

OVERVIEW AND SCRUTINY PERFORMANCE AND VALUE FOR MONEY

SELECT COMMITTEE

12/11/2020 at 6.00 pm



Present: Councillor Phythian (Vice-Chair, in the Chair)
Councillors Stretton, Byrne, Harkness and Shuttleworth

Also in Attendance:

Councillor Fielding	Leader of the Council and Cabinet Member for Economy and Skills
Anne Ryans	Director of Finance
Mark Stenson	Head of Corporate Governance
Emma Barton	Director of Economy
Gordon Anderson	Head of Highways & Engineering - Unity Partnership
Andy Cooper	Senior Finance Manager
Sian Walter-Browne	Constitutional Services
Kaidy McCann	Constitutional Services

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Ahmad.

2 URGENT BUSINESS

There were no items of urgent business received.

3 DECLARATIONS OF INTEREST

There were no declarations of interest received.

4 PUBLIC QUESTION TIME

There were no public questions received.

5 MINUTES OF PREVIOUS MEETING

RESOLVED that the minutes of the Performance and Value for Money Select Committee meeting held on 1st October 2020 be approved as a correct record.

6 GMCA CORPORATE ISSUES AND REFORM OVERVIEW AND SCRUTINY COMMITTEE

RESOLVED that the minutes from the GMCA Corporate Issues and Reform Overview and Scrutiny Committee held on Tuesday 8 September 2020 be noted.

7 GMCA ECONOMY, BUSINESS GROWTH AND SKILLS OVERVIEW AND SCRUTINY COMMITTEE

RESOLVED that the minutes from the GMCA Economy, Business Growth and Skills Overview and Scrutiny Committee held on 11th September 2020 be noted.

8 GMCA HOUSING, PLANNING AND ENVIRONMENT OVERVIEW AND SCRUTINY COMMITTEE

RESOLVED that the minutes of the GMCA Housing, Planning and Environment Overview and Scrutiny Committee held on 10th September 2020 be noted.

9 HIGHWAYS CAPITAL PROGRAMME - DELIVERY OF

HIGHWAYS IMPROVEMENT PROGRAMME

The Select Committee gave consideration to a report which provided them with information as requested on the delivery of the highways capital improvement programme detailing measured outputs, and clarified the situation with regards to the corporate indicator M890(CP) Highways: Classified Network Surface Condition (Percentage of Principal roads requiring maintenance), that was above its target for its annual assessment in 2019/2020.

Members were informed that in October 2018, Cabinet agreed to a programme of highway works to be delivered over 3 years (2019/20 - 2021/22) with a capital investment from the Council of £12m in total.

The annual budget of £4m would be allocated to schemes, enabling a programme informed by both condition survey results and local Member knowledge, following analysis of the newly instigated detailed Annual Engineering Inspection (AEI) survey and discussion with districts around the best approach.

A £4m per year programme was put together based on the condition survey with a mixture of 'red' (reactive maintenance) and 'amber' (preventative maintenance) schemes being proposed.

This approach provided best value for money long term, with high opportunity for cost saving as it delayed surface failure of the carriageway, the full repair of which was many times more expensive. By applying this preventative maintenance principle, much more of the network could be improved at any one time, compared with just tackling only the failed areas. It also progressively removed highways reaching failure condition at all, in accordance with the Council's Highways Asset Management Strategy.

The AEI survey carried out in autumn 2018 was analysed by officers to ensure that the available funding over the next 3 years would be used in the best way. The findings of the AEI were presented to Members at the District Highways Workshops during January 2019 to aid discussions around priorities of Members in each district.

Targets in the corporate indicator **M890(CP) Highways: Classified Network Surface Condition** (Percentage of Principal roads requiring maintenance) were met in 2017-18 and 2018-19.

A second Annual Engineering Inspection (AEI) survey of the borough's highway network was carried out in February 2020, giving data to measure the outcomes at approximately half way through the investment programme. The results showed that the whole network had improved significantly since the 2018 AEI.

Overall, 180km of the network had been brought into Green condition over the period, and significant inroads made into the Amber roads before they deteriorated further had seen the Amber percentage fall from 58% to 21%.

Based on this information, the estimated cost to bring the entire network up to standard had reduced by £12.5m for an £8.5m spend, indicating that, by use of the preventative approach, Oldham was achieving significant value for money on its current surfacing programmes.

Members were informed that all schemes advertised in 2019/20 were delivered in year. 12 additional schemes from years 2 and 3 (worth £1,083,787) had also been delivered. A £700k underspend was realised, which was reinvested into the resurfacing programme to further tackle the remaining roads. From the increased delivery of schemes in 2019/20, and the savings realised, a further 15 additional schemes to the sum of almost £2.6m had been added to the programme.

New products, with extended warranties had been tried and tested, and had resulted in material cost reductions. New frameworks had been put in place ensuring increased competition for works, which had ensured continued value for money was received on all tenders.

Despite the continued significant improvement, the indicator showed as “Above Target – Red” as it was above what was a stretch target applied without appreciation of the overall programme. The entire network was being targeted, and reducing ambers was the area of optimal outcomes.

The indicator was due for review and the current commentary reported against it as at September 2020 was “there is a need to expand the measures to include secondary routes and this will be worked through over the review period”.

It was recommended that a new set of indicators be set up to monitor the delivery of the Highways Improvement Programme that covered all the outcomes.

Members asked for and received clarification on the following:

- Scrutiny of the standard of work – 100% of works done on the highways by utility companies were inspected.
- Impact of Covid-19 – the impact was limited as the schedule of works had to be agreed some way in advance to enable materials to be ordered. Although traffic had reduced, the roads in Oldham were still busy.
- Capacity to undertake AEI – external resources were brought in to complete this in a quick and efficient manner.
- Whether additional schemes would be red or amber – they would be a mixture of both, as they would be the schemes at the head of the planned programme.

RESOLVED that the actual detailed measured successful outputs of the programme so far, the ongoing detailed interactive monitoring of the programme and the need to review, update and expand the corporate indicator(s) accordingly be noted.

CREATING A BETTER PLACE

The Select Committee gave consideration to a report which provided them with the updated programme and financial implications.

Members noted that the 'Creating a Better Place' strategic framework was approved by Cabinet in January 2020. before the Covid-19 pandemic arrived in the UK.

Creating a Better Place focussed on building more homes for residents, creating new jobs through town centre regeneration, and ensuring Oldham was a great place to visit with lots of family friendly and accessible places to go.

In light of the pandemic, the Council had to respond with the provision of significant funding support to ensure the safety and welfare of Oldham's local communities.

This resulted in a serious funding impact on the Council's financial plans, and therefore endorsement had been sought from the Select Committee on the review principles to consider whether:

- the programme was able to respond to support the post-CV19 recovery plans,
- the use of public capital funds was still justified, and
- the original savings proposals were at risk or could be accelerated / enhanced in any way to reduce the demands and pressures being considered on service baseline budget allocations.

The report provided an overview of the programme, the review findings, together with an update for the town centre vision and new priorities following feedback from the local community, members and town centre businesses about the importance of green open space and was in alignment with Council ambitions and Covid recovery plans.

Following previous discussions at Scrutiny Committee, a set of principles were applied to the programme to check:

- contribution towards performance targets for homes, jobs and apprenticeships
- business case development – risks, issues, opportunities, value for money

The results and findings of applying these principles to the Creating a Better Place programme were outlined in the report for Members to note.

Members were informed that Oldham Council was ambitious and bold and this remained unchanged following the review to support economic recovery across the borough and reinforced the importance of green open space in alignment with Council priorities to remain the Greenest Borough. Focus areas continued to include: creating 2,400 (previously 2,000) new homes for our residents with a range of different budgets and needs; the importance of creating 1,000 new jobs through regeneration was now associated with economic recovery, especially in light of the impact on redundancies caused by the pandemic; and, supporting and creating skilled pathways for 100+ new apprenticeships to help ensure residents of any age could learn new skills to help them secure the employment opportunities available across the economy. More than ever the Council needed to ensure Oldham was a great place to visit with safety prioritised and with lots of family friendly and accessible places to go.

The review provided an opportunity to think again about the Council's property portfolio as a catalyst for building new homes, creating job opportunities, re-skilling residents through new apprenticeship opportunities, and re-engaging communities and partners through property / estate co-location and collaboration. This strategic work also supported the Council's ambitions for inclusive growth, thriving communities and co-operative services, and a further paper would be brought back to Cabinet for consideration when more work has developed, to explore the possibilities of accelerating placed-based working across the five districts.

In the report considered by Cabinet in January 2020, the programme included £306m of priority schemes to deliver Creating a Better Place programme: in turn this generated c£10.5m revenue savings. Following the review, the new capital allocation required to deliver the priority schemes for economic recovery had reduced by c£100m, but continued to generate revenue savings of c£8.5m.

The review findings confirmed that, with a reduction of the capital programme and a reduction in the amount needed from prudential borrowing, the Council could still deliver the ambition while providing much needed savings to support the post-Covid financial stability of the Council and future service delivery. The review and findings took into account external funding streams, which would continue to be targeted to support and enable project delivery, (ie Towns Fund, High Street Fund, Growth Deal, Decarbonisation Fund etc).

Members sought and received clarification on the following:

- Progress in relation to new health centres – a business case was being prepared in partnership with the CCG. Trials were ongoing of different ways of working and the findings from these would help to develop the business case, which should be finalised before Christmas.

RESOLVED that:

1. 'Creating a Better Place' as a revised comprehensive vision and strategic framework for the borough to deliver the ambition for regeneration, homes, jobs and skills-pathways be endorsed.
2. The proposed amendments to the Council's capital programme to accelerate economic recovery be noted.
3. The acceleration of the potential for contributing revenue savings to the Council's financial plans be noted.



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FINANCE UPDATE - REVENUE MONITOR AND CAPITAL INVESTMENT PROGRAMME 2020/21 (MONTH 5 - AUGUST 2020)

Consideration was given to a report which provided the Select Committee with an update on the Council's 2020/21 forecast revenue budget position and the financial position of the capital programme as at 31 August 2020 (Month 5), together with the revised capital programme 2020/25. It was noted that the report had been considered at the Cabinet meeting on 19 October 2020.

The report enabled the Select Committee to continue its review of the financial position of the Council. It presented the current forecast revenue outturn position for 2020/21 at month 5 together with that of the Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and Collection Fund. It also outlined the most up to date capital spending forecasts for 2020/25 for approved schemes.

The information in the report and its appendices enabled the Select Committee to continue to review how the Council was dealing with the financial challenge of the COVID-19 pandemic, how the various additional grants that had been received had been applied and how this translated to the forecast revenue budget position for 2020/21 and future years.

The Select Committee noted that the COVID related expenditure gap was shown as £14.311m and was an update on the August return that was submitted to the Ministry of Housing Communities and Local Government (MHCLG) on 4 September 2020, at which point the gap was estimated to be £14.955m. The overall projected overspend (COVID related and business as usual variances) presented in the report was a reduction of £1.245m compared to the £15.556m reported at month 4. The figures did not include the most recently announced general Government grant nor the grant compensation for lost income in relation to sales, fees and charges. A return was submitted to MHCLG in early October seeking a reimbursement of £1.282m of post income. Confirmation of this grant had not yet been received from the MHCLG.

The report also provided an update in relation to both ringfenced and un-ringfenced, mainstream and COVID specific grant funding.

Members asked for and received clarification of the following:

- Impact of second lockdown – this would be reflected in the Month 7 report and the expectation was that the financial position would have been made worse. There had been unprecedented demand for all types of social community care which is main driver of the overspending. The level of additional government support was not yet known and it was hard to predict the overall impact the lockdown.
- The Government had initially talked about “spending what it takes” and had now moved to Talk was now of “sharing the burden”, what was the impact of this policy change – what share would Oldham have to take would be our share – there had been four tranches of general funding from Government and the gap between resources available and resources required had been closing prior to the imposition of Tier 3 and lockdown restrictions. The gap was now increasing again, but it remains difficult to be predict the final outturn for 2020/21. Reserves could be used to bridge a financial gap but this would reduce financial resilience in future years.

RESOLVED that the report be noted.

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PVFM SELECT COMMITTEE WORK PROGRAMME

The PVFM Select Committee gave consideration to the Committee’s work programme and were informed of amendments for receipt of reports.

RESOLVED that the PVFM Select Committee Work Programme be noted.

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KEY DECISION DOCUMENT

The PVFM Select Committee gave consideration to the latest published Key Decision Document.

RESOLVED that the Key Decision Document be noted.

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DATE AND TIME OF NEXT MEETING

RESOLVED that the date and time of the next Performance and Value for Money Select Committee to be held on Thursday, 17th December 2020 at 6.00 p.m. be noted.

The meeting started at 6.00 pm and ended at 7.40 pm