

Agenda Item No. 7

WEST MIDLANDS REGIONAL ASSEMBLY Board of Directors - Friday 10th March 2006

Regional Assembly Legal Contingency Fund

Report of the Chief Executive

1. Purpose

To advise Board Members of agreement received from ODPM enabling the Assembly to maintain a limited contingency fund to meet unforeseen legal costs.

2. Recommendation

That the Board resolve to establish a legal contingency fund. That ODPM approval is sought to carry over any under spend for this purpose as detailed more fully in the Estimated Outturn report.

3. Background

- 3.1 Trudi Elliott as Chair of the ERN Chief Executives Group had written to ODPM proposing that regional assemblies be allowed to build up their own legal contingency funds to meet unforeseen costs rather than continue the central fund established for 2005-06.
- 3.2 A copy of the response from ODPM is appended to the report.
- 3.3 The Assembly has consistently identified the need for a legal contingency fund of at least £50,000. At this stage, with a current public inquiry straddling two financial years, the Estimated Outturn Report is recommending a contingency fund of £61,249. It may be that this figure is reduced slightly if more legal expenses fall within this year.

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Office of the
Deputy Prime Minister

Creating sustainable communities

16 February 2006

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Dear Trudi

Regional Assembly Legal Contingency funds

Thank you for your letter of 9 January in which you propose that regional assemblies be allowed to build up their own contingency funds to meet unforeseen events rather than continue the central fund established for the current financial year.

We are in full agreement with the actions assemblies are taking in the annual business planning round to identify the potential risks to business and make appropriate contingency plans to counter them. We recognise that whilst some risks may have a limited impact that can be countered through the re-ordering of priorities, others may involve significant costs that could impact on the overall delivery of an assembly's business.

It was to meet the latter scenario that we decided to establish the present contingency fund. However, we do recognise that as presently constituted it offers no guarantee to any single assembly that it will be possible to counter all the risks it might face. Furthermore we have found that managing the fund has been unnecessarily complex and that its existence opens the door to possible conflict between assemblies.

We do expect assemblies to use the resources provided by Government grant for the purpose intended, but we nevertheless recognise they need to manage their resources over the full accounting period. We therefore see merit in assemblies themselves taking reasonable steps to consume their own fire and would be prepared to agree to them building up their own limited contingency funds rather than surrender grant to a central fund. We are also prepared, in principle, to allow the carry over of unspent contingency at the end of the financial year, although we will have to approve this on a case by case basis.

I would be happy to discuss this further.

I am copying this letter to Government Office contacts and ODPM finance colleagues.

Yours sincerely

Ciara Mulligan
Divisional Manager
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