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EXCERPT FROM THE MINUTES OF THE RESOURCES OVERVIEW AND SCRUTINY PANEL HELD ON 25 AUGUST 2011

ROSP.61/11 CAPITAL BUDGET OVERVIEW AND MONITORING REPORT – APRIL TO JUNE 2011

The Assistant Director (Resources) submitted report RD.30/11 providing an overview of the budgetary position of the City Council's capital programme for the period April to June 2011. The position as at June 2011 showed an overspend of £167,048.

In accordance with the City Council's Financial Procedure Rules, Mr Mason provided details of the overall budget position, including the monitoring and control of expenditure against budget allocations and the exercise of virement on a regular basis. He added that the 2011/12 programme had been kept to a level that took account of the Council's ability to deliver schemes with regard to capacity and available resources. He further drew attention to the level of carry forwards that had been agreed, pointing out that Council approval did not take place until July this year which was the main reason for the overspend to date. Work was ongoing to continue to monitor the profiling of budgets which would be adjusted to reflect progress in current capital schemes. The review of the 2011/12 capital programme would reduce the level of carry forwards at the year end, but it was likely that there would still be a requirement for some carry forwards at the year end due to further slippage and delays on projects.

Mr Mason added that the Senior Management Team would provide strategic overview and monitor the effectiveness of the overall programme of work in delivering the Council's priorities and objectives. Technical project support and quality assurance of business cases and associated project management activities would be managed by a Project Assurance Group chaired by the Deputy Chief Executive. In conclusion, he advised that a review of all capital expenditure incurred was ongoing to ensure that the expenditure had been correctly allocated between revenue and capital schemes. That work would facilitate the year end classification of assets.

Mr Mason advised that the report would be available for consideration by the Executive at their meeting on 30 August 2011 before being considered again by Resources Overview and Scrutiny Panel.

In considering the report Members raised the following questions and concerns:

- *What was the position with regard to the Lovells agreement?*

The Chief Accountant (Mr Tickner) advised that when the agreement was set up it was anticipated that receipts would be generated. Given the current economic conditions it was unlikely that the agreed levels of income could be achieved.

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- *With regard to Economic Development Environmental Enhancements much of the allocation had not been spent and was unlikely to be spent in the current financial year.*

At present there were no plans for the actual work to commence. Mr Mason agreed to keep Members updated. Mr Mason confirmed that as the land was owned by the City Council it was the Council's responsibility to remedy any contamination issues.

- *How many units would Lovells be likely to produce over the coming year?*

The Property Manager (Mr Simmons) advised that the agreement was for 234 houses to be built over a 10 year period. Initially houses sold well and that target was achievable. In the current economic climate it was apparent that the target would not be reached within the 10 year timescale. However Lovells had negotiated with Housing Associations and were building houses for rent. Therefore capital receipts continued to be received outwith the current agreement. The Performance and Development Portfolio Holder stated that the Lovells programme had been very successful and that the project had stopped the decline of that particular area.

- *There were still significant areas on that estate that were still dormant and social housing was becoming an increasing problem.*
- *The report indicated a maximum of 4 sales projected during the year with 2 sales as at 30 June 2011. That was an encouraging sign.*

Mr Mason stated that there had been 6 sales last year and this year there had been 2 within the first quarter.

RESOLVED – 1.) That the report be noted.