

Response to Minutes of 13th March – Item 7 Finance report.

Following the BNG Board meeting on 13th March clarification was required as to the treatment of efficiency gains identified in Item 7 – Finance Report.

Anne Mulroy subsequently met with Sheila Johnston and David Slater and the baseline used for the efficiency targets were explained in more detail. Concerns had been expressed on the levels of efficiency savings planned and how these could be achieved within the budget figures presented. This did not lead to any changes being required to the draft programme as detailed in the report.

The programme for 2009-10 and 2010-11, as approved by Project Appraisal Panel, is appended to this e-mail for information.

The draft budget for 2009-10 totals £41.226m, after efficiency gains of £2.328m have been removed, and the available allocation, assuming 100% of HMR funding, is £33.967m. The programme therefore includes overprogramming of 21%. Given the nature of the programme with fewer, larger projects and potentially more risks to delivery this level of overprogramming is considered reasonable.

As mentioned in the Finance Report advice on preparation of the Efficiency Plan has been received from the Audit Commission and a revised plan has been drawn up using a more realistic baseline. This is to be submitted to the BNG Board on 15th May.