

# Southend-on-Sea Borough Council

Report of the / Deputy Chief Executive (Place)

to

**Audit Committee**

on

**28<sup>th</sup> June 2017**

Report prepared by: Scott Dolling & Simon May

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## Report Revisited

**The Forum Governance Arrangements**

**Executive Councillor – Councillor Anne Holland**

***A Part 1 Public Agenda Item***

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### **1. Purpose of Report**

- 1.1 To update the Audit Committee on progress made in delivering the actions agreed in the Internal Audit Report issued in March 2017.

### **2. Recommendations**

- 2.1 The Audit Committee notes the context and the actions being taken to address the issues arising from this Internal Audit Report.

### **3. Audit Objective**

- 3.1 To assess whether the actions agreed in the original audit issued December 2014, have been implemented and are now effectively embedded into the day-to-day operation of the service.

### **4. Audit Recommendations**

- 4.1 The revisited report is included in Appendix 1.

### **5. Background or Operational Context**

- 5.1 The Forum is an innovative partnership between the Council, the University of Essex and South Essex College. Since it opened in 2013 it has been a great success, improving library provision for the public and students, underpinning academic opportunity in Southend and creating a new public square in the town centre.

The Library's performance at the Forum since 2013 shows increased usage and the following key performance indicators support this position

Footfall has more than doubled since the move from Victoria Avenue. Focal Point Gallery has extended its range of exhibitions and activities and increased its profile and that of Southend internationally.

Elmer Square has become a new venue in the town, bringing live opera to Southend. Together, the Forum and Elmer Square have created a new quarter in Southend, unrecognisable by anyone who knew the old Farringdon car park. Both the College and University have seen increased student satisfaction, moving them to best in class and attracting more students to study in Southend.

- 5.2 The Forum is leased and run by the Forum Management Company. This is a special purpose vehicle set up by the three partners. Each partner has equal voting rights. The Board of the Management Company meets quarterly. The Council has two directors on the board of the Management Company, who are always Council Members (currently Cllr Holland and Cllr Jarvis appointed through the council's annual process). Council Officers also attend Board meetings.
- 5.2 The SBC audit recommendations are clearly seeking to ensure the Council's best interests. It should be acknowledged that the Forum Management Company is not bound by SBC or any other single partner, though has due regard to the points raised.
- 5.3 The library at the Forum is run by the Council on behalf of the partners and is fully integrated into the Council's Public Library Service.

## **6. Current position**

- 6.1 There are three recommendations in the audit report that have been identified as not implemented: R4 Governance arrangements should one of the partners withdraw, R5 reporting on benefits of the Library relocation at the Forum and R7 Updating financial regulations of the Forum Management Company. There are two partially implemented recommendations, R2 reporting progress to Council and R3 apportionment of costs.
- 6.2 R4 - The partners signed up to a 99 year lease for the respective sections of the building. All three partners are large public sector organisations for all of whom The Forum is a strategic priority, and so they are unlikely to withdraw in the medium to long term. The partners have acknowledged that in the event of one partner leaving the partnership, all three would need to work towards delivering a smooth transition. This matter was covered in the last board meeting and will be revisited.
- 6.3 R5 – The Forum library has demonstrated its benefits over the past 3.5 years since moving from Victoria Avenue. Performance is now monitored as part of business as usual within the Library service.
- 6.4 R7 – This matter has been presented to the Forum management board who confirm that the host treasurer role, which rotates between the partners, uses their own transparent and robust financial regulations. Each partner is a public sector body and is subject to a similar level of scrutiny as the Council. At present the University hosts the treasury position and a copy of their financial procedures is available if required.

- 6.5 R2 - A formal report by the Council's Directors of the business of the Forum Management Company to Council will be provided annually at the end of each municipal year.
- 6.6 R3 – Southend Borough Council's finance team are currently developing revised recommendations concerning cost apportionment in consultation with the other partners. Once the new recommendations have been finalised they will be presented to the Board. It should be noted that cost saving opportunities that benefit all partners are continually assessed as business as usual.

## **7. Corporate Implications**

- 7.1 Contribution to Council's Aims and Priorities
- 7.2 Financial Implications
- 7.3 Legal Implications
- 7.4 People and Property Implications
- 7.5 Consultation
- 7.6 Equalities Impact Assessment
- 7.7 Risk Assessment
- 7.8 Value for Money
- 7.9 Community Safety Implications and Environmental Impact

## **8. Background Papers**

## **9. Appendices**

### **Appendix 1 – The Forum Governance Revisited Action Plan as at March 2017.**