



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE CABINET

WEDNESDAY, 2ND JULY, 2008 AT 6.00 P.M.

THE COUNCIL HOUSE, BURCOT LANE, BROMSGROVE

SUPPLEMENTAL / ADDITIONAL DOCUMENTATION

The attached papers were specified as "to follow" on and/or are to be added to the Agenda previously distributed relating to the above mentioned meeting.

4. To receive the minutes of the meetings of the Audit Board held on 9th June 2008 and 25th June 2008 (to follow) (Pages 1 - 6)

8. Dolphin Centre Phase 2 Update (Pages 7 - 12)

K. DICKS
Chief Executive

The Council House
Burcot Lane
BROMSGROVE
Worcestershire
B60 1AA

30th June 2008

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Agenda Item 4

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT BOARD

MONDAY, 9TH JUNE 2008 AT 6.00 P.M.

PRESENT: Councillors Miss D. H. Campbell JP, Mrs. H. J. Jones (during Minute Nos. 01/08 to 07/08), S. R. Peters, C. R. Scurrall, Mrs. C. J. Spencer and E. C. Tibby

Also in attendance: Ms. L. Cave, District Auditor, the Audit Commission and Councillor G. N. Denaro (Portfolio Holder for Finance)

Observers: Councillors R. Hollingworth and Mrs. J. D. Luck

Officers: Mr. T. Beirne, Ms. J. Pickering and Ms. D. Parker-Jones

1/08 **ELECTION OF CHAIRMAN**

RESOLVED that Councillor S. R. Peters be elected Chairman of the Board for the ensuing municipal year.

2/08 **ELECTION OF VICE CHAIRMAN**

RESOLVED that Councillor C. R. Scurrall be elected Vice-Chairman of the Board for the ensuing municipal year.

3/08 **APOLOGIES FOR ABSENCE**

No apologies for absence were received.

4/08 **DECLARATIONS OF INTEREST**

No declarations of interest were received.

5/08 **MINUTES**

The minutes of the meeting of the Audit Board held on 17th March 2008 were submitted.

RESOLVED that the minutes be approved as a correct record.

6/08 **ANNUAL AUDIT AND INSPECTION LETTER**

A copy of the Audit Commission's Annual Audit and Inspection Letter, which had already been referred to the Performance Management Board and the Cabinet, was considered. Ms. L. Cave, District Auditor with the Audit Commission, presented the report and highlighted the key elements of this. It was noted that, overall, Council services had improved over the last year, and

at a faster rate than other councils, but from a low base. The Council needed to continue to make improvements and ensure it did not become complacent, with value for money being the top focus for the coming year.

RESOLVED that the Audit Commission's Annual Audit and Inspection Letter be noted.

7/08 **AUDIT AND INSPECTION PLAN 2008/09**

The Board considered the Audit Commission's 2008/09 Audit and Inspection Plan. Ms Cave presented the Plan, which she advised would need to be reviewed once the Council's Statement of Accounts had been audited.

RESOLVED that the Audit Commission's Audit and Inspection Plan be noted and approved.

8/08 **INTERNAL AUDIT PERFORMANCE AND WORKLOAD**

Consideration was given to a report which provided a summary of the current performance and workload of the Internal Audit Section. The Head of Financial Services explained the background to the report and advised that future training on this would be provided.

Following vacancies in the Audit Team resources, 80% of the 2007/08 Audit Plan had been completed within the financial year, which it was noted was still 5% above target. Four audits had been deleted as agreed by the Audit Board, with four audits having been transferred to 2008/09. Arrangements were being looked into with Worcester City Council for interim cover for the vacant management post and KPMG, the Council's former external auditors, were acting as consultants on the Payroll and Customer Service Centre audits, which the Audit Commission had advised would need to be completed.

RESOLVED:

- (a) that the current status and work completed on the 2007/08 Audit Plan be noted and approved;
- (b) that the work completed by the Internal Audit Section between March and May 2008 be noted;
- (c) that the summary of investigations completed by the Internal Audit Section be noted;
- (d) that the current Internal Audit Performance Indicator statistics be noted; and
- (e) that it be noted that there were no new or updated Internal Audit documents to report.

9/08 **RECOMMENDATION TRACKER**

Members considered a report which provided a summary of previously selected audit report "priority one" recommendations. The Head of Financial Services stated that this was another area where training would assist Board members and advised that priority one recommendations were those which were fundamental to improving controls within the system. It was proposed

that any priority one recommendations which were still ongoing and outside of their target dates would be referred to the Corporate Management Team (CMT) for Heads of Service to monitor and action as appropriate.

The Head of Financial Services provided a number of updates in relation to recommendations and the Board specifically wished to place on record its concerns that there was only one Planning Enforcement Officer.

RESOLVED:

- (a) that the "priority one" recommendations detailed in Appendix A to the report be noted; and
- (b) that these be brought back to the Audit Board following referral to the Corporate Management Team.

10/08 **RISK MANAGEMENT TRACKER**

Consideration was given to a report which presented an end of year overview of Actions/Improvements detailed in business area Risk Registers for the period 1st April 2007 to 31st March 2008. The Head of Financial Services provided some background information on the Risk Register process and advised that although there had been significant improvements in the recording of updates, definitive target dates were not always being recorded and registers were not always being utilised as designed. However, there was a planned programme of risk management training which would support the development of a risk culture through the organisation.

RESOLVED that the progress to date against all business area risk register Actions/Improvements for 2007/08 be noted.

11/08 **POSSIBLE FUTURE AGENDA ITEMS/MEMBER TRAINING**

The Chairman requested that Members let him know if there were any topics on which they wished to receive training as part of their role on the Board, and if there were any specific issues that they wished the Board to give consideration to. He added that future issues for consideration might include:

- quarterly meetings with the Audit Commission;
- the Council's use of energy;
- information on the Local Government Pension Scheme and the Council's policy in this regard;
- Council policy on car loans;
- review of Job Evaluation plans and procedures; and
- shared services.

The meeting closed at 7.09 p.m.

Chairman

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BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT BOARD

WEDNESDAY, 25TH JUNE 2008 AT 6.00 P.M.

PRESENT: Councillors S. R. Peters (Chairman), Miss D. H. Campbell JP,
Mrs. H. J. Jones, Mrs. C. J. Spencer and E. C. Tibby

Also in attendance: Councillor G. N. Denaro (Portfolio Holder for Finance)

Officers: Mr. T. Beirne, Ms. J. Pickering and Ms. D. Parker-Jones

12/08 **APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor C. R. Scurrall (Vice-Chairman).

13/08 **DECLARATIONS OF INTEREST**

Councillor Miss. D. H. Campbell JP declared a personal interest in agenda item 3 (2007/08 Statement of Accounts and Governance Statement) as a member of the Operating Trust of Bromsgrove Arts Centre.

Councillor Mrs. C. J. Spencer declared a personal interest in agenda item 3 (2007/08 Statement of Accounts and Governance Statement) as a member of the Operating Trust of Bromsgrove Arts Centre.

14/08 **2007/08 STATEMENT OF ACCOUNTS AND GOVERNANCE STATEMENT**

Consideration was given to the unaudited Statement of Accounts and Governance Statement for the year ended 31st March 2008 (and not 31st March 2007 as denoted in the report).

The Head of Financial Services introduced the report and advised that the preparation of an Annual Governance Statement was a new statutory requirement. The purpose of the Governance Statement was to provide and demonstrate that there was continuous review of the effectiveness of the Council's internal control and risk management systems, in order to give an assurance on their effectiveness and to produce action plans to address any identified weaknesses. Statements of practice were also now included in the document, similar to those provided by international organisations, together with a (non-statutory) Value for Money section which detailed the key improvements and areas currently being addressed. The Chairman raised a number of questions on the report, which the Head of Financial Services provided responses to.

RESOLVED that the Governance Statement 2007/08 be noted; and

RECOMMENDED that the Council approve the unaudited Statement of Accounts for the year ended 31st April 2008 in accordance with the Accounts and Audit Regulations 2003 amended 2006.

The meeting closed at 6.30 p.m.

Chairman

BROMSGROVE DISTRICT COUNCIL

CABINET 2ND JULY 2008

UPDATE ON DOLPHIN CENTRE PHASE 2

Responsible Portfolio Holder	Councillor Del Booth
Responsible Head of Service	Phil Street
Key Decision – Non-Key	

1. SUMMARY

- 1.1 To update members on the issues arising from the building works being undertaken at the Dolphin Centre.

2. RECOMMENDATION

- 2.1 Cabinet recommend to Full Council to approve the virement of £40,000 from Dolphin Centre Phase 1 to Phase 2 to ensure funds are available to carry out the building works.

3. BACKGROUND

- 3.1 The Council approved funding in September 2007 of £850k (this is the dolphin phase 2 works) of Capital Receipts to undertake the second phase of the development of the Dolphin Centre. The finance approved is to carry out the work associated with the provision of a fitness suite and dance studio. This is referred to as Phase Two of the redevelopment of the Dolphin Centre.
- 3.2 Since the work commenced a series of issues have been revealed that it has been necessary to address.
- 3.3 The issues revealed included presence of asbestos; health problems related to the water heating system; leakage from the small swimming pool and more recently deterioration in the concrete slab beneath the pool and corrosion of the steel rods within the concrete structure.
- 3.4 The impact of funding the above to ensure the safety of staff and public has impacted on the available budget to continue the development as originally planned. A further £40,000 is required to ensure the completion of Phase 2 works.
- 3.5 Officers are awaiting a further specialist report on the poolside slab. A separate report will be presented to members to update on any financial implications should they arise from this report.

4. FINANCIAL IMPLICATIONS

- 4.1 Phase One of the Dolphin Centre works had a number of completion “snagging” issues that had been raised with the building company. Discussions have been ongoing with officers and the current position would deliver a £150,000 saving to the project.
- 4.2 The £40,000 required for the Phase 2 project as detailed in this report could be vired from Phase 1 with no additional release of Capital Receipts. The remaining saving will be transferred back to Capital balances. There is a potential that the £40k may not be utilised as it will fund any further costs that may arise as the Phase 2 works are being undertaken.

5. LEGAL IMPLICATIONS

- 5.1 N/A

6. COUNCIL OBJECTIVES

- 6.1 Included in the original report.

7. RISK MANAGEMENT

- 7.1 The risks associated with not completing this work are that there is a possibility that the building will not be safe or fit to use as the additional tasks undertaken during the early part of Phase Two are associated with health and safety and customer well being.
- 7.2 The failure of not completing the work on Phase Two to the required standard will adversely affect customer usage and the income generated from use of the fitness suite.

8. CUSTOMER IMPLICATIONS

- 8.1 As included in original report

9. EQUALITIES AND DIVERSITY IMPLICATIONS

- 9.1 Redeveloped building will have appropriate access and changing facilities for disabled and vulnerable people.

10. VALUE FOR MONEY IMPLICATIONS

- 10.1 The investment in the Dolphin Centre will be aimed at generating a return through the partnership with Wychavon Leisure Trust.

11. **OTHER IMPLICATIONS**

Procurement Issues None
Personnel Implications None
Governance/Performance Management None
Community Safety including Section 17 of Crime and Disorder Act 1998 None
Policy None
Environmental None

12. **OTHERS CONSULTED ON THE REPORT**

Portfolio Holder	Yes
Chief Executive	Yes
Executive Director - Partnerships and Projects	Yes
Executive Director - Services	No
Assistant Chief Executive	No
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal, Equalities & Democratic Services	No
Head of Organisational Development & HR	No
Corporate Procurement Team	No

13. **WARDS AFFECTED**

All Wards

14. APPENDICES

N/A

15. BACKGROUND PAPERS

CONTACT OFFICER

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BROMSGROVE DISTRICT COUNCIL

CABINET

2ND JULY 2008

UPDATE ON THE DOLPHIN CENTRE PHASE 2 – SUPPLEMENTARY INFORMATION, POINT 3.5

Responsible Portfolio Holder	Councillor Del Booth
Responsible Head of Service	Phil Street
Key Decision – Non-Key	

1. SUMMARY

- 1.1 To update members on the current position relating to the deterioration in the concrete slab beneath the pool/poolside surround and corrosion of the steel rods within the concrete structure.

2. RECOMMENDATION

- 2.1 Cabinet approve a virement of an additional £50,000 from Dolphin Centre Phase 1 to Phase 2 to ensure funds are available to carry out the remedial action required to pool side slab and surrounds.

3. BACKGROUND

- 3.1 The Council approved funding in September 2007 of £850k (this is the dolphin phase 2 works) of Capital Receipts to undertake the second phase of the development of the Dolphin Centre. The finance approved is to carry out the work associated with the provision of a fitness suite and dance studio. This is referred to as Phase Two of the redevelopment of the Dolphin Centre.
- 3.2 Since the work commenced a series of issues have been revealed that it has been necessary to address.
- 3.3 The issue that needs to be over come is the spalling on the under side of the of the pool side/poolside surround concrete slab caused by water egress and subsequent corrosion of the steel rods within the structure. As covered in section 3.3 to 3.5 of the main report.
- 3.4 Due to the nature of the design & layout of the Dolphin centre officer were not aware of the full extent of this issue until the completion of the first stage of the Phase 2 refurbishment. The enabling works required the removal of much of the old pool plant system and a strip out of the ceiling void beneath the pool side/surround slab, once removed the issue

was identified and an independent specialist contractor asked to review the situation and advise a course of action.

3.5 Two courses of action were advised with varying degrees of cost, complexity and time lines. In view of the fact the that:

- The Dolphin centre is included with in the town centre redevelopment proposals and has a life expectancy of 5 to 7 years.
- The water egress issues were in the main addressed with in the phase 1 refurbishment (pool sides retiled) and water penetration has ceased in the critical areas.
- The scum channel ring main and connections have been replaced in the phase 2 works and prevent water penetration from this source.
- The consultants report does not feel the issue is structurally significant and will not become so for many years, although an agreed monitoring system will be request to manage this issue going forward.
- The work programme for the complex solution will be in excess of 20 weeks. Meaning the main work will not commence until at least mid November 08.
- The complex works which cost up to £150,000 will not rectify the issue only prevent if from deteriorating any further and can not be guaranteed to prevent the structure requiring additional works in the future.

Officers have concluded that the correct course of action is to under take remedial actions to protect the steel support rods with in the slabs and to repair the damaged concrete to ensure it is safe for use.

3.6 This option will then be supported by a 6 month external review of the structure to ensure it complies with H&S requirements and manages any risks that are identified.

3.7 In order to minimise delays associated with the completion of the phase 2 refurbishment works, it is proposed to include this work with in the design & build contract for the centre. As such a provisional sum has been placed into the contract to meet the costs of the works (£50,000).

4. FINANCIAL IMPLICATIONS

4.1 The £50,000 required for the Phase 2 project as detailed in this supplementary information note could be vired from Phase 1 with no additional release of Capital Receipts. Any under spend will be transferred back to Capital Receipts.