

# CABINET

20 SEPTEMBER 2024

## REFERENCE REPORT FROM THE RESOURCES AND SERVICES OVERVIEW & SCRUTINY COMMITTEE

### A.1 SCRUTINY OF THE SPENDELLS PROJECT

(Report prepared by Keith Durran)

#### **BACKGROUND**

The Resources and Services Overview and Scrutiny Committee (“the Committee”) undertook scrutiny of the Spendells Project on 22 July 2024 ([minute 50 refers](#)). The Committee considered this project due to an unauthorised expenditure of several hundreds of thousands of pounds. This had resulted in a report to the Cabinet on 24 May 2024 ([minute 13 refers](#)) under section 5A of the Local Government and Housing Act, 1989. That report had been provided to the Committee for this enquiry along with the comments of the Council’s Assistant Director of Finance and IT (the Council’s Statutory 151 Officer) provided in the form of a supplementary report to Cabinet.

As part of its enquiry, at its meeting on 22 July 2024 (referenced above), the Committee met with the Leader of the Council, the Portfolio Holder for Housing and Planning, the Chief Executive, the Corporate Director for Operations and Delivery, the Section 151 Officer and the Monitoring Officer, when an extensive set of questions had been put before them. The complete list of questions, and their accompanying answers are attached as **Appendix A** to this report.

During the meeting, various aspects of project management, internal review, decision-making, and capacity issues within the Council, had been discussed. The importance of quality and detail in writing up project specifications had been emphasised. Those specifications had been prepared and managed internally by the Council’s own Officers.

The Committee heard that the Portfolio Holder for Housing and Planning met with the Corporate Director (Operations and Delivery) once a week to discuss various matters, including specific projects.

The Chief Executive had also addressed a specific issue related to fire safety standards. He explained that it had been determined that the existing fire doors were not up to current standards and had needed to be replaced. The Chief Executive had approved an additional £60,000 for this purpose in order to avoid potential safety risks. This decision had been made in the interest of the residents’ safety and to keep the cost to a minimum. The Chief Executive had taken this decision promptly to avoid any further delays and cost increases.

In addition to project management and safety standards, Members had also heard about the challenges of managing services like homelessness, where the numbers were uncontrollable, and there was a legal requirement to continue providing the

service. This had been a significant challenge for District Councils and the public sector.

The Leader of the Council had acknowledged that while the Council strove for transparency and good governance, things could go wrong, as in the case of this project. However, he had also highlighted other, successful projects and had expressed satisfaction with the governance around their processes. He had also mentioned the Chief Executive's internal review that would help understand why this project had gone awry and how to prevent such issues re-occurring in the future.

#### **RESOURCES AND SERVICES OVERVIEW & SCRUTINY COMMITTEE'S RECOMMENDATION(S) TO CABINET**

*The Committee had RESOLVED to RECOMMEND to Cabinet:*

- a. that, once the Chief Executive's formal review (on how the issue of unauthorised expenditure arose and developed in respect of the Spendells project) has been completed, the Cabinet reports on its lessons learnt;*
- b. that the report referred to in (1) above should articulate a robust response and action plan for going forward;*
- c. that a more detailed financial breakdown of the seven items not included in the specification for the Spendells project be reported to Cabinet; and*
- d. that Portfolio Holders review, with their Corporate Directors, the performance and project management of all existing projects within their respective portfolios and report their findings to the Leader of the Council by the end of September 2024 (and that this also then be submitted to this Committee at its next programmed meeting).*

*The Committee had further RESOLVED:*

- e. to note the actions of the three Statutory Officers in respect of the then unauthorised expenditure on the Spendells project;*
- f. to record that the Committee looks forward to reviewing the Cabinet's formal response to its recommendations as part of its recommendation monitoring process; and*
- g. to note that the Audit Committee is undertaking its own enquiry into the unauthorised expenditure on this project and that this may generate scope for a combined exercise with this Committee going forward.*

#### **PORTFOLIO HOLDER COMMENT(S) AND RECOMMENDATION(S) TO CABINET**

The response of the Portfolio Holder for Housing and Planning is as follows:-

*"I would like to begin by thanking the Committee for its consideration and recommendations.*

*As I have said on more than one occasion that the reasons for undertaking the Spendells project are never more valid. It will provide temporary accommodation for up to 30 families with children, a better place for them to be accommodated, than a hotel room, reducing the impact on both the children's education and the family's overall health.*

*This Council continues to face, as does the rest of the country, homelessness issues along with the provision of temporary accommodation, together with ongoing, and increasing, financial costs.*

*This project, even at an increased cost, remains the right thing to do.*

*An internal review is currently ongoing and we will understand in due course, fully, what has happened and what lessons there are to be learned.*

*Without seeking to deny the particular issues in relation to this project, particularly the unauthorised expenditure, it must be understood that all construction and major projects, such as this one, all carry inherent risks.*

*It is unfortunate that this project has had particular difficulties, but in line with the Committee's recommendations I am content to recommend to Cabinet that:*

- a) the Chief Executive's formal review, when completed, be reported to the Cabinet including:
  - i) a more detailed financial breakdown of the seven items not included in the original specification, of additional expense itemised in the previous report to Cabinet;*
  - ii) the lessons learnt;*
  - iii) articulating a robust response and action plan for going forward;**
- b) Portfolio Holders should review, with their Corporate Directors, the performance and project management of all existing projects within their respective portfolios and report their findings to the Leader of the Council the Resources and Services Overview and Scrutiny Committee together with such additional actions as the Leader wishes to undertake in response."*

**RECOMMENDATION TO CABINET:**

**That the recommendations made by the Resources and Services Overview & Scrutiny Committee be noted and that the response of the Portfolio Holder responsible for Housing and Planning thereto be endorsed.**