

CAPITAL SCRUTINY GROUP

November 2022

DRAFT TERMS OF REFERENCE.

The Capital Scrutiny Group (SIG) will provide an independent review of all business case proposals for capital investment other than schemes under £0.250m that are funded 100% by external grant funding. Final decisions will be taken by the following bodies as set out in Appendix 1, but will need to take account of the comments and views of the CSG:

- The council's constitution allows Cabinet to approve individual capital schemes, with the annual Capital Plan requiring approval by the full Council (Chart B).
- Council Executive Team can approve schemes under £1m if CSG has recorded support (Chart C).
- Cabinet are required to make the final decision on all schemes over £1m (Chart C).
- Schemes under £1m, that are not supported by CSG, can be taken by the Head of Service to Cabinet for a final decision if agreement cannot be reached (Chart C)

Quorum membership of CSG is achieved when two cabinet members are in attendance, one of whom is the lead member responsible for Finance and two CET members, one of whom is the S.151 Officer (or is represented by the Deputy S.151 Officer).

Ideally a consensus should be reached on decisions to support or not support individual bids. However the Lead Member with responsibility for Finance (Chair) can choose to take the decision to a vote if required.

CSG membership includes:

- Lead Cabinet member responsible for Finance (Chair)
- Leader of the Council
- Cabinet Member (to be nominated by Cabinet)
- Representative from each scrutiny committee
- Corporate Director for Governance and Business
- Head of Finance (S.151 Officer)
- County Landlord

Core Functions:

1. To review and comment on all capital schemes (other than those under £0.250m which are 100% externally funded) and register support if appropriate.
2. The overall decision making process is outlined in Appendix 1. If CSG do not feel that they can support a particular scheme, then CSG can request that any concerns or comments that they wish to record are reported to Cabinet to make the final decision if the Head of Service wishes to pursue.
3. Ensure all bids for capital schemes:
 - Comply with all statutory requirements
 - Have a full Business Case (in the prescribed format)
 - Consider an environmentally enhanced (net carbon zero/ecologically positive compatible) business option.
 - Clearly identify the total funding requirement and potential sources of funding
 - Clearly identify current and future revenue implications, including the whole life cost over 20 years for the preferred business option as well as for the environmentally enhanced business option if it is not selected as the preferred option.
 - Explain the impact on the council's corporate assets, carbon emissions and biodiversity.
 - Support the council's agreed priorities, including Net Carbon Zero and Ecologically Positive Council by 2030 goals.
 - Include an assessment under the Wellbeing of Future Generations Act
4. Review and comment on the Medium Term Capital Strategy and the annual bids to be included in the Capital Budget each year.
5. Review a selection of capital bids previously approved on an annual basis and consider reporting any comments and recommendations to Cabinet as appropriate.
6. The Terms of Reference apply to schemes accounted for within the council's General Fund and the Housing Revenue Account (HRA). However, annual capital expenditure included in the 'block grants' approved as part of the annual Capital Budget approved by Cabinet and Council will not require approval for individual schemes. Also excluded are schemes in support of the maintenance of the council's housing stock and the ad-hoc acquisition of former housing stock disposed of under

the Right to Buy scheme, will be approved annually by Cabinet as part of the HRA revenue and capital budget process and will not routinely require further approval by CSG.

7. CSG will normally be scheduled to meet in the following months (6 times a year).

Also included is an outline of the workload for each meeting:

- May – review any in year bids
- July – review any in year bids and progress on annual capital budget process
- September – formal review of Medium Term Capital Strategy and the annual bids
- November – review any in year bids
- January – review of capital budget process and review any in year business cases
- March – review a selection of capital projects that are complete or part complete and review any in year business cases

However, it is recognised that the nature of some bids or proposals may require additional meetings or, subject to the agreement of the lead member responsible for Finance and the Head of Finance, consideration and approval of proposals via e-mail.

8. CSG will agree a summary of actions, taking into account confidentiality requirements, which will allow representatives of Scrutiny Committees to report back to those committees.
9. Review the training requirements of Members of CSG, SLT, Middle Managers and the wider Council membership on the capital decision making process on an annual basis.