



Governance and Audit Committee

Item

7

12 September 2023

Report of	Chief Operating Officer Director of Business Improvement – Colchester Borough Homes	Author	Geoff Beales ☎ 506514 Matt Armstrong (CBH) ☎ 506914
Title	Colchester Borough Homes Annual Governance Statement 2022/23		
Wards affected	Not applicable		

1. Executive Summary

- 1.1 The purpose of the report is for the Committee to review, consider and comment on the Annual Governance Assurance Statement of Colchester Borough Homes. As the Council's Arms-Length Management Organisation (ALMO), Colchester Borough Homes (CBH) are responsible for the management and maintenance of the Council's affordable homes (and some transferred general fund services).
- 1.2 There are good governance arrangements in place, in accordance with the Council's formal Management Agreement, and as set out in more detail within the Report and Appendices. Governance between the Council and CBH is monitored through the Council's Client Team on a regular basis. There are formal meetings as per the Management Agreement, regular informal meetings and a number of other internal reporting and controls in both respective organisations.

2. Recommended Decision

- 2.1 The Committee considers and comments on the Annual Governance Assurance Statement of Colchester Borough Homes.
- 2.2 The Committee accepts the assurance provided by Colchester Borough Homes regarding its governance arrangements throughout 2022/23.

3. Background

- 3.1 Colchester Borough Homes is a wholly owned company of the Council. As such:
 - Its accounts are consolidated into the Council's financial statements.
 - Disclosures regarding the adequacy and effectiveness of its governance arrangements are included in the Council's Annual Governance Statement.
- 3.2 Colchester Borough Homes has therefore provided the Council with its own Annual Governance Statement for 2022/23 as evidence of how well its arrangements are operating (Appendix 1).
- 3.3 The Annual Governance Statement will inform the Council's Governance Statement.
- 3.4 Colchester Borough Homes complies with the National Housing Federation Code of Governance 2020 ([National Housing Federation - Code of Governance 2020](#)) and the self-assessment for 2022/23 is at appendix 2. The code sets out requirements against the following four themes:

1. Missions and Values
2. Strategy and Delivery
3. Board Effectiveness
4. Control and Assurance

In April 2022 an external Board Effectiveness Review was carried out which confirmed alignment to the Code. A number of recommendations were made by the review which have since been completed.

3.5 Fiona Marshall, Chair of Colchester Borough Homes' Finance and Audit Committee, and Matt Armstrong, Director of Business Improvement, will present this report to Committee and respond to any questions relating to it.

4. Additional Information

4.1 The Finance and Audit Committee of Colchester Borough Homes also takes the following actions to assure itself that the Company has proper and secure arrangements in place:

- Each year it agrees an audit plan for a three-year period on a risk- based approach
- It receives regular updates on the progress against this plan throughout the year from Internal Audit
- It considers and recommends the Annual Governance Statement to the Board
- It monitors the actions coming out of the Annual Governance Statement
- It produces the Risk Management Strategy and monitors the key strategic risks of the Company
- It scrutinises the proposed budget for the Company and monitors the Company's financial performance against budget and business plan on a quarterly basis.

4.2 In accordance with company law Colchester Borough Homes has produced its annual statutory accounts for 2022/23 and had these audited by SB Audit LLP, a firm of external auditors. SB Audit LLP have approved these accounts and given a clean audit opinion.

4.3 The External Audit Partner attended the Finance and Audit Committee's July meeting to report on the audit and take questions from the Committee as they scrutinised the accounts.

5. Head of Internal Audit Opinion 2022/23

5.1 Set out below is some key information from the Internal Audit Opinion Report:

- The Audit Plan covered ten internal audit reviews, including all the key financial areas (these were amalgamated into one audit in the year).
- Assurance gradings for the ten completed reviews were as follows:

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	5	4
Reasonable Assurance	5	5
Limited Assurance	0	0
No Assurance	0	0

- The above assurance gradings show that Colchester Borough Homes' control environment has remained robust throughout 2022/23, with 5 audits gaining 'substantial assurance' and no control weaknesses assessed as 'limited' or 'no assurance'.
- The audit plan was established on a risk-based approach, a total of 81 days of audit was conducted throughout the financial year, including 14 days brought forward from 2021/22.
- The total number of recommendations are shown below with the previous year shown in brackets.

Urgent	Important	Routine
0 (0)	11 (9)	9 (5)

5.2 The Head of Internal Audit's annual opinion stated...

TIAA is satisfied that, for the areas reviewed during the year, Colchester Borough Homes has reasonable and effective risk management, control and governance processes in place. Not having completed all of the planned work due to the global Covid-19 pandemic has not impacted on our overall assessment.

This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by Colchester Borough Homes from its various sources of assurance.

6. Equality, Diversity and Human Rights implications

6.1 There are no direct diversity or equal opportunities issues as a result of this report.

7. Strategic Plan References

7.1 The Strategic Plan 2023-26 sets out clearly the Council's priorities.

7.2 This report particularly contributes to the following Strategic Plan 2023-2026 priority areas:

Respond to the climate emergency

- Reduce our carbon footprint.

Deliver Modern Services for a Modern City

- The Colchester Council family of organisations work together to a shared and ambitious vision for the future of our city.
- The Council transforms services and moves to a community centred approach, where it enables, helps, and supports local communities as they help prioritise, shape and deliver local services.

Improve health, well-being, and happiness

- Tackle the causes of inequality and support our most vulnerable people.
- Work with residents and partners to address quality of life and issues of happiness.

Deliver homes for those most in need

- Increase the number and quality and types of homes. Meet our duty to prevent or assist those facing homelessness.

Grow our economy so everyone benefits

- Work with partners to deliver a shared vision for a vibrant city and attract inward investment.

Celebrate our city, and our heritage and culture

- To make our city a yet better place in which to live and work and visit.

8. Consultation

8.1 There are no direct consultation issues arising from this report.

9. Publicity Considerations

9.1 There are no direct publicity issues to consider from this report.

10. Financial implications

10.1 No further financial implications arise from matters included in this report.

11. Health, Wellbeing and Community Safety Implications

11.1 No human resource implications arise from matters included in this report.

12. Health and Safety Implications

12.1 No health and safety implications arise from matters included in this report.

13. Risk Management Implications

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

14. Environmental and Sustainability Implications

14.1 Colchester Borough Homes supports and contributes towards the Councils carbon reduction target throughout all its service delivery.

Appendices

Appendix 1 - Colchester Borough Homes Annual Governance Statement 2022/23

Appendix 2 – Colchester Borough Homes Code of Governance Compliance 2022/23