

RESOURCES PORTFOLIO

RECORD OF DECISIONS taken by the Resources Portfolio Cabinet Member, Councillor Hugh Mason at his decision meeting held on Thursday 25 November 2010 at 9am in the Guildhall, Portsmouth.

Councillor Donna Jones (Opposition Spokesperson, Conservative Group) and Councillor David Horne (Opposition Spokesperson, Labour Group) and officers were welcomed to the meeting by Councillor Mason.

20 Declarations of Members' Interests (AI 1)

There were no declarations of interest.

21 Monitoring of Second Quarter 2010/11 Revenue Cash Limits and Capital Programme

(TAKE IN REPORT)

Sue Page gave an overview of the report starting with the Revenue Section. She explained that the forecast outturn for the Portfolio compared to the cash limit indicates a net underspend of £50,850. Ms Page drew attention to the key variances as listed in the report in paragraph 5.2 namely –

- Miscellaneous – Uncommitted budgets for feasibility studies and LPR costs and vacancies in trade union secondment
- Legal Services – Additional employee costs covering sickness and a reduction in income from HRA and Capital fees
- AMS Business Account – More fee earning work and savings from staff vacancies
- Spinnaker Tower – Reduction in PCC's share due to a lower footfall.

In summary the overall forecast outturn position on the portfolio is a net underspending of £50,850 representing 0.2% of the total cash limited budget. Within this net position there are various other smaller under and over-spends as shown in Appendix A attached to this report.

Ms Page then outlined the capital programme and advised that the revised capital programme had been updated to include expenditure incurred as at 30 September 2010. This totalled £328,823 compared to an approved budget of £7,461,800. However, Ms Page explained that this revised budget figure includes those items that have been deferred pending confirmation of the City Council's revised capital priorities. The updated capital monitoring statement is attached at Appendix B.

As a result of the decision to defer a number of schemes for further consideration of capital priorities and changes in the phasing of expenditure on other schemes, it is now estimated that the forecast of capital expenditure in 2010/11 is £3,741,450 compared to an approved capital estimate of £7,461,800.

In response to questions it was confirmed that the overspend of £175,000 to

the PRED Portfolio with the proposed remedial action that this is met by a virement of an equivalent sum from the underspend on the AMS Business Account reported in this report would not lead to any adverse pressures on Resources Portfolio. This was a virement for this year only.

It was suggested that the City Solicitor should set up a meeting with Tony Nicholas, Head of Asset Management Services with a view to possibly re-forming the group known as the Asset Management Board. Mr Michael Lawther agreed to set up a meeting.

With regard to the MMD loan, it was explained that although this was taken from general reserves, it had to be shown as coming from one of the portfolio's capital programmes. Resources tended to receive all those items which did not readily fit within any particular portfolio.

DECISIONS

The Cabinet Member for Resources –

- (1) Noted the content of the report;**
- (2) Agreed that a sum equivalent to the overspend on the corporate property portfolio account reported to PRED be met by a revenue virement from the underspend on the AMS Business Account reported to this meeting.**

22 Exclusion of Press and Public

RESOLVED that in view of the contents of the following item on the agenda the Committee adopted the following motion:-

‘that, under the provisions of Section 100A of the Local Government Act, 1972 as amended by the Local Government (Access to Information) Act 1985, the press and public be excluded for the consideration of the following item on the grounds that the report contains information defined as exempt in Part 1 of Schedule 12A to the Local Government Act, 1972’.

23 Exempt Appendix to Settlement of ECF Asbestos Management Claim (Non Exempt Minute)

The City Solicitor explained that summary proceedings were received from ESG Limited (formerly Environmental Contamination Sciences Limited) for outstanding invoices in relation to asbestos inspections in Portsmouth City Council's properties. The City Solicitor went on to explain that the purpose of the report was to seek approval of a settlement of the claim against Portsmouth City Council on terms which are favourable to the City Council. The City Solicitor explained that although a formal tender process was carried out a written contract was never entered into. The terms that were originally agreed were subsequently changed as more properties were added and more work was needed. The additional work was required owing to problems with the Council's database for the properties. It was agreed that ESG Limited would need longer to undertake the work and that they should be paid at a higher rate for the additional work. ESG Limited did not inform Portsmouth City Council of the additional costs prior to incurring them, however they

submitted detailed invoices for the work and these were paid up until May 2009. In May 2009, the management of the contract was taken over by another employee and it was noticed that the invoices were not following the schedules shown in the original tender document. The City Solicitor advised the City Council to accept the commercial settlement of this dispute by paying the sum of £47,000 plus costs of £15,000. He further recommends that future management of asbestos by PCC be undertaken by AMS.

The City Solicitor confirmed that in his view this matter should be settled in accordance with the recommendation.

DECISIONS:

The Cabinet Member for Resources –

- (1) Approved the recommendation that the City Council accepts the commercial settlement of this dispute on the basis that it pays the sum of £47,000 plus £15,000.**
- (2) Agreed that future management of asbestos by PCC be undertaken by the Asset Management Services (AMS).**

The date of the next meeting is scheduled for Thursday 27 January 2011 at 9.30 am. However, the date of the meeting is likely to change.

VP/SM
2 December 2010
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