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MINUTE EXTRACT OF THE MEETING OF THE RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE, HELD ON MONDAY, 22ND JULY, 2024 AT 7.30 PM IN THE TOWN HALL, STATION ROAD, CLACTON-ON-SEA, CO15 1SE

50. The Spendells Project

The Committee had before it a report that provided an update on the progress of the Spendells project. The report also reminded Members of the relevant national guidance for Overview and Scrutiny, namely that the Committee was there to:

- *“provide constructive ‘critical friend’ challenge*
- *amplify the voices and concerns of the public*
- *be led by independent people who take responsibility for their role*
- *drive improvement in public services and strategic decision-making”*

And that the Councils own Scrutiny Protocols required;

“All Members should promote an atmosphere of openness at Overview & Scrutiny Committee meetings and should strive to ensure that questioning and debate takes place within a climate of mutual respect and trust.”

It was also advised that, within the Government’s Statutory Guidance on the Best Value Duty (*“the Guidance”*) reference was made to the importance of scrutiny and accountability throughout, and that the Governance Best Value Theme was described within the Guidance as:

“In a well-run council officers and members will have a clear understanding of the democratic mandate as it operates in the organisation.

There will be clear and robust governance and scrutiny arrangements in place that are fit for purpose, appropriate to the governance arrangements adopted locally (executive / committee system), and in accordance with statutory or sector guidance such as [statutory guidance on overview and scrutiny](#) and the Centre for Governance and Scrutiny’s [governance risk and resilience framework](#). These arrangements should be understood by members and officers alike, reviewed regularly and accurately described in the Annual Governance Statement.”

The report informed the Committee that scrutiny was concerned with the review of policy, its formulation and implementation. The areas (from Centre for Governance and Scrutiny’s Guidance) highlighted for consideration were:

- Action on mindset and culture
- Securing good governance
- Risk
- Value for Money

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- Wider policy issues, and the impact of the Council's strategy on financial management

The Committee was joined by the following invitees:

- The Leader of the Council (Councillor M Stephenson) and the Portfolio Holder for Housing and Planning (Councillor Baker).
- The Chief Executive, the Corporate Director (Operations and Delivery), the Assistant Director (Building and Public Realm), the Assistant Director (Finance and IT) and the Assistant Director (Governance).

Members of the Resources and Services Overview and Scrutiny Committee then proceeded to ask the invitees a series of questions on the Spendells project to create temporary accommodation for homeless individuals/families at Spendells House, Naze Park Road, Walton-on-the-Naze. The Committee was considering this project due to unauthorised expenditure of several hundreds of thousands of pounds. This had resulted in a report to the Cabinet on 24 May 2024 under section 5A of the Local Government and Housing Act, 1989. This report was provided to this Committee for this enquiry along with the comments of the Councils Assistant Director of Finance and IT (the Councils Statutory 151 Officer) provided in the form of a supplementary report to Cabinet.

Below are the questions proposed and the responses provided:

QUESTION		
Cllr Smith	To the Leader	“In this case, the total revised scheme cost shown on page 30 of our papers is some 60% higher than the approved scheme budget (shown on the same page). We have major schemes underway and, in the pipeline, many of which will be funded by fixed sum grants from Government. Do you worry that this level of under-estimation and management of a major contract will impact on grant funders? Will we lose funding? Will we be left picking up costs of grant funded schemes that over-run on cost by something like 60%?”
ANSWER		
	From the Leader	“Grant funding under the new Administration is something we are still working on and waiting for on direction from Government around certain grants. The initial 60% is not something that suddenly appeared overnight but a lengthy process, over time, mitigated by some internationally scoping political events that blew up the economy, construction prices

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		<p>went up and delays happened because of these things. On top of this there was a theft from the site that added to the delay.</p> <p>I think a factor is with how the lengthy process of applying for and then receiving Government grants is drawing out and in that time we saw prices rise faster than the process, is a something that must also be considered.”</p>
QUESTION		
Cllr Newton	To the Chief Executive	<p>“On page 35 of the Spendells supplement it mentions 3 first initial steps (namely a formal review around Spendells, a directive to Senior Managers around financial management and the creation of a new Officer Project Board). Can you set out for us whether those three steps have been implemented in full, if not when will they be fully implemented and whether other appropriate steps have been implemented?”</p>
ANSWER		
	From the Chief Executive	<p>“First of all, it is quite unusual for myself or any Chief Executive to take such strong action. We take it very seriously when something goes wrong. In terms of the homelessness situation, what we do to deliver against homelessness is absolutely key.</p> <p>This scheme puts in place a homelessness provision in our own District, which is recognised as a need by all Members of the Council. When we put these in place, it is about our residents having the support and infrastructure at a local level rather than having to be shipped off to far-flung places because there is no accommodation in the District. It is a potential saving of 274,000 pounds from our Homelessness bill which is net over 800,000 pounds.</p> <p>Whenever we undertake such a scheme, we need to get it right in terms of our process and our procedures.</p>

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		<p>No matter how good what we are doing is, we need to be able to celebrate it and not have to justify it.</p> <p>In terms of the project board, we are in the process of setting that up. The project board is not just about being a watchdog, we want to engage with officers who are running boards. We want the project board to be a weathervane for members and senior officers to identify whether there is a red flag or an issue early on.</p> <p>Part of the board is people coming saying we have an issue with a scheme and flagging that up early. It's also an opportunity to monitor particularly our larger schemes and saying to Portfolio Holders which are the key ones.</p> <p>The project board, which will support us collectively, Members and Officers, in order to try and ensure that this will not happen again. What is key in anything that goes wrong is the way in which you then manage it. It's always what you do when something goes wrong, it's never that nothing will ever go wrong.</p> <p>In terms of the review, when it does go wrong we need to learn the lessons. We need to understand why, in order to put in place any measures or issues that make sure it doesn't happen again. Sometimes those are about culture, sometimes those are around compliance rather than necessarily the system is wrong.</p> <p>We'll also be looking at the actions of Officers. If there are issues to deal with, we'll deal with those through the Council's staffing procedures. In terms of the issues of what happened in terms of why that didn't happen and the process, we will come back to that one and that is underway in an internal review."</p>
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Cllr Doyle	To the Chief Executive	<p>“On page 16 of the report, there are the recommendations considered by Cabinet. Can I point you to recommendation (f) to Cabinet. This references “internal control arrangements in place and the need for these to be followed”. Given the experience of the Spendells project, is your view that these internal control arrangements fit for purpose?”</p>
ANSWER		
	From the Chief Executive	<p>“I do think that the rules are fit for purpose and people have to follow them. We’ve gone through and had a look, and I’m not going to comment until we’ve completed the internal review, that there’s not anything which we may not need to update or put in place. But fundamentally, the governance rules which normally are, and I’ll give you an example going back over a period, for example, in terms of some of the work which we did around the cliffs or around the sea fronts, we’ve had a good history of spending significant funding and actually delivering on time and in budget.</p> <p>The review will look at and say if there are issues in there which need to be amended or looked at. But also, the other thought is about ensuring the culture is correct so that people are compliant with those rules and they see them as working with those rules and not those rules getting in the way.</p> <p>I also want to re-iterate my apologies to what occurred and thank the Committee for this evening. It is beneficial to have this level of scrutiny around what has happened to test ourselves and ensure that, as Councillor Harris rightly said, these issues do not happen again in future schemes.</p> <p>The probing and questions have been very good for understanding the different aspects of the situation. I am sure we will follow up on this at a subsequent meeting after the review”.</p>
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Cllr Doyle	To the Chief Executive	“What do we do now? How do we stop it happening again? Although I do think you have answered much of it already.”
ANSWER		
	From the Chief Executive	“We will be following up on my strong instruction to our Senior Managers with a Senior Managers’ Forum session. The Section 151 Officer, the Monitoring Officer, and myself will be attending to reinforce those messages. We will also be looking at if there are any issues as to why relevant Governance is not being followed”.
QUESTION		
Cllr S Honeywood	Corporate Director (Operations and Delivery)	“On page 30 of the Committee’s report it states the total of just short of 630,000 pounds of binding instructions issued to the contractor for this project. Can you help us as to how binding instructions are issued and the limits on the issuing of instructions when there isn’t the budget to fund all of those instructions?”
ANSWER		
	From the Corporate Director (Operations and Delivery)	“Normally in a contract, instructions would be issued as variation orders or Architect’s instructions. These would look at budgets and ensure that there was sufficient budget to meet that demand. I’m somewhat reluctant to go into too much detail because there is a review happening. That’s generally how I would expect it to happen. Exactly what happened here, we won’t find out until the review is completed.”
QUESTION		
Cllr Steady	To the Corporate Director (Operations and Delivery)	“When managing large contracts, what measures are in place to make sure they are delivered in accordance with approved specifications, on time and to budget? Can you say why those measures didn’t work in this case? If you cannot say why, how can we be confident the same issues won’t repeat themselves?”

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ANSWER		
	<p>From the Corporate Director (Operations and Delivery)</p> <p>From the Chief Executive</p>	<p>“Again, there’s a review going on which means I can’t answer specifically about the Spendells Project. But as I said, there are sufficient procedures and rules in place to ensure the projects are delivered on time and within budget. The Chief Executive has mentioned a couple of quite significant projects that have had exactly those things. We’ve done the seafront work, cliff stabilization, and the beach replenishment. All these were significant contracts that were delivered on time and within budget.”</p> <p>-----</p> <p>“It’s a really good question because the issue around making sure that it’s complied with is how people are going to comply with it. This goes back to my point about reinforcement and cultural change. These mechanisms are in place and it’s about making sure that these mechanisms are followed. I think some of that is going to be around reinforcing that.</p> <p>For example, we’ve also looked at the ‘Levelling Up Fund’, which is a significant fund of 2 million pounds. We are currently recruiting and looking at putting additional resources in place to ensure that it is delivered and has compliance within it.</p> <p>You’ll have seen that in the cabinet on Friday, there is an additional fund put in to specifically resource additional capacity for that.”</p>
QUESTION		
Cllr Steady	To the Corporate Director (Operations)	“What qualifications, knowledge and training requirements are there for those responsible for preparing specifications, reviewing received tenders and managing contracts such as Spendells?”

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	and Delivery)	
ANSWER		
	Corporate Director (Operations and Delivery)	<p>“In relation to qualifications, our surveyors are trained to degree level. We’ve been going through a process over a number of years to ‘grow our own’, so they all go through that degree-level process. Part of that is understanding how to write a specification and how to deliver on it.</p> <p>On the procurement element of things, we go through Essex County Council’s procurement. They guide us through that procurement process and ensure that due process is followed. We are comfortable in placing work with the organization or company that provides the best financial project for us.</p> <p>In relation to how the projects are managed, some of that comes through experience, some through previous officers’ experience. I would expect that more junior officers would look to senior officers for guidance to see how they’re managing projects. Senior Officers would be keeping an eye on the project to make sure that they are being managed appropriately.”</p>
QUESTION		
Cllr Steady	To the Corporate Director (Operations and Delivery)	<p>“On page 13 of the report there is a list of items variously discovered or changed following the specification for the project. Things like fire compartmentation, drainage, water supply, electrical supply and fire doors. Should we be concerned about the development of specifications for major projects at this Council? While I feel the Chief Executive has already answered the majority of this question in his previous answers, can you add any further value to those answers?”</p>
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	<p>From the Corporate Director (Operations and Delivery)</p>	<p>“Moving forward in any project, we will learn lessons from what’s happened at Spendells. However, that’s not to say that other projects would have the same issues. We’ve got other projects running, Honeycroft is a very good example of a project that’s running extremely well, on time, within budget, and we have no issues in relation to that.</p> <p>The development of staff and their experience will likely come out of the review. That’s one of the things we’ll look at - how we focus on that, how we get that attention to detail within the specification to ensure that we don’t miss some of these things in the future.</p> <p>Absolutely, I think experience will tell us that we will need to explore what we’ve done to keep an overview and an eye on what we are writing in the future to make sure that we don’t miss things. That will be looked at as part of anything coming forward about how we have that focus, how we have that attention to detail.”</p>
QUESTION		
<p>Cllr Harris</p>	<p>To the Corporate Director (Operations and Delivery)</p> <p>To the Chief Executive</p>	<p>“I think you said earlier, or it might have been Chief Executive Davidson, that this didn’t all happen overnight. This happened over a length of time. So one of the questions will be, what was that time period?”</p> <p>“I’d also like to know who was reviewing that. Whose attention was it brought to when these seven items were identified? Were they brought to anybody’s attention? Was it brought to the portfolio Holder’s attention? Is there a process in place to sit and review that with the Portfolio Holder?</p> <p>The other question really is to understand who managed this project. Is there a principal designer, a surveyor? Who was the building control? Was it</p>

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		<p>internal or external? And also, who was the Fire Officer? Because there are a couple of fire instances here, number one and I think it's number five. There needs to be a fire strategy before this commences as part of the Building Control Officer's review before the work commences.</p> <p>So, who were the individuals responsible for this? And once these items were found, whose attention were they brought to?"</p>
ANSWER		
	<p>From the Chief Executive</p>	<p>"One of the key things you pick up on in that list is that the specification, when we looked at it, could probably have been better in terms of addressing some of these points. I think that's quite legitimate to say. Some of that potentially could have been foreseen. Hindsight, I know, is a wonderful thing. But in terms of the specification, I think that's a perfectly legitimate point to make. That's also a learning point about how we make sure on a project we are comprehensive enough to completely specify it out.</p> <p>In terms of the fire doors, that's a slightly nuanced point. I'm going to answer that one because I signed off the additional 60,000 pounds for the fire doors. The reason for that is that after the Cabinet meeting, and the information you had, it was only then that building control said the fire doors that were in place were not of a standard which was acceptable and therefore they had to be replaced.</p> <p>I took that decision because I do not want another Grenfell incident where our residents are put at risk. There is no way that I'm not going to sign off 60,000 pounds in order to address that. The fire door issue was less able to be foreseen in one aspect because there were fire doors there, but the building control said that they were not up to the standard of today.</p>

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	<p>From the Corporate Director (Operations and Delivery)</p>	<p>What you could ask and say is that it's about that specification and the timing of it. But I think that ultimately, it was the right thing to happen. The decision which I took and made was signed off and was made appropriately."</p> <p>-----</p> <p>"I don't think I can name Officers and there is a review going on, as we've said. So in answer to your question, the building control issue was covered internally and through another authority whose services we are using at the moment to provide building regulations.</p> <p>Building regulations changed some time ago, so you don't tend to have a fire officer come around and inspect premises anymore like they used to, or license them. That's generally done under risk assessments and done by the organization itself.</p> <p>I think I've already said there are lessons to be learned in how we write specifications and the quality and the detail of that specification. But that was also done internally as well. So that was done through our own officers who prepared the specification and then project managed the project as well."</p>
<p>Follow up Question from Councillor Harris</p>		<p>"I understand fire risk assessment when you have a business or a building. But are you saying that during the construction stage and design, it doesn't have to get fire approval?"</p>
	<p>Response from Corporate Director (Operations</p>	<p>"Fire would be consulted on any application for it, but it would be the building inspectors who would carry out the inspection of the work. That's what they did with the fire doors, and then it was them that brought that to our attention."</p>

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	and Delivery)	
Follow up Question from Councillor Harris		<p>“Regarding the review of this. When these items, whatever they are, are found, it’s already been said a couple of times that it happened over a length of time. If you can clarify what that length of time is, I think that would be helpful.</p> <p>The question is, who was responsible for discussing that with officers to see whether the project was on time, on target, and within budget? Does the portfolio Holder hold these regular reviews with officers regarding these projects? If so, how often? And if not, why not?”</p>
	Monitoring Officer’s Intervention	<p>“Before the Officers or Members respond, I would just like to remind the Committee that we are in Part A. I think the principle of the question is about the process, not necessarily who at this stage. As indicated, there is an internal review going on. Otherwise, we’ll have to go into Part B. (Part B being the removal of Press and Public).”</p>
	<p>Response from Cllr Baker (Housing and Planning Portfolio Holder)</p> <p>Response from Corporate Director (Operations and Delivery)</p>	<p>“I’m quite happy to answer how often I meet with my Corporate Director. We meet once a week, on a Monday, and we spend two hours discussing everything. Spendells has always been on my agenda with the Corporate Director, if that answers part of the question.”</p> <p>-----</p> <p>“I guess the second part of the question is about when it should be brought to our attention. Officers should feel comfortable that they can bring it to Senior Officers’ attention as and when they believe things are not going in the way they should be. I think the report is clear that we found out around February of this year that things were beginning to unravel and not going in</p>

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		the direction that we wanted. From that time, we pushed for more information and then you'll have seen the timeline that travelled through to reports being written up until where we are today."
Follow up question from Councillor Harris		"Just to get clarity then, we've heard from the Portfolio Holder that he has a weekly meeting. These costs built up over a period of time. So, are we saying that this information was, for whatever reason, kept from the Portfolio Holder until February?"
	Chief Executive's Intervention	"Councillor Harris, I'm going to have to ask you to hold that question because that's exactly one of the issues the review is looking at - what the timing was. Can I just clarify one other thing? I will reiterate it. We won't name individual Officers that will be a part of the process. What we will say is where those failings were and some of the approach which was taken to ensure it doesn't happen again."
QUESTION		
Cllr Steady	To the Assistant Director (Building and Public Realm)	"At the meeting of the Cabinet on 24 May, it was reported that the Spendells project was due to complete on 15 August 2024 (page 26 of the report). By this meeting that timescale had shifted to 4 September (page 8 of the report). Can we have confidence in this revised date?"
ANSWER		
	Response from Assistant Director (Building & Public Realm)	<p>"The job's not over until it's over. Therefore, it is possible that there will be some additional delay. As we stand by at this moment, I don't know what that delay could be. Work is progressing as planned and both the contractor and ourselves expect it to finish on schedule on the 4th of September.</p> <p>That doesn't mean, of course, that this facility will be open on that date because there will be furniture, fittings, and various things that need to be installed by our own teams before the building could be fully operational.</p>

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		<p>Part of your question was about whether I think there could be anything done to improve future performance. Yes, I do. The details of that are subject to the internal review. I don't really think it's the right thing to go into my thoughts right now because they've been fed into the review along with everybody else's. The team involved will consider them all, come to a conclusion, and advise everybody when its time."</p>
QUESTION		
<p>Cllr P Honeywood</p>	<p>To the Housing & Planning Portfolio Holder</p>	<p>"My understanding is that work started on the project on the 16th of October 2023. The first time it appeared in the Council chamber was during the HRA budget speech on the 13th of February. At that point, the leader said that there was a favourable impact on the Council's finances around this project and homelessness. So it's clear at that point, he was unaware of any problems.</p> <p>The next key date to me is the 4th of March. On the 24th of May at the Cabinet, Councillor Baker told us that he had been discussing this with a Corporate Director (Operations and Delivery) ever since. I imagine the 4th of March is the date that Councillor Baker became aware of the issue.</p> <p>On the 5th of March, which was the Scrutiny Committee the next day, I raised that again. As you know, I've had concerns about this project for quite some time. I asked the question, 'Before it was going to open in April, we are now talking later this year. Do you know if we are going to incur any additional cost for that?' Your response was, 'I can't comment on that at the moment. I can get you an answer, but at the moment, obviously, we are looking at an extension of time, so there may be costs attached to that, but they may well be. I can't say right now.' Which is a fair response because we are talking one day later than you've known.</p>

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		<p>That obviously ties in with this question which is at the committee's meeting on the 5th of March 2024. You were asked about Spendells, the timetable for it to be delivered, and the cost. Your response at that time was that you did not know, you did not have the project spend costs at the time. Did you know at that stage that there were considerable amounts of unauthorized expenditure?"</p>
ANSWER		
	<p>Response of the Housing and Planning Portfolio Holder</p>	<p>"There's a lot to take in there, so apologies if I miss anything. I'm not trying to catch anyone out, I'm trying to get a clear, straight sequence of events. If I miss something you've asked, please forgive me.</p> <p>I knew at the end of February that there was a potential problem. I came to this committee on the 5th of March to introduce my portfolio. At that time, as far as I recall, we'd also had a theft on the site that had put the program back by two to three weeks. We weren't sure how long that was going to be at that stage.</p> <p>No, I was not aware of the cost and I wasn't aware of the total cost until I returned from holiday in May. Because up until that time, there was no specific amount as to how much more it was going to cost, or what the overspend was likely to be. So there was no way that I was going to mislead this committee and guess or speculate, especially about how much longer it would take for the project to be completed."</p>
<p>Follow up question from Councillor P Honeywood</p>		<p>"The next key date for me was the 19th of March 2024, which was the full Council where the Leader made his state of Tending speech. I asked the question, Spendells, we now hear it's overdue, but do we know if it's over budget? Can you let us know?' Councillor Stephenson was kind enough to respond. He said, 'As for Spendells, that is going fine. We are hoping to see that delivered one month later than possible, but where we are at the moment, I'm happy to give an update on that.</p>

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	<p>My concern is that there seems to be a communication breakdown. Obviously, Councillor Baker has concerns, but you (the Leader) don't appear to be aware of them. Can you see where I'm coming from?"</p>
<p>Response from the Leader of the Council</p>	<p>"At the time, I was talking about the delay. We definitely knew there was going to be some sort of delay, partly because of things like the theft. It got delayed longer than we expected. As for the money, that was still in flux. There was a question whether it was an actual problem. Councillor Baker said there was a potential problem. So at that time, it was still a potential problem. I erred on the side of caution and just said things were going okay. I'm happy to own that it wasn't okay, as it transpired, it started to get worse. We didn't find out until Councillor Baker got back in May to what extent it had gotten to."</p>
<p>Follow up question from Councillor P Honeywood</p>	<p>"The next key date came up on the 19th of April at the Cabinet meeting. I asked the question, 'How much are we overdue and from a financial perspective, is there an additional cost now? Are we running over budget on that?'</p> <p>Councillor Baker responded, 'In regard to the first part of the question, it will be longer. I will be having a meeting with officers to clarify certain things on Monday as to a timeline, but we are overdue. August has been suggested, but I don't want to be held to that. With regard to the cost, there is likely to be further costs. What those are, I am unable to tell you right now. Obviously, that again is a conversation I'll be having on Monday and going forward over the next couple of weeks. Then I'll hopefully be able to give you a much better answer, but at the moment, I don't want to give a speculative amount that would be wrong.</p> <p>It seems that things are far from where they should be. Obviously, on the 15th of May, we had the Cabinet report published where the figure of 2.25 million</p>

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	<p>pounds was mentioned. On the 21st of May, we then had the late Cabinet report published which was the 2.337 million pounds. At that Cabinet meeting, I asked about it being out of control and you said that you'd been assured that this was the final number. You finished with 'Yes, assurances still stand. I feel very confident that is the final number.'</p> <p>Moving to the next point which was the 11th of June, the Chief Executive, who has already discussed this, approves the additional 60,000 pounds from the cash incentive scheme which is under my question too. On page 10 of the Spendells supplement, it mentions a decision budget which involved approval of 60,000 pounds additional expenditure on the Spendells project concerning fire doors. This decision was dated 10th of June 2024, being just over two weeks after the Cabinet was approving 850,000 pounds additional funding from the capital's reserves for this project. That makes the current overspend 960,000 pounds on a tender price for this project of 1.25 million pounds.</p> <p>Should we be concerned that yet more cost rises for the budget will come through? Should the 60,000 pounds have been picked up in the report to the Cabinet on the 24th of May? Why was the 60,000 pounds then an Officer decision rather than a Portfolio Holder one?"</p>
<p>Response from the Chief Executive</p>	<p>"I can reiterate the 60,000 pounds issue, which was straightforward. We were advised by Building Control after that meeting (May Cabinet) that the doors which were there were not compliant. Therefore, the additional 60,000 pounds, which I agreed to, was necessary. If we'd have delayed, the cost would have increased because they were on site getting it done as opposed to leaving it. So, it became a decision which I could make. I made the decision in order to keep the cost to a minimum and for the safety, which as I said earlier, was absolutely key that we put the right materials in place to protect residents. That was why the decision was made after the Cabinet meeting and why you didn't have the information in the report</p>

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		because if we'd have known it, I'd have put it in the report."
QUESTION		
Cllr P Honeywood	To the Corporate Director (Operations and Delivery)	"On page 22 of the report, it refers to the 850,000 pounds of then unauthorized expenditure on the project. To what extent did this issue arise due to capacity issues in the service area concerned? How do you spot capacity issues? How do you guard against them and what immediate steps can you take when they arise?"
	Response from the Corporate Director (Operations and Delivery)	<p>"Some of that I think, with the review, I'm going to be cautious about. But capacity issues are things that we look at. You can judge those through sickness levels, through staff coming to talk to you about the issues that they're experiencing. Managers are obviously aware of what's happening in their area and then push that information back up for discussion about how we deal with it.</p> <p>So ultimately, it's not one thing that leads you to understand capacity issues, but multiple things that say, 'Well hang on a minute, this is happening, that may not be going right, people are going off sick, how do we deal with it?' So generally, that's how I would look for capacity issues and then people report it back so that we can look at how we would address those issues."</p> <p>-----</p> <p>"If I may add to that, Councillor Honeywood, you raise a really good point about capacity. I'm going to speak not specifically about this one, but about homelessness. The homelessness challenge for district councils is ever-growing. We have no control over it whatsoever. We have no control in terms of what we can and can't do. So the issues arise in terms of managing a service. Anybody who runs a business or manages a service, which you can't control the numbers and you have a legal requirement to carry on</p>
	Response from the Chief Executive	

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		<p>doing, it is almost impossible in terms of our capacity to therefore put in place additional resources.</p> <p>It's a good question about how do we make sure we manage that and how do we handle it when you've got no ability to say, 'Sorry, we are full now, we haven't got the capacity.' We have a legal requirement to complete, so that challenge to district councils and the public sector around those sorts of services are really difficult.</p> <p>In terms of our individual projects, then in order to try and ameliorate that impact, that's where we try and put in place the right things. As you know, in this case, part of that was done incorrectly. But to ameliorate that impact, that was the challenge around adding capacity in order to address the issues, which is a much wider issue for local government around homelessness."</p>
QUESTION		
Cllr Harris	To the Chief Executive	<p>"What would be interesting in that learning experience as well is these seven items. The Chief Executive has already said that the fire doors were 60,000 pounds. It would be interesting to get a breakdown of how much each of those seven were. The reason why I say that is because, for example, number two is the electrical supply was found to be inadequate. If the electricity company decides that they've got to upgrade all the power extensions, there could be a huge amount of cost in there which would explain some of the costs. Some of the other costs, like the drainage, may not be so expensive. It depends on where those lessons need to be learned. In terms of the drainage, the question I would ask is, was there a CCTV survey done before? But I'm not going to get into the detail now. It's just understanding what those costs were. I think that would be useful."</p>
	Response from the Chief Executive	<p>"In response to your question and the breakdown, I believe it will help Members understand the specific issues. It's a valid point. However, I don't want to raise expectations too high. The feedback won't be too</p>

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		<p>extensive. It will focus on what went wrong and the key lessons learned. It may not delve into every minute detail, but regarding your questions about the seven, it's a perfectly legitimate question to revisit and respond to.</p> <p>We have some figures, for example, the fire door is 60,000 pounds. I also want to pre-emptively apologize if this comes off as overstepping, but I want to thank the Committee. It's beneficial to have this level of scrutiny around what's happened to test ourselves and ensure that, as Councillor Harris rightly said, these issues don't recur in future schemes.</p> <p>The probing and questions have been very good for understanding the different aspects of the situation. I'm sure we'll follow up on this at a subsequent meeting after the review."</p>
QUESTION		
Cllr P Honeywood	To the Leader of the Council	<p>"In Appendix B on page 35, sections A, B, and C, it mentions that since the May report was published, there have been ongoing discussions involving the Chief Executive, Moner Officer, S151 Officer, and Head of Internal Audit. The initial first steps were taken by the Chief Executive, which are outlined in three points of action. These actions are being taken by the Chief Executive. My question to the Leader is: What actions have you taken from a Cabinet perspective?"</p>
ANSWER		
	Response from the Leader of the Council	<p>"As soon as we found out, I spoke to my Cabinet Members. They've all been asked to hold discussions with their leading officers around performance, budget, risk, and governance. I want to ensure that they are on top of it as best they can be.</p> <p>From a Cabinet point of view, we were already engaging with officers on a regular basis. Most of the Cabinet meet with their officers bi-weekly, if not monthly, so we get regular updates on projects and other matters. Unfortunately, this is one of those things</p>

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		<p>that went wrong. We are going to do a review, which I believe will highlight why it went wrong.</p> <p>We've been transparent, which is evident here. We've got the section five report, we are here, we told you about it. We were always keen about transparency and sustainability, which was the portfolio mandate. There are other things that are going on all the time, and we won't always have 100% assurance because it's down to people.</p> <p>The project board, the portfolios, everybody is doing exactly what they should be doing. We've done a really good job of getting to where we are. You talk about the budget spiralling, that budget came in in the summer of 2022. We had some serious world economic issues at that time.</p> <p>It's one project that failed, but we've got successful projects as well. We can focus on what went wrong, and you can do the job as a scrutiny. I appreciate that being the scrutiny Chairman, but we also get it right. We don't talk about our successes well enough. Honeycroft being one.</p> <p>We've got the single project board in place, we've got good governance. I'm very happy with the governance around the way we do things. We just need to do the review and see what comes out of that. But coming back to your original question, I've had a long chat with all the cabinet in one sitting. We talked about performance, the budget, the risk, and the governance. I'm happy as they are. Nobody's raised anything with me at the moment, so I'm happy to say yes, I've had those conversations."</p>
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After short recess it was moved by Councillor P Honeywood, seconded by Councillor Steady and unanimously **RESOLVED**:

1. To note the actions of the three Statutory Officers in respect of the then unauthorised expenditure on the Spendells project;

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2. To record that the Committee looks forward to reviewing the Cabinet's formal response to its recommendations below as part of its recommendation monitoring process; and
3. 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.

and it was **RECOMMENDED** to **CABINET**:

1. 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;
2. that the report referred to in (1) above should articulate a robust response and action plan for going forward;
3. that a more detailed financial breakdown of the seven items not included in the specification for the Spendells project be reported to Cabinet; and
4. 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).