

BUDGET SCRUTINY TASK GROUP

19 November 2008

Scrutiny of the Capital Budget

Purpose of the Report

1. To provide further information intended to assist the task group in carrying out scrutiny of the capital budget, both in respect of the budget setting process and budget monitoring arrangements.

Action Required

2. Members are asked to note how the work of the Capital & Assets Board (CAB) will be used to inform the task group's scrutiny of the capital budget.

How to Draw on the Work of the CAB for Budget Scrutiny Purposes

3. At the September meeting, members considered an in depth report which described the executive's arrangements for capital budget planning and monitoring.
4. Members were informed that these arrangements are assisted by a Capital & Assets Board (CAB), and the task group may recall considering the attached structure / responsibilities chart in September describing the work of this board (see Appendix 1).
5. The current tried and tested method by which the task group carries out its overview of the budget setting process is to receive update reports at key moments during that process, this includes detail both on the revenue and capital budget setting process.
6. Likewise, the current tried and tested method by which the task group carries out its monitoring of budgets (both revenue and capital) is by receiving the update reports written for Cabinet.
7. Following the task group's introduction to the workings of the CAB in September, members will no doubt agree that there are key aspects of the board's work which will be helpful for members to draw on when carrying out detailed scrutiny of the capital budget.
8. These key aspects relate to the middle strand of the structure in Appendix 1 "Investment Strategies & Programmes", and include:
 - (a) capital budget allocation
 - (b) annual 3 year asset spending plan
 - (c) capital / revenue bid guidance and prioritisation methodology
 - (d) capital programme management reports

9. One method by which members felt they might understand better the CAB's work in regard to the matters listed at paragraph 8 above is to consider the relevant extracts from the CAB's monthly meeting minutes.
10. The relevant extracts to draw to members attention from the September and October meetings of the CAB are:
 - (a) there is a key objective to increase member and departmental involvement in the capital budget setting process, and to align this process with that of the revenue budget setting process
 - (b) the process for managing the high number of capital bids received will be to categorise them into maintenance, major, minor and di minimus projects – with a full list of bids and the resources available to be considered by the CAB in November
 - (c) the CAB is to receive a report in the future on the ongoing work to review budget monitoring processes post April 2009
 - (d) capital resources available when compared to the total amount of bids submitted, are half the value requested – options are being explored to close the gap
 - (e) there will be pressure on revenue resources, as a consequence of the supported borrowing required to fund a number of capital bids
 - (f) in October, the CAB considered departmental update reports on property related activities

Conclusion

11. Members are invited to discuss this report and to request further information on the capital budget setting process and monitoring arrangements.
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CAPITAL & ASSETS BOARD – STRUCTURE/RESPONSIBILITIES CHART