

Monitoring Officers Report

Works undertaken at Meadfoot and Oddicombe Beaches

Reason for the report

At the Council meeting on 26 February 2015 the Council decided;

“That, in light of the issues raised at the Overview and Scrutiny Board meetings on 18 and 24 February 2015 regarding the governance of the decision making in connection with Oddicombe and Meadfoot beaches, the Executive Director of Operations and Finance be requested to complete a thorough investigation into this matter and report back to the Council at the earliest opportunity.”

On behalf of the Executive Director, I have undertaken this investigation.

Background

(a) Meadfoot beach

On 18 July 2013 a report was submitted to the meeting of the Full Council concerning the proposal for the development of beach chalets at Meadfoot Beach, following condition surveys identifying the need for urgent and extensive repairs of the existing huts with some recommended for demolition.

Councillors agreed unanimously inter alia;

- (i) that, subject to planning approval, the existing beach chalets at Meadfoot Beach be replaced with new purpose built facilities;
- (ii) that the Council makes available £1.55million in prudential borrowing to allow the redevelopment of the Meadfoot Beach Chalets which will be repaid over 25 years from income as identified in the Business Plan to the submitted report.

However by February 2014 it was recognised by Officers that the necessary works would cost far in excess of the monies approved by Full Council. This was as a result of;

- The cliff stabilisation works were more expensive than had been expected,
- The original fill behind the sea wall was found to be poor, resulting in the need for more costly pile foundations (rather than raft foundations),
- The storms over the 2013/14 winter removed the beach material. This meant that it was not possible to access the beach with a mobile crane and so access onto the prom had to be achieved with a tower crane, which had to be moved on multiple occasions.

Senior Officers did discuss the additional costs with the Executive in February 2014, believing that they were able to proceed on this basis. Unfortunately however Officers failed to recognise the need to return the matter to Full Council for further funding approval (or present the matter to the Executive Director for an urgent decision if the timing of Council meetings was not compatible with the need for a decision).

(b) Oddicombe Beach

In August 2014 more than half of the 18 roof chalets at Oddicombe beach were destroyed by a fire. The chalets were wooden in construction and as assets they were reaching the end of their design life. A condition survey undertaken in 2011 demonstrated that a capital investment of £63k was required over a 4 to 5 year period.

The immediate impact of the fire was a direct loss of £10k of chalet income per year. However it was recognised that there were wider indirect losses including a loss of amenity and damage to the Council's reputation.

The building was an insured risk and the agreed claim was £58,550, with the possibility of an additional £7,000 of lost revenue. A business plan was formulated to support the rebuilding of the chalets, incorporating the insurance claim. The business plan included the need for prudential borrowing of £134k.

In October 2014 the Executive Head considered the business plan and consulted with the Executive. A decision was considered to be urgent because construction needed to be completed by Easter 2015 to safeguard the ongoing income as well as the Council's reputation. Formal approval for the £134k of prudential borrowing was not sought at the time, with the early funding of the project being sustained using the insurance settlement. Unfortunately Officers failed to recognise the need to present the matter to Full Council for approval of the prudential borrowing at that early stage (or present the matter to the Executive Director for an urgent decision if the timing of Council meetings was not compatible with the need for a decision).

Consideration

In respect of the projects at both Meadfoot and Oddicombe beaches, it is clear that the appropriate governance procedures were not followed. Prudential borrowing is a matter for Full Council's consideration, and this did not happen in either case before the monies (or additional monies) were spent.

Whilst there were discussions with the Executive in respect of both projects, this did not negate the necessity for Officers to identify the need for Full Council approval to be obtained.

Officers have fully accepted and apologised for their errors, which I believe were genuine human errors. As we all recognise, errors can and do occur. It is not always possible to prevent errors, however in the light of two such errors occurring in quick succession, it is important that we seek to identify any potential safeguards that could prevent such errors occurring in the future.

Recommendations

In order to address the concerns highlighted by these projects I would recommend;

1. The Monitoring Officer to undertake a review of Standing Orders in respect of the Capital Budget, with a view to incorporating additional safeguards to ensure the good governance of the same. Proposals to be discussed with the Mayor and Group Leaders following the election.
2. Following any changes to the Constitution, the Monitoring Officer to brief SLT on the revised requirements. SLT to consider any specific teams/departments who would also benefit from any training in this regard.
3. Projects requiring Capital funding to be considered by SLT at a formative stage, to enable peer challenge, and to enable identification of future decisions that would need to be taken.

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