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Date: Monday, 10 October 2022

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Dear Member

OVERVIEW AND SCRUTINY BOARD - WEDNESDAY, 12 OCTOBER 2022

I am now able to enclose, for consideration at the Wednesday, 12 October 2022 meeting of the Overview and Scrutiny Board, the following reports that were unavailable when the agenda was printed.

Agenda No	Item	Page
6.	2022/2023 Budget Pressures Review Governance Oversight of Capital Spend	(Pages 23 - 29)

Yours sincerely

Teresa Buckley
Clerk

Meeting: Overview and Scrutiny Board & Extra Cabinet

Date: 12 October 2022 &
13 October 2022

Wards affected: All Wards in Torbay

Report Title: Governance Oversight of Capital Spend

When does the decision need to be implemented? 13 October 2022 – call-in waived

Cabinet Member Contact Details: Councillor Cowell, Cabinet Member for Finance,
Darren.cowell@torbay.gov.uk

Director/Divisional Director Contact Details: Anne-Marie Bond, Chief Executive, anne-marie.bond@torbay.gov.uk

1. Purpose of Report

- 1.1 The Budget Monitoring Report 2022/23 for the Revenue and Capital Outturn (April to July 2022) highlighted that the Council is facing significant external pressure due to the wide-reaching implications of the current economic situation. The Council has seen extreme cost inflation in respect of Capital Projects and several schemes in progress are facing rising costs. As such the Council (at its meeting on 13 October 2022) is being recommended to increase the Capital Contingency, by £8m, to a total value of £12m to support the delivery of a number of capital projects.
- 1.2 The 2022/2023 Budget Pressures Review Panel are recommending to the Overview and Scrutiny Board the establishment of a Review Panel to examine a wide breadth of matters, including all capital projects, investments and housing schemes. In response to the Panel's recommendation, this report sets out the Chief Executive's advice and proposals to provide greater governance oversight and transparency for members whilst managing efficiently the officer resources needed to deliver at pace.

2. Reason for Proposal and its benefits

- 2.1 The proposals in this report help us to deliver all of Council's ambitions through effective delivery of the Capital Programme.
- 2.2 The reasons for the decision are to provide robust governance arrangements which allows transparency for Capital contingency spend whilst enabling the Capital Programme to be delivered expediently.

3. Recommendation(s) / Proposed Decision

The Chief Executive recommends as follows:

That the Overview and Scrutiny Board in reviewing the 2022/2023 Budget Pressures Review Panel's recommendation consider adopting the following:

1. Support the creation of a cross-party Cabinet Capital Contingency Fund Working Party to give transparency and accountability for delegated decisions on the Capital Contingency Fund, to enable cross party oversight whilst also ensuring that the projects progress expediently and use officer resources efficiently.
2. The Board note that at its meeting on 12 October 2022, they are due to receive an overview presentation on the Capital Programme with the ability to discuss projects of concern in greater detail (including excluding the press and public where needed). The Board are therefore recommended to determine their approach to oversight of the Capital Programme following that discussion.
3. The Board note that they are programmed to review both the Housing Strategy and the TorVista Business Case. The Board are therefore recommended to determine their approach to oversight of housing projects following these discussions.
4. That the Board adds a review of the Council's Investment Properties to its Work Programme at the earliest opportunity, to enable a substantive overview of these properties, and following that overview to determine their approach to continuing oversight of these properties.

That the Cabinet be recommended:

1. That a Cabinet Working Party 'Capital Contingency Fund Working Party' be established in accordance with Political Balance comprising 5 councillors (2 Liberal Democrat Councillors, 2 Conservative Councillors, and 1 Independent Councillor, with membership to include the Leader of the Council and the Deputy Leader of the Council), with the following Terms of Reference:
 - a) To review the details and business cases of proposed allocations from the Capital Contingency Fund due to be allocated by the Chief Finance Officer.

2. That the Cabinet update their recommendation to Council to include the Capital Contingency Fund Working Party as a consultee for allocations from the Capital Contingency Fund.

Appendices

None

Background Documents

2022/2023 Budget Pressures Review Panel Report

Budget Monitoring Report 2022/23 for the Revenue and Capital Outturn (April to July 2022)

Supporting Information

1. Introduction

- 1.1 In reviewing the Budget Monitoring Report 2022/23 for the Revenue and Capital Outturn (April to July 2022), the Overview and Scrutiny Board established a 2022/23 Budget Pressures Review Panel. The Review Panel has recommended to the Overview and Scrutiny Board:
- “1. That Overview and Scrutiny Board be recommended to immediately establish an Investment and Regeneration Review Panel, to monitor and provide advice on all investment, regeneration and housing projects, and specifically to review all proposed allocations from the Capital Contingency Fund, over the value of £1m. The Panel to be politically balanced.
 2. That Council be recommended to include the Investment and Regeneration Review Panel as a consultee on the delegated decision on the Capital Contingency Fund.
 3. That the Council be advised that the Overview and Scrutiny Board supports the proposal to approve that the TorVista Homes working capital facility be increased from £1.0m to £1.5m.”
- 1.2 The Budget Pressures Review Panel’s discussion that led to the recommendation was solely in respect of the allocation of the Capital Contingency Fund, however the recommendation goes much further than that i.e. all capital projects, investment properties and housing projects. Such a broad scope will have significant resource implications and will further create resource and time pressures as constitutionally the proposed Panel will fall within the remit of the Overview and Scrutiny Board, resulting in all of its recommendations having to be passed by a formal meeting of the Overview and Scrutiny Board before passing on to the decision-maker. As such the Panel originally proposed will not provide an arena for speedy consultation when situations require expediency.
- 1.3 Consequently the Chief Executive recommends an alternative approach, which provides the governance oversight and transparency that the Review Panel recommendations were seeking to achieve, but also ensures expedient decision making for the Capital Contingency Fund, whilst future oversight on wider capital schemes, investment properties and housing projects is properly informed by detailed discussions on these specific areas. Establishing a Cabinet Working Party will provide cross party involvement and can be called at short notice if necessary, thus ensuring a speed of consultation by the Chief Finance Officer if required.

- 1.4 The recommendations above also provide a programmed and manageable approach for the Overview and Scrutiny Board.
- 1.5 The Chief Executive has convened an extra Cabinet meeting prior to the Council meeting on 13 October 2022 in order for the Cabinet to consider establishing the Capital Contingency Fund Working Party, so that it can be factored into the delegation arrangements for the Chief Finance Officer at the Council Meeting (as set out in the recommendations above).

2. Options under consideration

- 2.1 The recommendations of the 2022/23 Budget Pressures Review Panel are implemented but this is not expedient for the allocation of the Capital Contingency Fund.
- 2.2 Take no action, but this does not provide members with the assurance and transparency in respect of capital contingency spend.

3. Financial Opportunities and Implications

- 3.1 There are no financial implications in establishing a Cabinet Working Party. However the governance mechanisms provided in this report will give greater assurance on decisions being made on capital contingency spend.

4. Legal Implications

- 4.1 The proposals outlined follow the Council's constitutional requirements.

5. Engagement and Consultation

- 5.1 None due to the limited timescales to be able to respond the 2022/23 Budget Pressures Review Panel. The Chief Executive will present her proposals at the meeting of the Overview and Scrutiny Board and extra Cabinet meeting.

6. Purchasing or Hiring of Goods and/or Services

- 6.1 None

7. Tackling Climate Change

- 7.1 None

8. Associated Risks

8.1 None – establishing Working Party and planning work for review by the Overview and Scrutiny Board does not carry any risks.

9. Equality Impacts - Identify the potential positive and negative impacts on specific groups

	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
Older or younger people			there is no differential impact
People with caring Responsibilities			there is no differential impact
People with a disability			there is no differential impact
Women or men			there is no differential impact
People who are black or from a minority ethnic background (BME) (Please note Gypsies / Roma are within this community)			there is no differential impact
Religion or belief (including lack of belief)			there is no differential impact
People who are lesbian, gay or bisexual			there is no differential impact
People who are transgendered			there is no differential impact
People who are in a marriage or civil partnership			there is no differential impact
Women who are pregnant / on maternity leave			there is no differential impact
Socio-economic impacts (Including impact on child poverty issues and deprivation)			there is no differential impact

Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			there is no differential impact
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10. Cumulative Council Impact

10.1 None directly associated with the recommendations in this report.

11. Cumulative Community Impacts

11.1 None directly associated with the recommendations in this report.