guidance for Members regarding Gifts and Hospitality and that it be included in the Constitution.
- 1.2 To approve the attached Gifts and Hospitality Policy for Officers.

2. Background

- 2.1 This matter was considered by the Committee at its meeting on 13 October 2015 when it was agreed to defer the item for clarification regarding clarification about 'civic' night hospitality. This has now been included in paragraph 5.2 of Guidance for Members.
- 2.2 The Council when it adopted its Members Code of Conduct retained the requirement from the previous regime to include registration and declaration of gifts and hospitality of the value of £50 and above as part of the Members Register of Interests. These are published on the Council's website as an integral part of the Committee Management Information System (CMIS). Guidance was produced for Members who may be offered gifts and/or hospitality and is included in the Constitution. The Guidance has been reviewed and updated and is attached to this report at Appendix 1. The Committee is requested to approve the Guidance.
- 2.3 Officers are required as part of their terms and conditions of employment to register any gifts and hospitality received in a register which is maintained by each Head of Service. This register is subject to quarterly and annual review by the Monitoring Officer. In addition the registers are regularly audited by the Council's internal auditors. The officer policy on gifts and hospitality is published on the Hub (the Council's intranet) and the opportunity has been taken to review and update the Policy which is attached at Appendix 2. The Committee is requested to approve the Policy.
- 2.4 The Monitoring Officer writes annually to both Members and Officers reminding them of their obligation regarding declaring and registering gifts and hospitality.

3. Strategic Plan References

- 3.1 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.

4. Publicity Considerations

- 4.1 The Constitution is published on the Council's website

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

5.1 None.



Guidance for Members regarding Gifts and Hospitality

A guide for Members regarding gifts and hospitality.

October 2015

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1. Introduction

- 1.1 The Council's Members' Code of Conduct requires Members and Co-opted Members to include on their Notice of Registerable Interests details of any gift or hospitality received as part of their official duties which may be over the value of fifty pounds. It is also a breach of the Code for a Member to use their position as a Councillor improperly to confer on or secure for themselves or any other person an advantage or disadvantage.
- 1.2 The following guidance aims to assist Members and Co-opted Members in complying with the Members' Code of Conduct but it also goes beyond these basic provisions and seeks to provide wider guidance so Members can avoid situations where their integrity may be caused to be questioned as a result of gifts and hospitality.

2. The Legal Position

- 2.1 The Bribery Act 2010 makes it an offence to offer, promise or give a bribe. The Act also makes it an offence to request, agree to receive, or accept a bribe.
- 2.2 The Act also creates a separate offence of bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business. A corporate offence is committed where a commercial organisation fails to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation.

3. General Advice

- 3.1 Members are advised to treat with extreme caution any offer or gift, favour or hospitality that is made personally to them. The person or organisation making the offer may be doing business or seeking to do business with the Council or may be applying to the Council for some sort of decision in respect of which it is imperative that the Member's independence should not be compromised e.g. planning approval.

4. Gifts

The following rules should be applied:

- 4.1 Other than the exceptions listed in 4.3 and 4.4 below, a Member should refuse any gift offered to them or to an immediate relative of the Member, by any person who has or may seek to have dealings with the Council. Members must notify the Monitoring Officer of all such refusals as soon as reasonably practicable regardless of the value of the offered gift (unless the gift falls within 4.3 or 4.4 below). The Monitoring Officer will maintain a record for this purpose.
- 4.2 Members should note that the Members' Code of Conduct requires all gifts and hospitality which exceed fifty pounds in value to be entered on the Members Notice of Registerable Interests which is published on the Council's website. Any gifts or hospitality must be registered within twenty eight days of receipt.

The exceptions where it may be appropriate to accept a gift are:

- 4.3 The gift is of purely token, promotional advertising value given to a wide range of people, e.g. pens, key rings and other promotional items. As such promotional gifts will

usually be less than fifty pounds in value generally there will be no need to register but in cases of doubt Members should err on the side of caution and register the gift.

- 4.4 A small gift where refusal would cause needless offence and the giver is not currently seeking a decision or business from the Council. Again because such gifts would be of a small value generally there will be no need to register but in cases of doubt Members should err on the side of caution and register the gift.
- 4.5 A gift to the Council. This is particularly relevant to the Mayor or Deputy Mayor who may receive gifts on behalf of the Council. A separate record of such gifts is maintained by the Mayor's Secretary. Gifts made to the Mayor's charities need not be recorded.
- 4.6 Gifts given as prizes at exhibitions, conferences, seminars etc. as part of a free raffle or draw may be accepted but they belong to the Council and should be registered with the Monitoring Officer as soon as reasonably practicable (notwithstanding that their value may be less than the fifty pounds specified in the Members Code of Conduct). The Monitoring Officer in consultation with the Chairman of the Governance Committee will determine whether it is appropriate to retain the gift in question.
- 4.7 Whilst it may be acceptable to accept a token or small gift on one occasion Members should refuse repeated gifts, even if these are individually not of a significant value.
- 4.8 Cash or monetary gifts should always be refused without exception and the refusal notified to the Monitoring Officer as set out in paragraph 4.2 above.

5. Hospitality

- 5.1 Increasingly private companies offer hospitality e.g. free drinks, tickets to shows or hotel accommodation to persons with whom they do business or with whom they hope to do business in the future. Such hospitality could convey the impression that Members' judgement would be influenced. It would however be too rigid to say that no hospitality can be accepted. Members are reminded that any hospitality which exceeds fifty pounds is required by the Members Code of Conduct to be registered. However Members may wish to notify the Monitoring Officer of hospitality offered but refused and hospitality which is less than the fifty pounds limit specified in the Members' Code of Conduct.
- 5.2 Examples of hospitality which may be acceptable follow but much may depend on the particular circumstances, e.g. who is providing the hospitality, why the Member is there and the nature of the dealings between the Council, the Member and the provider of the hospitality:
 - A working meal provided to allow parties to discuss or to continue to discuss business. (A useful test will often be whether you would provide similar hospitality if the situation was reversed).
 - An invitation to attend a dinner or function of a Society, Institute or other non commercial body with whom the Council has contact.
 - Invitations to attend functions where the Member represents the Council (opening ceremonies, public speaking events, conferences)
 - An invitation to attend an event which is categorised as a Civic function or reception
 - Civic hospitality provided by another Public Authority.

5.3 The following are examples of unacceptable hospitality:

- Holidays, including accommodation and travel arrangements
- Offers of theatre tickets for the Member and their family or free travel
- Personal invitations for evenings out with representatives from a company or firm who have dealings with the council or who are likely to have dealings in the future.
- Members are advised to err on the side of caution and if in any doubt as to the integrity of the offer / invite, the Member should consult the Monitoring Officer or refuse.

6. Declaration of Gifts or Hospitality at Meetings

6.1 The Members Code of Conduct requires that any gift or hospitality received and recorded on a Members' Notice of Registerable Interest must be declared by that Member at any meeting for a period of three years from the date of receipt of the gift or hospitality whenever the matter under decision relates to the provider of the gift or hospitality concerned.

7. Further advice

7.1 If any Member has any concerns regarding this Guidance they must seek advice from the Monitoring Officer.



Governance Committee

Item
11

19 January 2016

Report of

Assistant Chief Executive

Author

Hayley McGrath
508902

Title

Risk Management Progress Report

Wards
affected

Not applicable

**This is the annual interim report on Risk Management
activity during the 2015/16 financial year**

1. Actions Required

- 1.1 To note and comment upon:
- The work undertaken during the period;
 - The current strategic risk register

2. Reason for Scrutiny

- 2.1 The Risk Management Strategy, which forms part of the policy framework, identifies the Governance Committee as being responsible for reviewing the effectiveness of the risk management process and reporting critical items to cabinet as necessary.
- 2.2 Six monthly progress reports, detailing work undertaken and current issues, are provided to assist with this responsibility.

3. Key Messages

- The key risk continues to be 4d - the potential impact of future central government decisions to reduce public funding, including that of partners.
- This is followed by 5a - failure or inappropriate performance management of one or more strategic partnerships or key contracts.
- The probability of Risk 6c - inability to deliver the budget strategy as planned – has decreased from 4 to 3 resulting in the level of the risk reducing from high to medium.

4. Supporting Information

- 4.1 The aim of the Council is to adopt best practice in the identification, evaluation, cost-effective control and monitoring of risks across all processes to ensure that risks are properly considered and reduced as far as practicable.
- 4.2 In broad terms risks are split into three categories:
- Strategic – those risks relating to the long term goals of the Council
 - Operational – risks related to the day-to-day operation of each individual service
 - Project – the delivery risks of specific initiatives.
- 4.3 Strategic risks are essentially those that threaten the long term goals of the Council and therefore are mainly based around meeting the objectives of the Strategic Plan. They may also represent developing issues that have the potential to fundamentally affect service provision, such as proposals to change assessment processes. Strategic risks are owned by the Senior Management Team.

- 4.4 Operational risks are those that threaten the routine service delivery of the Council. Each service area has their own operational risk register that details the risks associated with providing the service.
- 4.5 Project risks are those that relate solely to the successful delivery of that specific project. They tend to be quantifiable issues, such as resource or time related, and constantly change and develop over the course of the project as each stage is completed. The lead on the project is responsible for ensuring that there is an appropriate risk register and all project risks are monitored and co-ordinated by the Change and Performance team.
- 4.6 Identified risks, in all three categories, are judged against levels of probability and impact to give them an overall score. This allows the risks to be shown as 'high, medium or low' which enables a prioritised action plan to be set for managing risks. There are insufficient resources to be able to reduce all risks - and in some cases it would not be cost effective. Therefore resources are more effectively targeted at the high, and in some cases medium, risks. Categorising an issue as 'high risk' indicates that it would have a fundamental effect on the Council, if it occurred, and therefore plans need to be put in place to either stop it happening or reducing the effect if it does. High risk does not mean that it has, or will definitely, occur.
- 4.7 In many cases the causes of risks are outside of the Council's control, such as general economic issues. The Council cannot stop these risks from occurring (the probability score) but can put plans in place to mitigate against their effect if they occur (the impact score). Likewise there are occasions that risks can be reduced with preventative actions but there is not much that can be done to mitigate their effect if they do occur, such as a failure to protect public resources. Therefore some risks will tend to maintain the same score, regardless of the controls that the Council puts in place.

5. Work undertaken during the period

- 5.1 Following on from the last report to this panel in September 2015 the revised risk management strategy has been agreed by Cabinet and full Council, without amendment, and the policy framework has been updated accordingly.
- 5.2 Following the incident with the sweeper in the Town Centre in October 2015, the Corporate Health & Safety Officer has completed and initial review of the operational risks. There were some minor areas of improvement, but no high level issues were identified and there were no immediate actions identified in the initial feedback from the Health and Safety Inspector. However the Health and Safety Executive have not concluded their enquiries and the final report is still awaited.
- 5.3 The Council's insurances were renewed in August and there were no significant increases in premiums.
- 5.4 The Insurance contract expires next year and work has started on developing the tender documents, which will include a review of the cover requirements. Therefore any changes in service delivery, such as new shared services, need to be included within the specification. The total premiums are approximately £950k per annum, and the indications are that the best case scenario from the tender will be that the premiums remain at a similar level.

6 Strategic Risk Register

- 6.1.1 The current strategic risk register is attached at appendix 1 with the score matrix attached at appendix 2. The register was reviewed by senior management on 17 December 2015.

7. Proposals

- 7.1 To note and comment upon the Councils progress and performance in managing risk during the period from April to September 2015.

8. Strategic Plan Implications

- 8.1 The strategic risk register reflects the objectives of the strategic plan and the actions have been set with due regard to the identified key strategic risks. Therefore the risk process supports the achievement of the strategic objectives.

9. Risk Management Implications

- 9.1 The failure to adequately identify and manage risks may have an effect on the ability of the Council to achieve its objectives and operate effectively.

10. Other Standard References

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

**Colchester Borough Council – Corporate Strategic Risk Register
January 2016 – March 2016**

1. AMBITION								
Specific Risks		SCORE						Consequence
		Current			Previous			
		P	I	O	P	I	O	
1a	In a period of public sector resource reductions the ability to have ambition and to deliver on that ambition.	3	2	6				Major changes needed to the town would not be delivered thus affecting the quality of life of its residents and businesses.
1b	Unrealistic internal and external expectations on the speed of delivery.	3	3	9				Major downturn in public sector resourcing over the next few years will hamper the speed of delivery across the services provided.
1c	The Council is unable to effectively influence changes in the Borough economy.	3	4	12				Poorer external assessments by independent agencies and loss of Council reputation.
1d	Over reliance on a limited number of people limits ability to deliver our ambition.	3	3	9				The Borough Council loses its status and influencing ability at sub-regional, regional and national levels.
1f	The organisation and administration fails to fully embrace the culture required to develop a commercial ethos including the appetite for taking appropriate risk for the opportunity presented.	3	3	9				

ACTION PLAN – AMBITION		
Action	Owner	Review
Implement a regular reporting mechanism to SMT that includes defined performance criteria.	Executive Director	March 2016
Produce an IT development strategy that supports the next stage of our transformation and outcomes. This should be reviewed and reported to PMB on a regular basis.	Assistant Chief Executive	March 2016
Officers with more commercial skills have been appointed and others can learn from their experiences together with a set of commercial skills training being implemented across the organisation to re-skill officers for the new ways of working. The Trading Board and the Cabinet need to continue to enhance their commercial understanding in order to take the opportunities offered by a more commercial approach.	Strategic Director	March 2016

2. CUSTOMERS								
Specific Risks		SCORE						Consequence
		Current			Previous			
		P	I	O	P	I	O	
2a	The increasing expectations of our customers, set alongside the financial constraints will create challenges to service delivery, our channel shift ambitions and the reputation of the authority.	4	3	12				The Authority fails to deliver the standards of service and delivery which our customers expect, especially in relation to self service and the reliance on IT capabilities.
2b	The expectation remains that the Council will step in to deliver services when other providers either fail or reduce service provision	3	3	9				The Council suffers from a loss of reputation as customers' expectations are not met. There is increased demand on existing services leading to a reduction in standards of delivery
2c	Impact of Welfare Reform will pose challenges to our resources in responding to rising customer need.	2	4	8				The Council fails to support our most vulnerable residents leading to an increase in crisis intervention.

ACTION PLAN – CUSTOMERS		
Action	Owner	Timing
An engagement and consultation programme is put in place, to ensure customers are able to inform service priorities and delivery and to secure the capability amongst our customers to drive our channel shift program. This will be evidenced by reporting the pattern of usage of the routes used by customers and savings achieved.	Executive Director	March 2016
The UCC environment, creating a single point of contact for our customers, is now in place and a performance framework for customer standards is being developed and will be monitored to ensure delivery. A full lessons learned exercise will be conducted.	Executive Director	March 2016

3. PEOPLE								
Specific Risks		SCORE						Consequence
		Current			Previous			
		P	I	O	P	I	O	
3a	Unable to compete with the private sector in the recruitment (and retention) of staff with key marketable skills	4	3	12				Decline in service performance Disengaged and demotivated staff Efficiency and productivity reduction
3d	Staff motivation declines with an impact on service delivery, our capacity to make changes and implementation of budget efficiencies	3	4	12				Inability to meet changing requirements and needs Customer perceptions decline as we deliver less Loss of key staff

ACTION PLAN – PEOPLE		
Action	Owner	Timing
Create an internal communications strategy for staff that specifies channels to be used and allows for staff to feed back.	Assistant Chief Executive	March 2016
Review and update the people strategy and set a regular review process.	Assistant Chief Executive	March 2016
Implement a formal training strategy that includes financial considerations and business behaviours, and explores training alternatives.	Assistant Chief Executive	March 2016

4. HORIZON SCANNING

Specific Risks	SCORE						Consequence	
	Current			Previous				
	P	I	O	P	I	O		
4a	To continuously assess future challenges to ensure Council is fit for future purpose	2	4	8				If not properly managed then either the Council will lose the opportunity to develop further or will have enforced changes to service delivery.
4b	Not taking or creating opportunities to maximise the efficient delivery of services through shared provision, partnerships or commercial delivery	4	3	12				Adverse impact on local residents / resources. Missed opportunities to boost local economy.
4c	Failure by the Council to spot / influence at an early stage the direction of Central Government policies / new legislation.	3	3	9				Conflict between Council / Government agendas. Reduction in levels of service provision and potential withdrawal of services.
4d	Potential impact of future central government decisions to reduce public funding, including that of our partners	5	4	20				

ACTION PLAN – HORIZON SCANNING

Action	Owner	Timing
Ensure organisational readiness to respond to external challenges through the organisational goals: - Customer - Business - Culture	Executive Director	March 2016
Review and report the Medium term Financial strategy	Chief Operating Officer	March 2016
Review and report the Organisational Development Strategy	Assistant Chief Executive	March 2016
The budget situation is under constant review, including the impact of decisions from central government. Additional actions and areas for spending reviews are being identified. Consider impact of loss or reduction in key income areas as part of budget strategy / budget plans.	Chief Operating Officer	January 2016
Ensure that there are regular reports to the Trading Board providing updates on delivery options including assessing the future potential for the Council to deliver commercial income.	Strategic Director	March 2016

5. PARTNERSHIPS										
Specific Risks		SCORE						Consequence		
		Current			Previous					
		P	I	O	P	I	O			
5a	Failure or inappropriate performance management of one or more strategic partnerships or key contracts E.g. Haven Gateway, LEP, Health, CAPITA, CBH	4	4	16						<p>The cost of service delivery is increased however quality decreases.</p> <p>Failure to deliver key priorities.</p> <p>Reputational and financial loss by the Authority.</p> <p>Failure to deliver expected outcomes through partnerships</p>
5b	Change of direction / policy within key partner organisations and they revise input / withdraw from projects.	4	3	12						<p>Requirement to repay external funding granted to partnership – taking on the liabilities of the 'withdrawn' partner.</p> <p>External assessment of the Councils partnerships are critical and score poorly.</p>
5c	Potential inability to agree shared outcomes/ agendas with partners and the Council's ability to influence partner's performance.	3	4	12						

ACTION PLAN – PARTNERSHIPS		
Action	Owner	Timing
Set an assessment process for proposed strategic partnerships (to ensure that they will satisfy the Council's objectives) that needs to be signed off by EMT before commitment to new partnerships is made.	Executive Director	March 2016
Set a formal relationship / performance review process to be used by all partnerships and ensure results are reported to senior management...	Executive Director	March 2016

6. ASSETS & RESOURCES

Specific Risks		SCORE						Consequence
		Current			Previous			
		P	I	O	P	I	O	
6a	Failure to protect public funds and resources – ineffective probity / monitoring systems	3	4	12				Service delivery failure Financial and reputational loss by the Authority
6b	Risk that Asset Management is not fully linked to strategic priorities and not supported by appropriate resources	3	4	12				Personal liability of Officers and Members. Legal actions against the Council
6c	Inability to deliver the budget strategy as planned.	3	4	12	4	4	16	Loss of stakeholder confidence in the Borough Inability to sustain costs
6d	Failure to set aside sufficient capital funds for strategic priorities	3	4	12				Failure to deliver a balanced budget as planned. A need to use balances / reserves or to adapt financial plans to deal with impact of changes.
6e	Significant reliance on our ICT presents challenges in maintaining customer service in the event of service interruptions.	2	5	10				Required to use Reserves & Resources to fund capital priorities Severe impact on cash-flow leading to negative effect on performance targets
6f	Increasing demands around information security create a risk in the event that security breaches occur	2	5	10				

ACTION PLAN – ASSETS & RESOURCES		
Action	Owner	Timing
Develop a formal process to manage the assurance systems that form the internal control environment, including Internal Audit, Risk Management, Budget process, Corporate Governance and performance management. This must be reported to senior officers and members on a regular basis to ensure that it is fully embedded	Chief Operating Officer	There is cycle of reviewing and reporting including internal Audit, Risk management and the AGS Review March 2016
Review the budget monitoring process to reflect the new structure and co-ordinates finances across the whole Council not just individual service areas	Chief Operating Officer	Regular reporting to PMB. & Governance Review March 2016
Develop the annual budget strategy to ensure it has controls built in to be able to respond to changes in the strategic objectives and includes sensitivity analysis to consider the impact of potential changes to external funding or other incomes streams.	Chief Operating Officer	Annual exercise. Council approves budget in Feb annually
Implement a regular review process for the medium term financial outlook, capital programme and HRA business plan processes to ensure they are kept up to date and realistic.	Chief Operating Officer	MTFS is part of the budget strategy & considered during the process. Capital programme reported to FASP quarterly Review March 2016
Review the IT security policies to ensure that they are fit for purpose and implement a training program for all staff. Changes to be planned to ensure customer service is maintained	Chief Operating Officer	Next review March 2016
Ensure the continued development of the Revolving Investment Fund (RIF) - a sub-committee of Cabinet which has been created to link asset management to the strategic priorities and ensure that assets are used to their full commercial potential.	Strategic Director	March 2016

SCORE DEFINITIONS	1 Very Low	2 Low	3 Medium	4 High	5 Very High
Impact	Insignificant effect on delivery of services or achievement of Strategic Vision & Corporate Objectives.	Minor interruption to service delivery or minimal effect on Corporate Objectives.	Moderate interruption to overall service delivery/effect on Corporate Objectives or failure of an individual service.	Major interruption to overall service delivery or severe effect on Corporate Objectives.	Inability to provide services or failure to meet Corporate Objectives
Probability	10% May happen – unlikely	10 -25% Possible	26 – 50% Could easily happen	51 – 75% Very likely to happen	Over 75% Consider as certain

Risks Removed

1e The resource implications, including ICT, staffing and financial, of the UCC FSR are greater than anticipated. Removed July 15.

3b Failure to sustain adequate resource to support training and development because of the financial situation. Removed July 15.

3d Failure to provide effective and visible political and managerial leadership. Removed July 15

RISK MATRIX
January 16 - March 16

Low Risks	Medium Risks	High Risks

Scoring 1-5

Risk Tolerance Line

Probability of Occurrence	5 Very High				4d	
	4 High			2a 3a	4b 5b	5a
	3 Medium		1a	1b 2b	1d 4c	1f 1c 3d 5c 6a 6b 6c 6d
	2 Low				2c 4a	6e 6f
	1 Very Low					
		1 Very Low	2 Low	3 Medium	4 High	5 Very high
Severity of Impact						

Removed Risks

- 1e The resource implications, including ICT, staffing and financial, of the UCC FSR are greater than anticipated.
removed July 15
- 3b Failure to sustain adequate resource to support training and development because of the financial situation.
removed July 15
- 3c Failure to provide effective and visible political and managerial leadership.
removed July 15



Governance Committee

Item
12

19 January 2016

Report of

Assistant Chief Executive

Author

Hayley McGrath
508902

Title

Annual Review of Business Continuity

Wards
affected

Not applicable

This report reviews the Business Continuity work undertaken for the period 1 January 2015 to 31 December 2015.

1. Actions Required

- 1.1 Consider and note the business continuity work undertaken during the period.
- 1.2 Consider and comment on the review of the Business Continuity Strategy.
- 1.3 Consider and note the intended work plan for 2016.

2. Reason for Scrutiny

- 2.1 The Risk Management Strategy, which forms part of the policy framework, identifies the Governance Committee as being responsible for reviewing the effectiveness of the risk management process and reporting critical items to cabinet as necessary. Business continuity is an integral part of the risk management process and it is appropriate that a detailed progress report is provided to this Committee.

3. Supporting Information

- 3.1 Under the Civil Contingencies Act 2004 the Council has two duties relating to business continuity:
 1. To be able to carry on providing its own services in the event of a disruption
 2. To provide advice and guidance relating to business continuity to local businesses and voluntary organisations.
- 3.2 The responsibility for ensuring that the Council has effective business continuity plans rests with the Chief Operating Officer and the function is delivered by the Corporate Governance Team in Corporate and Financial Management. The role is to provide advice and guidance to services including the co-ordination of individual service plans as well as the overall Council plan. Issue specific plans, such as responding to a flu pandemic, are also required. The duty to provide advice and guidance to local businesses also sits within the Corporate Governance Team.
- 3.3 Business continuity issues are primarily reported to the 'First Call Officer' group, this consists of the senior management team and other key staff. The primary role of this group is to provide the strategic management of any emergency – either internal or external. The group meets every two months to review plans and consider emergency planning and business continuity issues.

4. Summary of Work Undertaken

4.1 Regular Work Items

- 4.1.1 Work was undertaken on all of the three main areas in the plan for 2015, these were:
- Audit of the service plans, to ensure that they still met operational needs following the changes to the organisation.
 - Developing links with significant partners.
 - Further development of the training programme to ensure that all staff can access appropriate material on the Hub.
- 4.1.2 The key business continuity risks were reviewed and they continue to be loss of IT and buildings.
- 4.1.3 The annual business continuity self- assessment was carried out in January 2015. This benchmarked Colchester against the rest of the Essex Authorities. Overall Colchester is slightly above the Essex average and there was an increase in the score for 'embedding processes'.
- 4.1.4 The Corporate Governance Manager and the Resilience Officer represented the service at several events including the annual parish councils meeting and county wide training exercises.

4.2 Project Items

- 4.2.1 Following the creation of the Corporate Governance Team in 2014, where the Emergency Planning and Business Continuity functions were bought together, a significant amount of work has been undertaken in reviewing and refreshing the plans and procedures to ensure that there is one set of documents that supports both roles. A dedicated Resilience Officer was appointed to co-ordinate both functions and this has resulted in a much more cohesive approach to managing incidents.
- 4.2.2 The Council is a member of Resilience Direct, which provides a secure on-line tool for storing and retrieving Business Continuity and Emergency Planning documents. This has allowed us to store all plans and associated documents such as maps and contact details, that can be accessed by authorised users, wherever they have an internet connection. It also enable access to neighbouring authorities plans and data, so that a much more co-ordinated approach can be taken in the event of a large incident.
- 4.2.3 The Corporate Governance Manager and the Resilience Officer attended a seminar held by South Oxfordshire District Council. This was an overview of the arson attack that occurred at their offices in January 2015 and presentations were made by the Council, Police and Fire Brigade. It was a very open account of the issues that they faced by immediately at the time of the incident and later during the recovery phase. Several of the lessons learnt have been incorporated into our disaster recovery plans including storage of building plans and designated roles.
- 4.2.4 Work has been undertaken with the Procurement team to ensure that prospective suppliers provide details of their Business Continuity arrangements when contracting to supply goods or services to the Council.

5. Business Continuity Strategy for 2016

- 5.1 The Business Continuity Strategy was agreed for the first time in 2009. A requirement within the strategy, and also of the regular internal audit assessment, is that it is reviewed annually to ensure that it is still appropriate to the Council's needs.
- 5.2 Therefore a review has been undertaken and the strategy has been updated for 2016. The revised strategy is attached at appendix 1. It is considered that the strategy continues to meet the needs of the organisation and therefore there are no fundamental changes to the strategy or the business continuity process.

6. Work plan for 2016

- 6.1 With regard to the self assessment, the following areas will be the primary focus for developing business continuity further in 2016:
- Testing of Service Plans to ensure that they are complete and fit for purpose
 - Developing a comprehensive self-serve presence on the Hub for both management of plans and training.
 - Mapping Business Continuity plans with significant partners and contractors.

7. Proposals

- 7.1 To note and comment upon the Council's progress and performance with regard to business continuity during 2015, the Business Continuity Strategy and work plan for 2016.

8. Strategic Plan Implications

- 8.1 The ability of the Council to carry on providing critical services, even when dealing with a major disruption, is a fundamental part of customer excellence.

9. Risk Management Implications

- 9.1 The failure to adequately manage a business interruption may have an effect on the ability of the Council to achieve its objectives and operate effectively.

10. Other Standard References

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



DRAFT Business Continuity Strategy 2016

A framework for developing plans to minimise disruption when unplanned events significantly interrupt normal business.

December 2015

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BUSINESS CONTINUITY STRATEGY - 2016

1.0 Introduction

Colchester Borough Council, like every local authority, provides a wide range of services to the local community, many of which are statutory functions. Any failure, actual or perceived, to deliver the full range of services will have a negative impact on both the community and the authority. As such, all reasonable measures should be adopted to minimise the likelihood of business or service interruption.

The Civil Contingencies Act 2004 places a specific duty on local authorities to ensure that they have prepared, as far as reasonably practical, to continue to provide critical functions during any disruptive incident.

However the Civil Contingencies Act is just one of the key drivers for business continuity. External assessments, such as the benefits inspection and the Lexcel accreditation, require robust business continuity arrangements to provide assurance that quality services will continue to be provided at all times. But above all, business continuity is critical to the Council in its ability to survive an incident with as little disruption to services and reputation as possible.

This Business Continuity Strategy provides the framework for developing plans that will prevent or mitigate the severity of potential disruptions and enable the Council to effectively respond to incidents.

The plan will identify the mitigation measures, specific recovery objectives, the structure for implementation and the communication process to keep staff, partners and the public informed of necessary changes to service delivery.

2.0 Overview

The strategy adopted for development of the business continuity plans can be summarised as follows:

- The Corporate Incident Management Plan will form the basis of the Council's response. This is an operational document designed to assist the authority in the event of a disruption occurring. The plan sets priorities and communications to ensure an appropriate response to any disruption.
- The Corporate Incident Management Plan is the overall tool for the Council and event controllers. However this is supported by service specific business continuity plans which ensure that each service is able to respond appropriately to an incident whether it is a corporate or service specific interruption.
- Incident specific plans are also developed for corporate issues where the risk indicates sufficient likelihood of occurrence and the impact is seen to be severe, such as pandemics, power failures and severe weather.
- Business Impact Analyses (B.I.A.s) are undertaken to be able to develop the plans. B.I.A.s assess the key risks and key services at both corporate and service level and will help to identify preventative measures that can be undertaken.

3.0 Aim and Objectives

The aim of the strategy is:

- To support the Council in anticipating risks for the purpose of mitigating them and having flexible plans in place, which are already tested, to minimise disruption when unplanned events significantly interrupt normal business.

The objectives are:

- To identify preventative measures that can be carried out to minimise the likelihood of an incident occurring.
- To ensure the Council can continue to exercise its functions in the event of an emergency.
- To integrate the Business Continuity requirements with the Emergency Planning responsibilities of the Authority to ensure that in the event of a major disruption the Authority can respond appropriately both internally and externally.
- To identify the essential services, in order to determine overall priorities for recovery of functions if disruption takes place.
- To ensure all Council service areas are involved in the preparation of the Plan, so that there is an effective and consistent response to service continuity.
- To provide a basis for cost benefit analysis to determine which contingency plans will be developed.
- To develop a process to review and update the overall Plan and develop service area, functional or specific plans where necessary, in order to protect the services and reputation of the Council.
- To undertake training and awareness programmes for staff, elected members, suppliers and partners.
- To carry out regular tests of the Plan to validate the arrangements.

4.0 The Business Continuity Process

Irrespective of an unusual or disruptive event, occurring internally or externally, the capabilities of the Council to provide services to the community must be maintained. This process aims to address the issues likely to arise, and to identify measures to mitigate them.

This process recognises that 'Business Continuity' can be considered in three phases:

- DEFENCE - The prevention of disruption
- CONTINUITY - Maintenance of essential services during a disruption
- RECOVERY - The return to normality

Business Continuity is an on-going cyclical process of risk assessment, management and review with the purpose of ensuring that the business can continue if risks materialise.

The effective implementation of Business Continuity has four stages:-

- Recognition of Need & Initiation
- Defining Requirements & Strategy
- Implementation
- Operational Management

5.0 Responsibility for Business Continuity

To be effective Business Continuity should be fully endorsed and actively promoted by senior management and there should be a clearly defined responsibility for co-ordination of Business Continuity. However it does not belong to one person or role and every service has a responsibility for ensuring that they are capable of responding to an interruption.

There are three levels of responsibility for managing the business continuity process:

1. Co-ordinator
2. Corporate Response Team
3. Service Teams

There is a core role of co-ordinating the process and ensuring that services have access to information and assistance when building their own plans. The co-ordinator also has responsibility for ensuring that key partners are involved in the process.

In the event that there is a disruption there should be a defined corporate response team who will have overall control of the situation. The co-ordinator is responsible for maintaining details of this team ensuring that they are fully briefed on executing the plan and are informed of any potential issues that may arise.

There are also individual service action teams who are responsible for ensuring that their service has its own response plan and can manage the continuity and recovery for the functions within that service. The team is likely to consist of one person for the process of defining the response plans and day to day co-ordination of Business Continuity, but will call upon other senior managers if and when the plan needs to be put into practice.

Appendix 1 sets out the roles and responsibilities for Business Continuity at all levels.

6.0 Links

To be an effective management tool and to truly embed the process throughout the organisation the plan should recognise and be influenced by the Council's operational and strategic risk registers, this will lead automatically to the plan linking into the Internal Audit plan, the strategic plan and the budget process. The plan should also recognise the Community Risk Register, maintained by the Essex Resilience Forum, to ensure that external impacts are recognised and allowed for.

The Business Continuity process must also be closely linked to the Emergency Planning process. In any major scenario it is likely that other organisations in the Borough will be effected as well and it is essential for the Council to be able to respond to their requirements as well as its own. Due to the nature of the response required from Emergency Planning it is likely that they will be the first service to receive external information regarding potential issues and it is imperative that there is a system for incorporating these issues in the Business Continuity process.

7.0 Training

All members of the Corporate Response Team and the Service Teams need to be trained on an annual basis to ensure that they are fully aware of how to implement the plan. All staff should be informed of the process and further training should be available if required. Members should be trained to ensure that they know of the existence of the plan and also how they can assist, politically, in the continuity and recovery process.

8.0 Review Process

The Plan will be reviewed annually to ensure that it is still relevant to the Council's needs. However the individual plans for each service will be subject to review every six months to ensure that information on service functions and contact details are kept up to date. The high risks and priority services will also be re-assessed annually.

Appendix 1

ROLES & RESPONSIBILITIES FOR BUSINESS CONTINUITY

	Strategy And Plan	Defence	Continuity	Recovery
Members	Agreeing the strategy and plan determined by officers.	Endorsing the defence plans and ensuring that political decisions are taken with due regard for Business Continuity.	Political will to ensure that there is a united approach to continuity.	Political will to ensure that there is a united approach to recovery.
Corporate Governance Manager & Resilience Officer	Devising and co-ordinating the strategy and plan.	Ensuring that the defence actions are appropriately implemented, are regularly reviewed and that services have developed own plans.	Co-ordination of the Corporate Response Team and the Service Action Teams. Guidance on the plan and mitigating actions during the incident.	Co-ordination of the Service Action Teams. Guidance on the plan and reporting progress of recovery to senior management.
Senior Management Team	Approval and support of the strategy and plan. Completion of service plans.	Critical review and approval of the defence actions.	Support of the actions of the Corporate Response Team during the incident.	Support the actions of the Service Action Teams , endorse recovery priority for services.
Corporate Response Team	Overview of strategy and plan. Review of 'new issues'.	Critical review of the defence plans. Ensuring that the information contained within the plan is accurate. Annual testing of the plan.	Control the response to the incident until such time as the organisation enters the recovery stage. Ensuring that priority services are afforded the proper support. Ensuring information is available to members and staff. Keeping SMT informed.	Review the actions of the Service Action Teams. Facilitate full recovery and ensure that recovery follows the correct priority. Liaison with external agencies. Ensuring information is available. Keeping SMT informed
Service Action Teams	Input into the formulation of the strategy and plan.	Development of defence plans and implementation of control actions. Ensure that checklists of key info are compiled. Identification of service priorities.	Co-ordinate their service's response. Act as a liaison between Corporate Response Team and Service. Respond to Corporate Response teams requests during an incident.	Implement their own team recovery plan whilst maintaining the link with the Corporate Response Team. Briefing staff. Overseeing alternative accommodation.
Employees, contractors and partners	Knowledge of the strategy and plan, and awareness of impact on own job / service.	Knowledge of the defence plans and awareness of impact on own job / service	Assist with the incident where required. Know how to / who to contact in emergency.	Assist with recovery where required. Understand how they fit into the recovery of their service.

