

# EAST AYRSHIRE COUNCIL

## CABINET - 2 DECEMBER 2009

### 2009/2010 REVIEW OF DEPARTMENTAL BALANCES

#### Report by the Executive Head of Finance and Asset Management

#### 1. PURPOSE OF REPORT

- 1.1 To allow Members to review departmental balances following the completion of the audit of the 2008/2009 Statement of Accounts.

#### 2. BACKGROUND

- 2.1 The Council's Reserves and Balances Strategy approved at Cabinet on 21 January 2009 allows departmental bottom line underspends arising from managed savings to be carried forward for use in future periods on non-recurring or fixed term projects or to assist in aligning services with resources available over the three year budget period. In addition departments require to carry forward sums earmarked against specific initiatives or liabilities.
- 2.2 Departments should hold no more than 4% of revenue expenditure in uncommitted balances. The Strategy requires the Cabinet to review balances on an annual basis following the conclusion of the audit of accounts.
- 2.3 The 2008/2009 audited Statement of Accounts highlights Council Reserves of £51.516m, of which earmarked balances and commitments totalled £20.408m and a General Fund uncommitted balance of £6.601m at 31 March 2009 as shown in the table below.

<b>Reserve</b>	<b>Balance per Statement of Accounts £m</b>
Renewals & Repairs	6.569
Capital Fund	15.712
Housing Revenue Account	2.226
General Fund Uncommitted	6.601
General Fund Committed	20.408
<b>Total</b>	<b>51.516</b>

- 2.4 Balances earmarked for specific initiatives are drawn down as they are completed. The actual position changes on an ongoing basis therefore and the current position as at period 6 (20 September 2009) is shown in the table below.

<b>Department</b>	<b>Balance per Statement of Accounts £m</b>	<b>2009/10 Reallocated Balances £m</b>	<b>Utilised in 2009/10 £m</b>	<b>Current Balance £m</b>
Education & Social Services	2.346	(0.664)	(0.240)	<b>1.442</b>
Neighbourhood Services	2.363	0.000	0.000	<b>2.363</b>
Corporate Support	3.922	0.000	(0.522)	<b>3.400</b>
Finance & Asset Management	3.517	0.000	(0.041)	<b>3.476</b>
Other Central Balances	8.260	0.664	(1.010)	<b>7.914</b>
<b>Total</b>	<b>20.408</b>	<b>0.000</b>	<b>(1.813)</b>	<b>18.595</b>

### **3. STRATEGY**

- 3.1 Funding for local government in Scotland is forecast to reduce significantly over the next few years and the impact on the Council could be a reduction in grant of up to £40m in real terms by 2013/14. To achieve such a reduction in cost whilst continuing to provide statutory services and address key priorities it is likely that extensive service re-design will be required. This would involve major change with resulting costs including, for example, termination payments to staff and bridging finance to maintain services during the period of implementation. These costs would of course be incurred on a "spend to save" basis. The source of this funding would be the Council's uncommitted General Fund balance.
- 3.2 In reviewing balances this has been borne in mind and efforts have been made to maximise the uncommitted balance.

### **4. PROPOSALS**

- 4.1 A detailed examination of balances held and the continuing need for them was undertaken by each Executive Director in consultation with the Chief Executive and Executive Head of Finance and Asset Management. The resulting proposals are presented for consideration by the Cabinet.
- 4.2 The review has resulted in £2.781m of balances being identified for transfer to the General Fund uncommitted balance as these funds are either no longer required or the original commitment has been met from other departmental resources.

- 4.3 The table below summarises the proposed position with further details of specific balances held by each department in Appendix 1.

Department	Current Balance £m	Released to General Fund £m	Revised Balance £m	Earmarked £m	Uncommitted £m	Total £m
Education & Social Services	1.442	(0.195)	1.247	1.247	0	<b>1.247</b>
Neighbourhood Services	2.363	(1.085)	1.278	1.278	0	<b>1.278</b>
Corporate Support	3.400	(0.168)	3.232	3.232	0	<b>3.232</b>
Finance & Asset Management	3.476	(0.407)	3.069	3.069	0	<b>3.069</b>
Other Central Balances	7.914	(0.926)	6.988	6.988	0	<b>6.988</b>
<b>Total</b>	<b>18.595</b>	<b>(2.781)</b>	<b>15.814</b>	<b>15.814</b>	<b>0</b>	<b>15.814</b>

- 4.4 It is proposed that previously uncommitted and decommitted departmental balances within Educational and Social Services (£0.486m) and Corporate Support (£0.400m) are retained to fund in year departmental budget pressures and these would be drawn down immediately following Cabinet approval of the balances review. In addition £0.200m will be reallocated within Neighbourhood Service for Winter Maintenance.
- 4.5 The nature of the expenditure to be incurred using balances held for Youth Strategy (£0.047m), Kilmarnock Childrens House (£0.050m), Grand Hall Lift (£0.200m) and Members I.T. (£0.018m) is such that it could be classified as Capital and it is proposed to meet these commitments by acceleration of the capital programme. This releases £0.315m to the General Fund uncommitted balance.

## 5. GENERAL FUND UNCOMMITTED BALANCE

- 5.1 The General Fund uncommitted balance at 31 March 2009 amounted to £6.601m and £0.360m of this balance has been utilised in the current year as approved by Cabinet on 11 February 2009 for Social Services sustainability, with a further £0.039m being utilised to fund costs associated with the Johnnie Walker campaign. In addition £0.365m has been earmarked for Teachers Refresh Scheme early retirement costs as approved by Cabinet on 1 April 2009, leaving the General Fund uncommitted total at £5.837m which equates to 1.7% of the annual budgeted expenditure for 2009/10.
- 5.2 When added to the reallocated funding identified above of £2.781m the balance would be £8.618m. This equates to 2.6% and is within the range specified in the Council's Reserve Strategy which sets an optimum level of between 2% and 4% of net budgeted expenditure or between £6.696m and £13.393m.

5.3 Given the scenario outlined at paragraph 3.1 above, further enhancement of the general fund balance could be achieved by utilising £1.5m of the Repairs and Renewals fund to cover the cost of repairs carried out in 2009/10. A decision on this could be taken at the end of the financial year once the potential costs of change management become clearer. Opportunities will also be taken to maximise savings in non-departmental areas to further augment the level of General Fund Balance by March 2010.

## **6. RECOMMENDATIONS**

6.1 It is recommended that Members

- (i) approve the transfers detailed at paragraph 4.2 totalling £2.781m;
- (ii) approve the reallocation of balances at paragraph 4.4;
- (iii) approve the acceleration of the capital programme to fund £0.315m as noted at paragraph 4.5;
- (v) otherwise note the contents of this report.

**Alex McPhee**  
**Executive Head of Finance and Asset Management**  
**19 November 2009**  
AMcP/JB

### **LIST OF BACKGROUND PAPERS** **NIL**

Any person wishing further information should contact Alex McPhee  
Executive Head of Finance and Asset Management (Tel 01563 576300).

## EDUCATIONAL AND SOCIAL SERVICES – REVIEW OF DEPARTMENTAL BALANCES

	Balance	Balance at Review £m	Proposed Reallocation £m	Revised Balance £m	Details
1	School Carry Forward	0.484	(0.084)	0.400	Individual school balances currently being reviewed with £0.084m available for release to General Fund uncommitted balance.
2	Literacy & Numeracy	0.021		0.021	Balance retained for Richter Scale Training approved by Literacies partnership. Fully committed and anticipated to be utilised in 2009/10.
3	Early Years Central - Care Commission repairs	0.013		0.013	Balance retained for works completed on Onthank Nursery Toilets. Fully spent and will be utilised in 2009/10.
4	Early Years Central - Fairer Scotland	0.027		0.027	Balance retained for training and joint publication with North Ayrshire and South Ayrshire Councils. Procurement process for training has started.
5	Primary Central – (Foreign Language Assts)	0.003		0.003	Balance retained for Foreign Language Assistants employed till June. Fully spent and will be utilised in 2009/10.
6	Secondary Central - Fairer Scotland MC2	0.048		0.048	Balance retained for Leadership Programme (£0.025m), Prince's Trust (£0.018m) and Youth Strategy (£0.005m). Fully spent and will be utilised in 2009/10.
7	CL&D - Fairer Scotland Youth Outreach	0.033		0.033	Balance retained and funding plan agreed. Balance anticipated to be fully utilised in 2009/10.
8	CL&D - Literacies Partnership	0.030		0.030	Balance retained and funding assigned for projects approved by Literacies partnership. Balance anticipated to be fully utilised in 2009/10.
9	Youth Strategy	0.047	(0.047)	0	Balance released and primary base to provide intensive support for both pupils and parents anticipated to be capital funded.
10	Social Work Phone System at Galston	0.026	(0.010)	0.016	Phone system installed. £0.010m available for release to General Fund.
11	Education Property Maintenance Costs	0.008		0.008	Fully spent on anti climb barriers at Drongan pitches and will be utilised in 2009/10.
12	Onsite - cashless meals system	0.057		0.057	Grange and St Joseph's systems both installed. Balance anticipated to be fully utilised in 2009/10
13	GIRFEC post	0.038		0.038	Balance retained for temporary post from Sep 2009 to July 2010. Post filled.
14	Kilmarnock Childrens House	0.050	(0.050)	0	Balance released with costs to be met from capital programme.
15	Criminal Justice	0.004	(0.004)	0	Balance no longer required.
16	Community Care Adults- Kilmaurs Independent Living - respite house refurbishment	0.066		0.066	This balance is NHS funding and will be utilised to meet Regulation of Care standards. Work has been commissioned by Housing Services to address subsidence.
17	Funding for 2009/10 departmental pressures	0	0.487	0.487	Balance retained to fund in year departmental budget pressures and will be drawn down immediately following Cabinet approval of balances review.
18	Uncommitted Balance	0.487	(0.487)	0	Balance released.
	<b>Total</b>	<b>1.442</b>	<b>(0.195)</b>	<b>1.247</b>	

## NEIGHBOURHOOD SERVICES – REVIEW OF DEPARTMENTAL BALANCES

	Balance	Balance at Review £m	Proposed Reallocation £m	Revised Balance £m	Details
1	Streetsport Cages	0.100		0.100	Balance retained for ongoing maintenance of street cages.
2	Leisure Facilities - PPP schools	0.100	(0.049)	0.051	Part balance released as no longer required when all weather pitches become fully operational.
3	2 Refuse Collection Vehicles	0.140		0.140	Balance fully spent and will be utilised in 2009/10.
4	Recycling Plastic containers	0.030	(0.030)	0	Balance released as roll-out of recycling strategy met from Zero Waste Fund.
5	Roads Asset Management Costing System	0.060		0.060	Balance retained as system specification being undertaken. North Ayrshire Council present trialing a system which is anticipated to be adopted for East Ayrshire.
6	Grand Hall lift	0.200	(0.200)	0	Balance released with costs to be met from capital programme.
7	RiverAyr Way	0.100	0.027	0.127	Balance fully spent with additional £0.027m required from uncommitted Neighbourhood Services balances to meet project costs.
8	Unsigned Unlimited Museums Youth Music Project	0.015		0.015	Balance retained and fully committed. Project runs until May 2011.
9	Private Sector Housing Grant	0.398		0.398	Balance retained to fund Council contribution to new national lending unit which is part of scheme of assistance outlined by the Housing (Scotland) Act 2006.
10	Supporting People	0.124	(0.090)	0.034	Part balance released following a full review of service provided.
11	Winter Maintenance Contingency	0.133	0.200	0.333	Balance retained to manage adverse variations within revenue budget caused by adverse winter conditions. Additional £0.200m allocated from Neighbourhood uncommitted balance.
12	Furnished Tenancies Fund	0.446	(0.446)	0	Balance no longer required as service currently reviewing homeless services.
13	Private Landlord Registration	0.066	(0.046)	0.020	Part balance retained for potential ongoing costs due to cyclical nature of funding.
14	Uncommitted Balance	0.451	(0.451)	0	£0.027m reallocated to RiverAyr Way project (line 7 above) expenditure and £0.200m reallocated to Winter Maintenance (line 11 above) with balance of £0.224m released to General Fund uncommitted balance.
	<b>Total</b>	<b>2.363</b>	<b>(1.085)</b>	<b>1.278</b>	

## CORPORATE SUPPORT – REVIEW OF DEPARTMENTAL BALANCES

	Balance	Balance at Review £m	Proposed Reallocation £m	Revised Balance £m	Details
1	Directorate Secretary	0.003		0.003	Balance retained for ongoing retiral costs.
2	Fairer Scotland Funds - Community Planning	0.042		0.042	Balance retained as fully committed to Community Planning Partnership Unit activities including Information Analyst and Small Project Development Fund.
3	Community Planning Partnership	0.023	(0.023)	0	Balance no longer required.
4	Democratic Services – BMK Building	0.010	(0.010)	0	Balance released as work on BMK store completed.
5	Community Councils	0.014	(0.001)	0.013	Part balance retained for Data Protection costs for Community Councils and Development Fund for the review of Community Councils.
6	Democratic- Members IT	0.018	(0.018)	0	Balance released with costs to be met from capital programme.
7	Special Local Purposes Grants	0.020	( 0.020)	0	Balance previously retained for case management/multi-member wards no longer required.
8	Democratic Services - Grants and Projects	0.043	(0.043)	0	Balance previously retained for case management/multi-member wards no longer required.
9	Local Grants	0.030	(0.030)	0	Balance no longer required.
10	Promotion of Democratic Process	0.039		0.039	Balance retained for electoral activities.
11	Election Materials	0.018	(0.018)	0	Balance previously retained for disputed invoice no longer required as payment settled.
12	Data Centre / Meeting Room	0.750		0.750	Balance retained as fully committed for completion of this project.
13	Organisational Development training and facilities upgrade	0.023		0.023	Balance fully committed for OD staff training and training facilities upgrade.
14	HR - National Recruitment & Absence Management	0.039		0.039	Balance retained to fund Occupational Health expenditure.
15	Modernising Government	0.024		0.024	Balance retained for committed activities with any unspent grant required to be returned to the Scottish Government.
16	Members Caseload Information Technology software	0.025	(0.025)	0	Balance no longer required.
17	IT (£65k Community Facilities Review / £33k PC maint audit)	0.098	(0.032)	0.066	£0.032m of balance no longer required.
18	Contaminated Land (Cabinet 5/3/08)	0.007		0.007	Balance committed to demand led activity.
19	Legal Services - EAC Standing List	0.018	(0.018)	0	Balance no longer required.

## CORPORATE SUPPORT – REVIEW OF DEPARTMENTAL BALANCES

	Balance	Balance at Review £m	Proposed Reallocation £m	Revised Balance £m	Details
20	Tobacco Sales Enforcement	0.034	(0.034)	0	Balance no longer required.
21	Legal Services - Trainee Scheme	0.008		0.008	Balance retained to fund 2 year post into 2010/11.
22	Liquor Licensing Income – (Licensing (Scotland) Act 2005)	0.264		0.264	Balance retained as income collected in 2008/09 in advance as a result of legislative change. Balance is committed to future Licensing Board costs in line with Scottish Government requirements.
23	E-Procurement	0.314	(0.150)	0.164	Part balance retained to principally fund employee costs until summer 2010. It is anticipated that a report will be submitted to Corporate Management Team proposing costs from 1/4/2010 funded by departments through savings in departmental budgets.
24	Fairer Scotland Funds - CARS	0.100		0.100	Balance fully committed as match funding for the Kilmarnock Conservation Area Regeneration Scheme.
25	Scottish Enterprise - "Kilmarnock Building our Future" CARS/THI	0.199		0.199	Balance fully committed as match funding for Kilmarnock Conservation Area Regeneration Scheme and Townscape Heritage Initiative.
26	Cumnock CARS Bid - Council contribution	0.264		0.264	Balance retained as match funding for the Cumnock CARS grant award from Historic Scotland (5 year programme which started March 2009).
27	CARS match fund top up in line with Historic Scotland award	0.009		0.009	Balance retained as match funding for the Cumnock CARS grant award from Historic Scotland (5 year programme which started March 2009).
28	Environmental Works Greenbraes / Greenholm Road	0.080		0.080	Balance required as contingency for Cumnock Town Centre Regeneration office development. Propose name of balance changed to "Cumnock Regeneration Office Development".
29	Fairer Scotland Funds - Restoring Communities	0.036		0.036	Fully committed to activities in 2009/10 under the Restoring Communities Programme.
30	Auchinleck Community Gardening Initiative	0.030		0.030	Balance retained to contribute towards installation and operating costs of Auchinleck Community Development Initiative including the Trim Trail under the Restoring Communities Programme.
31	Newmilns Townscheme (Cabinet 2/07/08 and 22/04/09)	0.010		0.010	Additional applications under this scheme are currently being worked up by property owners and are anticipated to commence in late 2009/10.
32	Daldorch Footbridge, Catrine	0.060		0.060	Balance previously retained for replacement of temporary bridge, the cost of which is now estimated at £0.050m with legal agreement for purchase underway. It is proposed that this balance be retained for Catrine Heritage project HLF bid.
33	Daldorch Footbridge (Cabinet 2/07/08 and 22/04/09)	0.050		0.050	Balance previously retained for replacement of temporary bridge, the cost of which is now estimated at £0.050m with legal agreement for purchase underway.

## CORPORATE SUPPORT – REVIEW OF DEPARTMENTAL BALANCES

	Balance	Balance at Review £m	Proposed Reallocation £m	Revised Balance £m	Details
34	Fairer Scotland Funds - Skills Development & Employability	0.213		0.213	Balance retained as fully committed as match funding for current EU award.
35	Skills Development & Employability -EU match funding	0.037		0.037	Balance retained as fully committed as match funding for current EU award.
36	Business Promotion Advisor	0.060		0.060	Balance retained to fund existing post to mid 2010. Post anticipated to be made permanent in service BVSR.
37	Business Grants	0.055	(0.025)	0.030	Balance held as contingency for additional Business Grants demand.
38	Tourism (Cabinet 17/12/08)	0.014	(0.002)	0.012	Part balance retained as commitment to ongoing Tourism activities to be developed in line with Best Value Service Review.
39	Dangerous Buildings	0.080		0.080	Balance committed to statutory direct actions where full recovery will not be realised.
40	Local Plan - Public Local Inquiry (PLI)	0.120		0.120	Balance retained for Local Plan PLI anticipated to commence during late 2009/10.
41	Funding for 2009/10 departmental pressures	0	0.400	0.400	Balance retained to fund in year departmental budget pressures and will be drawn down immediately following Cabinet approval of balances review.
42	Uncommitted Balance	0.119	(0.119)	0	Balance released.
	<b>Total</b>	<b>3.400</b>	<b>(0.168)</b>	<b>3.232</b>	

<b>FINANCE AND ASSET MANAGEMENT – REVIEW OF DEPARTMENTAL BALANCES</b>
---

	Balance	Balance at Review £m	Proposed Reallocation £m	Revised Balance £m	Details
1	Corporate Performance and Asset Management Systems	0.364	(0.064)	0.300	Part balance retained for ongoing implementation and maintenance costs.
2	Asset Management / Surplus Property / 10%'s	0.322		0.322	Balance retained for work in relation to Council's Surplus Property. In Year funding not available due to dwindling income from property disposal.
3	Financial Guardianships	0.030	(0.014)	0.016	Balance of £0.015m required for ongoing costs.
4	Asset Improvement - CRA add funding work not complete 31 March 08	0.049	(0.049)	0	Work completed, balance no longer required.
5	Asset Improvement - CRA General work not complete 31 March 08	0.033	(0.033)	0	Work completed, balance no longer required.
6	Civic Centre Boiler Replacement	0.162		0.162	Balance retained as work is in progress and charges to be finalised.
7	Emergency Repairs / Spend to Save / Efficiency	0.625	(0.200)	0.425	Balance retained for Spend to Save Projects. £0.380m anticipated for installation of Automated Meter Readers(AMR's) spend to save project for Carbon Reduction Commitment
8	Central Repairs - Building Maintenance Commitments	0.598		0.598	Balance retained for work outstanding at 31 March 2009. Anticipated to be fully utilised in 2009/10.
9	Waterside Industrial Units - Repair Work	0.040		0.040	Work completed and awaiting final invoices.
10	Corporate Office Accommodation Strategy	0.939		0.939	Balance retained for ongoing Corporate Office Strategy costs.
11	Property Rental - Burns Mall	0.250		0.250	Balance retained for utilisation in 2009/10 to cover reduced Burns Mall rental income.
12	Fuel Poverty Funding Income	0.015		0.015	Balance retained for utilisation in 2009/10 for claims from the public in respect of fuel poverty.
13	OPM Prize Income - Dalmellington Area Centre	0.002		0.002	Balance retained for one-off prize required to be spent on Dalmellington Area Centre.
14	Uncommitted Balance	0.047	(0.047)	0	Balance released.
	<b>Total Balance</b>	<b>3.476</b>	<b>(0.407)</b>	<b>3.069</b>	

## CENTRAL SERVICES – REVIEW OF DEPARTMENTAL BALANCES

	Balance	Balance at Review £m	Proposed Reallocation £m	Revised Balance £m	Details
1	Single Status	0.050		0.050	Balance retained for number of appeals still to be cleared.
2	Vanguard Consultancy	0.052	(0.052)	0	Balance no longer required.
3	Schools PPP	1.954		1.954	Balance retained as fully committed to scheme over life cycle.
4	Efficiency & Reform	0.100		0.100	Balance retained as possible funding for SRRB2.
5	CARS / THI	0.982		0.982	Balance retained as fully committed to scheme.
6	Leaders 08/09 Budget commitments	0.681		0.681	Balance retained as fully committed to projects.
7	Data Collection & Asset Management	1.212	(0.420)	0.792	Costs of £0.420m were incurred to 2008/09 and this amount can be freed up. Balance retained for ongoing project funding still required.
8	HB/CT Benefit / CT Target Arrears Collection	0.380		0.380	Balance needs to be retained for potential impact of Subsidy Claim balances and targeting Council Tax collection.
9	Chief Executive	0.065	(0.065)	0	Balance no longer required.
10	Match Funding – Employability Projects	0.052		0.052	Balance retained for utilisation by Corporate Support.
11	Zero Waste Fund	0.378	(0.378)	0	Balance no longer required. Outcomes met from existing budget.
12	Contribution to Demolition of Council Yard	0.040		0.040	Balance retained as agreed contribution per Cabinet Report. Charges incurred in 09/10 to date £0.010m with all of £0.040m anticipated to be utilised in 2009/10.
13	Energy - Contract Prices 09/10	0.406		0.406	Need to Retain.
14	BT Income	0.011	(0.011)	0	Balance no longer required.
15	Icelandic Banks	1.551		1.551	Balance retained to meet future cost of reduced investment.
	<b>Total</b>	<b>7.914</b>	<b>(0.926)</b>	<b>6.988</b>	