

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE CABINET

15TH MARCH 2023, AT 6.00 P.M.

PRESENT: Councillors K.J. May (Leader), M. A. Sherrey, P.L. Thomas and S. A. Webb

Observers: Councillor S. R. Colella and Councillor C. A. Hotham

Officers: Mr. K. Dicks, Mr P. Carpenter, Mrs. C. Felton, Mr O. Paparega, Mrs. J. Bayley-Hill, Mrs J. Gresham and Mr G. Day

73/22 **TO RECEIVE APOLOGIES FOR ABSENCE**

An apology for absence was received on behalf of Councillor G. Denaro.

74/22 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

75/22 **TO CONFIRM THE ACCURACY OF THE MINUTES OF THE MEETING OF THE CABINET HELD ON 22ND FEBRUARY 2023**

The minutes from the Cabinet meeting that took place on 22nd February 2023 were submitted for Members' consideration.

RESOLVED that the minutes of the Cabinet meeting held on 22nd February 2023 be approved as a true and accurate record.

76/22 **OVERVIEW AND SCRUTINY BOARD**

The Chairman of the Overview and Scrutiny Board provided Members with a verbal update in respect of the Board meeting that took place on 13th March 2023. At this meeting the Board had pre-scrutinised the Former Market Hall Site Proposal report, which was due to be considered later in the Cabinet meeting.

Cabinet was informed that Members had also received a report on mould and damp in public and private sector housing in Bromsgrove. Councillor Hotham commented that Bromsgrove District Council seemed to be doing all it could in working with local housing partners, including Bromsgrove District Housing Trust (BDHT), in ensuring that damp and mould was not a significant issue for tenants living in rented accommodation. It was noted that this was a difficult area to control in

the private sector and that some tenants in private sector housing were often reluctant to report damp and mould issues due to potential repercussions from the landlord in respect of their tenancy.

Members were advised that there were good resources available for residents on the Council's website regarding the prevention of damp and mould in homes. It was also highlighted that most mould and damp issues were not as a result of rising damp but more likely to be caused from the number of tenants residing in the housing.

The Leader thanked Councillor Hotham for his update and agreed that the number of tenants within a house certainly caused an increase in damp and mould. It was noted that this particularly highlighted the need for larger rental homes within Bromsgrove to prevent this issue in the future. Members commented that although the properties discussed in this report were not the Council's housing stock, the residents affected were on the Council's housing waiting list.

77/22

FINANCIAL AND PERFORMANCE MONITORING QUARTER 3 REPORT

The Interim Section 151 Officer presented the Financial and Performance Monitoring Quarter 3 Report for Members' consideration.

Cabinet was informed that, as at Quarter 1 of 2022/23, the budget included £478k of organisational efficiency targets that had not been allocated to services. This target was offset by forecast underspends due to vacancies and had been allocated across the various service areas.

The report also outlined that, as at Quarter 3, the current forecast was an overspend of approximately £902k against a revenue budget of £12.1m. Members were informed that this was an increase of £560k over the Quarter 2 forecast overspend of £342k.

Cabinet was informed that there was a significant change across all budgets between Quarter 2 and Quarter 3 as a result of the £1,925 staff pay award. It was reported that the pay award had been agreed after the Quarter 2 monitoring had been carried out and staff had received the award in December 2022. In addition to this, detailed information regarding budget variances had been included within the report.

Members were advised that the in-year budget forecast reflected within this report provided the best information available at the present time and that the Council's financial position would continue to be reviewed.

The Interim Section 151 Officer explained that at a meeting of the Corporate Management Team (CMT), earlier that day, the timeline for closure of the Accounts for the 2022-2023 financial year had been discussed. It was anticipated that a 'soft close' of the Accounts would take place in April 2023 and the draft outturn report would be available in June 2023. Financial training had also been implemented for key staff members.

Cabinet was reminded that a Capital Programme of £2.4m was approved in the budget for 2022/23 in March 2022. It was reported that the Capital Programme had been fully reviewed as part of the Medium Term Financial Plan (MTFP) using actual data as at the end of December 2022. Some of the schemes included in the Capital Programme agreed in March 2022 had already been partially delivered in the 2022-2023 financial year. In December 2022 it had been agreed as part of the MTFP that sums not spent on Capital Programme projects in 2022/23 (and 2021/22 by default if schemes originated earlier than 2022/23 as sums could be carried forward through the previous year's final MTFP Report) would be carried forward into 2023/4. Detailed information in respect of the Capital Budgets over the medium-term period had been included in the report for Members' consideration.

Members were advised that included in the budget for 2022/23 was £1.8m of Levelling Up Funding and £340k of UK Shared Prosperity Funding.

Overall spend at Quarter 3, was reported at £7.2m against the overall 2022/23 capital budget totalling £8.1m. There was also £11.8m carried forward from previous years which was mainly due to the Burcot Housing development.

During consideration of this report, the amount in reserves was highlighted and it was noted that the outlook was more favourable than anticipated with an extra £350k to £400k available.

Members were presented with information regarding the Council Tax Support Fund Policy 2023/24. The Council was keen to support all eligible taxpayers within its area and, as such, would implement the scheme strictly in accordance with Central Government Guidelines. This would result in a reduction of up to £25 to the Council Tax Account of taxpayers who were in receipt of a Council Tax reduction on 1st April 2023.

In terms of administering the Government's Energy Bill Supports Schemes, it was reported that the Council were distributing £95k in the

Alternative Fuel Payment Scheme and £570k for the Energy Bill Support Scheme Alternative Funding.

At the time of the meeting, there had been no announcements regarding New Burdens funding available in order to administer these schemes. Therefore, it was prudent to plan for little or no funding being made available and, as a result of this, a recommendation had been included within the report requesting £15k to support the administration of these schemes.

Following the presentation of the report, Members queried what the possible impacts might be from the Chancellor's budget announcements, made earlier in the day. Officers noted that there had not been much time prior to the meeting to fully examine what the impacts would be. However, it seemed that the main announcement was in respect of nursery childcare. Although nursery provision was not a function provided by the Council, the proposed schemes, which would be implemented by 2025, would likely impact on its workforce.

In respect of the amount of Utilities Reserves, some Members questioned whether there would be the need for such a large amount set aside for this purpose. It was explained that although it seemed likely that inflation would fall by the end of the year, any Utilities Reserves not used might have to be re-allocated and used should any further staff pay awards be made in the future.

RESOLVED that:

- 1) The current financial position in relation to Revenue and Capital Budgets for the period April to December 2022 be noted;
- 2) The Quarter 3 Performance data for the Period October to December 2022 be noted;
- 3) The updated Bromsgrove District Council - Council Tax Support Fund Policy 2023-24 be approved; and
- 4) £15k be approved to be released from General Fund Reserves to administer the Energy Fund Support Schemes if the Government did not Grant New Burdens Funding to cover these costs.

OUTCOMES OF THE AUDIT TASK GROUP (TO FOLLOW)

The Leader welcomed Councillor S. Colella to the meeting and invited him to speak in his role as the Chairman of the Audit Task Group.

It was highlighted that the Task Group's key objective was to understand how the Council had arrived at the Section 24 Notice, issued in October 2022. The final report included lessons learned for the future and 15 recommendations for the Council to implement going forward.

Cabinet was informed that the Task Group had met for 22 hours in total and had reviewed a significant amount of background documentation, including notes from the Enterprise Resource Planning (ERP) System Project Board. Eleven interviews were carried out with a number of Members and Officers, including the Leader, the Portfolio Holder for Finance and Governance and the Chief Executive of Bromsgrove District Council.

Following the detailed and robust investigation it was concluded that there had been no alternative for the Council's external auditors, Grant Thornton, to issue the Section 24 Notice in light of the non-delivery of the 2020-2021 Accounts. Furthermore, the Task Group had found that there had been failings in the implementation of the ERP system including staffing levels. It was noted however, that Members felt that these failings were not endemic across the Council nor had the Task Group identified any significant cultural issues in the Council.

The Covid-19 pandemic, including new ways of working remotely, coupled with significant issues experienced with the Cash Receipting module had also greatly impacted on the implementation resulting in a 'perfect storm'.

Councillor Colella thanked the Officers who provided support throughout the investigation including the Interim Section 151 Officer, the Head of Legal, Democratic and Property Services, the Head of Finance and Customer Services and the Principal and Senior Democratic Services Officers.

In concluding the presentation of the report, Councillor Colella noted that, to the credit of the Council, it had recognised the need to review the implementation of the ERP system and that Officers and Members had participated fully and openly in the review.

The Leader thanked Members of the Audit Task Group for their hard work during the investigation.

RESOLVED that:

1. The Council ensure that subject specialists, internal or external, are involved in the design of relevant procurement specifications for all major projects.
2. Given a number of substantial and important projects on the horizon for Bromsgrove District Council, the authority set up a permanent Project Management Office to support the full range of projects undertaken by the Council. This Project Management Office would report to CMT/ SMT as part of its remit. CMT to be tasked with setting out the requirements of this new programme office and resource requirements to ensure compliance with the recommendations in this Report. This report will be presented to the first Cabinet meeting after the elections in May 2023.
3. In order to establish that a system chosen is fit for purpose, future scoring criteria as part of all procurement exercises will include the need for evidence that the system on offer to the Council is tried and tested.
4. Internal Audit should be cited on all major projects, together with a professional member of the Project Management Office. If necessary, independent or peer validation of technical specifications and/or bid due diligence should be considered.
5. Staff required on any major projects should be backfilled, to ensure no work over-load impacting Council staff well-being.
6. Should staff training be required as part of any new system or project implementation, the Council as a purchaser of that system/solution, should ensure that all training requirements are included as part of the project specification.
7. The Agile Working Policy should take account of the need, from time to time, for officers to work collaboratively and in line with the needs of the project.
8. The Council should fully and accurately record action points at project board meetings (and potentially, other Council meetings). They should then be implemented by the specific person responsible and reported upon at the following project meeting within a suitable and reasonable time scale. Where this is not possible, there should be RAG rating to escalate this further, to secure a suitable resolution is discussed by the relevant project team.
9. Officers, as a standard Report, will highlight to Audit, Standards and Governance Committee any possible finance and governance issues in the next six months not delivering to standard or timescales. This will include the timescales of delivery of finance

training, delivery of VAT returns, delivery of the 2021/22 and 2022/23 accounts.

10. The Corporate Risk Register to be discussed as an early item on the agenda at meetings of the Audit, Standards and Governance Committee. Any risks are to be clearly flagged to the members of the Committee, particularly where they are rated as red.

ERP Recommendations

1. All finance staff and Council users be trained as a matter of urgency and no later than by 31st August 2023 on how to use the ERP system and that the progress with this be reported to the next meeting of the Audit, Standards and Governance Committee as a regular agenda item.
2. The Council to work with a specialist with the knowledge of the TechOne system and Cash Receipting to help in real time with the completion of the implementation of the new ERP system and all of its components and to help with any training needs and improvements to the system.
3. VAT returns to be up to date for 2020-21 and 2021-2022 by the end of May 2023 and for 2022-2023 by the end of August 2023.
4. The 2021-2022 Accounts to be in draft format by 30th June 2023.
5. The 2022-2023 Accounts to be in draft format by 30th September 2023.

(All of the above milestones will be dependent on resources and will be reported to the Committee as per recommendation 9 above.)

79/22

FORMER MARKET HALL SITE PROPOSAL

The Leader, in her capacity as Portfolio Holder for Economic Development, Regeneration and Strategic Partnerships, introduced the Former Market Hall Site Proposal report and in doing so reminded Members that Bromsgrove District Council had been awarded £14.5m of Levelling Up Funding from the Department for Levelling Up, Housing and Communities (DHLUC).

It was reported that the funding had been awarded to carry out clean up works at the Windsor Street site which included the old fire station. In addition to this, works would also include the preparation of the land for a future planning application.

Cabinet was informed that a sizeable proportion of the funding was also allocated to the redevelopment of the Former Market Hall Site. It was reported to Members that a consultation was currently underway in Bromsgrove regarding the Community Hub proposal along with proposals for a high quality office building at the Former Market Hall site.

The Leader advised that the sites outlined above had been identified as brownfield sites and had been awaiting re-development for several years. In respect of allocation of funding, it was clarified that the Levelling Up Funding could not be allocated to any other projects due to the strict funding criteria.

Information regarding the Community Hub was provided for Members' information. It was outlined that it was an opportunity for groups of all ages to meet and develop a network of connectivity. Through this network it was hoped that it would provide a catalyst to increase the vibrancy of the Town Centre. This, it was hoped, would encourage wider investment in Bromsgrove and increase footfall in the Town Centre.

The Cabinet was advised that a report had recently been published by GJS Dillon regarding the Worcestershire Commercial Property Market. This publication had highlighted the demand for premium office space in Bromsgrove.

Following the presentation of the report, the Head of North Worcestershire Economic Development and Regeneration (NWEDR) provided further information regarding the consultation being undertaken. He reported that there had been good feedback provided from local businesses. A number of comments had been received regarding the design of the building with some residents favouring the contemporary design. However, there had been some comments that it had been hoped that the building would be of a more traditional style. Members were informed that further consultation was due to take place on Monday 21st March 2023 with members of the Youth Hub regarding use of the pavilion on the site. It was agreed that this was a positive step in the use of the pavilion in the future.

Cabinet was informed that alongside the landmark office space, a rooftop bar and a high quality restaurant were also included in the design. These businesses, plus the additional coffee shops, would provide diversity and choice for visitors to Bromsgrove Town Centre.

The Leader invited Councillor Hotham to comment on the report, in his role as Chairman of the Overview and Scrutiny Board, which had pre-scrutinised the report at a recent meeting. He highlighted that during consideration of this item, Board Members had been broadly supportive of the design. However, some concerns had been raised in respect of the monitoring of the Risk Register and ensuring the project was completed on time and within the proposed budget. Councillor Hotham stated that the Board would continue to receive quarterly updates on the project.

The Head of NWEDR confirmed that there was robust monitoring being carried out in respect of the Risk Register and a large contingency had been placed in the budget, given the uncertainty around inflation and the cost of building materials at the current time. The Interim Section 151 Officer reported that he was satisfied with the financial elements of the proposals.

RESOLVED to endorse the proposed scheme for the redevelopment of the former Market Hall site.

The meeting closed at 6.38 p.m.

Chairman