

Governance and Audit Committee Meeting

**Grand Jury Room, Town Hall, High Street,
Colchester, CO1 1PJ
Tuesday, 27 July 2021 at 18:00**

The Governance and Audit 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

Access to information and meetings

You have the right to attend all meetings of the Council, its Committees and Cabinet. You also have the right to see the agenda (the list of items to be discussed at a meeting), which is usually published five working days before the meeting, and minutes once they are published. Dates of the meetings are available here:

<https://colchester.cmis.uk.com/colchester/MeetingCalendar.aspx>.

Most meetings take place in public. This only changes when certain issues, for instance, commercially sensitive information or details concerning an individual are considered. At this point you will be told whether there are any issues to be discussed in private, if so, you will be asked to leave the meeting.

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Governance and Audit 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.

General

To review of the Constitution including governance issues around formal meetings, processes and member training and to make recommendations to Council.

COLCHESTER BOROUGH COUNCIL
Governance and Audit Committee
Tuesday, 27 July 2021 at 18:00

The Governance and Audit Committee Members are:

| | |
|-----------------------------|-----------------|
| Councillor Dennis Willetts | Chairman |
| Councillor Leigh Tate | Deputy Chairman |
| Councillor Kevin Bentley | |
| Councillor Michelle Burrows | |
| Councillor Adam Fox | |
| Councillor Chris Hayter | |
| Councillor David King | |
| Councillor Steph Nissen | |
| Councillor Gerard Oxford | |

The Governance and Audit Committee Substitute Members are:

All members of the Council who are not Cabinet members or members of this Panel.

AGENDA
THE LIST OF ITEMS TO BE DISCUSSED AT THE MEETING
(Part A - open to the public)

Please note that Agenda items 1 to 6 are normally dealt with briefly.

1 Welcome and Announcements

The Chairman will welcome members of the public and Councillors and remind everyone to use microphones at all times when they are speaking. The Chairman will also explain action in the event of an emergency, mobile phones switched to silent, audio-recording of the meeting. Councillors who are members of the committee will introduce themselves.

2 Substitutions

Councillors will be asked to say if they are attending on behalf of a Committee member who is absent.

3 Urgent Items

The Chairman will announce if there is any item not on the published agenda which will be considered because it is urgent and will explain the reason for the urgency.

4 Declarations of Interest

Councillors will be asked to say if there are any items on the agenda about which they have a disclosable pecuniary interest which would prevent them from participating in any discussion of the item or participating in any vote upon the item, or any other pecuniary interest or non-pecuniary interest.

5 Minutes of Previous Meeting

The Councillors will be invited to confirm that the minutes of the meeting held on 22 June 2021 are a correct record.

Draft minutes - 22-06-2021

7 - 16

6 Have Your Say!

The Chairman will invite members of the public to indicate if they wish to speak or present a petition on any item included on the agenda or any other matter relating to the terms of reference of the meeting. Please indicate your wish to speak at this point if your name has not been noted by Council staff.

7 Review of digital meetings following Covid-19 - verbal update

The Committee will receive a verbal update on the current position with regard to the holding of public committee meetings in the light of the Coronavirus pandemic.

8 Annual Report of Colchester Commercial Holdings Limited for 2020/21

17 - 46

The Committee will consider a report setting out the performance summary and activities of the Council's wholly owned commercial companies during the fiscal year for 2020-21.

9 2020/21 Year End Review of Risk Management

47 - 70

1.1 The Committee will consider a report providing an overview of the Council's risk management activity undertaken during the financial year from 01 April 2020 to 31 March 2021.

10 Work Programme 2020-2021

71 - 74

The Committee will consider a report setting out the current Work Programme 2021-2022 for the Governance and Audit Committee.

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 AND AUDIT COMMITTEE

22 June 2021

Present:- Councillor Kevin Bentley, Councillor Michelle Burrows, Councillor Adam Fox, Councillor Chris Hayter, Councillor David King, Councillor Gerard Oxford, Councillor Steph Nissen, Councillor Dennis Willetts (Chairman)

Substitutions: Councillor Martin Leatherdale for Councillor Leigh Tate

Also Present:- Councillor Paul Dundas, Leader of the Council
Councillor Sue Lissimore, Portfolio Holder for Resources

256. Minutes of the previous meeting

RESOLVED That the minutes of the meeting held on 23 March 2021 be confirmed as a correct record.

257. Draft Statement of Accounts 2020/21

Mark Jarvis, Finance Manager, attended the meeting to present the report and assist the Committee with its deliberations. The Committee heard that Colchester Borough Council (the Council) had until 31 July 2021 to publish a draft statement of accounts, with the final audited set of accounts required by 30 September 2021. The draft statement of accounts had accordingly been prepared, and had been signed by the Section 151 Officer on 11 June 2021, and the Committee were advised that the early production of the draft statement of accounts was facilitated by the excellent quality of previous years' draft statements of accounts. In order to have an audited statement of account ready for the 30 September 2021 deadline, it was important to begin the necessary work as early as possible.

There had been some changes to the accounts from previous years following recommendations from the Council's external auditors, including some cosmetic changes and a reduction of the amount of information that was presented by approximately one third. The Committee heard that the financial implications of the Coronavirus pandemic would be covered in the financial monitoring and capital outturn reports which would be presented to the Committee later in the agenda. Specific effects of the pandemic could be seen in the Council's asset and pension valuations, together with the income from Council Tax business rates.

The work of the finance team was praised in delivering the draft statement of accounts, and also achieving the sign off of the 2019-2020 statement of accounts in

November last year. It was explained that a number of other Local Authorities were not in such a good position, with some not having been able to sign off on their 2018-2019 accounts. The Committee were advised that the required Public Inspection Notice would shortly be published, allowing members of the public to inspect, object and raise formal questions to the Council's external auditors.

Councillor Willetts offered praise for the work of Officers in delivering the draft statement, and noted that Councillors had been provided substantial updates on the Council's financial position throughout the preceding year. This view was echoed by Councillor King, who further noted that as the year progressed it was hoped to be able to see recovery in the areas of income which had been most affected by the events of the preceding year.

RESOLVED that the draft statement of accounts be noted.

258. Head of Internal Audit Annual Report 2020/21

Hayley McGrath, Corporate Governance Manager, attended the meeting to present the report and assist the Committee with its' enquiries. It was explained to the Committee that as a Local Authority, Colchester Borough Council (the Council) had a responsibility to maintain a robust internal audit programme which evaluated the effectiveness of the Council's risk management and governance processes. The Council's internal audit function was carried out by the external company TIAA, with the contract being managed by Officers. The Committee were assured that although it had not been possible for TIAA to physically attend the offices of the Council, they had built up an excellent working relationship with Officers.

The Head of Internal Audit Annual Report which had been provided by TIAA, gave an overall assessment of the Council's control arrangements together with an overall assurance rating based on work undertaken throughout the year. The Committee heard that out of 25 audits carried out, 44% had achieved a 'substantial' assurance rating which was the highest rating achievable, in contrast to the previous year where 33% of audits had achieved the highest rating. The number of 'limited assurance' ratings had decreased to 1 this year, down from 9 last year, and the number of urgent recommendations had fallen to 3, in comparison to 21 the previous year.

The programme for internal audit had changed slightly and had been directed towards the Council's Covid-19 response, looking at how early decisions had been made and how services had changed quickly in response to the pandemic. It was key to determine that the right systems of control were in place in relation to the general move away from office based working, and the audits that were carried out demonstrated that the systems of control were very good.

Councillor Willetts confirmed to the Committee that any priority one, or urgent, recommendations that had been made throughout the year had been considered by the Committee, who had sought an explanation of the situation surrounding the recommendation.

Councillor Fox sought additional assurance around the one audit area that received a limited assurance rating, which was Colchester Commercial Holdings Limited (CCHL). It was explained to the Committee that The Council shared its audit days with CCHL who were not a large enough company to have their own internal audit programme, and the audit days were assigned to areas that CCHL wish to have audited. With regard to the audit of Leisure World, the management of CCHL had requested that the processes for cash transactions dealt with during events be subject to audit as during busy events large numbers of cash transactions would be taking place. On careful review of the systems in place, it was discovered that more cash had been received than had been accounted for in the system, which was likely due to the pressure of busy events and transactions accordingly not being registered correctly. This audit had led to very robust systems being put in place, with a lot of transactions now being cashless.

Councillor Bentley sought further information about the risks associated with Human Resources and Payroll, together with the risk management system itself. The Committee heard that the reason that a 'reasonable' level of assurance had been given in respect of risk management was in relation to the ways in which the risk registers were maintained and how information was set out. Following on from the audit, programmes of training were being implemented, and Member development session was being planned on the management of risk, which would be primarily targeted at this Committee, with the aim of giving an understanding of risk management responsibilities and how the process worked. With regard to the reasonable level of assurance that had been given to Human Resources and Payroll, it was explained that this would have related to a number of minor (level three) recommendations in relation to processes.

RESOLVED that the Internal Audit activity for the period 1 April 2020 to 31 March 2021 had been reviewed, and that the contents of the report be noted.

259. Review of the Governance Framework and Draft Annual Governance Statement

Hayley McGrath, Corporate Governance Manager, attended the meeting to present the report and assist the Committee with its' enquiries. The Committee heard that the Annual Governance Statement was an opportunity to review the preceding year and identify any issues or concerns in relation to the governance of the organisation and complying with the seven principles of good governance. It was explained that Colchester Borough Council (the Council) maintained a number of policies which supported the principles, and these were submitted to the Governance and Audit Committee for annual review later in the year as a matter of good practice. The Committee were advised that in the preparation of the draft Annual Governance

Statement (AGS), the senior management team of the Council had been interviewed and asked robust questions about the governance of the Council over the preceding year, and the Head of Internal Audit Assurance Report was also carefully considered as part of this process to ensure that a suitable system of management was in place. The AGS itself was based on a template of the information required by the Chartered Institute of Public Finance and Accountancy (CIPFA), and consideration was also given to the Council's relationship with its commercial companies; Colchester Commercial Holdings Limited, Colchester Borough Homes and Colchester Community Stadium Limited, together with the Council's partnerships; The Joint Museums Partnership and the North Essex Parking Partnership. As a result of this process, any areas of concern were highlighted where it was felt that the systems of control could be improved, and the items identified this year were areas where it was felt by the Senior Management Team that there may be potential issues in terms of the robustness of the system due to outside influences.

The draft AGS considered items or potential concern that had been highlighted last year, and how these had been managed, and also set out the two items that had been considered important issues to monitor during 2021-2022. The first of these item was information technology (IT), and the specific need to be able to defend the organisation from cyber attacks, with which organisations were being targeted. The Council had suffered a cyber attack the previous year and although this had been resolved, it had caused issues and highlighted the need for continually improving responses to these issues. The second potential issue highlighted in the AGS was that of partnerships, and the need for a robust system to be implemented identifying the partner organisations of the Council, and setting out the relationship that they had with the Council.

The Committee were requested to approve the drafts AGS for signature by the Chief Executive and the Leader of the Council, together with the proposed action plan relating to the two issues that had been highlighted, and assurance was given that progress made under the action plan would be referred back to this Committee later in the municipal year. It was confirmed that signing off the AGS would support the provision of the statement of accounts.

Councillor King praised the significant work that had been undertaken to produce the draft statement, and he confirmed his support of the work to be undertaken around partnerships and cyber security and welcomed future detail in respect of this.

Councillor Bentley noted the significant achievements of the Council and Officers over the past year and beyond that were highlighted in the AGS, and he wondered whether a suitable communication strategy should be put in place to inform the public of the amount of work that had taken place. Dan Gascoyne, Chief Operating Officer, noted the recommendation and confirmed that he would raise this possibility with the Leader of the Council and the Portfolio Holder for Communications.

RESOLVED that:-

- (a) the Council's compliance with the seven principles of good governance (CIPFA International Framework: Good Governance in the Public Sector 2014) including the review of effectiveness of the internal control arrangements be noted.
- (b) The Annual Governance Statement for 2020/21 be approved.

260. Financial Regulations 2022-23

Paul Cook, Head of Finance, attended the meeting to present the report and assist the Committee with its' enquiries. The Committee heard that it had been some time since the Financial Regulations had been updated, and it was good practice to carry out a review of the Regulations as part of the budget process. It was proposed that changes were to be made to the Financial Regulations in good time in order that these changes may be approved by Full Council in preparation of setting the budget for 2022-2023. The Committee heard that the main changes being proposed took account of changes in the post designations of Colchester Borough Council (The Council), and also referred to activities that the Council used to carry out, but which were now carried out by the Amphora Companies. The Committee were advised that the current Regulations did not correctly set out the Council's budget process because the Council adopted an integrated budget approach, based on strategic objectives rather than individual Portfolio Holder budget proposals. The revised Regulations took account of the fact that the Governance and Audit Committee would now be receiving reports on revenue, capital and treasury items instead of sharing this responsibility with the Scrutiny Panel, although the Committee was reminded that Scrutiny Panel was still entitled to look into any aspect of those matters. The opportunity had been taken to provide a clearer process on capital expenditure to put more emphasis on a good business case for every capital project, together with the management of this throughout the year. The Committee were advised that the final area of proposed change was in relation to budget transfers, where it was proposed to substantially increase the level of decision making for Portfolio Holders and Directors as it had been some time since the limits had been revised. Following research, it had been determined that the vast majority of budget transfers were termed as technical transfers, carried out by the Head of Finance, for example allocating pay awards or setting up a new costs centre for external grant funding, while use of transfer facilities by Portfolio Holders or Directors was very infrequent. For this reason, Paul Cook confirmed that he would be happy to keep the limits as they had been set out in the 2017 Regulations, or raise the limits to double their current amounts to take account of the passage of time.

Councillor Willetts confirmed that he was happy with the general revisions that had been proposed, but had raised a question around the changes suggested in relation to budget transfers.

Councillor Fox confirmed that he felt assurance on the issue of budget transfers, having learned that the majority of such transfers were technical adjustments carried out by Officers, and he suggested that the Committee need not feel concerned about budget transfers being carried out without Member approval. He sought assurance that future reviews of the Financial Regulations would be referred to the Governance and Audit Committee to ensure future oversight, on an annual basis in the future.

Councillor Bentley confirmed that he had no issue with budget transfers, provided these were carried out with the knowledge and approval of the Portfolio Holder for Resources. He added his support for the suggestion from Councillor Fox that the Regulations be reviewed annual by this Committee.

Councillor King also confirmed that he felt that that there should be no concern around the amendments proposed in relation to budget transfers, feeling that the proposals added to the effectiveness of work and the transparency of operation of the Council. He added his support to the request that the Regulations be reviewed by this Committee on an annual basis, and this suggestion was further supported by Councillor Nissen.

By way of response, Paul Cook confirmed that he would welcome an annual review of the Regulations, and suggested that the current period in the municipal year was the correct time to do this.

RESOLVED that the Financial Regulations 2022 be approved, and that Council be recommended to adopt the Financial Regulations 2022, subject to the future annual review of the Regulations by the Governance and Audit Committee.

261. Financial Monitoring Report – End of Year 2020/21

Paul Cook, Head of Finance, attended the meeting to present the report and assist the Committee with its' enquiries. The Committee were advised that although there had been a number of changes to income and expenditure throughout the preceding year, the budget had not been formally amended as it was important to maintain this as a baseline, particularly when the Council was making claims to the Ministry of Housing, Communities and Local Government (MHCLG). As a result there had been some large variations from the budget that had been set, including an overspend on the general fund of £7.972m which was due to less income than assumed when the budget had been set. To offset this, there had been excellent support from the government, with £8.9m support countering the income losses and also covering some unforeseen cost such as redundancy costs. Some year end adjustments had also been necessary, including an increase in the bad debts provision, together with the introduction of minimum revenue provision in respect of the delayed Amphora Energy project. The General Fund minimum balance had also been increased as the Council always maintained 10% of its' net expenditure, however, taking all of these factors into account the Council had an overspend of only £38,000 which was considered to be a god outcome given the difficulties of the previous year.

Councillor Bentley sought clarification that the money that had been provided by government had completely covered the losses that the Council would have incurred through its commercial activities. Paul Cook confirmed that this was indeed the case, and funding had been received via two different types of support, an Income Loss Grant which covered 75% of income losses, and general grants without any conditions, meaning that the Council received more government support than it had lost income.

Councillor King praised the work of Officers, and commented that the position the Council was in was a good one in the circumstances. He asked for clarification on what income projections may be for the forthcoming year. Dan Gascoyne, Chief Operating Officer confirmed that the budget for this year had a built in expectation that income may not recover to previous levels, for example car parking and sports and leisure.

Councillor Fox noted the turbulent year that had passed, and its impact on Council income, services and capital projects, and he looked forward to future updates on recovery, while at the same time noting some key achievements of the Council such as the sports park and the Norther Gateway project.

RESOLVED that the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the year 2020/21 be noted.

262. Capital Expenditure Outturn 2020/21

Paul Cook, Head of Finance, attended the meeting to present the report and assist the Committee with its' enquiries. The Committee were advised that the Coronavirus pandemic had impacted capital projects due to changes that were required to ways of working, and it was acknowledged that this had generated a backlog of work. The Committee was advised that a future report on capital monitoring for quarter one of 2021-2022 would be presented in the near future where it was hoped that the start of the necessary works would be detailed. The Committee heard that projects were Red Amber Green (RAG) rated, and the only project that had strayed into a red rating was the Shrub End Depot project.

Councillor King requested more information in relation to the Shrub End Depot, noting that the project had been ongoing for the previous seven years, and he sought assurance that consideration would be given to working conditions for members of staff at the depot.

Dan Gascoyne, Chief Operating Officer, confirmed that the proposals for the Shrub End Depot were quite far progressed prior to the pandemic, however, the significant operational changes that had been required had led to the work being delayed. Operating processes at the depot had changed significantly in the wake of the pandemic to ensure safer working practices, and there were a number of changes that were proposed to be made this financial year. There was, however, a strategic need to ensure that the depot was operating seamlessly with, and alongside, the County Council's operations adjacent to the depot. It was noted that the quality of the

working conditions could be improved, but that the Council had tried to ensure that best use had been made of the facilities that were in place through better engagement with staff to ensure that any necessary changes to working practices were made. Modest improvement had been made to the space and facilities in which staff worked, however, further improvements were sought.

Councillor Bentley requested that a report be brought back to the Committee in relation to the Shrub End Depot, in order that the progress of the project could be monitored in detail in the future, given its RAG rating status, a suggestion that was supported by Councillor King.

Councillor Paul Dundas, Leader of the Council, confirmed the Council's commitment to expediting the project, while noting that the project had been delayed. He stated that should the Committee request an item on a future agenda, he was sure that the Portfolio Holder for Resources would be happy to attend.

Councillor Fox noted that the Council was investing a significant amount of money in capital projects compared to other Local Authorities, which was to be lauded. With regard to the local full fibre broadband project, he noted the challenges associated with work permits and Essex County Council Highways, and the fact that the budget associated with the project was due to be spent by 30 June 2021. He enquired whether this would be delivered, and Dan Gascoyne advised that the latest information he had was that this project was on track, but he would be happy to confirm this to the Committee in the future.

Councillor Sue Lissimore, Portfolio Holder for Resources, offered assurance to the Committee in relation to the Shrub End site, confirming that the immediate needs of the operators there were being considered to ensure that the site ran as efficiently as possible.

RESOLVED that:-

- (a) The Committee had reviewed the progress on the Capital Programme as set out in the report, together with the associated spend for the financial year and the budget forecasts for future years, and the RAG rating for each scheme as rated by the relevant project manager.
- (b) That a further report detailing the progress of the Shrub End Depot be presented to a future meeting of the Committee.

263. Work Programme

Matthew Evans, Democratic Services Officer, attended the meeting to present the report. The request for a future report in respect of the Shrub End Depot project progress was noted, with the timing of this report to be agreed with Officers.

Councillor Willetts noted the request for further training on cyber security that had been made, together with training on risk analysis and he sought views on whether

these areas should be future agenda items, or picked up under the Council's more general training programme.

Hayley McGrath, Corporate Governance Manager, confirmed that it was proposed to add an item on risk management to the Member development programme which would be available to all members, but primarily directed to Members of the Governance and Audit Committee. She confirmed that it was for the Committee to decide whether it wished to receive a report on cyber security at some point in the future, or whether it was felt that an in-depth training session on this issue would be more suitable.

Councillor Bentley confirmed that he felt that training should not be part of the work of the Committee, but should be carried out separately. Noting the agenda items listed for the forthcoming November meeting of the Committee, he wondered whether it would be possible to move some of these to the October meeting. Hayley McGrath confirmed that the reports due to be presented in November were presented annually and were an opportunity to review the policies that underpinned the governance frameworks and the Ethical Governance Policy, and it was appropriate that these reports were considered together. It was further explained that other reports scheduled for the November meeting had to be considered at this time due to the time restrictions placed on the Committee by external auditors and the need to publish accounts by a certain time.

Councillor Fox noted the increasing risks that were being posed to the Council through cyber security issues, and requested that a report be presented to the Committee to reassure Councillors and members of the public that all necessary steps were being taken to mitigate this risk. Councillor Willetts noted the importance of the issue, but voiced his concern that a report in the public domain would have to be bland in its content to avoid compromising safeguarding steps that were being taken.

Councillor Bentley and Councillor Oxford supported training in the Council's cyber security measures be carried out prior to a more general report being submitted to this Committee, an approach which was supported by Hayley McGrath. Dan Gascoyne confirmed that an item would be added to the agenda of the October meeting of the Committee, subject to further consideration of how this was to be presented following the relevant training.

RESOLVED that the contents of the work programme be noted, subject to the addition of a future agenda item on the Shrub End Depot project, and an additional item to be presented to the October meeting of the Committee on cyber security.

27 July 2021

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| Report of | Assistant Director Place & Client | Author | Andrew Tyrrell |
| Title | Annual Report of Colchester Commercial Holdings Limited for 2020/21 | | |
| Wards affected | Not applicable | | |

1. Executive Summary

- 1.1 This report sets out the performance summary and activities of the Council's wholly owned commercial companies during the fiscal year for 2020-21. It was a challenging and unexpected year, being affected from March 2020 by the global pandemic of Covid and impacts across all of the companies' activities.
- 1.2 However, with prudent and agile planning, the commercial companies were able to deliver on their revised dividend target of £226,000 to the Council, as well as deliver some significant milestone achievements. It was also a year in which the Council won two prestigious awards relating to the creation and operation of the companies:
 - 'Entrepreneurial Council of the Year' at the 2020 Local Government Chronicle (LGC) Awards
 - 'Best Commercial Council' at the 2020 Municipal Journal (MJ) Awards

2. Recommended Decision

- 2.1 The Committee is invited to review the performance of Colchester Commercial Holdings Limited (CCHL) and its subsidiaries, during 2020/21, having regard to the performance information for the year provided in Appendix 1.
- 2.2 The Committee is also invited to make any recommendations to Cabinet on CCHL performance management arrangements for 2021/22 and/or beyond.

3. Reason for Recommended Decision

- 3.1 The Governance and Audit Committee has the responsibility to act as the shareholder committee for the Council companies. As part of this role the Committee is required to:
 - Consider and review the activities and performance of Colchester Commercial (Holdings) Limited and its subsidiary companies;
 - Monitor, challenge and make recommendations to Cabinet regarding Colchester Commercial (Holdings) Limited and its subsidiary companies; and
 - Make recommendations to Cabinet on how it should exercise the functions flowing from its ownership of shares in Colchester Commercial (Holdings) Limited and its subsidiary companies.
- 3.2 Colchester Commercial Holdings Limited (CCHL) is a wholly owned company of the Council and has a key role to play in contributing to the achievement of the Council's strategic objectives. CCHL is the holding company for three separate subsidiaries, providing numerous products, services, and opportunities that

reflect the Council's strong public sector ethos as shareholder, but also see the companies operating in a commercial market. The subsidiary companies are:

- Colchester Amphora Energy Ltd
- Colchester Amphora Homes Ltd
- Colchester Amphora trading Ltd

3.3 The companies helped deliver (as some examples):

- the new £28.8m Colchester Northern Gateway Sports Park that is now open for residents to enjoy.
- The first mixed tenure housing that completes in July 2021 and has already proven popular with sales due to the high-quality living available.
- A complete overhaul of the old analogue CCTV system with a successful new digital CCTV network that has intensified and expanded network coverage, making Colchester an even safer place.

3.4 Other examples of activities are set out in the report and considered by the Committee, which demonstrated ongoing good performance by the companies despite the challenges that have affected their operations throughout the whole of the fiscal year period 2020-21 under review.

4. Alternative Options

4.1 Not to review the performance of the Amphora companies: However, this would not satisfy the requirements of the Governance & Audit Committee in its role as the Shareholder Committee.

5. Background Information

5.1 Governance of the Companies

- 5.1.1 The Localism Act 2011 enabled local authorities to undertake activities designed to make a profit, but only if delivered within a trading company structure. Using these powers, the Council established wholly owned companies that were incorporated under the Companies Act 2006 on 1 June 2017 and began operating from 1 April 2018.
- 5.1.2 Colchester Commercial Holdings Limited (CCHL) is a private holding company limited by shares, with the Council being the sole shareholder. The Council therefore retains full control over the direction of the companies.
- 5.1.3 The Council signed a 12-year Management Agreement with CCHL in March 2018. The Management Agreement between the Council and CCHL sets out how the company will provide a range of services to the Council, as well as managing some budgets and services on behalf of the Council. The Company then manages its budget within the overall management fee and through income that the companies generate from their activities.
- 5.1.4 CCHL has 3 subsidiary companies:
- Colchester Amphora Energy Ltd (CAEL);
 - Colchester Amphora Homes Limited (CAHL); and
 - Colchester Amphora Trading limited (CATL)
- 5.1.5 As the Council is the sole shareholder, the Board of CCHL consists of four Councillors and the Group Commercial Director. The representation on the Board allows the Council to offer direction to the holding company (and its subsidiaries), whilst providing it with the ability to operate in a commercial marketplace to drive forward delivery as outlined in the agreed Business Plans. Business Plans are agreed by Cabinet annually, following recommendation by the Governance & Audit Committee (January)
- 5.1.4 The Board has overall responsibility for ensuring compliance with the Shareholder Agreement. The Directors hold the responsibility for making decisions, providing leadership, and monitoring the performance of the company. Directors are also responsible for obtaining appropriate legal, financial and tax advice to enable them to make informed decisions about the running of the company, as well as maintaining and regularly reviewing a robust risk management framework.
- 5.1.5 The performance is also monitored by the Council in liaison meetings that include officers from both the Client Team and Finance Team; as set out within the Liaison Protocol appended to the Management Agreement. Both financial and non-financial KPIs are monitored, whilst a range of related matters are also discussed to ensure suitable governance is in place. The Client Team also helps align and coordinate company activities with other Council services.
- 5.1.6 All of the companies are subject to any audit and inspection requirements of the Council. The Management Agreement referred to above also sets out these audit requirements. External audit remains an essential element in accounting for public money and makes an important contribution to the stewardship of the Council's public resources. It also supports local democracy by helping to ensure that members and officers are accountable to the communities they serve and by providing assurance that the public money they manage has been properly spent.

- 5.1.7 Copies of audited accounts must be provided to the Council as soon as reasonably practicable after external audits. The Company also undertakes all internal and external audit to comply with the law. Similar requirements also exist for complaints, enquiries and legal proceedings related to any services provided by the companies.
- 5.1.8 Under a Service Level Agreement (SLA), the Companies also pay the Council a fee for the provision of a number of services, such as Human Resources, IT and Customer Services. The current SLA runs from 1 April 2021 to 31 March 2024 and sets out the respective roles and responsibilities of each party in the provision of the services. The annual fees for the services provided by the Council are also detailed.
- 5.1.9 The partnership Agreements help CCHL ensure that it, and the subsidiary companies, deliver against their individual Business Plan targets. The overarching Business Plan for CCHL sets out that the holding company provides the strategic direction, financial performance monitoring and senior management capacity for the subsidiary companies.
- 5.1.10 The above shows a strong governance structure that has now operated for 3 years. Good governance, accountability and transparency are essential to Council activities and a cornerstone to improving public services. In discharging this accountability, the Council has made proper arrangements for the governance of its companies. This has been confirmed by the Audit of company governance that was completed in March 2021, and concluded that there was a sound, robust, management of the companies giving reassurance for protection of the Council's financial and reputational investment in them.
- 5.1.11 In addition to the Audit findings, having set up the companies in the way that they operate, the Council won the 'Entrepreneurial Council of the Year' award at the prestigious LGC Awards 2020. The Council also won the award for the 'Best Commercial Council' at the annual Municipal Journal (MJ) Achievement Awards. Both of these honours were achieved against fierce competition and a record number of submissions from Councils across the UK. To be recognised for the innovation, ambition and achievement shown by the Council and the Amphora group of commercial companies is a significant achievement.
- 5.1.12 One of the deciding factors that clinched the awards was the range of complementing commercial pursuits that were seen to be a uniquely diverse mix of activities, making the Amphora Group capable of cross subsidising each subsidiary before returning a dividend to the Council. This allows the Council more control and capabilities in leading the delivery of multiple-faceted developments (combining and maximising links between housing, energy, and trading activities) where many Councils have only created a single housing company, or an events company, etc.

5.2 Financial Performance

- 5.2.1 In 2019-20, prior to Covid, the companies delivered their forecast dividend of £394,000 which was reinvested in public services by the Council. With the Covid pandemic affecting all Council and company activities from the end of March 2020, it became clear that income would be affected in 2020-21, and a revised dividend forecast was recommended by the Governance and Audit Committee on 25 June; of £226,000. This recommendation was then agreed by Cabinet.
- 5.2.2 The companies were affected by Covid throughout the year, whether through the weddings, concerts and other events, the construction of the many major projects, or other areas of operations. Despite this, having agreed the revised targets in June, the companies were able to navigate uncertain times and deliver the anticipated dividend

payment to Colchester Borough Council (CBC) of £226,000. This will be reinvested into council services for the benefit of the residents, business, and visitors of Colchester.

- 5.2.3 The companies also generate other income for the Council aside from the headline dividend. The companies pay rent for use of the Council office space that they occupy, they also pay for the services they receive from the Council under the SLAs, as well as paying for use of the Council's venues in order to deliver the commercial events programme. These income streams were not affected by Covid and remained consistent in 2020/21 with previous years.
- 5.2.4 The existence of commercial companies also allows the Council to access funding streams that are not available to the public sector, and for funding to be combined in projects where the Council and its companies form a partnership (each accessing their own grant or funding). The Heat Network is an example of this (see below for project updates on this).

5.3 Activities and Project Delivery Performance

- 5.3.1 Colchester Northern Gateway Sports Park: The completion and the opening of Colchester Northern Gateway Sports Park was a significant milestone. This £28.8 million development, completed in November 2020, now provides a regionally significant sports and recreation facility with state-of-the-art indoor and outdoor facilities. These include a mile long closed-circuit cycling track, a cycle pump track course, and learn to ride area for cyclists. There are then 3G pitches, grass rugby pitches and a multi-use sports centre complete with a dance studio, gymnasium and a velo studio.
- 5.3.2 In addition, the Sports Park links with walking and cycling routes that stretch for many miles beyond the site and provide access to the outdoors for people of all interests and abilities. The Sports park was completed with adapted bikes and hosts "wheels for all", helping to be inclusive. It is also now home to craft coffee makers "Paddy & Scott's", as their first venture in Colchester, meaning that non-sports participants can also enjoy the new facility.
- 5.3.3 Turnstone: Across the A12 from the Sports Park, agreements were also finalised for the "Turnstone" development that is now preparing for construction on site of a new multiplex of leisure and commercial uses. A revised planning application responding to the changing market caused by Covid was made by Turnstone Estates Limited on this Council owned land, and approved, before legal agreements were finalised bringing forward the development of this significant 10-acre site located adjacent to the Stadium and opposite David Lloyd.
- 5.3.4 The revised scheme, which will soon start on site in 2021/22 as a result of work through the last fiscal year, comprises:
- a 12 screen Cineworld cinema including a Super Screen and 4DX;
 - up to seven restaurant units;
 - two drive-thru units;
 - a ninety-bed hotel;
 - three indoor active leisure units;
 - car parking for 750 vehicles including electric vehicle charging points;
 - a high quality landscaped "piazza".
- 5.3.5 Companies such as Cineworld, Clip 'n' Climb (wall climbing), Hollywood Bowl (20 lane bowling alley) and Puttstars (adventure golf centre) are all new offers to Colchester,

whilst Travelodge have been signed for the hotel and will add to their nearby presence. All of this adds to the rich mix of the Northern gateway and helps gain momentum in the delivery of the masterplan, managed and/or delivered through the Council's companies.

- 5.3.6 "CNG South": As another part of the jigsaw emerging now, Colchester Amphora Trading are also leading on the Colchester Northern Gateway South development site that is currently the Mill Road Playing Field. This area has also started undergoing the planned transformational changes. The outline planning application for this site has undergone modelling and testing that will allow it to be determined in July 2021 after ongoing negotiations (led by CATL) with the two highways authorities, Essex County Council and Highways England. These were successfully concluded to show improvements to general traffic flows in the area once the development) and related road changes) have been implemented.
- 5.3.7 CATL also separated two elements out of the original application so that they could be fast tracked, as they did not generate traffic in themselves. These were "The Walk" and the Energy Centre relating to the "CNG Heat Network" (see below for more on both). This has seen construction on the CNG South site commence, readying the area for the forthcoming housing and commercial development, and allowing an infrastructure first approach to deliver the renewable energy and sustainable travel infrastructure before the occupiers of the site arrive.
- 5.3.8 "The Walk": Formerly known as "The Boulevard", CATL have project managed this development has started delivering the main pedestrian and cycling route through the northern gateway. Construction phases commenced on site in July 2020 and completed "Phase One" at the end of October, before recommencing "Phase Two" in March 2021. "The Walk" connects existing communities at Highwoods to the new developments and future communities of the Northern Gateway. In addition to the attractive tree-lined and traffic-free route being laid at present, the development also delivered some of the underground infrastructure that will serve the new housing and commercial development at "CNG South", as well as the cabling relating to the expanded LFFN Ultrafast Broadband network, CCTV and the pipes and borehole chambers for the "CNG Heat Network".
- 5.3.9 "The CNG Heat Network": The south sites also benefit from the "CNG Heat Network". The flagship project by the Council and Colchester Amphora Energy Limited (CAEL) has commenced on site, with the borehole chambers and related pipes being installed at the same time as "The Walk". The Heat Network project is continuing to install a low carbon District Heat Network to residents, businesses and other commercial users at Colchester Northern Gateway and progresses well, with the tender for its detailed design and construction issued towards the end of the 2020/21 year.
- 5.3.10 The Heat Network draws water from deep beneath the ground, in a chalk aquifer, that is then further heated through a heat pump and then will be delivered to provide clean energy to the new properties once built, meaning for example, that the new homes at Colchester Northern gateway will not require any gas boilers. The project was 1 of only 9 projects in the UK to gain grant funding from BEIS, with £3.45m having been awarded to Colchester. CAEL are delivering a project that uses technologies tested in Scandinavia, but never used at the large scale that Colchester is delivering elsewhere in the UK.
- 5.3.11 LFFN Broadband and CCTV: Across the Colchester urban area and, in particular, the town centre, work has continued at pace on building of Colchester's digital infrastructure with the CCTV system having been completely overhauled and modified at the same time as the delivery of the LFFN Ultrafast Broadband project. In one of the largest projects of its type undertaken by a local authority in the UK, more than 75km of new

fibre optic network was delivered across Colchester with a new direct link to the UK's main internet exchange at Telehouse (London).

- 5.3.12 Acting on behalf of CBC, CATL have been delivering this project using £3.35m of funding from DCMS and also secured the largest ever direct foreign investment in Colchester, by the Swedish digital infrastructure specialist, VX Fiber. This private investment is now expanding the ultrafast networks to reach thousands of residential and business premises across the town, including access into some of the less affluent areas that would otherwise not have this service provided by the usual market providers. The network also provides the Council with the basis for future investment in 5G, wireless and 'smart' city technologies.
- 5.3.13 The new digital infrastructure, and related groundworks, also facilitated the upgrade of Colchester's CCTV system to a modern, digital, platform. The digital CCTV system was commenced in 2020 during lockdown conditions, being coordinated with planned High Street pavement repair works by ECC and allowing the infrastructure to be installed in the town centre before it began re-opening to the public. Retailers have given positive feedback on the CCTV, and it has also gained very good reviews from the Police, with the improved picture quality having resulted in assisted arrests as soon as it began "going live".
- 5.3.14 First New Homes: Colchester Amphora Homes Limited (CAHL) have also had their first homes constructed at Creffield Road. The "Creffield Villas" scheme sees 8 new homes (6 private market and 2 affordable homes) gain planning permission, be tendered (with a local company having won the construction contract) and then commence on site. Nearing completion, at the end of March the company began to sell their first homes. This is a milestone for the first project by the Council's housing company and despite the challenges of a year under Covid conditions CAHL has made excellent progress through 2020/21 to support the Council's commitment to improving the quality and availability of homes for private sale and social rent.
- 5.3.15 Construction completes on the redevelopment of the locally listed Victorian property in July 2021, having turned the former HMO into six one and two-bedroom apartments and completed the construction of two, new, three-bedroom family houses in the grounds. The site also marks the path of a Roman road uncovered during pre-construction archaeological works, which has helped further understanding of how this area was used during the Roman occupation of Colchester.
- 5.3.16 Work by CAHL also progressed on the design of schemes at St Runwald Street and Mill Road that will see CAHL deliver approximately 400 homes in their "Phase One" developments. "Phase Two" sites at Vineyard Street and Britannia Car Park were also announced in March 2021 and some early design and feasibility work was completed on these sites during 2020/21.
- 5.3.17 In addition to their mixed tenure "commercial" housing projects, CAHL are also project managing some of the Council's "New Council Housebuilding Programme" that seeks to deliver 100% affordable housing totalling 350 additional affordable homes by the end of 2024. Under this Housing Revenue Account (HRA) funded Programme, CAHL are appointed to deliver the "Garage Sites Phase 2", "Parade Ground Mews" scheme (at Military Road) and the "Garage Sites Phase 3" projects. All of the HRA-funded social housing is built to the Government's Future Homes 2025 principles, making them the most sustainable and energy efficient homes the Council has built to date. The HRA-funded projects see the housing company working in unison with the Council and also Colchester Borough Homes (CBH), who will manage the new affordable homes once completed.

- 5.3.18 “Mercury Rising”: Likewise, CATL also worked harmoniously with CBH on the regeneration of the Mercury Theatre. This landmark development in the town centre, was a project that was project managed by Amphora, whilst the construction management included CBH, working with Phelans. The project assists now with the roots of recovery in the creative sector and, in addition, was the only construction site that managed to continue working non-stop throughout all stages of the Covid-19 pandemic including the first lockdown period in March/April 2020.
- 5.3.19 “Jacks”: The refurbishment of “Jacks”, a much-loved historic building, was also completed in 2020. Restoring this historic town centre building will be complemented in 2021 by the delivery of the adjacent St Nicholas Square (also being managed by CATL) and made the empty commercial property ready for practical use by Three Wise Monkeys, who have leased the building and expand their operations from the adjacent building after a difficult year for all town centre operators, but especially hospitality sectors.
- 5.3.20 Events: Arguably, the hardest hit activities for the Council’s companies were also in this hospitality sector. Weddings were significantly affected, repeatedly, and disruptively to any ongoing planning through the year. The events company, within CATL, have worked very hard with couples affected by the uncertainty to manage this flexibly. Weddings have recommenced in small and limited ways, then more recently with increasing numbers, and will continue to recover through the 2021/22 year and beyond.
- 5.3.21 Similarly, the Council’s events company in CATL had established Colchester firmly on large events circuits. The Castle Park concerts in 2018 and 2019 has increased Colchester’s profile and the growing reputation had led to even more large concerts planned in 2020 that were then cancelled. The other events, including the national and international acts performing at Charter Hall were also largely cancelled although a few events did occur in the period when lockdown measures were more relaxed.
- 5.3.22 The 2020/21 year therefore became one of rescheduling and planning for post-Covid recovery so that the previous events programme that had been so successful could be re-established without delay. Olly Murs has been confirmed for August 2021, with tickets going on sale during the 2020/21 fiscal year. In addition, CATL were able to secure the Women’s Tour of Britain for Colchester, not only during 2021, but also for 2022 when Colchester will host the “Grand Depart” esteemed beginning of the Tour.
- 5.3.23 Colchester will see the Tour take place on 7 October, when residents and visitors will be able to see the biggest all-female cycle race in the world. The event will be televised to millions of viewers, internationally, and attracts the best riders, including Olympic and world champions, as well as the most elite British riders and stars of the future. CATL helped secure the event for the Council as part of its commitment to promoting health and wellbeing, and to help boost the economy of the borough.

6. Equality, Diversity and Human Rights implications

- 6.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:
- eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and

- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

6.2 The performance reported herein will have no disproportionate impact on, nor disadvantage, any protected group. A number of the projects and activities delivered by the companies directly attempt to improve lives of vulnerable users, bridge inequalities, and provide greater opportunities for all.

6.3 As a few specific examples, Helpline provides a service that has helped vulnerable residents throughout lockdown, who were reassured by knowing that their safety was being monitored and that they had support. In the Sports Park, there are features, activities and facilities providing for equality such as “Wheels for All”, adapted bikes available, and a Changing Places toilet. The Broadband delivery is also facilitating improved speeds for less affluent areas that would not be provided for by usual market operators, helping disadvantaged communities work from home or operate their small businesses more easily.

7. Strategic Plan References

7.1 The services and projects delivered by CCHL and its subsidiaries contribute directly to the priority areas:

- Tackling the climate challenge and leading sustainability
- Creating safe, healthy and active communities
- Delivering homes for people who need them
- Growing a better economy so everyone benefits
- Celebrating our heritage and culture

7.2 As some specific individual examples, the Strategic Plan stated that in 2020/21 the Council would:

- Commence construction of the Northern Gateway Heat Network
- Agree “Phase 2” sites for development by Amphora Homes and undertake feasibility and viability assessments
- Deliver the first mixed tenure housing site built by the Council at Creffield Road
- Deliver the Local Broadband Full Fibre Network project
- Complete the Mercury Rising project
- Work to deliver a scheme redevelopment for Vineyard Gate car park to showcase the Town Wall and provide a welcoming arrival point for visitors to the historic town with interpretation and on-site presentation of surviving archaeology and heritage assets
- Seek grant funding and implement schemes to enhance Balcerne Square and St Nicholas Square as new public spaces to showcase the adjacent assets

8. Consultation

8.1 There is no specific consultation consideration in relation to this report.

9. Publicity Considerations

9.1 There is no specific publicity consideration in relation to this report.

10. Financial implications

- 10.1 In terms of overall governance, the companies operate as separate organisations with financial regulations agreed by relevant company boards. Where the companies are spending money on behalf of the Council then all approvals are required to be in line with normal Council procedures.
- 10.2 In terms of the financial assumptions and dividend targets, when the companies were set up the financial targets and estimated dividend for 2018 to 2020 was broadly based on existing budget assumptions when services were operating within the Council. The original Business Plan period ran until 31 March 2020 and a new Business Plan period has now been entered into from 1 April 2021.
- 10.3 Funding for the company (and certain CATL services) is via a Management Fee paid by the Council and through income that the companies generate. In addition, separate agreements will provide loan finance to the housing and energy subsidiaries. These have been subject to separate reports agreed by Cabinet and as such are not set out in detail within this report.
- 10.4 The performance in the third year shows that CCHL delivered against its target dividend for 2020/21 of £226,000. The companies also met their financial targets for 2018/19 and 2019/20. Further details can be found in the previous Governance & Audit Annual Report and within Appendix 1.
- 10.5 Prior to Covid, the 2020/21 target dividend as set out in the CCHL Business Plan and council budgets had assumed an increase in income for the Council of £135,000 to £529,000 (from the £384,000 dividend returned in 2019/20). The Business Plan for CCHL had set out how this was expecting to be delivered.
- 10.6 However, given the unforeseen impacts of Covid from March 2020 and remaining throughout the whole financial year, the CCHL Board advised that they were expecting that the dividend for this financial year would be lower, and the current forecast was a dividend of £226k. This was agreed in June 2020 and has been met herein; this being the figure on which the revised Council budget as based too.

11. Health, Wellbeing and Community Safety Implications

- 11.1 Health and wellbeing is influenced by a number of factors, many of which fall under the responsibility of the Council. The Company activities span various aspects and assist the Council to do all it reasonably can to promote positive health benefits to our residents; whilst reducing, removing, or minimising any unintended consequences to health that may arise from services or decisions.
- 11.2 A specific example would be the improvements to the CCTV network that are already assisting with arrests and helping to prevent crime and make the town centre an even safer place. Projects such as the Northern Gateway Sports Park, as a prime example, are also designed to improve health and wellbeing, as are trading operations such as Helpline.

12. Health and Safety Implications

- 12.1 The matters herein do not result in harm to the health and safety of the general public or raise any specific health and safety issues related to this report.

13. Risk Management Implications

- 13.1 CCHL has a risk register that is actively managed. Each of the subsidiary companies also have their own risk register. All of the companies have a Business Continuity Plan. A key risk associated with the companies concerns the financial risk attached to the delivery of income targets (capital and revenue) and management of costs. This is actively managed through regular monitoring and reporting on the financial position and the governance arrangements detailed within this report. Risks around project delivery are also managed between Project Managers in the companies, the Client Team in the Council, other relevant service areas or others as required on an individual case basis.

14. Environmental and Sustainability Implications

- 14.1 The Council has declared a Climate Emergency and has committed to being carbon neutral for its operations by 2030. Many of the company activities are helping deliver projects that will contribute towards the achievement of sustainable development as defined in the National Planning Policy Framework. Achieving sustainable development means that the meeting three overarching objectives, which are interdependent and need to be pursued in mutually supportive ways. These are economic, social, and environmental objectives.
- 14.2 This report outlines some of the projects and the activities of the companies that will help meet the targets. Projects such as the delivery of homes, jobs and sports and leisure provision, contribute towards sustainable communities. Projects such as the Heat Network, an innovative low-carbon energy network, make positive contributions to reducing the impact of growth. Thus, in summary, activities undertaken by the Council through its companies has considered the Climate Emergency and the sustainable development objectives set out in the National Planning Policy Framework (NPPF).

Appendices

Appendix 1 – Annual Report (see separate document)



Colchester
COMMERCIAL HOLDINGS



ANNUAL **REPORT**



2020-21





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FOREWORD



Welcome to the 2020/21 Annual Report

Like every other business across the UK, the Amphora Group has been faced with a year of unprecedented challenges in

2020/21, due to the Covid-19 pandemic.

The resilience in the trading performance is due to the diversity of our offer across the three dedicated businesses:

Colchester Amphora Trading Ltd (CATL)

Colchester Amphora Energy Ltd (CAEL)

Colchester Amphora Homes Ltd (CAHL)

This company structure provided good trading resilience for Colchester Commercial (Holdings) Ltd (CCHL) and resulted in a pleasing trading surplus of £226,000.

This has enabled the anticipated dividend payment to Colchester Borough Council (CBC) of £226,000 which will be reinvested into council services for the benefit of the businesses and residents of Colchester.

We were delighted that Colchester Borough Council was named both 'Entrepreneurial Council of the Year' at the prestigious, annual LGC Awards 2020 and 'Best Commercial Council' at the annual Municipal Journal (MJ) Achievement Awards. These honours recognised the innovation, ambition and achievement shown by the Council and the Amphora group of commercial companies.

A major milestone of the year was the opening of Colchester's newest sporting facility, the Northern Gateway Sports Park. This £28.8 million development has been project managed from design through to delivery by CATL who will now manage the facility under CBC's Sport and Leisure services.

The state-of-the-art sport and leisure facility boasts a wealth of indoor and outdoor facilities including a closed-circuit mile long road track, a cycle pump track and learn to ride area, 3G pitches, grass rugby pitches and multi-use sports centre with gym and velo studio. It is now also home to craft coffee makers, Paddy & Scott's who in collaboration with CBC chose it as the venue for their first venture in Colchester.

Work has continued at pace on building Colchester's digital infrastructure. In one of the largest projects of its type undertaken by a local authority in the UK, more than 75km of new fibre optic network has been delivered across the town, in addition to new direct links to the UK's main internet exchange at Telehouse, London. Acting on behalf of CBC, Amphora has secured the largest ever direct foreign investment in Colchester, by the Swedish digital infrastructure specialist, VX Fiber which, via its fibre-deployment business LilaConnect, is now expanding the networks to reach thousands of residential and business premises across the region. The networks provide the basis for future investment in 5G, wireless and 'smart' city technologies, and are already helping to improve the Council's services to residents. The new networks have already facilitated the upgrade of Colchester's CCTV system to a fully modern, digital platform.

CAEL continues to explore innovative areas of business to combat climate change. Its flagship project to install a low carbon District Heat Network to residents, businesses and other commercial users at Colchester Northern Gateway progresses well, with the tender for its detailed design and construction issued.

CAHL has made excellent progress to support the Council's commitment to improving the quality and availability of homes for private sale and affordable rent. At Creffield Road in Lexden, the year saw construction completed on the redevelopment of a locally listed Victorian property into six one and two-bedroom apartments and the construction of two, new three-bedroom family houses.

Construction also began on the building of eight new family houses and apartments in Military Road, Colchester and on various sites to transform underused garage premises. These projects will yield 100% affordable units for social housing and are all built to the Government's Future Homes 2025 principles.

There's plenty more in the pipeline, with outline planning approval drawings finalised this year for the delivery of 350 new homes at Colchester Northern Gateway – South.

This report is testimony to the hard work of all the staff of the CCHL group of companies who seek to develop the businesses and embrace future growth and development even in the toughest of trading climates.

The leisure and hospitality industry was badly impacted by Covid-19, and Colchester Events and Colchester Weddings were no exception. Although no events were able to go ahead, the team made huge strides in attracting major promoters, securing funding and building resilience for a post covid world.

Special mention must be made of the Helpline service which faced its second financial year operating within the Covid-19 restrictions. The team must be commended for continuing to deliver vital monitoring and response services to over 3,450 vulnerable people living independently in their own home – 24 hours a day, 7 days a week throughout the pandemic.

Finally, I'd like to thank the CCHL board members for their continued support, advice and encouragement. It has been a privilege to be the Group Commercial Director of CCHL during this third year of operations. I am encouraged and excited to see our achievements to date and look forward to embarking on our next year of operations and opportunity.

Paul T Smith

Board Director and Group Commercial Director
Colchester Commercial (Holdings) Ltd



WHO WE ARE

Colchester Commercial (Holdings) Ltd (CCHL) is the holding company for three separate subsidiaries, with related but distinct products, services, markets and opportunities. We continue to consolidate our three trading entities into a high-quality commercial offer which maintains the strong public sector ethos of its shareholder.

Colchester Amphora Energy designs and implements low carbon energy systems and provides energy services in Colchester.

Colchester Amphora Trading (CATL) delivers high quality products and services to public and private sector clients in the property, leisure and health care industries.

Colchester Amphora Homes delivers high quality affordable and private homes for sale in Colchester and the surrounding area.

WE AIM TO

Generate profit to maintain viability, reduce risk, return a dividend to our shareholder and re-invest in our organisation

Provide our clients with high-quality products and services while maintaining a high level of return for the council

Capitalise on our range of unique products and services to gain market share

Operate in a commercial, innovative manner exploring options for development and expansion

Improve quality and availability of homes for private sale and affordable rent for local people

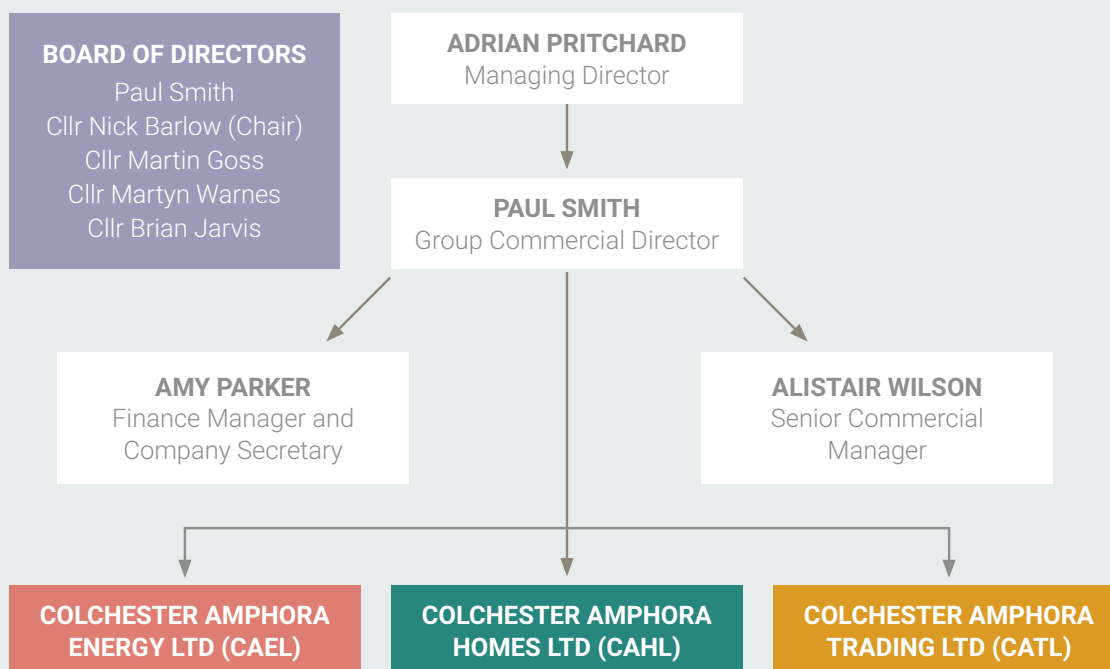
Build the brand for Colchester as a place to do business, invest, live, study and visit

HOW WE ARE GOVERNED

CCHL is operated through its Board of Directors, which has delegated authority from the shareholder (CBC) to determine strategy and direction of the business in accordance with its objectives, and through joint working with the Senior Management Team.

The directors each hold an individual responsibility for making decisions, providing leadership and monitoring the performance of the company. The directors are responsible for obtaining appropriate legal, financial and tax advice to enable them to make informed decisions about the running of the company. The directors are responsible for maintaining and regularly reviewing a robust risk management framework. The Board meet on a quarterly basis and are bound by the Articles of Association, Code of Conduct and Governance Agreement with Colchester Borough Council the company's shareholder.

COLCHESTER COMMERCIAL (HOLDINGS) LTD (CCHL)



IN 2020/21, WE...

returned a **DIVIDEND** of **£226,000**
to Colchester Borough Council

achieved a **£5.8 million** turnover

maintained a **24/7 HELPLINE** service
to **3,450** customers throughout the
pandemic without fail

Built **75km** of fibre optic networks

managed the Council's property investment
portfolio of **£42.5 million**

managed and secured
£2.9 million RENTAL INCOME

opened the **£28.8 million** Sports Park
at Colchester Northern Gateway

secured **£90,000** from the Government's
Culture Recovery Fund to support the
Covid-safe reopening of events

finalised outline planning approval drawings for
350 new homes at
Colchester Northern Gateway – South

recorded **1,852** incidents on
CCTV resulting in 14 arrests.

delivered on all services
throughout Covid-19 restrictions
successfully deploying staff to remote working

handled **£17.3 million** of land and
property assets under offer for disposal

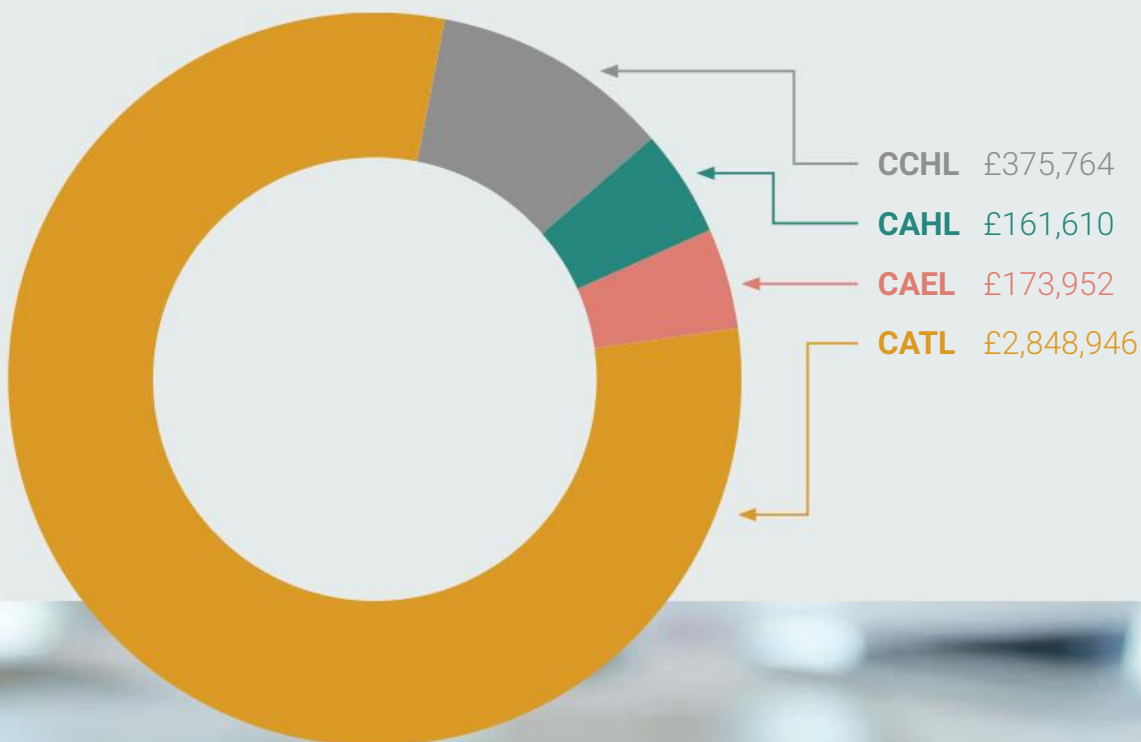
FINANCIAL REVIEW

Delivering value for the borough

Despite a challenging and unpredictable year, Colchester Commercial (Holdings) Ltd and the Amphora group successfully delivered a revised dividend target of £226,000.

In the year ending 31 March 2021, the Group received £3.5m of income for the products and services it provides and spent £3.2m to provide its services. This includes £626,100 paid to CBC through a service level agreement for support services and accommodation; and £100,000 paid to CBC for the use of several venues used to run events across the borough.

The overall financial performance in this third full year of trading was good, and in making a profit, CCHL delivered its dividend target of £226,000 set by CBC.



COLCHESTER AMPHORA TRADING LTD

PERFORMANCE REVIEW 2020/21



Colchester Amphora Trading's (CATL) Commercial Development team provides a range of services to Colchester Borough Council (CBC), as its main client. From project inception and feasibility through to full development management services and delivery of large-scale construction projects.

A highlight of 2020/21 was the opening of the Northern Gateway Sports Park. This new £28.8 million facility marked a substantial capital development project for CBC which CATL was proud to deliver. British Cycling, the UK's governing body for cycle sport, and the England and Wales Cricket Board (ECB), supported the development through total funding of £690,000.

Located over 76 acres from junction 28 of the A12, the Sports Park is unique in Essex in featuring a floodlit, one mile cycle track, as well as learn to ride course and cycle pump track for children. It also boasts 3G pitches, grass rugby pitches, a multi-use sports centre, fitness suite, exercise studios, an interactive velo studio, indoor cricket, badminton, futsal, archery and green open spaces for informal leisure.

CATL secured a partnership with Paddy & Scott's, a local socially responsible coffee supplier, with CBC operating the Sports Park venue under a brand trading agreement.

Progress at CNG – South continued at pace with construction of 'The Walk' – a tree-lined, pedestrian thoroughfare to link existing residential areas situated east and north-east of the site with the future leisure development west of the site. Running like a spine through the centre of the development, once complete it will be suitable for walking, jogging and cycling and will have associated landscaping, street furniture and facilities to provide opportunities for relaxing, socialising and exercise. It is envisaged that The Walk will be completed August 2021.

During the last financial year, the team completed negotiations with Government and the Swedish fibre operator, VX Fiber, to seal the largest ever foreign direct investment in Colchester. Building on early works carried out in 2017-19 and a long period of negotiation with Central Government, which secured start-up funding, we secured for the Council a huge vote of confidence and support from a major international investor.



Already, a full fibre network providing gigabit connectivity to more than 8,000 properties across Berechurch and Shrub End is underway. Other parts of Colchester will follow, reflecting the aim of the Council's 2017-22 Digital Strategy that gigabit connectivity should be available to every property in urban Colchester by the end of that period.

The team will endeavour to deliver every possible benefit of this connectivity to local residencies, businesses, health and social care facilities, and is looking in detail at how it can be extended at affordable levels to the borough's social housing. It will additionally facilitate early investment in 5G technology and our efforts to attract higher quality businesses and investors to the borough.

In December 2020, planning permission was awarded to Turnstone Estates' plans for its new leisure development at Colchester Northern Gateway. The site will benefit from a 12-screen cinema, up to seven restaurants and a 90-bed hotel, two drive-thru restaurants, a bowling alley, indoor golf centre, and climbing centre as well as a high-quality landscaped piazza and parking for 750 cars – including electric car rapid charging points. The Turnstone scheme forms part of a wider development including the Colchester Northern Gateway Sports Park and up to 350 new homes, healthcare provision with older persons accommodation, and commercial floorspace.

The redevelopment of the former bus depot site on Queen Street progressed this year with planning permission now granted and funded by South East Local Enterprise Partnership (SELEP) and the Town Deal. The scheme will provide new grow-on workspaces for creative and digital businesses looking to scale up, alongside a Digital Hub and café bar.

Funding from the Accelerated Town Deal led to the creation of two new public spaces at Balkerne Gate – providing much-needed space outside the newly redeveloped Mercury Theatre, and creating a vibrant new area for events, markets and al fresco dining in St Nicholas Square. Both projects are due to complete in the autumn/winter of 2021.

Finally, the year saw feasibility and design work begin on the new St Mark's Community Centre on Mill Road which will host a new church and spaces for the community to use.





ESTATES AND ASSET MANAGEMENT SERVICE

CATL provides high quality estates and asset management services to CBC for its diverse operational and investment portfolios and provides a range of specialist consultancy advice to all departments within the Council.

The service's dedicated team of professional chartered surveyors and technicians continues to focus on maximising and generating new income from CBC assets, maximising capital receipts and providing our client with good quality advice on the effective use of its property which has become even more important as a result of the Covid-19 pandemic.

During 2020/21, the team successfully managed Colchester Borough Council's property investment portfolio worth c. £42.5 million, maintaining £2.9m of income for the Council and a high rent collection rate despite the pandemic.

The team has continued to identify and secure asset management initiatives bringing in a substantial total capital receipt to the Council of £240k with a further £665k identified or in solicitor's hands.

Throughout the year the team dealt with the marketing and negotiation of £17.3 million worth of land and property which was under offer for disposal as well as dealing with strategic land purchases and supporting community initiatives through our consultancy work. We also secured additional fee income from our specialist valuation work in 2020/21.

Maximising asset performance is a priority for the Council and work was undertaken during 2020/21 to update the Asset Management Strategy Plan which will be implemented going forward to ensure CBC's investment and operational property portfolios continue to release opportunities to add value and support the delivery of sustainable Council services for the community.





SPORT AND LEISURE

CATL provides the commercial and strategic management of sport and leisure for Colchester Borough Council; this service does not form part of the financial performance of the company.

A challenging year for sport and leisure, 2020/21 was a year of stop start which saw Leisure World reopen in July 2020 having closed in March only to be closed again in December 2020 for the remainder of the financial year.

Even when open, Leisure World facilities had to operate under covid secure guidelines and restrictions on activities and customer numbers. When customers were able to access facilities, the feedback was very positive, with the controls in place to ensure social distancing and sanitation protocols were followed.

The disruption to the service had a significant financial impact, which in part was offset by Government support.

The dedication and commitment shown by staff in Sport and Leisure was notable. Many were redeployed as required to provide valuable support to Colchester Borough Council services and Helpline. In addition, a small team worked throughout the pandemic on core maintenance, risk assessments, customer communication and the operational plans for the opening of the Northern Gateway Sports Park. From February 2021, a number of colleagues volunteered to support the Covid-19 testing centre at Leisure World and the vaccination operation at The Community Stadium.

Against such a background there were notable achievements, in particular:

- Opening of the Northern Gateway Sports Park on 26 April 2021
- Recruitment and training of a whole new team at the Sports Park
- Retention of over 2,100 members of Leisure World
- Safe delivery of restricted activities and capacities, with adherence to all government and governing body guidelines
- Approval for the introduction of Pool View, a suite of cameras to enhance safeguarding and safety at the Leisure and Fitness pool

CATL played a leading role in the development of the customer and operations plan for the Northern Gateway Sports Park. This facility offers cycling, cricket, badminton, rugby, archery, gym and classes, as well as safe and attractive recreational space across the 76-acre site for families and individuals to enjoy.



HELPLINE

Helpline delivers a high-quality monitoring and response service to vulnerable residents across Colchester and north Essex, 24 hours a day, 365 days of the year.

Understandably Helpline has had a very challenging year, and it is credit to the team that they delivered this vital service throughout the whole pandemic 24 hours a day, 7 days a week without fail to provide this valuable support to over 3,450 customers.

Huge demand and challenge was placed on the team throughout the whole year after the UK went into lockdown. At times, with colleagues absent through shielding and self-isolation, the service and operational resilience was demonstrated with the swift re-deployment and training of additional staff from Sport and Leisure services. Throughout the pandemic crisis, and with increased demand, Helpline continued to provide a full 24/7, monitoring response and lifting service, the only provider to do so in Essex.



Whilst recruitment and retention of customers was more challenging, it was encouraging that Helpline still increased its customer base. Now 1 in 7 customers are located outside of Colchester, predominantly within the Tendring area.

The team continued to work in partnership, under Operation Pendant, with the East of England Ambulance Service to pick up non injured fallers across North Essex. During the year, Helpline reduced demand on the NHS by attending to direct referrals from the ambulance service for those that had fallen, with the majority of fallers successfully lifted by the team and not conveyed to hospital. This vital support helped decrease demand when the NHS was stretched to capacity, demonstrating Helpline's wider benefit across the whole health and care provision.

CCTV

The provision of a CCTV service supports public safety in Colchester and the surrounding area. A team of Monitoring Centre Operators oversees a network of cameras day and night. CATL runs this service on behalf of CBC.



During 2020/21, despite being a quieter year for the service due to lockdown regulations, the team still recorded 1,852 incidents which resulted in 78 arrests.

The year also saw the commencement of a major programme to replace the service's current analogue system to a modern digital system. This transformation programme has significantly increased the visibility and coverage of the camera network to support the further reduction in crime and anti-social behaviour in the town centre. In addition, the programme has connected other areas, such as Colchester Northern Gateway and the Hythe, to the central monitoring centre.

The digital upgrade is aligned to the wider investment of Local Full Fibre Network that CATL is also delivering. An alignment which is already delivering efficiencies and cost savings.

The new digital platform once complete will also enable CATL to seek opportunities for commercial monitoring of alarms and CCTV for external organisations and businesses in the future. Its deployment is underway and will be fully completed by mid-2021.

EVENTS

The Events team delivers a range of events, weddings and venue hire services across the Council's historic venues. These include the Town Hall, Colchester Castle, Charter Hall, Castle Park and the Old Heath Recreation Ground. An annual fee is paid to the Council to hire these venues.



Clearly 2020/21 is a year where events took on secondary importance, in fact the tiered restrictions and then national lockdown curtailed the vast majority of events over the last 12 months. When permitted for short periods Weddings went ahead at the Town Hall and Castle but under strict Covid secure guidelines and limitations to attendees.

In a difficult year, the team were furloughed, leaving only a minimal resource to manage customer contact, wider communications and rescheduling of events. Many of the team volunteered to work at the vaccination centre at the Community Stadium and this support was greatly appreciated.

During the year, the team made good progress with business development. The Old Library, an under-used location within the Town Hall, was brought back into use as a new venue for hire. In addition, an opportunity to deliver events for another Essex authority was secured.

Also key to business growth was the re-branding of Colchester Events into three dedicated business streams:

- Colchester Events
- Colchester Venues
- Colchester Weddings

Whilst maintaining synergies under the CATL business, each brand now has its own distinct logo, website and social media channels to enable more customer focussed marketing and refined customer journeys.

Although no events were able to go ahead, the team made huge strides in attracting major promoters and during the year announced new shows from international stars including Olly Murs, Katharine Ryan, Sarah Millican and John Bishop. The majority of events were postponed into 2021/22 including hosting of The Women's Tour which was re-scheduled to October 2021.

This year CATL also secured an award of £90,000 from the Government's Culture Recovery Fund to support the Covid-safe reopening of its venues and events across Colchester. The funding will enable CATL to implement safe practices for audiences returning to its shows once lockdown restrictions lift.

In addition, the team gained a 'We're Good To Go' mark from The National Tourist Organisations of Great Britain and Northern Ireland. This recognises our venues follow government and industry Covid-19 guidelines and have processes in place to maintain cleanliness and aid social distancing.



Now as the country looks to emerge from Covid-19 restrictions, the team is well placed to return to what promises to be the most comprehensive programme of events and weddings in 2021/22.





COLCHESTER AMPHORA HOMES – PERFORMANCE REVIEW 2020/21

Colchester Amphora Homes (CAHL) is a housing development company set up to deliver new high quality affordable and private homes for the people of Colchester and the surrounding area.

The year saw a wealth of planning approvals achieved, giving the green light for CAHL to be on site building its first homes during 2020/21.

The redevelopment of a locally listed Victorian property at Creffield Rd, Lexden achieved planning approval and the year saw construction begin on the conversion of the period property into six one and two-bedroom apartments, with two apartments providing much needed social housing. In addition, construction began on two, new-build of three-bedroom family houses within the grounds. Work is due for completion in Summer 2021.

Construction also began on the redevelopment of a former residential property at Military Rd, Colchester. The site gained planning approval earlier in the year to build six one and two-bedroom apartments, plus two new two-bedroom houses. The project, which will yield 100% affordable units for social housing, is due to be completed by early 2022.

Redevelopment of the three former garage sites at Buffett Way and Scarfe Way, Colchester and Hardings Close, Aldham also advanced this year. The transformation of these premises into a total of 16 two and three-bedroom homes will increase the supply of affordable rented homes in the borough. Built to the principles of 'Future Homes 2025' standards, these clean and green homes will be comfortable and cheaper to heat for future tenants. The homes also come with allocated parking for two cars, a garden and a shed with bike storage.

The properties at Hardings Close, will all meet Part M4 Cat 2 standards, to enable wheelchair access to all outdoor spaces, and the three bedroom houses will have a level access shower with WC on the ground floor, in addition to a bathroom on the first floor. The two ground floor flats at Scarfe Way will also meet Part M4 Cat 2 standard with a level access shower. These homes will boost the borough's much needed social housing stock.

At Colchester Northern Gateway – South the year saw outline planning approval drawings finalised for the delivery of 350 new homes, including 30% affordable housing. Presentation of the scheme to the planning committee is anticipated for Summer 2021, with reserved matters approval scheduled for the end of 2021.

New designs were completed for St Runwald Street following consultation with planning and conservation. The current proposal is to deliver 36 homes with 30% of the housing being council-owned homes for affordable rent.

With continued focus on improving the availability of homes for private sale and affordable rent for local people, CBC and CAHL are working together to identify further development sites to continue the housing delivery programme. In addition to these new Phase 3 development sites, Phase 3 garage sites are also being reviewed to accelerate the social housing provision.



COLCHESTER AMPHORA ENERGY LTD - PERFORMANCE REVIEW 2020/21



Colchester Amphora Energy (CAEL) implements low carbon energy projects and provides energy consultancy in North Essex, primarily to Colchester Borough Council working with its Sustainability and Climate Challenge groups and advising on energy aspect of development projects.

The focus for CAEL during 2020/21 has been on the delivery of the Council's flagship project to install a low carbon District Heat Network at Colchester Northern Gateway. The tender for the detailed design and build, which took many months of preparation due to the complexity of the project, was issued.

This innovative scheme will provide a low carbon heat solution to residents, businesses and other commercial users. The project will deliver 5.5 GWhrs of heat a year, of which in the region of 75% of hot water for heating and washing will be generated by the heat pump. It is the first of its kind to be used on this scale in the UK, using a confined chalk aquifer, and is a key element in meeting the Council's climate change ambitions.

Work has taken place on the development of a microgrid at the Northern Gateway. An initial feasibility report has been completed and preparation began of a phase two detailed feasibility and business case. This potential circa £5 million project will provide the development with electricity generated from its own 4.5 MW PV solar farm helping reduce the development's carbon footprint ahead of the National Grid's decarbonisation. This will also create an income stream for the Council and potentially lower prices for those in the microgrid.

CAEL continues to explore new areas of business, working with the Council to look at new energy projects to meet its 2030 carbon targets.



LOOKING *ahead*



I am delighted that, despite the challenges faced by the business community in this unprecedented year, the group has delivered its forecast dividend of £226,000 to Colchester Borough Council.

As the country begins to take its first steps out of the lockdown restrictions demanded by the coronavirus pandemic, the re-building of our local economy will be vital. We know that the Amphora companies will be at the heart of this future growth, inspiring innovation across the borough and assisting Colchester Borough Council in delivering the "Town Deal" boost to Colchester.

I welcome the focus the Amphora group is giving to greener living and sustainability which are at the heart of our local economic growth. Colchester Borough Council has a key role to play at a local and regional level in tackling climate change. The delivery from Colchester Amphora Energy Ltd of the landmark District Heat Network at Colchester's Northern Gateway will ensure we can make huge strides forward in reducing our carbon footprint. Equally, Colchester Amphora Home's commitment to the Government's Future Homes 2025 principles in the design of new homes, and Colchester Amphora Trading's support for reducing the carbon footprint of ageing property assets and supporting the roll out fibre technology to residents, of all support Colchester's ambition to lead the way in environmental sustainability for a greener future.

In 2020/21, residents and businesses alike had a hugely challenging year. As well as its focus on business support and investment, Amphora is dedicated to building and promoting a healthy, vibrant and welcoming place to live, work, visit and raise families. Whether through ever-expanding new facilities for sport and leisure, an exciting new programme of music and entertainment, or new community spaces to meet and socialise with friends and family – the Amphora Group will be key to creating thriving localities for leisure, health and wellbeing across the borough.

Lastly, I must also mention my pleasure on receiving the awards of 'Entrepreneurial Council' and 'Best Commercial Council' during this year. These were a national endorsement of the drive shown by the Council and Amphora to pursue and deliver new and innovative ways to promote business, attract inward investment, create more jobs in the borough and deliver income to the council so it can continue to provide good quality services to residents and communities.

Congratulations to CCHL and our dedicated team of employees on a positive trading performance in a challenging year. The work undertaken in these unprecedented times puts us in the best possible position to face the significant challenges ahead and maintain healthy dividends for the future that are so vital to ensuring the delivery of valued services for the residents and businesses of the borough.

Adrian Pritchard
Managing Director
Colchester Commercial (Holdings) Ltd





Colchester
COMMERCIAL HOLDINGS



www.colchesteramphora.com

27 July 2021

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|-----------------------|---|---------------|-----------------------------------|
| Report of | Assistant Director of Corporate & Improvement Services | Author | Hayley McGrath ☎ 508902 |
| Title | 2020/21 Year End Review of Risk Management | | |
| Wards affected | Not applicable | | |

1. Executive Summary

- 1.1 This report provides members with an overview of the Council's risk management activity undertaken during the financial year from 01 April 2020 to 31 March 2021.
- 1.2 Effective management of risk is essential to ensuring that the Council's aims and objectives are achieved. The Council has therefore approved a Risk Management Strategy, which is included in the policy framework. This provides a comprehensive risk management process that is embedded across the organisation and includes a strategic risk register (which is the responsibility of the senior management team), operational risk registers which are produced by each service, project risk monitoring and specific risk mitigation initiatives.
- 1.3 The Risk Management strategy and processes are reviewed annually to ensure that they are still appropriate to the Council's needs and continue to be effective in identifying and mitigating risks to its aims and objectives.
- 1.4 The key strategic risks are:
 - Covid-19 Pandemic
 - Spending Power
 - Compliance
 - Financial Inequality
 - Cyber Security

2. Recommended Decision

- 2.1 Consider and comment on the Council's progress and performance in managing risk during the period from April 2020 to March 2021.
- 2.2 Consider and comment on the current strategic risk register.
- 2.3 Consider and comment on the proposed risk management strategy for 2021/22.
- 2.4 Endorse the submission of this report to Cabinet to approve the risk management strategy for 2021/22

3. Reason for Recommended Decision

- 3.1 The Risk Management Strategy, which forms part of the policy framework, identifies the Governance and Audit Committee as being responsible for reviewing the effectiveness of the risk management process and reporting progress to Cabinet at least annually.
- 3.2 As part of the Policy Framework, any changes and reviews of the strategy need to be approved by Cabinet and ratified by Full Council.

4. Alternative Options

- 4.1 There are no alternative options to consider.

5. Background Information

- 5.1 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.
- 5.2 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.
- 5.3 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. A high score does not mean that a risk has, or will definitely, occur.
- 5.4 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.

6 Work undertaken during the period

- 6.1 There were no fundamental changes to the risk management function, or the processes used to identify and control risk, during 2020/21
- 6.2 During the year the majority of risk management activity was assisting with the response to the pandemic. Senior Management Team continually reviewed the council's business continuity plans in response to the emerging information about Covid-19, the economic lockdown and sector-specific guidance affecting operational activities, to ensure that essential services continued to be delivered, with some staff being redeployed where necessary.
- 6.3 Work has continued to develop the insurance and risk programmes for Colchester Commercial (Holdings) Limited, to ensure that emerging commercial risks are appropriately managed.
- 6.4 During the year the council was asked to manage the insurance programme for Colchester Borough Homes (CBH). This included the procurement of insurance and the

management of claims. This has resulted in an overall saving for CBH and has provided better coverage.

- 6.5 Support continues to be provided, reviewing the risk elements of event plans, to both the Colchester, and the Community Stadium, Safety Advisory Groups.
- 6.6 The risk registers for the Joint Museum Service and the North Essex Parking Partnership both continue to be produced and reported to the joint committees.

7 Strategic Risk Register

- 7.1 During 2020/21 the strategic risk register was reviewed by the senior management team every quarter and reported to the Governance & Audit Committee every six months. The current register is shown at appendix 1. These risks have been mapped onto a risk matrix, shown at appendix 2, that shows the risk profile before, and after, mitigating actions.
- 7.2 The Corporate Governance Manager reviewed the strategic risks with the Senior Management Team in June 2021 to ensure that the identified risks were still appropriate.
- 7.3 For the majority of 2020/21 the council's strategic risks were consistent. The main risk was the impact of the pandemic, including the effect on finances.
- 7.4 Many of the mitigating activities identified, and implemented, as a direct result of the Council's risk strategy and Strategic Risk Register have helped the organisation, with its partners, to cope with the impacts of Covid-19. For example, strong partnership working, effective communications and prudent financial management.

8. Risk Management Strategy for 2021/22

- 8.1 The Council's current approach to managing risk was introduced in 2006/07. A requirement within the strategy, and also of the annual audit assessment, is to review the approach each year to ensure that it is still appropriate to the Council's needs.
- 8.2 Therefore a review has been undertaken and the strategy has been updated for 2021/22. The revised strategy is attached at appendix 3. There are no changes proposed to the risk process, with amendments only to external review comments and the updating of external guidance references.

9. Equality, Diversity and Human Rights implications

- 9.1 There are no equality, diversity or Human Rights implications as a result of this report.

10. Strategic Plan References

- 10.1 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.

11. Risk Management Implications

- 11.1 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.

12. Environmental and Sustainability Implications

12.1 There are no environmental or sustainability implications as a result of this report.

13. Other Standard References

13.1 There are no particular references to consultation or publicity considerations or financial; community safety or health and safety implications.

Appendices

Appendix 1 – The strategic risk register

Appendix 2 – Risk Matrix

Appendix 3 – Risk Management Strategy for 2021/22

Colchester Borough Council Strategic Risk Register
Draft For G&A Cttee July 2021

Appendix 1

| | | | | Initial Score | | | | | | | Residual Score | | |
|-----|----------------------|--|-----------------------------|---------------|---|----|-----------|---|---|---|----------------|---|----|
| Ref | Risk Title | Description | Strategic / Recovery Strand | P | I | O | RATING | Consequences | Mitigation | Lead | P | I | O |
| ST4 | Covid-19 Pandemic | Ongoing, and recovery, impacts of the COVID-19 pandemic on the council, the communities, our customers and the economy. The uncertainty of planning for future service delivery alongside the threat of further infection waves and restrictions. | Service Provision | 5 | 4 | 20 | Very High | The ongoing and future impacts of the COVID-19 pandemic including service and staff resilience and shortages, including through self-isolation, additional service pressures, short term changes in policy and alert status disrupting delivery of strategic priorities, impacts on service delivery with additional cost pressures and potentially reduced income levels alongside additional work to support recovery. | Delivery of the revised Strategic Plan which incorporates recovery objectives and additional burdens (e.g. outbreak controls). Specific recovery actions, including Reopening of the High Street, being monitored through the project management process. Maximise the use of available government support including income loss grant. | Chief Operating Officer | 4 | 3 | 12 |
| ST2 | Spending Power | Following two single-year spending reviews in 2021 the Government is committed to a Comprehensive Spending Review in 2021. This will impact on Council funding for 2022/23, with the Ministry for Housing, Communities and Local Government not one of the departments with 'protected' departmental expenditure limits (DEL). | Finance | 4 | 4 | 16 | Very High | Changes could be favourable or adverse for the Council's funding. If adverse, the Council could lose the opportunity to develop further, may have enforced changes to service delivery and covid recovery. Adverse impact on local residents / resources. Missed opportunities to boost local economy. Conflict between Council / Government agendas. Reduction in levels of service provision and potential withdrawal of services. | Maintain a constant review of the budget situation, including the impact of decisions from central government. Identify additional actions and areas for increasing income as necessary, including through the Council's Transformation Programme. Reduce reliance on New Homes Bonus to support the base budget. Lobby Government for a fair, multi-year funding settlement. | Chief Operating Officer | 4 | 3 | 12 |
| SP4 | Compliance | Failure to protect public funds and resources – ineffective probity / monitoring systems/legislative breaches. Especially as a result of the rapid changes in service delivery required to respond to the impacts of Covid-19 | Finance | 3 | 5 | 15 | Very High | Service delivery failure. Financial and reputational loss by the Authority. Personal liability of Officers and Members. Legal actions against the Council. Loss of stakeholder confidence in the Borough. Inability to sustain costs. Failure to deliver balanced budget as planned. A need to use balances / reserves or to adapt financial plans to deal with impact of changes. Required to use Reserves & Resources to fund capital priorities. Severe impact on cash-flow leading to negative effect on performance targets. | Ensure the outcomes of the assurance systems that form the internal control environment, (including Internal Audit, Risk Management, Budget process, Corporate Governance and performance management) are appropriately reported so that issues and concerns are managed, and variances are spotted at an early stage. Horizon scanning upcoming legislative / policy changes | Chief Operating Officer | 3 | 4 | 12 |
| CO3 | Financial Inequality | The current, and future, impacts of Covid 19 are likely to increase the number of vulnerable residents leading to greater financial inequality and increasing the number of residents seeking support from the Council. | Community | 3 | 4 | 12 | High | The Council fails to support our most vulnerable residents leading to an increase in crisis intervention. | Regularly monitor the impact of the resources allocated to supporting customers, to ensure that they are signposted to appropriate providers/partners. AT THE CURRENT TIME, DUE TO THE UNKNOWN IMPACTS OF COVID-19, MITIGATION DOESN'T REDUCE THE SCORE. | Strategic Director, Customers and Relations | 3 | 4 | 12 |
| SP3 | Cyber Security | The Council suffers a successful cyber attack on it's computer systems. | Service Provision | 4 | 4 | 16 | Very High | Potentially severe disruption to core services, with financial, legal and reputational impacts for the Council, and potentially significant harm caused to residents. | Ongoing review of IT policies and protocols to ensure that they are fit for purpose and implement a training program for all staff and members. Implementing defined action plans to rapidly respond to any attacks on our systems to help minimise any potential damage. <i>CBC suffered a targeted cyber attack in December 2020, which was successful in breaching the security protocols. However the activation of the rapid response plans to lock accounts, reset all passwords and introduce new measures (including multi factor authentication for all users) were effective in limiting the impact and demonstrated the effectiveness of the mitigation measures in place.</i> | Assistant Director, Corporate & Improvement | 3 | 3 | 9 |

| | | | | Initial Score | | | | | | | | | | Residual Score | | |
|-----|------------------------|--|-----------------------------|---------------|---|----|--------|---|--|--|---|---|---|----------------|--|--|
| Ref | Risk Title | Description | Strategic / Recovery Strand | P | I | O | RATING | Consequences | Mitigation | Lead | P | I | O | | | |
| CO1 | Partnership Delivery | Failure or inappropriate performance management of one or more strategic partnerships or key contracts E.g. Haven Gateway, LEP, ICS, CBH, Emergency Services | Community | 3 | 4 | 12 | High | The cost of service delivery is increased however quality decreases. Failure to deliver key priorities. Reputational and financial loss by the Authority. Failure to deliver expected outcomes through partnerships. Requirement to repay external funding granted to partnership – taking on the liabilities of the ‘withdrawn’ partner. External assessment of the Councils partnerships are critical and score poorly. | Review the 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. | Strategic Director, Customers and Relations | 3 | 3 | 9 | | | |
| ST3 | Partnership Commitment | Change of direction / policy within key partner organisation and they revise input / withdraw from projects. Increased risk due to partners having to review service provision in response to the impacts of Covid-19 on their business. | Strategic | 4 | 3 | 12 | High | The cost of service delivery is increased however quality decreases. Failure to deliver key priorities. Reputational and financial loss by the Authority. Failure to deliver expected outcomes through partnerships. Requirement to repay external funding granted to partnership – taking on the liabilities of the ‘withdrawn’ partner. External assessment of the Councils partnerships are critical and score poorly. | Set a formal relationship / performance review process to be used by all partnerships and ensure results are reported to senior management. Ensure that Exec Board and Leadership review partnerships on a regular basis. Embed Scrutiny Cttee process for key partnerships including CBH and the Safer Colchester Partnership. | Strategic Director, Customers and Relations & Strategic Director, Policy & Place | 3 | 3 | 9 | | | |
| CO2 | CBC Function | The expectation remains that the Council will step in to deliver services when other providers either fail or reduce service provision | Community | 4 | 3 | 12 | High | 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. | Ensure that Cabinet set a clear and consistent message about the role of CBC for customers and partners. | Strategic Director, Customers and Relations | 3 | 3 | 9 | | | |
| CM1 | Service Innovation | Not taking or creating opportunities to maximise the efficient delivery of services through shared provision, partnerships or commercial delivery | Service Delivery | 4 | 3 | 12 | High | If not properly managed then either the Council could lose the opportunity to develop further or may have enforced changes to service delivery. Adverse impact on local residents / resources. Missed opportunities to boost local economy. Conflict between Council / Government agendas. Reduction in levels of service provision and potential withdrawal of services. | Clear approach and 'roadmap' for transforming the Council including an 'innovation' strand, monitored by the Senior Management Team and reported to Cabinet as part of the budget process. | Strategic Director, Policy & Place | 3 | 3 | 9 | | | |
| SP1 | Data Protection | Sensitive data, in any format, is not correctly managed, processed or protected from loss or theft in line with GDPR and Data Protection Act requirements. | Service Provision | 3 | 4 | 12 | High | Potentially severe disruption to core services and/or data theft, with financial, legal and reputational impacts for the Council, and potentially significant harm caused to residents from any breach, potential financial losses, directly or indirectly e.g. ICO fines. | Ongoing review of data security policies and protocols to ensure that they are fit for purpose and implement a training program for all staff and members as required. Provision of secure CBC devices to staff and Members. | Chief Operating Officer | 2 | 4 | 8 | | | |
| PR1 | Budget Strategy | Inability to deliver the budget strategy as planned. | Finance | 3 | 4 | 12 | High | Failure to deliver the planned budget. Unplanned additional use of balances / reserves or to adapt financial plans to deal with impact of changes.May be a need to make in-year budget and service changes. | Ensure effective use of the controls built into the annual budget strategy, to enable the organisation to respond quickly to changes. Regular monitoring of actual spend/income and sensitivity analysis to consider the impact on income streams and the capacity of the organisation to deliver services. Regular and open reporting and updating of the budget position through Cabinet, prudent use of reserves where necessary to mitigate in-year losses. Transformation Programme established early in 2021 to contribute savings to balance the 22/23 and future year's budgets. | Chief Operating Officer | 2 | 4 | 8 | | | |

| | | | | Initial Score | | | | | | | | | | Residual Score | | |
|-----|-----------------|--|-----------------------------|---------------|---|----|--------|--|---|---|---|---|---|----------------|--|--|
| Ref | Risk Title | Description | Strategic / Recovery Strand | P | I | O | RATING | Consequences | Mitigation | Lead | P | I | O | | | |
| OP1 | ICT | Major system failure causing significant service disruption | Operational | 2 | 5 | 10 | High | Theacceleratd use of technology in 2020 and increasing reliance on IT to continue normal business leaves the Council potentially vulnerable to any major system failure, across all service areas. | Continue to shift any remaining legacy systems into more resilient, cloud-based solutions in line with ICT strategy. Ensure that the IT Disaster Recovery plan, and service plans, adequately reflect the organisation's requirements and provide an effective framework for maintaining service provision. Regularly review the IT development strategy to ensure it continues to support the organisations ambitions and provides appropriate safeguards for IT service delivery. | Assistant Director, Corporate & Improvement | 2 | 4 | 8 | | | |
| SP5 | Staff Wellbeing | The sustained response to the pandemic to ensure continued (and additional) service delivery, results in staff reaching their personal resilience levels, leading to organisational fatigue. | Service Provision | 3 | 4 | 12 | High | Decline in service performance. Disengaged and demotivated staff. Efficiency and productivity reduction. Inability to meet changing requirements and needs. Insufficient capacity to deliver the transformation programme. Customer perceptions decline as we deliver less. Loss of key staff. | Monitor staff morale and trends using staff surveys and by monitoring the People Dashboard; and ensure good communications with staff, exploiting new technologies such as yammer. Implement the action plan for the People Strategy; ensuring that performance is regularly monitored. Regularly report the progress of the learning and development strategy, including financial considerations and business behaviours, and exploring training alternatives. Use it as an opportunity to review individuals in the community who could be retrained and reskilled, using processes such as supported internships. | Assistant Director, Corporate & Improvement | 2 | 3 | 6 | | | |
| EF1 | Capacity | The Capital programme contains more projects than the Council has the ability to deliver due to limited resources including specialist staff. | Efficiency | 3 | 3 | 9 | Medium | The Borough Council is unable to deliver the priorities as set out in the strategic plan and key projects are delayed, increase in cost or fail to be delivered. Inability to leverage additaional resources. | Manage the recruitment and development processes to ensure that the organisation has the appropriate skills and expertise. Frequently review the Capital Programme to ensure that programmes are realistic and deliverable with available resources and / or identify any additional resources required to deliver key projects. Agile methodology enables project scopes to be adjusted through effective governance processes. Establishment of the Capital Programme Steering Group (informal Cabinet) to oversee the entire capital programme and address any capacity and other risks before they become issues. | Assistant Director, Corporate & Improvement | 3 | 2 | 6 | | | |

| SCORE DEFINITIONS | 1 | 2 | 3 |
|-------------------|---|--|---|
| Impact | Very Low Insignificant effect on delivery of services or achievement of Strategic Vision & Corporate Objectives. | Low Minor interruption to service delivery or minimal effect on Corporate Objectives. | Medium Moderate interruption to overall service delivery/effect on Corporate Objectives or failure of an individual service. |
| Probability | 10% May happen – unlikely | 10 -25% Possible | 26 – 50% Could easily happen |

Recently Deleted

| | | | |
|-----|---|--|-------------------|
| ST1 | EU Transition - DELETE THIS ONE? | Operational impacts due to the new relationship between the UK and EU. | Strategic |
| SP6 | Customer Confrontation DELETE THIS ONE? | There is an increase in challenging behaviour from customers, towards officers, when the Council cannot meet the customer's expectations. Alongside partners | Service Provision |
| CO4 | Budget Strategy DELETE THIS ONE? | Potential inability to agree shared outcomes/ agendas with partners and the Council's ability to influence partner's performance. | Communities |

| 4 | 5 |
|--|---|
| High | Very High |
| Major interruption to overall service delivery or severe effect on Corporate Objectives. | Inability to provide services or failure to meet Corporate Objectives |
| 51 – 75% | Over 75% |
| Very likely to happen | Consider as certain |

| | | | | | | |
|---|---|----|--------|---|---|---|
| 4 | 3 | 12 | High | Following EU Transition period ending on 31 December 2020. | Continue to monitor the potential issues and maintain effective | Chief Operating Officer |
| 3 | 3 | 9 | Medium | Officers suffer potential mental and physical issues as a result of | Ensure that the Health & Safety reporting process is used to | Strategic Director, Customers and Relations |
| 3 | 4 | 12 | High | The cost of service delivery is increased however quality decreases | Review the assessment process for proposed strategic partners | Strategic Director, Customers and Relations |

| | | | |
|---|---|---|-----|
| 2 | 3 | 6 | ST1 |
| 3 | 2 | 6 | SP6 |
| 2 | 4 | 8 | CO4 |

RISK MATRIX
July 2021

| | | |
|-----------|--------------|------------|
| Low Risks | Medium Risks | High Risks |
|-----------|--------------|------------|

Initial Score Matrix

Scoring 1-5

Risk Tolerance
Line

| Probability of Occurrence | 5 Very High | | | | ST4 | |
|---------------------------|-------------|------------|-------|------------|---------------------------------|-------------|
| | 4 High | | | CM1 ST3 | CO2 ST2 | |
| | 3 Medium | | | CO5 EF1 | CO3 PR1 CO1 SP5 SP1 | SP4 |
| | 2 Low | | | | | OP1 |
| | 1 Very Low | | | | | |
| | | 1 Very Low | 2 Low | 3 Medium | 4 High | 5 Very high |
| Severity of Impact | | | | | | |

Residual Score Matrix

Scoring 1-5

Risk Tolerance
Line

| Probability of Occurrence | 5 Very High | | | | | |
|---------------------------|-------------|------------|-------|-------------------|------------|-------------|
| | 4 High | | | ST4 ST2 | | |
| | 3 Medium | | EF1 | CM1 ST3 CO2 | CO1 SP3 | CO3 SP4 |
| | 2 Low | | | CO5 SP5 | PR1 OP1 | |
| | 1 Very Low | | | | | |
| | | 1 Very Low | 2 Low | 3 Medium | 4 High | 5 Very high |
| Severity of Impact | | | | | | |



Risk Management Strategy 2021/22

**A guide to the Council's approach to
managing risk.**

Draft for committee approval

RISK MANAGEMENT STRATEGY

This document outlines the Council's commitment to managing risk in an effective and appropriate manner. It is intended to be used as the framework for delivery of the Risk Management function and provides guidance to ensure management of risk is a routine process for all services.

INTRODUCTION

Strategy will ensure that:

1. The management of risk contributes towards ensuring effective service delivery and the achievement of the Council's strategic objectives.
2. Members and the Senior Management Team own, lead and support on risk management.
3. Ownership and accountability are clearly assigned for the management of risks throughout the Council.
4. There is a commitment to embedding risk management into the Council's culture and organisational processes, at all levels, including strategic, programme, project and operational
5. All members and officers acknowledge and understand the importance of risk management as a good governance process, by which key risks and opportunities are identified, evaluated and managed.
6. Effective monitoring and reporting mechanisms are in place to continuously review the Council's exposure to, and management of, risks and opportunities.
7. Best practice systems for managing risk are used throughout the Council, including mechanisms for monitoring and reviewing effectiveness against agreed standards and targets.
8. Accountability to stakeholders is demonstrated through periodic progress reports and an annual statement on the effectiveness of and the added value (benefits) from the Council's risk management strategy, framework and processes.
9. Where possible the Council's approach is regularly assessed by an external, independent body against other public sector organisations, national standards and Best Practice.
10. The Risk Management Strategy is reviewed and updated annually in line with the Council's developing needs and requirements.

Endorsement by Adrian Pritchard, Chief Executive

“Colchester Borough Council is committed to ensuring that risks to the effective delivery of its services and achievement of its overall objectives are properly and adequately controlled. It is recognised that effective management of risk will enable the Council to maximise its opportunities and enhance the value of services it provides to the community. Colchester Borough Council expects all officers and members to have due regard for risk when carrying out their duties.”

A handwritten signature in black ink that reads "A. R. Pritchard." The signature is fluid and cursive, with a long, sweeping underline that extends to the right.**WHAT IS RISK MANAGEMENT**

Risk Management is the control of business risks in a manner consistent with the principles of economy, efficiency and effectiveness. It is an essential performance management process to ensure that both the long- and short-term objectives of the Council are achieved and that opportunities are fully maximised.

Risk Management is not about eliminating risk, as this would limit the ability of the organisation to develop and deliver its ambitions. Its purpose is to recognise the issues that could affect the achievement of objectives and develop actions to control, or reduce, those risks. Acknowledgement of potential problems and preparing for them is an essential element to successfully delivering any service or project. Good management of risk will enable the Council to rapidly respond to change and develop innovative responses to challenges and opportunities.

The ‘Delivering Good Governance in Local Government’ 2016 framework, jointly issued by The Chartered Institute of Public Finance & Accountancy and the Society of Local Authority Chief states that there are seven core principles of good governance including ‘Managing risks and performance through robust internal control and strong public financial management’. The document goes on to state ‘Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities.’

BACKGROUND

A process for managing risks was first adopted by the Council in 2003 and since then has been developed to ensure that it continues to be an effective management system. This strategy defines Colchester Borough Council's definition of risk and the processes to be followed.

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 – consideration of the risks occurring as a result of the Council's involvement in specific initiatives.

The following are some of the practical ways that risks are managed and how effectiveness is measured:

- Provision of a comprehensive strategic register, that is regularly reviewed.
- Provision of operational risk registers for all service areas.
- Consideration of risk in Committee reports.
- Development of a comprehensive risk register for the project management programme and consideration of risk as a project management tool.
- Successful internal and external assessment.
- Provision of advice to other authorities regarding our management of risk.

This has led to a practical and workable approach to managing risk, which has resulted in the Council becoming more risk aware and actually taking more risks, as demonstrated by the comprehensive project risk register. Colchester is also highly regarded for managing risk by both our insurers and other authorities.

The 2018/19 internal audit of risk management gave a substantial assurance opinion. Six recommendations were raised during the audit relating to embedding the risk management process in Colchester Commercial Holdings Company Ltd, development of e-learning and reporting of operational risk registers.

OWNERSHIP

The responsibility to manage risk rests with every member and officer of the Council however it is essential that there is a clearly defined structure for the co-ordination and review of risk information and ownership of the process.

Appendix 3 is from the CIPFA/SOLACE risk management guide, Chance or Choice. It is a generic map of responsibility for each part of the risk management process.

The following defines the responsibility for the risk management process at Colchester:

Cabinet – Overall ownership of the risk management process and endorsement of the strategic direction of risk management.

Portfolio Holder for Resources – Lead Member for the risk management process

Governance and Audit Committee – Responsible for reviewing the effectiveness of the risk management process and reporting critical items to Cabinet as necessary.

Performance Management Board (PMB) – Ownership of the strategic risks and overview of the operational risks. Actively support the Risk Management Strategy and framework.

Chief Operating Officer – Lead officer for the risk management process, demonstrating commitment to manage risk.

Assistant Director Corporate & Improvement – Responsible for co-ordination of the risk management process, co-ordinating and preparing reports and providing advice and support.

All Assistant Directors – Ownership, control and reporting of their service's operational risks. Contribute to the development of a risk management culture in their teams.

All Employees – To understand and to take ownership of the need to identify, assess, and help manage risk in their individual areas of responsibility. Bringing to the management's attention at the earliest opportunity details of any emerging risks that may adversely impact on service delivery.

Internal Audit, External Audit and other Review Bodies – Annual review and report on the Council's arrangements for managing risk throughout the Council, having regard to statutory requirements and best practice. Assurance on the effectiveness of risk management and the control environment.

AIMS & OBJECTIVES

The aim of the Council is to adopt best practices 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.

The risk management objectives of Colchester Borough Council are to:

- Integrate risk management into the culture of the Council
- Ensure that there are strong and identifiable links between managing risk and all other management and performance processes.
- Manage risk in accordance with best practice
- Anticipate and respond to changing social, environmental and legislative requirements
- Prevent injury, damage and losses and reduce the cost of risk
- Raise awareness of the need for risk management by all those connected with the Council's delivery of services.
- Ensure that opportunities are properly maximised through the control of risk.
- Reduce duplication between services in managing overlapping risks and promote 'best practise'.

STRATEGIC RISK MANAGEMENT

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 effect service provision, such as proposals to dramatically change the corporate assessment process.

Strategic risks will be controlled using a register that will detail the risks and associated controls. The register will be owned by the Senior Management Team, with ownership for risks being assigned to individual officers, and will be reviewed every quarter. The strategic risks will be reported to the Governance & Audit Committee at least twice a year.

OPERATIONAL RISK MANAGEMENT

Operational risks are those that threaten the routine service delivery of the Council. Each service area will have their own operational risk register that details the risks associated with providing the service. These registers will be reported, in summary format, to the Senior Management Team and committee on an annual basis. High risks and the success in controlling them will be reported to Senior Management Team on a quarterly basis, as these will help in the formulation of the strategic risk register.

LINKS

It is essential that risk management does not operate in isolation to other management processes. To fully embed a risk management culture, it has to be demonstrated that risk is considered and influences all decisions that the Council makes. It is essential that there is a defined link between the results of managing risk and the following:

- The Strategic Plan
- Service Plans
- Revenue and Capital Budgets
- Annual Internal Audit Plan

ACTION REQUIRED

The following actions will be implemented to achieve the objectives set out above:

- Considering risk management as part of the Council's strategic planning and corporate governance arrangements.
- Ensuring that the responsibility for risk management is clearly and appropriately allocated
- Maintaining documented procedures for managing risk
- Maintaining a corporate approach to identify and prioritise key services and key risks across the Council and assess risks on key projects.
- Maintain a corporate mechanism to evaluate these key risks and determine if they are being adequately managed and financed.
- Establish a procedure for ensuring that there is a cohesive approach to linking the risks to other management processes
- Including risk management considerations in all committee reports
- Providing risk management awareness training to both members and officers.
- Developing risk management performance indicators.
- Establishing a reporting system which will provide assurance on how well the Council is managing its key risks and ensures that the appropriate Members and officers are fully briefed on risk issues.
- Preparing contingency plans in areas where there is a potential for an occurrence to have a significant effect on the Council and its business capability.
- Regularly reviewing the risk process to ensure that it complies with current national Governance Standards and Best Practice.
- Developing risk management links with key partners and contractors, to ensure that principles are adopted in all areas of service delivery.

REVIEW

To ensure that the risk management process is effective it will need to be measured and reported to PBM, Governance & Audit Committee and Cabinet. As well as a structured reporting process of risks and controls during the year there will need to be an annual review demonstrating the success of the following:

- The inclusion of risk management principles within Service Plans and budgets.
- The development of the Internal Audit plan based on the risk issues.
- Achievement against identified performance indicators.
- Members consistently ensuring managing risk is considered as part of the decision-making processes within the Council.
- Service managers making recommendations that regard risk as an opportunity as well as a threat.
- Risk management principles being considered in service reviews, for example in areas such as options for change and service improvements.
- Changes in risk being independently identified and assessed by Service Managers
- Compliance with the use of resources criteria and self assessment requirements.

Suitable opportunities to benchmark the risk management service against other organisations should also be explored, to ensure that it is effective, and the work carried out by the Council conforms to best practise.

The three appendices attached give greater detail of key areas:

Appendix 1 – Outline of the risk management process

Appendix 2 – Details of how Risk Management will be reported.

Appendix 3 – CIPFA guidance on Risk Management Responsibilities

APPENDIX 1

The Risk Management Process

Risk Management is a continual process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them and / or responding to them. The risks faced by the Council are constantly changing and the continual process of monitoring risks should ensure that we can respond to the new challenges. This process is referred to as the risk management cycle.

Stage 1 – Risk Identification

Identifying and understanding the hazards and risks facing the council is crucial if informed decisions are to be made about policies or service delivery methods. There is detailed guidance available on how to identify risks which includes team sessions and individual knowledge. Once identified a risk should be reported to the relevant Assistant Director who will consider its inclusion on the relevant risk register. If the risk is identified in between register reviews, then it is reported to the Risk & Resilience Manager for information and the Head of Service is responsible for managing the risk.

Stage 2 – Risk Analysis

Once risks have been identified they need to be systematically and accurately assessed. If a risk is seen to be unacceptable, then steps need to be taken to control or respond to it.

Stage 3 – Risk Control

Risk control is the process of taking action to minimise the likelihood of the risk event occurring and / or reducing the severity of the consequences should it occur.

Stage 4 – Risk Monitoring

The risk management process does not finish with the risk control procedures in place. Their effectiveness in controlling risk must be monitored and reviewed. It is also important to assess whether the nature of the risk has changed over time.

APPENDIX 2

Reporting

No matter how good the process to identify and control risks is, it will not be effective unless the information gained from it is reported and used to influence other management issues / processes. Therefore, it is essential that there is a defined process and timetable for reporting the results of the risk management process to both members and officers.

Types of Report

- The strategic risk register is reviewed a minimum of twice yearly by PMB, with interim reports quarterly as required.
- Six monthly review of the operational risk registers and a summary report of these reviews to PMB
- Project risks are reported through the project management process and reported to the project management board. Significant issues will also be included in the reporting process to PMB
- A six-monthly report is provided to Committee (Governance and Audit) detailing the current strategic and high-level operational risks and the progress made in controlling them.
- An annual report reviewing Risk Management activity and an action plan for the coming year – taking into account changes in methodology and results of internal and external reviews. Going to PMB, Governance & Audit and Cabinet.
- Ad-hoc reports need to be provided to PMB when new, significant risk issues arise.

The reports can be summarised as follows:

| | Services | P.M.B. | Governance & Audit | Cabinet |
|------------------|-------------------------------------|---|---|------------------------------------|
| Quarterly | | Review of strategic risk register | | |
| 6 Monthly | Review of operational risk register | Summary of operational review from services | Progress report of strategic & high-level operational risks | |
| Yearly | | Scrutiny of annual progress report to cttee on R.M. | Endorsement of annual progress report on R.M. | Summary of past years work on R.M. |

Appendix 3

Risk Management Responsibilities – CIPFA / SOLACE Guidance

| | Framework, Strategy and Process | Identifying risk | Analysing Risk | Profiling risk | Prioritising action based on risk appetite | Determining action on risk | Controlling risk | Monitoring & Reporting | Reporting to external stakeholders. |
|---|---|---|--|---|--|---|---------------------------------|---|---|
| Members | Agreeing the Framework, Strategy and Process Determined by Officers | Identifying risk | Analysing Risk | Profiling Risk | Determining the risk appetite and prioritising risk. Agreeing the priorities determined by officers | | | Reviewing the effectiveness of the risk management process. | Reporting to external stakeholders on the framework, strategy, process and effectiveness. |
| Risk Management Team | Providing advice And support to the executive Management Team and Members | Providing advice and support. | Providing Advice and support | Providing advice and support | Providing advice and support | | | Co-ordinating the results for reporting to the corporate management team and members | |
| Senior Management Team | Determining the framework, Strategy and Process | Identifying strategic and cross-cutting issues | Analysing Strategic and cross-cutting issues. | Profiling strategic and cross-cutting issues. | Determining the risk appetite and prioritising strategic and cross-cutting issues | Determining action on strategic and cross-cutting issues. Delegating responsibility for control. | | Monitoring progress on managing strategic and cross-cutting risks and reviewing the implementation of the risk management framework, strategy and process. Reporting to members. | Reporting to external stakeholders on the framework, strategy, process and effectiveness. |
| Assistant Director Corporate & Improvement | Providing Advice and Support | Providing advice and support | Providing advice and support | Providing advice and support | Providing advice and support | Providing advice and support | Providing advice and support | Co-ordinating the results for reporting to the executive management team and members | Preparing draft reports for the corporate management team and members to issue. |
| Service Managers / G.M.T's | | Identifying service Risks | Analysing Service risks. | Profiling service risks. | Prioritising action on service risks. | Determining action on service risks. Delegating responsibility for control. | | Monitoring progress on managing service risks. Reporting to the group management team | |
| Employees, contractors And partners | | Maintaining awareness of risks and feeding these into the formal process. | Maintaining awareness impact of risks and feeding information into the processes | | | | Controlling risk in their jobs. | Monitoring progress on Managing job related risks Reporting to the service manager. | |

Governance and Audit Committee

Item
10

27 July 2021

| | | | |
|----------------|---|--------|------------------------------|
| Report of | Assistant Director Corporate and Improvement Services | Author | Matthew Evans ☎ ext. 8006 |
| Title | Work Programme 2020-2021 | | |
| Wards affected | Not applicable | | |

1. Executive Summary

- 1.1 This report sets out the current Work Programme 2021-2022 for the Governance and Audit Committee. This provides details of the reports that are scheduled for each meeting during the municipal year.

2. Recommended Decision

- 2.1 The Committee is asked to note the contents of the Work Programme for 2021-2022.

3. Reason for Recommended Decision

- 3.1 The Work Programme of this Committee is kept under review throughout the municipal year to ensure that business is progressed and Members have the opportunity to review upcoming agenda items. Members' attention is drawn to the addition of an item on the cyber security provisions of Colchester Borough Council, which will be an additional item on the October agenda, following a request made at the meeting of this Committee on 22 June 2021.

4. Alternative Options

- 4.1 This function forms part of the Committee's Terms of Reference and, as such, no alternative options are presented.

5. Background Information

- 5.1 The Governance and Audit Committee deals with the approval of the Council's Statement of Accounts, audit, other miscellaneous regulatory matters and standards.
- 5.2 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.

6. Standard References

- 6.1 There are no particular references to publicity or consultation considerations; or financial; equality, diversity and human rights; community safety; health and safety, environmental and sustainability implications or risk management implications.

7. Strategic Plan References

- 7.1 Governance is integral to the delivery of the Strategic Plan's priorities and direction for the Borough as set out under the four themes of growth, responsibility, opportunity and wellbeing.
- 7.2 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.

WORK PROGRAMME 2021-22

| |
|--|
| Governance and Audit Committee |
| |
| Meeting date / Agenda items - |
| Governance and Audit Committee - 22 June 2021 |
| <ol style="list-style-type: none">1. Draft Annual Statement of Accounts 2020/20212. Year End Internal Audit Assurance Report 2020/20213. Review of the Governance Framework and Draft Annual Governance Statement4. Financial Regulations 2022-20235. Financial Monitoring Report – End of Year 2020-20216. Capital Outturn – End of Year 2020-2021 |
| Governance and Audit Committee - 27 July 2021 |
| Governance and Audit Committee briefing followed by the following items - |
| <ol style="list-style-type: none">1. Review of digital meetings following Covid-192. Colchester Commercial Holdings Limited – Annual report3. 2020/2021 Year End Review of Risk Management |
| |

Governance and Audit Committee - 7 September 2021

1. Colchester Borough Homes Annual Report and Governance Statement
2. Financial Monitoring Report – April to June 2021
3. Capital Expenditure Monitor 2021/2022
4. Treasury Outturn 2020/2021
5. Audited Annual Statement of Accounts 2020/2021 and Annual Audit Letter

Governance and Audit Committee - 19 October 2021

1. Local Government and Social Care Ombudsman Annual Review 2020/2021
2. Health and Safety Policy and Annual Report
3. Review of digital meetings following Covid-19
4. Review of Colchester Borough Council's Cyber Security provisions

Governance and Audit Committee – 23 November 2021

1. Treasury Management Report 2020-21
2. Review of the Council's Ethical Governance Policies
3. Annual Review of the Members' Code of Conduct and the Council's Localism Act "Arrangements"
4. Review of Local Code of Corporate Governance
5. Review of Member/Officer Protocol
6. Gifts and Hospitality – Review of Guidance for Councillors and Policy for Employees
9. Treasury Management – Half Yearly Update
10. Equality and Safeguarding Annual Update
11. Annual Audit Letter 2020/2021
12. Financial Monitoring Report June – September 2021
13. Capital Monitoring 2021/2022

Governance and Audit Committee - 18 January 2022

1. Interim Review of the Annual Governance Statement Action Plan
2. Risk Management Progress Report
3. Mid-Year Internal Audit Assurance Report 2021/2022
4. CCHL Half-Year Performance Report (to include draft 3 year plan)
5. Annual Review of the Council's Companies' Business Plans
6. Annual Review of Business Continuity

Governance and Audit Committee - 8 March 2022

1. External Audit Plan for year ending 31 March 2022 and Certification of Claims and Returns – Annual Report 2020/2021
2. Financial Monitoring Report October to December 2021
3. Capital Expenditure Monitor 2021/2022
4. Internal Audit Plan 2022/2023
5. Review of digital meetings Covid-19