

GOVERNANCE AND AUDIT COMMITTEE

10 March 2020

Present:- Councillor Nick Barlow, Councillor Paul Dundas,
Councillor Mark Goacher, Councillor Sam McCarthy,
Councillor Chris Pearson (Chairman), Councillor Dennis
Willettts, Councillor Barbara Wood

Also Present: - Councillor David King

199. Minutes of Previous Meetings

RESOLVED that the minutes of the meeting held on 21 January be approved as a correct record.

200. External Audit Plan for year ending 31 March 2020 and Certification of Claims and Returns – Annual Report 2018/19

Paul Cook, Head of Finance and Section 151 Officer, explained that Lisa Clampin, of the Council's external auditors BDO, was unable to attend the meeting. The Head of Finance presented the report and External Audit Plan for 2019-20. This gave the opportunity for the Committee to look at the plan for the next audit. The same approach was to be employed as had been used for the most recent audit, in which the Council had performed well. Efforts were being made to achieve an earlier completion date for this audit.

The Head of Finance noted section 6.2 and the fact that the Council had been shown to perform well in certification of housing benefits subsidy or the housing capital receipts return, meaning that an unqualified audit opinion had been given for 2018-19.

A member of the Committee queried what the Committee could do to question the auditors and gain an opinion from them, given that their lead partner had been unable to attend this meeting. The member asked specifically for details and a view from external audit regarding sustainable finances and the lending out of revenue balances as short-term capital and whether this was considered safe, and the risks involved. It was explained that any issues or significant risks that the external auditors identified during the audit would be included in the audit opinion then reported back to the Committee, upon which members could ask questions and request details.

Councillor David King, Portfolio Holder for Business and Resources, discussed the Council's requirements of external auditing and explained that the administration looked for external auditors who could provide continuity within their organization, a breadth of audit work and coverage, and which were able to foster confidence in their approach and reporting.

RESOLVED that the Committee had: -

- (a) Reviewed and agreed the Audit Plan for the year ended 31 March 2020.
- (b) Acknowledged the unqualified opinion of the Housing return and the Housing Benefit Subsidy claim.

201. Financial Monitoring Report – April to December 2019

Paul Cook, Head of Finance and Section 151 Officer, highlighted the forecast net underspend on the General Fund of £86k for 2019-20. I was expected that spending for the year would be within budget.

Members' requests had been heeded and an additional appendix added to this report, to summarize the financial positions of North Essex Garden Communities (NEGC) Ltd and the Council's wholly-owned commercial companies.

A Committee member noted that, had Council approved the requested additional £350k funding for NEGC Ltd in December and had the Council not received an extra £250k in business rates returns and £50k less in interest costs, it appeared that it would be running a deficit of around £560k. The Head of Finance explained that a degree of variance was to be expected. Assurance was given that this report only reported on positions as at the end of the third quarter, and that it was expected that the financial position would improve by year end. The Portfolio Holder for Business and Resources acknowledged the importance of not making assumptions on windfall income.

It was noted that revenue at Leisure World continued to remain depressed, and concern was raised that, potentially, there were more causes for this than just the road works in the vicinity.

More detail was requested regarding the £1.5m additional cost of highways works listed for the Northern Gateway Project, along with a view regarding impact on the Project of the announced new cinema at Tollgate, and the potential endangerment of the viability of plans for a cinema at the Northern Gateway. The Portfolio Holder for Business and Resources assured the Committee that the company engaged with the Northern Gateway, Turnstone, had carried out market research for some time and clearly saw sufficient local demand to make an additional cinema financially viable for Colchester. The Council maintained a conservative view but remained cautiously optimistic and welcomed healthy competition in leisure provision around the Borough.

A member of the Committee queried the disparity between the figures as at end of quarter three, and the forecast for the year end outturn, from a £932k underspend at the end of quarter three, to a predicted underspend at year end of £86k, once additional incomes and negative variances from service budgets were factored in. The Head of Finance agreed that large fluctuations away from expectations were not desirable, and that the newly-upgraded financial systems at the Council should now improve forecasting and the ability to look at financial performance in greater detail. It was explained that the new system would allow different teams to work on their individual profiles, allowing for far more accurate forecasting and smaller variations away from forecasted levels.

In response to questions, the Head of Finance explained that any underspends recorded from budgets would be considered at year end and action taken. Some managers opted to

approve carry forwards into budgets for the following financial year, however it would be a political matter for the administration to decide how unspent money is used at or after year end. The Portfolio Holder for Business and Resources agreed and described the Cabinet's role in setting direction for spending. The administration's attention to the unfolding financial situation over coming months was emphasized, along with the ongoing pressure from the administration which helped to drive officer learning and organizational change to improve performance, even in the face of challenges arising. The importance of effective project management was stressed with regard to meeting targets and forecasts for financial performance. The Portfolio Holder suggested that, in the run up to year end of 2020-21, informal conversations and briefings could be offered to backbench councillors to provide information and guidance on the budget process

The Chairman noted that the Council has been effective at financial management and agreed that it was essential that, at the start of each municipal year, the opportunity be given to all councillors to be briefed effectively on how Council finances are managed and the ways in which councillors can scrutinize this.

The Committee requested additional detail regarding the surrender of the Rowan House lease, as covered at 4.7 of the report. The Portfolio Holder for Business and Resources and Dan Gascoyne, Chief Operating Officer, explained that Anglian Water had surrendered the lease they held on Rowan House to the Council, giving the Council (as owner of the freehold) the ability to decide how best to use the site to institute new ways of working and explore potential income streams from diversifying uses of the site.

RESOLVED that the Committee had considered the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the first nine months of 2019/20, and noted the forecast budget underspend of £86k on the General Fund.

202. Update on approved capital programme 2019/20

Paul Cook, Head of Finance and Section 151 Officer, detailed the improvements which had been made to the reporting on the capital programme, reducing the amount of detail to allow key content to be highlighted and to improve readability. Individual lines had been combined under each specific strategic project line to show their costs. Approximately 60% of the spending forecast for the programme had been carried out, with certain projects to involve significant spending in quarter four.

It was explained that Amber ratings on certain items were caused by issues relating to timing, cost issues or problems of complexity. As an example, the Council's Disabled Facilities Grant-funded work was explained, with work underway to improve the process and ensure funding allocations are fully spent within the year.

The Committee's attention was drawn to the measures being recommended to Cabinet to increased funding allocations to the Northern Gateway scheme, to meet increased highway-related costs and to address contracted work which would exceed the costs estimated in the initial tenders.

Committee members welcomed the redesigned format of the report, with comments that the layout was better and allowed members to more-easily identify issues.

A Committee member queried whether the confirmation of a new cinema to be sited at Tollgate would decrease the likelihood of the planned iMax cinema going ahead as part of

the Northern Gateway project. It was further asked whether there would be capital expenditure implications from potentially needing to find an alternative attraction to replace the planned cinema and whether there was a process to re-evaluate these implications. It was queried whether the Tollgate cinema would alter the risk profile for the Northern Gateway cinema. It was remarked that other businesses looking to operate on the site would need an 'anchor' attraction, such as a cinema, in order to generate the footfall and customer base which would make it viable for restaurants and shops to operate there. The Portfolio Holder for Business and Resources agreed and stated that it would not be possible to sign off a project of this nature without the inclusion of a flagship/anchor attraction.

The Chairman noted that it was difficult to forecast the future situation regarding Northern Gateway, and that the Council was operating a flexible approach to allow it to react to any changes in the situation. The Portfolio Holder for Business and Resources gave assurance that work was progressing well and that the increase in funding would ensure the timely completion of the works to which it related. The Council had employed a thorough approach so as to guarantee that the scheme would be of high quality. An overview of the additional costs was given, which included necessary utilities work, signage and signaling. The full financial implications would only be known later in the process, with the £1.5m additional spending detailed in the report being the additional funding which had already been identified as being necessary.

The Committee noted that, with regard to the 'Mercury Rising' project, the contractor Phelan Construction had resolved its financial difficulties and questioned whether this had altered the risks related to the project. The Head of Finance informed the Committee that Phelan Construction had entered into a company voluntary agreement (CVA) and that Council officers met regularly with the company to ensure completion was carried out on time.

Clarity was requested as to the nature of the plans proposed for upgrading the Council's Shrub End Depot site. Several different proposals had been brought forward at different times, and a Committee member requested information on the current plans and questioned whether the programmed £1m expenditure on the site was advisable. The Head of Finance explained that past proposals had included the necessary involvement of Essex County Council (ECC). ECC had made it known that there was a lack of capital in their budgets to allow these to go ahead, leading the Borough Council to draw up new plans to improve the quality of the existing depot facilities.

RESOLVED that the Committee had reviewed progress on the 2019/20 capital programme.

203. Internal Audit Plan 2020/21

Andrew Weavers, Monitoring Officer, and Councillor King, Portfolio Holder for Business and Resources, presented the proposed Internal Audit plan for 2020-21. The plan aimed to ensure that all key areas within the Council were audited appropriately, in some cases annually (such as key financial systems), whilst other areas are audited on a quinquennial basis, once in the five-year cycle. The Chief Operating Officer informed members that the Audit Plan was reviewed regularly by the Senior Management Team.

A Committee member queried whether capacity should be left in the audit plan to allocate auditor time to carry out 'spot check' audits without giving notice and which are not included in the publicly available audit plan. The Monitoring Officer gave assurance that this was normal practice and occurred already.

In response to a Committee member's questions regarding auditing of Section 106 contributions, the Portfolio Holder for Business and Resources gave assurance that he would be happy to answer questions on specific audit areas.

RESOLVED that the Committee has considered and agreed the suggested Internal Audit plan for 2020/21.

204. Review of Meetings and Ways of Working Update

Richard Clifford, Lead Democratic Services Officer, introduced the report, updating the Committee on developments since the 2016 Review of Meetings and Ways of Working, noting the work to improve use of technology and public access. Digital agenda use and new arrangements for 'Have Your Say' sections had been introduced and were detailed in the report. Audio-streaming was now routine for most formal meetings and was being accessed by the public in sometimes considerable numbers. It was also used by the media.

The Lead Democratic Services Officer highlighted the work underway to explore options for video-streaming, with potential costs and considerations detailed within the report, relating to one provider under consideration, Public-i. Estimates of costs had been based on a 60-hour contract, covering the Council Chamber for Full Council and Planning Committee meetings, which had been identified as the two bodies whose meetings garnered the greatest public interest. Benefits of the service included improving accessibility of meetings, an ability to link it to CMIS and the addition of a transcription service. This would help the Council meet its duties regarding new accessibility regulations due to come into force in September of this year, and would increase remote viewing of meetings, consistent with work to address the Climate Emergency declared by the Council.

Video-streaming would require fixed cameras to be installed in the Council Chamber, and it was confirmed that Public-i has experience of doing this in heritage buildings. Public-i had indicated that they would be willing to brief members further on the details and benefits of this system.

The Chairman gave a summary of the initial 2016 Review, which had been instigated to explore ways to improve accessibility and the way that members operated. A public consultation had been carried out to gain views. Streaming had been a popular idea, and the Chairman considered video-streaming to be the next step. The updated 'Have Your Say' arrangements had generally been found to be successful, with the chance for public speakers to follow up after receiving an answer. It was queried how this might be opened up further for residents.

A Committee member agreed with the value of increased broadcasting of meeting and gave the view that any video-streaming arrangement should cover Cabinet meetings, which were a prime focus of important decision making within the Council. This would require camera coverage of the Grand Jury Room as the usual venue for Cabinet meetings. It was member's view that the Council would have capital available to allow for video-streaming in the Council Chamber and Grand Jury Room. The Chairman and members agreed that this was a valid point and that video-streaming from the Grand Jury Room should be included in any contract, if it was to continue to host Cabinet meetings. An additional suggestion was made that a 'mobile' broadcasting facility should be sought, to allow for coverage of meetings in the Moot Hall, which would include the more-important Planning Committee meetings, which drew a large amount of public interest.

It was suggested that the Council could establish a YouTube channel to carry meeting footage, amongst other types of video. It was also queried as to the expected remaining life expectancy of the current audio amplification and broadcasting systems and whether it would be prudent, if these were due for replacement in coming years, to replace them at the same time as installing video facilities.

Amanda Chidgey, Democratic Services Officer, highlighted the audio-streaming statistics which showed that Full Council and Planning meetings attracted the largest audiences, and which had led to the recommendation to prioritise these meetings for video-streaming. The use of cameras in the Grand Jury Room would involve more issues, as the room was used for a multitude of purposes, and the cameras and tables would need to be carefully set prior to each meeting to ensure coverage of meeting proceedings. It would be possible to hire a mobile system via Public-i, which would also enable broadcasting from the Moot Hall, but would increase the cost. Some local authorities were already developing solutions using YouTube. This was also under consideration and could be integrated with Public-i.

Approval of the ability for members of the public to have a one-minute follow-up to responses to their 'Have Your Say!' participation in meetings was echoed, although concern was raised that the 'Have Your Say!' item on meeting agendas often overruns the 15 minutes allocated by the Council's constitution. Whilst the general view was that it is important not to curtail the public's right to speak, the time taken on this section of meeting agendas at Full Council often had the effect of pushing councillors' questions to Cabinet to a much later time, or to prevent these questions at lengthy meetings where a guillotine motion is called to end proceedings. The importance of councillors' questions was stressed in relation to their role in holding administrations to account, although one member considered them to be of limited use, due to their partisan nature. It was noted that the Committee could review the 'Have Your Say!' provisions within the Constitution and Meeting Procedure Rules.

Another Committee member spoke in defence of maintaining the greater engagement of 'Have Your Say!' with the proviso that a point may come where speakers intending to make similar points may need to be asked to choose which should speak, to avoid repetition. It was suggested that a wide-scale review of arrangements to ensure accountability should be considered.

The discussion of meeting arrangements led to one Committee member giving the view that use of the Council Chamber should be minimised, on the grounds that the Chamber was not suitable for effective meetings, with cramped seating, minimal desk space and obstructive microphone/speaker units. Amanda Chidgey, Democratic Services Officer, agreed and noted that none of the Town Hall meeting rooms were entirely adequate, especially regarding access for those with mobility difficulties.

In response the Monitoring Officer clarified that a 15 minutes total meeting limit for 'Have Your Say!' had formed part of the Meeting Procedure Rules of the Constitution for a considerable time, with the caveat that the Chairman of a meeting had absolute discretion on limiting or extending the time for contributions from the public. The importance of not stifling public participation was stressed and the Committee was informed that, with regard to improving arrangements for councillors' questions at Full Council, a recent meeting of the Policy and Public Initiatives Panel had recommended that these questions are scheduled earlier in the agenda of Full Council meetings.

It was queried whether a return to holding Portfolio Holder briefings and question and answer sessions was possible. It was further suggested that an annual meeting could be set for Cabinet, to be devoted entirely to 'Have Your Say!' contributions, and/or to hold a Cabinet 'Have Your Say!' meeting on a Saturday. The Monitoring Officer informed the Committee that the Policy and Public Initiatives Panel had recently recommended that the Scrutiny Panel return to scheduling Portfolio Holder scrutiny sessions in its Work Programme.

The Lead Democratic Services Officer provided an update on the use of digital agendas for Committee meetings. Trials of this had commenced in 2017 and had then been rolled out to all Committees which met in the Grand Jury Room, becoming widely accepted. A significant saving had been achieved on printing costs and the use of digital agendas had helped to show the Council's commitment to modernising its ways of working. Officers agreed that it was important to likewise modernise the Council Chamber to make it fit for digital working. Work on this could be possible alongside the installation of a new audio-visual system and could involve charging points, better desk space, improved microphones and an electronic voting system.

The Committee noted the need for a comprehensive solution to modernise the operation of meetings and to better-equip the Council Chamber. The use of digital agendas was welcomed, but it was noted that some members struggled with digital working and that, where needed, hard copy agendas must be available for those who requested them.

A concern was voiced that members currently did not have rooms in the Town Hall that permitted informal and private conversations to be held. The Portfolio Holder for Business and Resources agreed that, if the Council was to invest in improved facilities, value for money must be maximised by the consideration of a number of alternative options. The Committee were informed of current developments regarding plans to modernise the use of rooms at the Town Hall. The conversion of the current Liberal Democrat group room into a room for all councillors had been deferred by Planning Committee and the Members' Development Group would consider the plans for re-allocating Town Hall rooms further, so as to ensure this works best for councillors, for use by the public, including commercial clients, and to keep the collegiate standard required for the Council to maintain its Charter Status for Elected Member Development.. The Committee stressed the importance of the duty of care to maintain and use the Town Hall for the public good.

RESOLVED that the Committee noted the progress on the recommendations arising from the Review of Meetings and Ways of Working.

RECOMMENDED to CABINET that the potential benefits of webcasting public meetings be considered further.

205. Review of the Scheme of Delegation to Officers

Andrew Weavers, Monitoring Officer, summarised the report, which had been requested by the Committee.

RESOLVED that the Committee had noted the report.

206. Polling Districts and Polling Places Review – Update

The update on the most recent review was presented by James Bennett, Senior Electoral

Services Officer, and Jason Granger, Customer Solutions Manager, which had been produced in accord with the Committee's resolution made on 3 September 2019 and requiring an update to be provided to the Committee before the Council elections scheduled for May 2020.

The Committee was informed that the temporary polling station for Polling District BF (Shrub End) had been the Shrub End Social Club, and that the Paxman Academy gym had now been secured as an ongoing polling station. This had its own access point and would minimise any disruption to the Academy.

Regarding the polling station for Polling District AB (Willows and Monkwick), The Abbotts Community Hall had been used as a polling station for the 23 May 2019 European election due to the Thomas Lord Audley School being unavailable. This polling station has now returned to Thomas Lord Audley School.

Works on Home Farm School had made it unusable as a polling station for Polling District AR (Home Farm) for elections held in 2019. Alternative locations were explored, and arrangements have been made to adopt the hall at Cococare at 2 London Road. It was accepted that there was limited parking at that site, but a Council-operated car park was available for use nearby on London Road.

The Committee welcomed the update which confirmed that agreements were now in place for the listed polling stations. Officers were thanked for their efforts to secure these agreements and it was noted that the use of schools as the sites for polling stations may stimulate pupils' interest in the democratic process, albeit that difficulties occurred when elections coincided with exams.

RESOLVED that the update on Polling Stations was agreed.

207. Work Programme 2019-20

The Chairman stated that the Committee had achieved what it had set out to do in the 2019-20 municipal year. Thanks were given to officers for their work, and to Dan Gascoyne, Chief Operating Officer, for his guidance through the year.

RESOLVED that the Work Programme 2019-20 be approved.