

OVERVIEW AND SCRUTINY BOARD

A meeting of the Overview and Scrutiny Board was held on 14 June 2016.

PRESENT: Councillors J Sharrocks (Chair), E Dryden, A Hellaoui, C Hobson, L Lewis, J McGee, L McGloin and J A Walker

OFFICERS: A Crawford, J Shiel, M D Taylor and C Lunn.

APOLOGIES FOR ABSENCE Councillor T Higgins, Councillor T Mawston, Councillor D Rooney.

DECLARATIONS OF INTERESTS

There were no Declarations of Interest made at this point in the meeting.

16/1 APPOINTMENT OF VICE CHAIR.

The Chair sought nominations for the appointment of Vice Chair for the Overview and Scrutiny Board for the 2016/2017 Municipal Year.

It was proposed, seconded and agreed that Councillor T Mawston be appointed.

ORDERED that Councillor T Mawston be appointed as Vice Chair of the Board for 2016/2017.

16/2 MINUTES - OVERVIEW AND SCRUTINY BOARD - 21 APRIL 2016.

The Minutes of the Overview and Scrutiny Board meeting held on 21 April 2016 were submitted and approved as a correct record.

ORDERED that the minutes be approved as a correct record.

16/3 2ND CAPITAL MONITORING REVIEW 2015/2016.

The Deputy Chief Finance Officer presented a report, the purpose of which was to present the Board with an update concerning the Council's Capital Programme (2013/2014 to 2017/2018), which was based upon information to date.

As a preliminary, Members were introduced to the Council's recently-appointed Interim Assistant Director of Finance, who was in attendance at the meeting.

Members of the Board were advised to view the submitted report in the context of the outturn position, which would be reported to the Executive in July 2016. In addition, it was indicated that an update in respect of the Capital Programme would be presented to the Executive later this month, via the Council's Strategic Plan.

Members were requested to note the position of the Capital Programme and the changes set out in the report, which had been presented to the Executive on 12 April 2016. The report identified and explained the key increases and decreases within the Capital Programme, as well as indicating which projects had been re-profiled between years and the reasoning for that.

Members were advised that the Executive Summary at paragraphs 5 to 11 of the report set out the key issues within the main body of it.

It was highlighted to Members that the five year capital budget had increased by £6.063 million since the first review, to a total of £200.970 million. This was mainly due to external

funding that had successfully been acquired. Members were pointed to paragraph 9 of the report which illustrated this increase in relation to the varying programme outcome areas by service area.

It was explained to the Board that a £396,000 increase in funding required from the Council would be funded from already-available under-programming resources, and would therefore not require any further borrowing.

The Board was informed that a further £9.026 million of planned expenditure had been re-profiled from 2015/2016 into future years, which brought the total slippage at the second review to £17.842 million. This represented approximately 30% of the starting budget.

A definition of Capital expenditure was provided to Members, which was shown at paragraph 12 of the report.

Members were advised that paragraphs 14 to 23 of the report provided details of a review of Capital Reporting and Governance. It was explained that this concerned issues that arose in the Statement of Accounts and in relation to Governance arrangements. It was highlighted that significant progress had taken place during the financial year to address those issues, which had all been captured and reported to the Council via the Council's Improvement Plan.

Reference was made to paragraph 23 and associated Appendix F of the report, which encompassed a new schedule that set out the issues around monitoring project milestones and outcomes, which had been one of the key recommendations of the Audit and Governance report. It was explained that this was work in progress; Finance had been working with Performance and Policy to identify key projects and determine what the outcomes were, and then subsequently monitor those as work progressed. The Board was informed that there would ultimately be an electronic solution to this, which would be implemented in due course.

Reference was made to paragraphs 26 to 35 of the report, which set out the key projects that lay within the additional £6.063 million that had been added to the Capital Programme. A full list of all of those schemes was set out at Appendix A of the report.

Members were directed to the table at paragraph 37 of the report, which illustrated where the additional £9.026 million of re-profiling had taken place across each of the outcome areas.

The Board was advised that paragraphs 39 to 63 of the report set out the key projects which had been re-profiled and the reasons for those. It was indicated that only variations above £100,000 were reported. A full list of those re-profiled projects was shown at Appendices C and D.

Paragraph 68 of the report showed the level of under-programming for the five year programme. It was explained to Members that under-programming occurred when planned resources exceeded expenditure. At the first review, the level of under-programming had been £539,000, whereas at the current review stage it was £143,000. This had put the programme into a surplus position at this point.

Members of the Board were asked to note the overall Capital Programme that was set out at Appendix E of the report, which reflected all of the changes that were detailed within it.

A Member commented that it was very positive that the Council had not been required to take out any further loans and had been in a position to utilise resources that were already in place.

In response to an enquiry regarding an action plan referred to in paragraph 18 of the report, it was explained to Members that this had been consolidated into the Council's Improvement Plan and was therefore now in place.

A Member suggested that update reports in respect of project and programme work be provided on a monthly basis, as opposed to quarterly, as the latter could occasionally be untimely. In response, it was explained to Members that the issue with monthly reporting was that, in respect of the larger projects that were included in the Capital Programme, the

timeframe would not be sufficient for progress to be observed. The example of a significant housing regeneration programme was provided. In addition, in respect of smaller projects, these may have been completed within the month.

It was explained to Members that in terms of future progress reporting, the Council would be provided with a consolidated quarterly report, which would cover such matters as the Council's revenue position, Capital Programme position, reserve position, and Treasury Management. It was felt that this amalgamation would show the complete picture of the Council's performance in one document.

In terms of providing the Board with updates, it was suggested that a report by exception be provided on a monthly basis, which would consequently tie in with the more holistic quarterly reports, if appropriate. Members agreed that this would be both beneficial and appreciated. In addition, it was suggested to the Board that, should it wish to identify one or two specific projects that were of interest, relevant Project Managers could be called upon to provide specific updates. Members were very supportive of this and agreed that a regular update item be placed on future meeting agendas.

With regards to the monitoring of future projects, it was explained that to assist with this, a Capital Project Board would be instigated so that all projects would be formally assessed from the outset, which would then be subject to regular internal monitoring.

A Member made reference to project contracts and commented that there was a need for improvement regarding these, in order to ensure that work was not unnecessarily delayed. In response, it was indicated that the revised Capital Programme process would assist with this - projects would not be progressed until complete documentation had been put in place. It was explained that a final review of projects would be undertaken by Legal Services, with the Council's Monitoring Officer being required to make the decision that projects proceed on the basis that the contractual elements were all present and correct.

Reference was made to paragraph 27 of the report, and the topic of external grant funding. A Member queried the process surrounding grant applications and subsequent decision notifications. In response, it was indicated that the Council was notified when applications for grant funding had been unsuccessful, as had occurred in this case.

Regarding paragraph 29 of the report, a Member queried why deductions from certain capital receipts to fund initiatives such as affordable housing would be taken in place of S106 arrangements. In response, it was explained to the Board that this would occur in instances where the land was Council-owned and not third-party land. Members suggested that this caveat be included in this paragraph to facilitate comprehension.

A Member queried the establishment of a Health and Wellbeing Hub in the town centre, as detailed in paragraph 30 of the report, as opposed to elsewhere in the town. The Board discussed the strategy to amalgamate a wide-range of health initiatives, such as the Needle Exchange and previous Life Store services, into one unit within the Dundas Arcade. Reference was made to outreach provision and the potential for services to be provided across the wider community. It was indicated that external funding would be utilised for this project.

A short discussion ensued in respect of paragraph 31 of the report and potential reasoning for alterations to Newport Primary School and Acklam Grange Primary School. The funding sources for this project work were noted.

Reference was made to paragraph 39 of the report and an update requested in respect of the Gresham development. In the absence of appropriate personnel, the Interim Chief Finance Officer explained to the Board that it would be useful if projects that were of interest to the Board could be identified in order to ensure that project managers could be in attendance to provide information. In this case for example, there were three phases to the Gresham development project. The Board felt that this was a good suggestion. A brief discussion ensued in relation to potential projects of interest to the Board. Members felt that the Gresham development was one of interest and agreed that an appropriate officer be invited to a future

meeting to provide an update.

A Member sought an update in respect of paragraph 41 of the report and the Teesside Advanced Manufacturing Park. The Board was advised that the final arrangements between the TVU, TWI and the company that would be occupying one of the premises were currently being made. It was hoped that these negotiations would be concluded in the near future.

It was explained to Members that the new Capital Programme process would not only detail the Council's expenditure and reasoning for it, but also what the Council expected to achieve as a result. It was felt that this would facilitate future project reviews and provide opportunity for more valuable reports to be presented to the Board. Members agreed that this would be helpful.

A Member made reference to paragraph 50 of the report and queried whether a suitable property for development into a residential resource, for children with disabilities, had been acquired. In response, it was explained that a full update would need to be requested from an appropriate representative of Children's Services, however, it was indicated that a suitable property had not been located. Members discussed the requirements of residential care facilities for both children and adults and considered the difficulties in acquiring suitable properties. A Member commented on the condition of some of the homes within the Authority's ownership and the requirement to ensure that these were fit for purpose. Members discussed the project and agreed that an appropriate officer from Children's Services be invited to a future Board meeting to provide an update.

A Member sought clarification in respect of paragraph 56 of the report and the term 'Unified Comms/VoIP Upgrade'. In response, it was explained that this concerned 'Voice over Internet Protocol'. All of the Council's telephones now operated over the internet as opposed to conventional lines, and this project concerned the upgrading of the connection.

A Member commented on the acquisition of external funding and the positivity of this in the current economic climate. A query was raised as to how the Council ensured that all opportunities in respect of grant funding were pursued. In response, it was explained to the Board that wherever funding opportunities existed, for example national grant funding, these were followed up. Applications were not always successful due to the competition involved, but attempts were made.

Reference was made to the Combined Authority and further opportunity for funding via the Local Growth Fund. A number of bids had already been put forward for this. It was explained to Members that one of the primary issues in acquiring funding revolved around community structures and the need for projects to be substantive. Although new funding pathways had opened, it was explained that, generally, a vast amount of the previously available external funding had now ceased, which added to the competitive element.

Consideration was given to the overall figures involved in the five year Capital Programme plan, and the amount of funding acquired from external sources that had contributed to this. It was felt that the Council had attained a remarkable achievement, particularly in respect of the issues being experienced in the wider financial environment.

The Chair commented that the topic of grant funding could potentially be pursued as a separate investigation by the Ad Hoc Scrutiny Panel.

A short discussion ensued in respect of successful grant applications and the importance of ensuring that sufficient internal finance was available to support the running of projects once start-up grants had been utilised.

A Member queried European funding and the significance of this to the Council. In response, it was explained that there was not a great deal of funding in respect of Middlesbrough, however, the European Bank had provided significant structural funds to the wider northern region, for such matters as supporting local businesses to grow.

The Chair thanked the officers for their attendance and contribution to the meeting.

ORDERED that:

1. **In order for Members to receive Capital Programme project updates, a regular item be placed on future meeting agendas to have appropriate officers attend and provide information. Reports by exception would also be provided to the Board on a monthly basis.**
2. **An appropriate officer be invited to a future meeting to provide an update in respect of the Gresham development.**
3. **An appropriate officer from Children's Services be invited to a future meeting to provide an update in respect of the residential resource, for children with disabilities, project.**
4. **The information, as presented, be noted.**

16/4 FINAL REPORT OF AD-HOC SCRUTINY PANEL - COUNCIL USE OF CONSULTANTS.

Members considered the final report of the Ad Hoc Scrutiny Panel's investigation into the Council's use of consultants.

In respect of paragraph 45, a Member commented that consultancy work was not always undertaken on a full-time basis, and suggested that an additional point be added to the cost breakdown list that would take the time spent into consideration. The Board agreed that a pro-rata amount would be a useful addition.

A Member commented on recommendation C and the involvement of an Executive Member. The Board discussed the wording of the recommendation and agreed that this be amended to read as follows:

" c. A mechanism for senior level approval of all consultant appointments, with a consistent level of authorisation to be implemented across the authority. This process should involve the relevant Executive Member, or be reported to them."

ORDERED that:

1. **A pro-rata amount of time/cost spent on consultancy be added to the list at paragraph 45 of the Panel's report.**
2. **Recommendation C of the Panel's report be amended, as detailed in the preamble.**
3. **The information, as presented, be noted.**

16/5 EXECUTIVE FORWARD WORK PROGRAMME.

Members considered the Executive Forward Work Programme.

The contents were noted, however, Members felt that the programme was difficult to read as the documentation had been presented in portrait as opposed to landscape style. The Chair advised that, in future, if there were any problems with circulated reports, relevant officers would be contacted and asked to provide appropriate alternatives at the meeting.

NOTED**16/6 ANY OTHER BUSINESS.**

No further business was discussed.

