

# FINANCE & ASSET MANAGEMENT



East Ayrshire  
COUNCIL

**EAST AYRSHIRE COUNCIL**

**CABINET – 21 JANUARY 2009**

**FINANCE AND SERVICE STRATEGY REPORT  
TO PERIOD 9 (14 DECEMBER 2008)**

**Report by Executive Head of Finance and Asset Management**

**1 PURPOSE OF REPORT**

- 1.1 To advise Members of the projected financial position for the year based on expenditure to 14 December 2008 (Period 9) and information provided by Executive Directors.

**2 GENERAL SERVICES**

- 2.1 The overall projected outturn for the year to 31 March 2009 is an uncommitted surplus in excess of budget of £1.178m. The detail of this is included in the attached report.
- 2.2 It is anticipated that the department of Educational and Social Services will outturn £0.005m under budget at 31 March 2009. Included in this figure however is an underspend on the Building Learning Communities project of £0.432m which will be earmarked and carried forward to meet future years PPP expenditure.
- 2.3 The Social Services position has moved from a breakeven position after the utilisation of £0.975m of balances brought forward together with significant non-recurring in year savings to an adverse position of £0.183m. This is principally due to additional secure accommodation placement costs required since the previous period reported.

- 2.4 The Sustainability Board, tasked with realigning budget resources and led by the Executive Director continues to review the service to ensure the longer term sustainability of the Social Services budget.
- 2.5 The Executive Director of Neighbourhood Services anticipates a favourable variance of £0.283m mainly due to savings in employee costs and landfill partially offset by additional transport and supplies and services costs which include £0.300m of costs relating to flood emergencies and additional winter maintenance resulting from the recent cold snap.
- 2.6 The Executive Director has indicated that planned Homecoming Events in 2009/10 will require non-recurring funding of £0.050m and proposes that this sum be vired from the overall departmental underspend.
- 2.7 An adverse variance of £0.153m is anticipated within Trading Services principally due to a currently projected under-recovery of income within Building and Works. Other Trading Services are anticipated to outturn favourably.
- 2.8 The Executive Director of Corporate Support anticipates an adverse variance of £0.067m mainly due to a shortfall in Planning and Building Standards income as a result of external economic factors. Significant management action has been taken to restrict general expenditure throughout the service to reduce the impact on the budget.
- 2.9 The Executive Head of Finance and Asset Management anticipates an favourable variance of £0.229m mainly due to funding received from the Department of Work and Pensions, additional income and employee cost savings.

- 2.10 There is an adverse variance of £0.132m projected within Central Services due to the additional costs of the pay award settlement.
- 2.11 Debt Charges are anticipated to be £0.500m below budget partly due to slippage on the capital programme resulting in a favourable cash profile and additional investment income.
- 2.12 A favourable variance of £0.400m is projected on Council Tax income due a higher level of Band D equivalent properties than anticipated, better recovery on previous years accounts and a surplus on statutory costs applied. In addition there is a favourable variance of £0.600m in respect of Housing and Council Tax Benefit income due to the effective overpayment recovery process.
- 2.13 The projected expenditure for the year on the Capital Programme is anticipated to be £28.819m which is 99.9% of budgeted expenditure.

### **3 HOUSING REVENUE ACCOUNT**

- 3.1 There is a favourable variance of £0.300m anticipated on Debt Charges which in line with previous years the Executive Director plans to utilise elsewhere in the budget on programmed maintenance and repairs and seeks formal Member approval to do so. The Housing Revenue Account will therefore outturn on budget.
- 3.2 Additional expenditure of £0.126m is anticipated in excess of the original budget on the Housing Investment Programme. The contribution from capital receipts generated from council house sales will be significantly less than originally anticipated and will result in an increased borrowing requirement for the HRA in 2008/09 and beyond.

## **4 RECOMMENDATIONS**

4.1 It is recommended that Members:

- (i) approve the budget virement for Homecoming events as at paragraph 2.6;
- (ii) approve the utilisation of savings within HRA budget for additional CFCR/Planned Maintenance works within HRA as at paragraph 3.1 and otherwise note the contents of this report and;
- (iii) otherwise note the contents of the report.

Alex McPhee  
Executive Head of Finance and Asset Management  
14 January 2009

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

Members wishing further information should contact  
Alex McPhee, Executive Head of Finance and Asset Management,  
Telephone (01563) 576300

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### PAGE INDEX

Overview	Page	Departmental Budgets	Page
General Fund Summary	1	Educational and Social Services	6
Capital Summary	2	Neighbourhood Services	20
Concordat Commitments	3	Corporate Support	38
		Finance and Asset Management	51
		Central Services	57

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### GENERAL FUND SUMMARY

Service	2008/09 Budget £m	Projected Actual to 31 March 2009	Projected Variance £m	Funded by	2008/09 Budget £m	Projected Actual to 31 March 2009	Projected Variance £m
Educational and Social Services	166.498	166.493	(0.005)	Council Tax	(48.101)	(48.501)	(0.400)
Neighbourhood Services	72.241	71.958	(0.283)	Aggregated External Finance	(232.537)	(232.531)	0.006
Corporate Support	15.324	15.391	0.067	Housing/Council Tax Benefit Income	(41.914)	(42.514)	(0.600)
Finance and Asset Management	50.716	50.487	(0.229)	<b>Total Income</b>	<b>(322.552)</b>	<b>(323.546)</b>	<b>(0.994)</b>
Central Services – Other	6.737	6.869	0.132				
Central Services – Debt Charges	16.500	16.000	(0.500)				
Building and Works	(1.915)	(1.701)	0.214	Deficit / (Surplus) for the Year	3.489	1.830	(1.659)
Roads	(0.040)	(0.070)	(0.030)	Utilise Previous Years Balances	(3.489)	(3.489)	0.000
Vehicle Maintenance	(0.010)	(0.025)	(0.015)	Departmental Under/(Over) Spend c/f	0.000	0.451	0.451
Street Lighting	(0.010)	(0.026)	(0.016)	Proposed transfer to Renewals & Repairs	0.000	0.030	0.030
<b>Net Expenditure</b>	<b>326.041</b>	<b>325.376</b>	<b>(0.665)</b>	<b>2008/2009 Deficit / (Surplus)</b>	<b>0.000</b>	<b>(1.178)</b>	<b>(1.178)</b>
				Housing Revenue Account			
				Expenditure	35.682	35.754	0.072
				Income	(35.682)	(35.754)	(0.072)
				<b>Net Expenditure</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### CAPITAL SUMMARY

Service	Revised Budget 2008/09	Actual Expenditure to Date	Projected Expenditure 2008/09	Projected Expenditure as % Budget	Funded by	Revised Budget 2008/09 £m	Projected Expenditure 2008/09 £m
Education & Social Services	13.125	8.865	13.263	101%	Grants, Partnership Funding , CFCR	1.593	1.593
Neighbourhood Services	11.712	6.888	11.602	99%	External Borrowing	27.269	27.226
Corporate Support	0.948	0.527	0.982	104%	<b>Total</b>	<b>28.862</b>	<b>28.819</b>
Finance & Asset Management	0.328	0.172	0.343	105%			
Regeneration, Efficiency & Asset Management	2.563	1.386	2.629	103%			
Contingency Funding	0.186	0.000	0.000	-			
<b>Total</b>	<b>28.862</b>	<b>17.838</b>	<b>28.819</b>	<b>99.9%</b>			

Service	Revised Budget 2008/09	Actual Expenditure to Date	Projected Expenditure 2008/09	Projected Expenditure as % Budget	Funded by	Revised Budget 2008/09	Projected Expenditure 2008/09
Housing Revenue Account	15.592	11.013	15.718	101%	Revenue Funding (CFCR)	5.561	6.013
					Sale of Council Dwellings	6.500	3.100
					Anticipated Borrowing	3.531	6.605
					<b>Total</b>	<b>15.592</b>	<b>15.718</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### CONCORDAT BETWEEN THE SCOTTISH GOVERNMENT AND LOCAL AUTHORITIES

On 14 November 2007 a concordat between the Scottish Government and local authorities was signed setting out the terms of the relationship between the two. As part of their contribution to the relationship, the Scottish Government and local government agreed to work towards the delivery of a number of key government policies and programmes including:

<u>Commitment</u>	<u>Current Status</u>	<u>Progress</u>
1 Freezing council tax rates at 2007/08 levels.	On 14 February 2008 Council approved the freezing of council tax for 2008/09.	
2 Making an additional 1,000 police officers available in communities.	£94m has been transferred to the Justice portfolio. The first 150 additional officers are currently attending the Police training College with a further 450 planned for 2008/09 and an additional 200 officers in 2009/10 and 2010/11.	
3 Introduction of the Small Business Bonus Scheme.	The Planning and Economic Development Service has a key role to play in supporting the government objective of supporting small businesses and helping them gain a competitive advantage. A key part of this work will be raising awareness of the introduction of the Small Business Bonus Scheme which is funded by the Scottish Government.	
4 Improving the learning experience for children and young people by improving the fabric of schools and nurseries; developing and delivering <i>A Curriculum for Excellence</i> ; and, as quickly as is possible, reducing class sizes in P1 to P3 to a maximum of 18 and improving early years provision with access to a teacher for every pre-school child.	The Council will invest approximately £28.6 million in the next 5 years to improve the fabric of educational establishments. A report will be presented to Cabinet highlighting the financial and logistical implications of moving P1-3 class sizes to a maximum of 18. Indicative costs would suggest that between £5.2 and £5.5 million is needed to extend up to 24 schools and revenue of £2.5 million per annum is needed for additional teaching staff.	

Key: Achieved



In Progress



Awaiting Action



## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### CONCORDAT BETWEEN THE SCOTTISH GOVERNMENT AND LOCAL AUTHORITIES

5	Expanding pre-school provision and making substantial progress towards a 50% increase in pre-school entitlement for 3 and 4 year olds. The entitlement to pre-school provision will be maintained at the new level of 475 hours per annum (equivalent to 38 weeks at 12 hours) in 2008/09 and 2009/10. This will increase to 570 hours per annum (equivalent to 38 weeks at 15 hours) in August 2010.	The impact of this commitment is presently being analysed by staff within Educational and Social Services. A report will be submitted to Cabinet for consideration at the earliest opportunity.	
6	Free school meals - Providing nutritious free school meals for all P1 to P3 pupils in the pilot areas until the end of the current "academic year (i.e. up to June 2008). The remainder of 2008/09 will be taken up with evaluation of the trials. In 2009/10, provided the evaluation of the trials is positive, legislation will be introduced to allow extension of the nutritious free school meals to all pupils in P1 to P3. Assuming the legislation is passed, local authorities will provide free school meals to all P1 to P3 pupils from August 2010.	The Scottish Government has announced that the pilot was successful and legislation will be put in place to allow the initiative to be rolled out. The Council is committed to this and budget priorities will be adjusted as necessary.	
7	Subject to necessary legislation being passed, extending entitlement to free school meals to all primary and secondary pupils of families in receipt of maximum child tax credit and maximum working tax credit from August 2009.		
8	Vocational education/skills - working in partnership with colleges, local employers and others as appropriate to give more school pupils opportunities to experience vocational learning.	A review of the impact of activities linked to the More Choices, More Chances agenda is currently underway. The review will include a close and more formal relationship with both Kilmarnock and Ayr Colleges. It is anticipated that a report will be submitted to Cabinet before Christmas 2008.	

Key: Achieved



In Progress



Awaiting Action



## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### CONCORDAT BETWEEN THE SCOTTISH GOVERNMENT AND LOCAL AUTHORITIES

9	Kinship care – providing allowances for kinship carers of “looked after children” to treat them on an equivalent basis to foster carers.	Options to meet this commitment are being examined and indicative costs are between £0.258m and £0.491m per annum. Proposals will be presented to Cabinet in due course.	
10	Improving care home quality through care home fees and the quality framework.	The impact of this commitment has been costed and based on the existing external residential placements budgetary provision. This would result in full year additional expenditure in the Community Care division of £0.160m. The timing of the additional cost is dependant upon Care Homes meeting the quality standard.	
11	Free personal care – increasing current standard payment levels in line with inflation from April 2008 and allowance for subsequent years.	The impact of this commitment has been costed and based on 221 service users (at 14 March 2008) who receive an element of FPC, this will result in a full year additional cost to the Community Care division of £0.057m. The figure excludes any provision for growth in the number of service users receiving an element of FPC.	
12	Carers’ support – progress towards delivering 10,000 extra respite weeks per annum at home or in care homes.	Information received from COSLA on 6 October 2008 outlines that 6,000 extra respite weeks are to be achieved by 2009/10 increasing to 10,000 weeks by 2010/11. The impact of this commitment has been costed and based on the assumption that these extra weeks is the national target, it is assumed that East Ayrshire Council will be required to deliver 2.4% of this target figure i.e. 144 weeks in 2009/10 and 240 weeks in 2010/11. An average weekly cost (based on existing commissioned respite care provision) of £501.37 has been applied, resulting in a full year uplifted additional cost to the Community Care division of £0.076m by 2009/10, increasing to £0.133m by 2010/11. The information received from COSLA highlights a proposed distribution of additional funding of £1.37m in 2009/10 and £2.82m in 2010/11. Based on the 2.4% allocation basis, this would provide East Ayrshire Council with additional funding of £0.033m in 2009/10, increasing to £0.068m in 2010/11 to partially offset costs associated with this commitment.	

Key: Achieved



In Progress



Awaiting Action



## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### EDUCATIONAL AND SOCIAL SERVICES

#### SERVICE SUMMARY

Based on current service activity and advice from the Executive Director of Educational and Social Services, it is anticipated that the department of Educational and Social Services will outturn £0.005m under budget at 31 March 2009.

Within this variance there is a £0.432m projected underspend within Building Learning Communities. This variance will be earmarked specifically for PPP and carried forward to offset PPP costs in future years. Employee Costs savings are partially offset by additional costs in respect of property costs and Outwith Placements costs.

The Social Services position is £0.183m over budget after the utilisation of General Fund balances brought forward of £0.975m as well as managed in-year savings of £0.636m to offset significant recurring budget pressures, particularly in areas such as adult package costs, home care costs, residential care costs and fostering allowances payable through external providers. The projection takes account of four additional secure accommodation placement costs anticipated to be maintained for the remainder of the financial year.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	118.350	117.467	(0.883)
Property Costs	6.598	6.818	0.220
Transport Costs	6.959	7.011	0.052
Supplies & Services	9.273	9.403	0.130
Third Party Payments	44.199	44.661	0.462
Transfer Payments	4.765	5.848	1.083
<b>Gross Expenditure</b>	<b>190.144</b>	<b>191.208</b>	<b>1.064</b>
Income	(24.621)	(24.715)	(0.094)
<b>Net Expenditure</b>	<b>165.523</b>	<b>166.493</b>	<b>0.970</b>
Utilise Balances	0.975	0.000	(0.975)
<b>Net Expenditure</b>	<b>166.498</b>	<b>166.493</b>	<b>(0.005)</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### EDUCATIONAL AND SOCIAL SERVICES

#### SUMMARY OF MOVEMENTS IN APPROVED BUDGET

	Annual Estimate £m	Budget Adjustments £m	Revised Budget £m	Comments on Budget Movement
Budget Allocation Approved by Council 14 February 2008	162.132			
<i>Additions / Transfers to / (from) Initial Budget:</i>				
1 Finance Circular 1/2008 Adjustments		-0.217		Realignment of Budget to Reflect Adjustments Included in Scottish Government Finance Circulars
2 E-Care Funding		+0.050		Additional Funding for E-Care Project
3 Job Evaluation Funding		+0.006		Additional Funding for Costs Arising from Job Evaluation Appeals
4 Procurement Strategy		-0.054		Realignment of Budgets to Reflect Implementation of Procurement Strategy
5 Community Alarms Transfer		-0.169		Realignment of Budgets to Reflect Transfer of Responsibility to Neighbourhood Services
6 Teacher Induction Scheme Funding		+0.329		Additional Funding for the Second Phase of the Teacher Induction Scheme 2007-08
7 Fairer Scotland Fund		+1.346		Additional Funding for Fairer Scotland Fund objectives
8 Use of Balances		+2.339		Social Services sustainability
9 Adult Support and Protection Funding		+0.181		Additional funds for implementing the Adult Support and Protection (Scotland) Act 2007
10 Teacher Induction Scheme Funding		+0.437		Additional funds for the second phase of the Teacher Induction Scheme 2008-09
11 PPP Unitary Charges Transfer		+0.118		Realignment of budget to reflect CRA contribution to PPP Unitary charges
<i>Total Budget adjustments</i>			+4.366	
<b>Revised Budget Allocation at Period 9</b>			<b>166.498</b>	

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### EDUCATIONAL AND SOCIAL SERVICES

#### SERVICE PERFORMANCE TO DATE

#### RESOURCES

There are additional costs anticipated in respect of procurement, copyright and consultancy costs as well as reduced income which have been offset by savings in Employee Costs due to vacancies earlier in the year and underspends in third party payments due to the delay in the PPP payments for Grange campus. The PPP underspend will be earmarked and carried forward to meet future years PPP expenditure.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	1.644	1.627	(0.018)
Property Costs	0.032	0.032	0.000
Transport Costs	0.035	0.035	0.000
Supplies & Services	0.754	0.786	0.032
Third Party Payments	6.679	6.291	(0.388)
Transfer Payments	0.603	0.603	0.000
<b>Gross Expenditure</b>	<b>9.747</b>	<b>9.373</b>	<b>(0.373)</b>
Income	(1.332)	(1.235)	0.097
<b>Net Expenditure</b>	<b>8.415</b>	<b>8.138</b>	<b>(0.277)</b>

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
37.34	0	37.34	37.06

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### EDUCATIONAL AND SOCIAL SERVICES

#### SCHOOLS

Although there is a decrease in the number of FTE's is shown in the table below the projected employee costs will be in excess of the budget. This is due to centrally held budgets for additional supply teachers, staff flexibility and classroom assistants being transferred to the establishments to meet the cost of these staff once the supply staff have been placed. The adverse variance is offset by savings in primary and secondary schools and in Quality Improvement.

Additional expenditure is anticipated in respect of rates at Galston Primary and prior years energy costs. The variance on Third Party Payments is due to unrecovered recharge costs and there is an under recovery of income course fees in Quality Improvement.

A review has been undertaken to establish payments due to term time staff based on service entitlement identified during Single Status and costs of £0.056m are anticipated.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	58.354	58.504	0.150
Property Costs	4.535	4.653	0.118
Transport Costs	0.244	0.244	0.000
Supplies & Services	3.958	3.948	(0.010)
Third Party Payments	0.588	0.618	0.029
Transfer Payments	0.310	0.310	0.000
<b>Gross Expenditure</b>	<b>67.989</b>	<b>68.276</b>	<b>0.287</b>
Income	(1.234)	(1.204)	0.030
<b>Net Expenditure</b>	<b>66.755</b>	<b>67.072</b>	<b>0.318</b>

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
1,644.58	0	1,644.58	1,615.04

#### Non Financial Performance

Number of Teachers

Period 9 (16/12/07)	Outturn (31/3/08)	Period 9 (14/12/08)
EY** 37.1	EY** 39.2	EY** 42.8
PS 571.8	PS 549.9	PS 531.5
SS 644.1	SS 671	SS 629.2
ASN 97.9	ASN 102.1	ASN 95.2

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### EDUCATIONAL AND SOCIAL SERVICES

#### COMMUNITY SUPPORT

There are employee cost underspends in Community Learning and Development, Integrated Community Schools and Psychological Service. Although an increase in the number of FTE's is shown it is projected that employee costs will underspend. This is due to budgets for additional supply teachers, flexibility and classroom assistants being held centrally and transferred to establishments once the supply staff have been placed. The favourable variance shown of £0.471m is as a result of vacancies that have occurred during the year.

Additional expenditure is anticipated on third party payments principally due to Outwith Placement costs. Additional income is anticipated from Special Education section charges to other authorities.

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
539.97	-32.9	507.07	534.6

#### FACILITIES MANAGEMENT

Within employee costs, turnover savings have been offset by additional cleaning and janitor costs due to the delay in Grange opening. Additional premises costs have been incurred in respect of the former St Matthews school. Transport costs will outturn higher than budgeted following the relocation of pupils at New Cumnock Primary. Food costs continue to be closely monitored. The income variance is mainly due to expenditure which was previously recharged to capital but is no longer possible.

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
513.98	+32.9	546.88	504.2

#### Number of Pupils Receiving School Transport

Period 9 (16/12/07)	Outturn (31/3/08)	Period 9 (14/12/08)
5,202	5,347	5,078

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	16.757	16.286	(0.471)
Property Costs	1.061	1.095	0.034
Transport Costs	0.256	0.253	(0.004)
Supplies & Services	1.200	1.204	0.005
Third Party Payments	5.824	6.068	0.244
Transfer Payments	0.087	0.087	0.000
<b>Gross Expenditure</b>	<b>25.185</b>	<b>24.993</b>	<b>(0.192)</b>
Income	(1.019)	(1.176)	(0.157)
<b>Net Expenditure</b>	<b>24.165</b>	<b>23.817</b>	<b>(0.349)</b>

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	9.177	9.120	(0.057)
Property Costs	0.237	0.271	0.034
Transport Costs	4.980	5.028	0.048
Supplies & Services	1.975	2.006	0.031
Third Party Payments	0.075	0.075	0.000
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>16.444</b>	<b>16.500</b>	<b>0.056</b>
Income	(2.988)	(2.925)	0.064
<b>Net Expenditure</b>	<b>13.456</b>	<b>13.576</b>	<b>0.120</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### EDUCATIONAL AND SOCIAL SERVICES

#### SOCIAL WORK

There is an adverse variance of £0.183m after the utilisation of £0.975m of departmental balances. This variance principally relates to additional anticipated Secure Accommodation costs incurred since period 8 where provision was made for one placement. An additional three placement are anticipated from 24 December until 31 March 2009. In addition there continues to be a number of significant recurring budget pressures, particularly in areas such as adult package costs, home care costs, residential care costs and fostering allowances payable through external providers.

Although there is an increase in the number of FTE's, this is largely due to additional care at home services staff. These costs are offset by savings achieved from the management of vacancies after offsetting additional expenditure in respect of the revised senior management structure. A risk assessment is made in determining the need to fill individual vacancies.

The overspend in third party payments is mainly due to additional residential and adult care costs. Additional fostering and direct payments to clients account for the overspend within Transfer Payments.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	32.418	31.931	(0.487)
Property Costs	0.734	0.767	0.033
Transport Costs	1.444	1.452	0.008
Supplies & Services	1.386	1.458	0.072
Third Party Payments	31.032	31.609	0.577
Transfer Payments	3.765	4.848	1.083
<b>Gross Expenditure</b>	<b>70.779</b>	<b>72.065</b>	<b>1.286</b>
Income	(18.047)	(18.175)	(0.128)
<b>Net Expenditure</b>	<b>52.732</b>	<b>53.890</b>	<b>1.158</b>
Utilise Balances	0.975	0.000	(0.975)
<b>Net Expenditure</b>	<b>53.707</b>	<b>53.890</b>	<b>0.183</b>

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
1,097.71	0	1,097.71	1,125.12

#### Non Financial Performance :

Number of External Foster Placements

Number of Homecare Users

Period 8 (16/12/07)	Outturn (31/3/08)	Period 9 (14/12/08)	Period 9 16/12/07)	Outturn (31/3/08)	Period 9 (14/12/08)
31	35	50	647	649	713

## EDUCATIONAL AND SOCIAL SERVICES

### Service Enhancements 2008/09

Additional funding has been provided for the operation of a number of services experiencing increasing demands and costs including:

- Services to meet the needs of adults with learning disabilities and mental health needs living within our community;
- Increasing cost of the provision of secure accommodation for young people;
- Increased costs and demands for specialist educational placements outwith East Ayrshire;
- Increased demands for fostering placements.

In addition, funding has been provided to support the operation of services relating to Corporate Parenting and the Determined to Succeed initiative.

### Strategic Review of the Revenue Budget

The Strategic Review of the Revenue Budget resulted in decisions to realign the Revenue Budget and invest additional resources in a number of areas including:

- Additional teachers have been employed in schools located in deprived areas;
- Additional funding has been made available for the placement of children and young people in specialist educational establishments outwith East Ayrshire.

### Efficiency Gains

The department has been tasked with saving 2.25% of its controllable revenue expenditure which equates to £3.632m. The continuous pursuit of efficiencies to release resources for priority areas is established practice within the Council and whilst the target is challenging it is considered to be achievable without affecting the quality of essential services. Where a gain requires changes to policies or service levels such proposals will be presented to the Cabinet for approval.

The Executive Director has confirmed that specific efficiencies have been identified and work is ongoing to meet the balance required.

EDUCATIONAL AND SOCIAL SERVICES

**Capital Programme**

Expenditure to date is £8.865m, which represents 68% of the available budget. The Projected Expenditure for 2008/09 is £13.263m.

The Galston Primary School project is currently estimated to be overspent by £0.336m due to uncertainty over the recoverability of additional costs incurred as a result of delays on site with the Galston Flood Prevention Scheme. In addition, minor overspends are anticipated on the Dunlop Primary School (£0.055m), Berryknowe Adult Care Home (£0.018m) and Sunnyside Children's Unit (£0.084m) as a result of necessary design changes and other mitigating factors.

The overspends above are offset to some extent by anticipated underspend on the Stewarton Academy Extension project (£0.071m) and slippage on the Stewarton Townhouse (£0.199m) where significant expenditure is not likely in the current year due to complexity of this project.

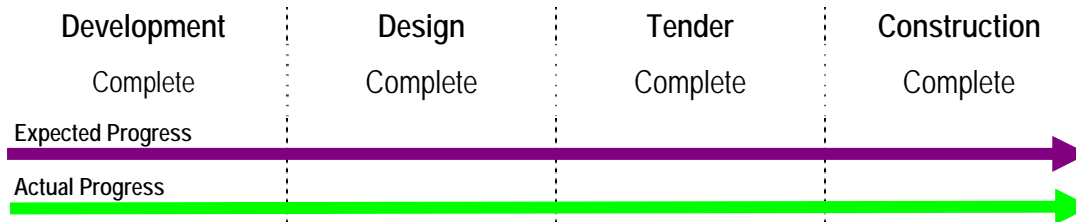
# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

## EDUCATIONAL AND SOCIAL SERVICES

### Major Projects

#### Galston Primary School New Build

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
9.300	9.180	9.636



External View

#### Financial Status

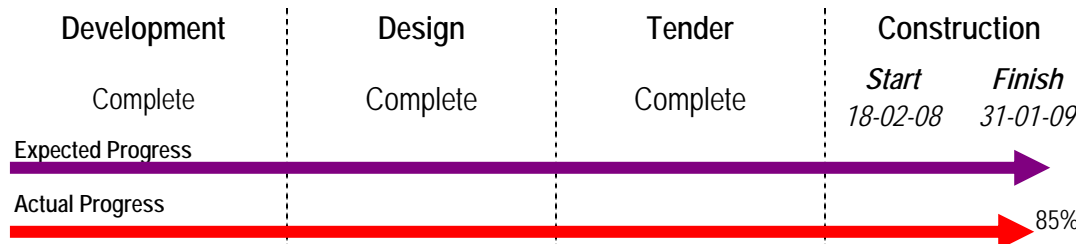
Project currently projected to be approximately £0.336m overspent due to uncertainty as to whether additional costs from delays resulting from the Galston Flood Prevention Scheme can be recovered from external contractors.

#### Project Life Cycle

School occupied from August 2008. Due to adverse weather conditions it is now anticipated that the works to football pitches and planting of trees and shrubs will not be completed before April 2009.

#### Netherthird Community Campus New Build

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
1.500	0.929	1.530



External View – Dec 08

#### Financial Status

Project currently projected to be approximately £0.030m overspent due to the cost of the attenuation tank and demolition costs being higher than originally anticipated.

#### Project Life Cycle

Project currently delayed by seven weeks as a result of problems with supply of brick, and delivery of fascia boards which is delaying the roof tiling resulting in a projected completion of 21/03/09. Difficulties with water pressure for the sprinkler system will require the installation of a holding tank, pump and enclosure.

# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

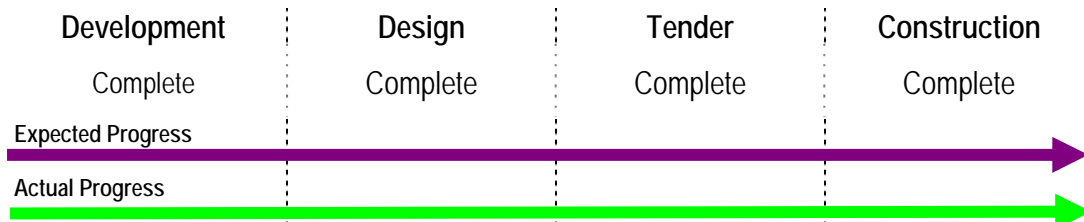
## EDUCATIONAL AND SOCIAL SERVICES

### Dunlop Primary School Extension

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
0.722	0.756	0.777

#### Financial Status

The overspend is due to costs to alter the footprint to accommodate existing services, connection of water for the sprinkler system and costs of fire compartmentalisation.



External View

#### Project Life Cycle

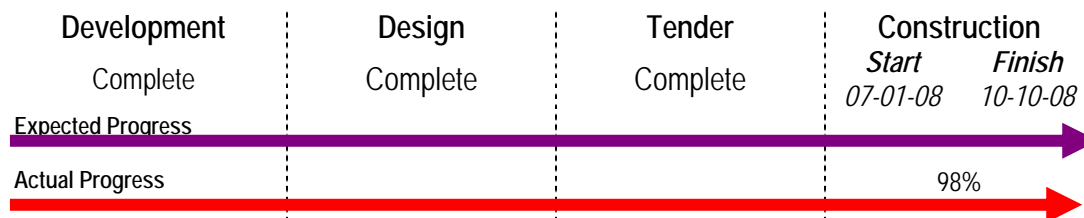
Project was completed and handed over on 23 May 2008.

### Stewarton Academy Extension

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
0.700	0.478	0.629

#### Financial Status

The budget allocation has been revised to reflect the profile agreed by Cabinet on 19 December 2007.



Internal View – Dec 08

#### Project Life Cycle

Doors have now been delivered and installed; the floor finishes have also been completed. Awaiting issue of completion certificate before Education can occupy.

# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

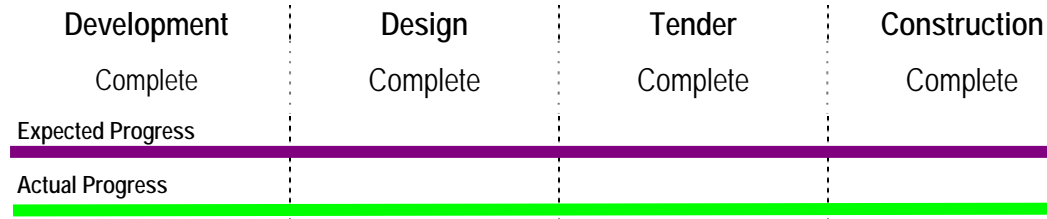
## EDUCATIONAL AND SOCIAL SERVICES

### Berryknowe Adult Care Home, Auchinleck

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
1.310	1.293	1.328

#### Financial Status

The overspend on the project relates to the provision for the completion of the landscaping works.



#### Project Life Cycle

Occupants moved into home on 23-04-08. Some elements of the ground work are still to be completed.



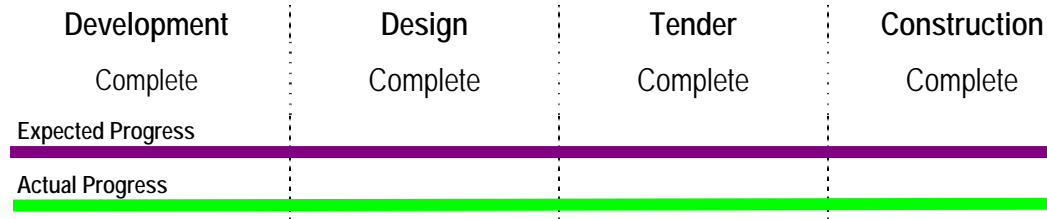
Internal View

### Sunnyside Children's Unit, Auchinleck

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
1.030	0.991	1.113

#### Financial Status

A number of factors including design changes, utilities requirements and site topography have contributed to the delay and increased cost.



#### Project Life Cycle

Building officially opened 10 September 2008. Some minor work still outstanding in relation to external landscaping.



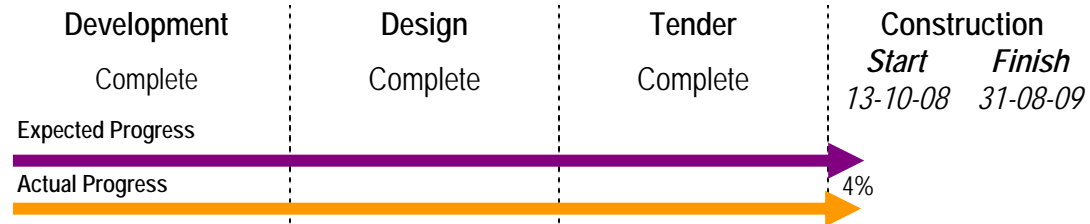
External View

# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

## EDUCATIONAL AND SOCIAL SERVICES

### Rosebank Resource Centre

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
1.900	0.168	1.900



External View – Nov 08

#### Financial Status

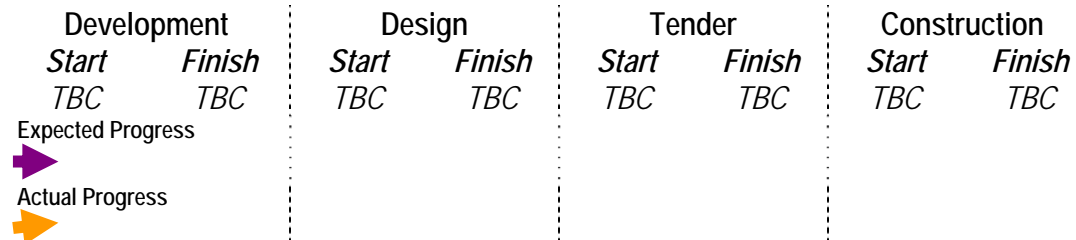
The budget has been revised to reflect the anticipated project expenditure.

#### Project Life Cycle

Foundations have now been dug; block work and steel work going in.

### Galston Community Facilities

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
1.500	0.000	1.500





#### Project Life Cycle

Community Learning and Development currently undertaking public consultation on options. It is unlikely that any significant costs will be incurred before 31 March 2009.

# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

## EDUCATIONAL AND SOCIAL SERVICES

### Children's Home - Kilmarnock

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m	Development		Design		Tender		Construction	
			Start <i>TBC</i>	Finish <i>TBC</i>	Start <i>TBC</i>	Finish <i>TBC</i>	Start <i>TBC</i>	Finish <i>TBC</i>	Start <i>TBC</i>	Finish <i>TBC</i>
1.510	0.008	1.510	Expected Progress 							
			Actual Progress 							



#### Financial Status

It is currently anticipated that there will be no significant expenditure incurred in 2008/09 in relation to this project.

#### Project Life Cycle

Options are currently being appraised.

### Galston Local Office

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m	Development		Design		Tender		Construction	
			Start <i>N/A</i>	Finish <i>31-10-08</i>	Start <i>31-10-08</i>	Finish <i>01-05-09</i>	Start <i>01-05-09</i>	Finish <i>31-07-09</i>	Start <i>03-08-09</i>	Finish <i>19-07-10</i>
1.600	0.000	1.600	Expected Progress 							
			Actual Progress  75%							

#### Financial Status

No expenditure currently anticipated in 2008/09.

#### Project Life Cycle

Cabinet on 2 July 2008 agreed proposals to refurbish Council accommodation at 7/9 and 11 Cross Street, Galston. Proposals and scheme design are being developed.

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### EDUCATIONAL AND SOCIAL SERVICES

#### General Projects

There are a number of minor projects which are due to start and finish within the current financial year:-

#### Fabric Upgrades and Refurbishments

The bringing forward of three new schemes has reduced the projected variance. The Muirkirk Primary external refurbishment will be subject to some slippage (£0.051m). There are also a number of smaller projects which are anticipated to incur expenditure slightly above or below the available budget.

#### Elderly Day Care Facilities

The Stewarton Townhouse project will not incur significant expenditure this year.

#### DDA / Care Commission

The work at the Riverside Centre is currently overcommitted. This overspend will be mitigated by the use of revenue funding.

	Revised Budget 2008/09	Actual Expenditure to Date	Projected Expenditure 2008/09	Projected Variance
	£m	£m	£m	£m
Fabric Upgrades & Refurbishments	4.463	2.383	4.353	(0.110)
PPP Schools	1.973	1.690	1.973	0.000
Elderly Day Care Facilities	0.200	0.001	0.001	(0.199)
DDA / Care Commission	0.050	0.003	0.062	0.012
<b>TOTAL EDUCATION &amp; SOCIAL SERVICES</b>	<b>6.686</b>	<b>4.077</b>	<b>6.389</b>	<b>(0.297)</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### SERVICE SUMMARY

The projected outturn to 31 March 2009 is a favourable variance of £0.283m. There are Employee Cost savings throughout the service mainly due to the timing of filling vacancies as well as savings in Third Party Payments mainly due to reduced landfill charges. These variances are partially offset by additional anticipated expenditure on Transport Costs due to rising fuel and vehicle hire costs and additional equipment and material costs including £0.150m of additional salt costs and £0.150m on emergencies mainly relating to flood incidents.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	21.141	20.350	(0.791)
Property Costs	2.381	2.494	0.113
Transport Costs	3.322	3.579	0.257
Supplies & Services	12.942	13.537	0.595
Third Party Payments	43.480	43.138	(0.342)
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>83.266</b>	<b>83.098</b>	<b>(0.168)</b>
Income	(11.025)	(11.140)	(0.115)
<b>Net expenditure</b>	<b>72.241</b>	<b>71.958</b>	<b>(0.283)</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### SUMMARY OF MOVEMENTS IN APPROVED BUDGET

	Annual Estimate £m	Budget Adjustments £m	Revised Budget £m	Comments on Budget Movement
Budget Allocation Approved by Council 14 February 2008	70.270			
<i>Additions / Transfers to / (from) Initial Budget:</i>				
1 Procurement Strategy		-0.033		Realignment of Budgets to Reflect Implementation of Procurement Strategy
2 Community Alarms Transfer		+0.168		Realignment of Budgets to Reflect Transfer of Responsibility from Educational and Social Services
3 Fairer Scotland Fund		+1.328		Additional Funding for Fairer Scotland Fund objectives
4 Utilisation of Departmental and Earmarked Balances		+0.637		Drawdown of Earmarked Balances and use of Departmental Balances
5 Other Minor Adjustments		-0.011		Minor Adjustments to align Budgets
6 Hostels Specific Grant		-0.118		Realignment of budget to reflect reallocation of Hostels Grant to HRA
<i>Total Budget adjustments</i>			+1.971	
<b>Revised Budget Allocation at Period 9</b>			<b>72.241</b>	

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### SERVICE PERFORMANCE TO DATE

##### CENTRAL MANAGEMENT SUPPORT

The variance principally relates to staff recharges, turnover and anticipated savings on other employee related expenses.

##### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
12	0	12	11

##### LEISURE SERVICES

Employee Cost savings reflect the delayed availability of Leisure facilities within PPP Schools, savings within Cleansing Hit Squads, staff savings from Doon Valley Swimming Pool and turnover within Libraries, Leisure Development, Community Recreation and Outdoor Amenities. Premises Costs variances relate mainly to the Burns Monument Centre, the temporary closure of Doon Valley Swimming Pool, savings on non-domestic rates within Community and Games Halls and utility costs within Outdoor Amenities and Street Cleansing depots. Increased fuel costs and additional Street Cleansing leasing costs are anticipated and additional Supplies and Services costs are due to the purchase of Outdoor Amenities equipment and leisure events costs. Reduced income is anticipated from Leisure facilities in PPP schools, Cleaning Hit squads and Golf fees, partly offset by additional registration fees and Cemeteries, theatre and hall income.

##### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
447.75	0	447.75	418.5

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	0.398	0.376	(0.022)
Property Costs	0.000	0.000	0.000
Transport Costs	0.004	0.004	0.000
Supplies & Services	0.351	0.346	(0.005)
Third Party Payments	0.330	0.330	0.000
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>1.083</b>	<b>1.056</b>	<b>(0.027)</b>
Income	(0.095)	(0.095)	0.000
<b>Net expenditure</b>	<b>0.988</b>	<b>0.961</b>	<b>(0.027)</b>

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	11.553	11.083	(0.470)
Property Costs	1.194	1.138	(0.056)
Transport Costs	1.379	1.488	0.109
Supplies & Services	1.753	2.045	0.292
Third Party Payments	0.419	0.365	(0.054)
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>16.298</b>	<b>16.119</b>	<b>(0.179)</b>
Income	(4.070)	(4.005)	0.065
<b>Net expenditure</b>	<b>12.228</b>	<b>12.114</b>	<b>(0.114)</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### GENERAL FUND HOUSING

The Employee Cost variance reflects the timing of filling vacancies as well as reduced overtime and special payments within Waste Management. Additional Premises Costs are mainly due to additional weighbridge software costs within Waste Management and additional temporary accommodation properties and repairs within the Landlord Leasing Scheme. Additional fuel costs and external hires are anticipated and Supplies and Services costs relate mainly to additional purchasing at the Material Recovery Facility, Community Safety expenditure and additional costs relating to homelessness including Bed and Breakfast expenditure. Landfill charges due to increased recycling activity are less than anticipated and additional income is anticipated from additional accommodation properties, private landlord registration fees and service charges.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	6.241	6.070	(0.171)
Property Costs	0.954	1.103	0.149
Transport Costs	1.654	1.802	0.148
Supplies & Services	9.606	9.774	0.168
Third Party Payments	4.726	4.283	(0.443)
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>23.181</b>	<b>23.032</b>	<b>(0.149)</b>
Income	(4.971)	(5.111)	(0.140)
<b>Net expenditure</b>	<b>18.210</b>	<b>17.921</b>	<b>(0.289)</b>

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
260.11	0	260.11	237.52

#### Non Financial Performance

##### Amount of waste recycled (tonnes)

Period 9 (16/12/07)	Outturn (31/3/08)	Period 9 (14/12/08)
23,766	30,819	23,263

##### Amount of waste sent to landfill (tonnes)

Period 9 (16/12/07)	Outturn (31/3/08)	Period 9 (14/12/08)
32,237	42,989	30,975

#### Homelessness

Presentations	Homeless	Potentially Homeless	Priority Needs
718	479	74	508

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### HOUSING REVENUE ACCOUNT

Staff turnover savings and additional income from rechargeable repairs are offset by minor variances on expenditure throughout the service. Savings on Debt Charges are anticipated to be offset by an increased CFCR contribution

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	3.591	3.565	(0.026)
Property Costs	14.742	15.042	0.300
Transport Costs	0.135	0.140	0.005
Supplies & Services	4.859	4.885	0.026
Third Party Payments	0.942	0.942	0.000
Debt Charges	4.400	4.100	(0.300)
CFCR/Planned Maint	5.971	6.013	0.042
Homeless Hostels	1.042	1.067	0.025
<b>Gross Expenditure</b>	<b>35.682</b>	<b>35.754</b>	<b>0.072</b>
Income	(35.682)	(35.754)	(0.072)
<b>Net expenditure</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
141.99	0	141.99	139.29

#### Non Financial Performance

##### Number of Council house sales

Period 9 (16/12/07)	Outturn (31/3/08)	Period 9 (14/12/08)
Act 174	Act 251	Act 93
Bud 242	Bud 350	Bud 173

##### Number of void weeks

Period 9 (16/12/07)	Outturn (31/3/08)	Period 9 (14/12/08)
Act 12,933	Act 18,902	Act 14,155
Bud 15,888	Bud 21,789	Bud 15,397

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### EMERGENCY PLANNING

The variance reflects the timing of filling of vacancies and reduced printing and stationery costs.

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
2	0	2	1

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	0.057	0.038	(0.019)
Property Costs	0.000	0.000	0.000
Transport Costs	0.003	0.002	(0.001)
Supplies & Services	0.009	0.005	(0.004)
Third Party Payments	0.000	0.000	0.000
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>0.069</b>	<b>0.045</b>	<b>(0.024)</b>
Income	0.000	0.000	0.000
<b>Net expenditure</b>	<b>0.069</b>	<b>0.045</b>	<b>(0.024)</b>

#### JOINT BOARDS – POLICE AND FIRE

There are no material variances anticipated at this time.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	0.000	0.000	0.000
Property Costs	0.000	0.000	0.000
Transport Costs	0.000	0.000	0.000
Supplies & Services	0.000	0.000	0.000
Third Party Payments	30.000	30.000	0.000
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>30.000</b>	<b>30.000</b>	<b>0.000</b>
Income	0.000	0.000	0.000
<b>Net expenditure</b>	<b>30.000</b>	<b>30.000</b>	<b>0.000</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### ROADS AND TRANSPORTATION GENERAL FUND

There are favourable variances due to the timing of filling vacancies and additional anticipated grant income. These are offset by additional costs for street lighting electricity, additional salt for winter maintenance and contractors costs as well as consultancy fees in relation to a hydro-geological survey for flood management at Newmilns.

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
75	0	75	69

#### TRADING SERVICES

All of the Trading Services are anticipated to outturn with surpluses on or above budget at 31 March 2009 with the exception of Building and Works which is anticipating reduced income at the current time.

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
424	0	424	409

General Fund	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	2.892	2.783	(0.109)
Property Costs	0.233	0.253	0.020
Transport Costs	0.282	0.283	0.001
Supplies & Services	1.223	1.367	0.144
Third Party Payments	8.005	8.160	0.155
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>12.635</b>	<b>12.846</b>	<b>0.211</b>
Income	(1.889)	(1.929)	(0.040)
<b>Net expenditure</b>	<b>10.746</b>	<b>10.917</b>	<b>0.171</b>

Trading Services	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Income	(31.647)	(31.733)	(0.086)
Labour Costs	13.050	12.416	(0.634)
Sub Contractors	5.094	5.742	0.648
Other Direct Costs	9.456	9.690	0.234
Overheads	1.795	1.786	(0.009)
<b>Total Expenditure</b>	<b>(2.252)</b>	<b>(2.099)</b>	<b>0.153</b>
Pension Accounting	0.277	0.277	0.000
<b>Net expenditure</b>	<b>(1.975)</b>	<b>(1.822)</b>	<b>0.153</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### PARTNERSHIPS AND PROJECTS

A number of projects are operated and funded from a variety of sources with some funding awarded in one financial year for use in that or subsequent years.

The balance on Leisure Projects relates to schemes including Positive Play, Walking Development and Multi Use Games Areas. These balances will be required to sustain the projects in future years. The final grant payment for the Outdoor Access project is outstanding.

The Roads and Transport balances relate mainly to the Clyde Local Authority Consortium, A76 Crossroads and the Scottish Coal Obligation Funds.

	Projected Balances at 31 March 2009 £m
Leisure External Projects	(0.403)
Roads and Transport Projects	(0.409)
<b>Total</b>	<b>(0.812)</b>

### NEIGHBOURHOOD SERVICES

#### Service Enhancements 2008/09

Additional funding has been provided for the operation of a number of services experiencing increasing demands and costs including:

- Additional street cleansing, refuse collection and waste management services arising from new streets, houses and local facilities;
- Extension of community usage of school based leisure facilities;
- Commitment to Road Safety and the Kerbcraft initiative in schools.

Funding previously provided on a temporary basis has been incorporated into mainstream services including Strategic Waste, Community Safety, Supporting People and Homelessness services including additional funding for Hostels.

#### Strategic Review of the Revenue Budget

The Strategic Review of the Revenue Budget resulted in decisions to increase burial charges nearer to the Scottish Average, reductions in the net costs of Waste Disposal and Street Cleansing and a move of funding for roads maintenance to capital to enable a more strategic approach to be implemented.

Enhanced funding has been provided to continue the work of the Community Health Improvement Partnership and the Environmental Hit Squads

#### Leader's Initiatives

At the Council meeting on 14 February 2008 the leader gave details of the following initiatives, the funding for which will be met from council balances:

- Installation of floodlighting to highlight key landmarks – opening ceremony took place 6 October 2008
- Extension of summer floral baskets to cover historical centres of Kilmarnock and Cumnock – scheme completed at a cost of £0.012m
- Additional mechanical sweeper – purchased 29 September 2008
- Changes to Shopmobility Scheme to make it available on Sundays – scheme currently being progressed
- Availability of public convenience provision in Kilmarnock seven days per week – potential sites identified and options are under review
- Provision of new toilet facilities in Mauchline - options are currently being reviewed by Planning

#### Efficiency Gains

The department has been tasked with saving 2.25% of its controllable revenue expenditure which equates to £0.861m. The continuous pursuit of efficiencies to release resources for priority areas is established practice within the Council and whilst the target is challenging it is considered to be achievable without affecting the quality of essential services. Where a gain requires changes to policies or service levels such proposals will be presented to the Cabinet for approval. The Executive Director has confirmed that work to identify efficiencies is ongoing and is confident that the balance will be achieved.

## NEIGHBOURHOOD SERVICES

### Capital Programme

Expenditure to date is £6.888m, which represents 59% of the available budget. The projected expenditure for 2008/09 is £11.602m.

The variance primarily relates to anticipated additional costs in relation to the Burns Monument Centre (£0.500m) as a result of delays due to changes to the specification for stone and the roof, together with the increased scope of road works and car parking and restoration of the Reformers' Monument.

Additional costs of £0.054m are also anticipated on the recently completed Stewarton Community Facilities project as a result of contractual claims and £0.165m on the CCTV / Risk Management Centre due to design revisions required for the sprinkler system and fire compartmentalisation.

There are also additional costs in respect of the Doon Valley Swimming Pool (£0.057m).

These overspends are partially offset by anticipated slippage on the Baird Institute (£0.105m), Dalmellington/Bellsbank Library (£0.119m), Darvel Town Hall (£0.274m) and the Palace Theatre project (£0.058m).

# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

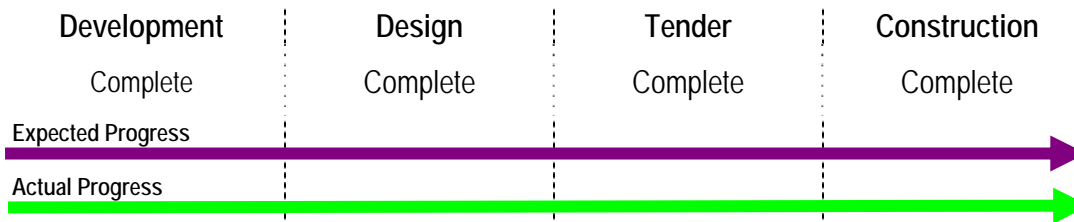
## NEIGHBOURHOOD SERVICES

### Stewarton Community Facilities

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
3.560	3.436	3.614

#### Financial Status

The projected overspend is a result of contractual claims following delays to the project and additional client expenditure.



#### Project Life Cycle

The project is completed. Additional expenditure is also anticipated to install new push pads for the front door at a cost of £0.015m



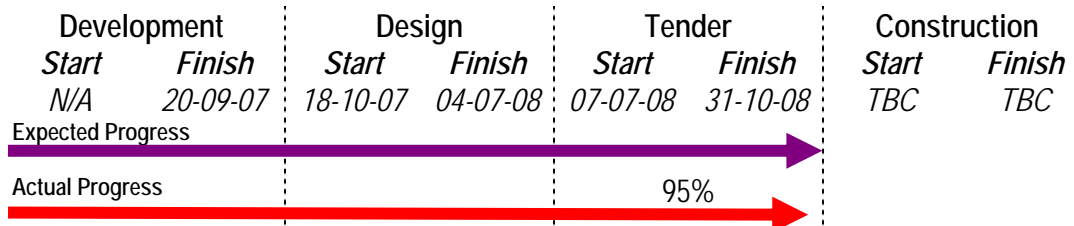
External View

### Crosshouse Library / Local Office

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
3.059	0.289	3.059

#### Financial Status

Pre-tender estimates indicate costs in excess of available budget. Design team currently reviewing to ensure costs are brought closer to available budget.



#### Project Life Cycle

Final tender report on savings packaged has been prepared and discussed at the Project Board. Final agreement on additional funding yet to be reached between partners to the project.



Proposed Design

# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

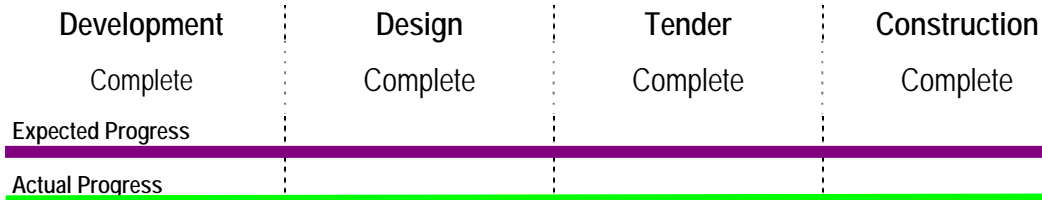
## NEIGHBOURHOOD SERVICES

### Doon Valley Swimming Pool

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
0.795	0.846	0.852

#### Financial Status

Overspend due to extension of project to include painterwork to main pool.



#### Project Life Cycle

The building reopened on 16<sup>th</sup> September. Minor snagging issues being resolved.



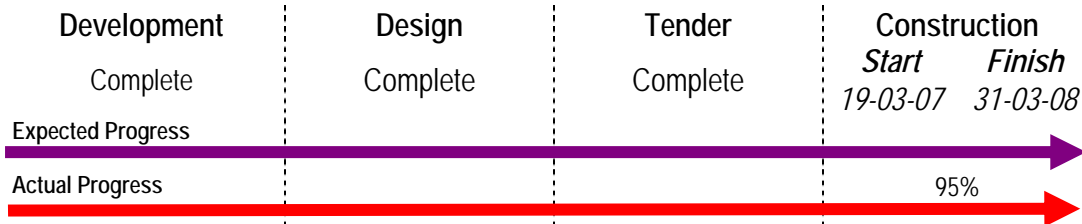
External View

### Burns Monument Centre

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
5.000	4.142	5.500

#### Financial Status

Overspend for project due to additional costs in relation to delays resulting from the revised specification to stone and roofing, the increased scope of road works and car parking and restoration of Reformers' Monument.



#### Project Life Cycle

Project delayed from original milestones due to design changes. Recent issues with the gas pressure have further delayed the completion. Partial possession is anticipated early January with full occupation by the 25<sup>th</sup> January.



External View – Dec 08

# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

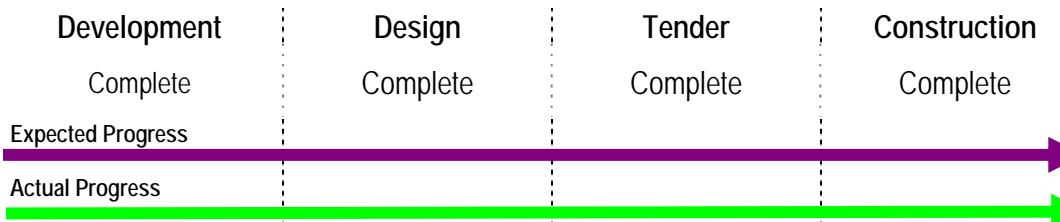
## NEIGHBOURHOOD SERVICES

### CCTV / Risk Management Centre

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
2.729	2.807	2.894

#### Financial Status

Overspend due to revisions to sprinkler system, ground conditions and additional costs in relation to upper floor fire compartmentalisation.



#### Project Life Cycle

Project completed.



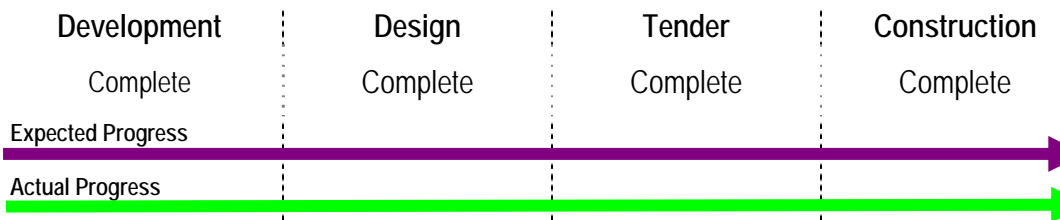
Internal View- 31/07/08

### Galston Flood Prevention Scheme

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
13.070	12.856	13.070

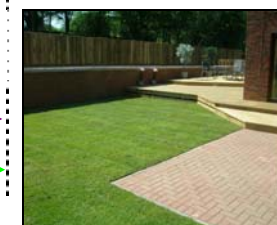
#### Financial Status

Forecast expenditure in 2008/09 relates to the settlement of any outstanding land compensations and / or remedial works to homeowners affected during construction.



#### Project Life Cycle

Scheme was substantially completed 31 March 2008. Scheme was delayed due to design difficulties as a result of site constraints, problems with steel piling deliveries, poor weather conditions and work being undertaken by utility companies, in particular, Openreach.




Reinstated Garden


# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

## NEIGHBOURHOOD SERVICES

### Palace Theatre Complex – Phase 3

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m	Development		Design		Tender		Construction	
			Start	Finish	Start	Finish	Start	Finish	Start	Finish
1.281	0.792	1.281	N/A	N/A	29-09-08	19-01-09	19-01-09	30-03-09	04-05-09	31-08-09

Expected Progress: 


Actual Progress:  85%


#### Project Life Cycle

Planning is underway for a closure during Summer 2009 to allow works on the proposed lift to be completed.

### Baird Institute

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m	Development		Design		Tender		Construction	
			Start	Finish	Start	Finish	Start	Finish	Start	Finish
0.650	0.028	0.650	TBC	TBC	TBC	10-11-08	10-11-08	22-12-08	02-02-09	24-04-09

Expected Progress: 

Actual Progress:  70%



#### Project Life Cycle

Works to include installation of disabled toilet in upper floor and other general improvements to visitor facilities. Milestones yet to be confirmed.

# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

## NEIGHBOURHOOD SERVICES

### Kilmarnock Athletics Facilities

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m	Development		Design		Tender		Construction	
			<i>Start</i>	<i>Finish</i>	<i>Start</i>	<i>Finish</i>	<i>Start</i>	<i>Finish</i>	<i>Start</i>	<i>Finish</i>
3.750	0.000	3.750	TBC	27-02-09	02-03-09	21-08-09	24-08-09	12-02-10	29-03-10	28-03-11
			Expected Progress 							
			Actual Progress  30%							

### Project Life Cycle

Option appraisal ongoing; two sites under consideration.

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### General Projects

There are a number of minor projects due to start and finish within 2008/2009.

#### Facility Improvements

The underspend primarily relates to slippage on the Darvel Town Hall which has been deferred, Dalmellington and Bellsbank Library project which will be carried forward into 2009/10 and an underspend on the Dick Institute external improvements, partially offset by an anticipated overspend on the Newmilns Library project.

#### Health and Safety

Work on the Underwood wash bay has been carried out using revenue funding..

#### Disabled Access

There are uncommitted balances under the libraries allocation.

#### Traffic and Road Safety

Neither the Cumnock Parking Strategy nor Decriminalisation of Parking Enforcement are likely to incur expenditure in the current year. There will be £0.050m slippage on Traffic Road Safety due to the prioritisation of revenue funded work.

#### Structures

The rail incursions scheme is projected to have an overspend of £0.006m.

#### Carriageways and Footways

The Surface Repair System procured through additional capital grant has cost more than originally anticipated.

	Revised Budget 2008/09 £m	Actual Expenditure to Date £m	Projected Expenditure 2008/09 £m	Projected Variance £m
Facility Improvements	1.188	0.187	0.796	(0.392)
Health & Safety	0.109	0.000	0.098	(0.011)
Cemetery Extension	0.127	0.028	0.127	0.000
Disabled Access	0.012	0.000	0.003	(0.009)
Playparks	0.239	0.163	0.239	0.000
Traffic & Road Safety	1.445	0.254	1.136	(0.309)
Structures	0.767	0.164	0.773	0.006
Carriageways & Footways	2.027	1.825	2.034	0.007
Street Lighting	0.238	0.192	0.238	0.000
Flood Prevention Schemes	0.020	0.006	0.020	0.000
Depots	0.016	0.007	0.016	0.000
<b>TOTAL NEIGHBOURHOOD SERVICES</b>	<b>6.188</b>	<b>2.826</b>	<b>5.480</b>	<b>(0.708)</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### Housing Investment Programme

As at Period 9 the projected spend is £15.718m, which is £0.126m above budget. There is a long term programme to refurbish council dwellings to meet the Scottish Housing Quality Standard by 2015. Investment levels are therefore not uniform each year, which may result in levels of over or under commitment. However, with current uncertain economic conditions, particularly with regard to capital receipts the programme for 2008/09 has been brought back into line with the available budget.

In scaling back the original programme, it is not envisaged that that this will have a detrimental impact on requirement to meet the Scottish Housing Quality Standard by 2015, nor any commitments given to tenants in 2008/09. The capacity does exist to scale back further the programme in 2008/09, however, in doing so this would have a detrimental impact on achieving the Scottish Housing Quality Standard by 2015.

Service	Revised Budget 2008/09	Actual Expenditure to Date	Projected Expenditure 2008/09	Variance Projected / Revised Budget
Asbestos	0.132	0.124	0.202	0.070
Energy Efficiency	2.536	0.289	0.510	(2.026)
Efficient Heating	3.379	2.425	3.142	(0.237)
External Envelope Enhancement	1.741	1.252	1.516	(0.225)
Modern Facilities & Services	6.478	5.502	8.066	1.588
Neighbourhood Improvements	0.112	0.364	0.791	0.679
Safe & Secure Neighbourhood	0.389	0.240	0.399	0.010
Sheltered Housing Safety & Improvement	0.825	0.817	1.092	0.267
<b>Total Housing Expenditure</b>	<b>15.592</b>	<b>11.013</b>	<b>15.718</b>	<b>0.126</b>

#### Asbestos

The anticipated variance is due to additional scope of the programme.

#### Energy Efficiency

The start of UPVC phase 1 windows and timber windows have been deferred until February and March respectively.

#### Efficient Heating

Output has been slightly reduced to help bring the programme within budget.

#### External Envelope Enhancement

The phase 2 roofing has been cancelled to bring the programme within budget.

#### Modern Facilities & Services

There are an increased number of kitchen and bathroom installations.

#### Neighbourhood Improvements

Projected overspend due to demolitions now being funded through the Housing Investment Programme.

#### Safe and Secure Neighbourhood

Small overspend currently projected.

#### Sheltered Housing Safety and Improvement

Increased costs due to additional roofing, flooring and roughcast repairs.

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### Sources of Funding

	Approved Budget 2008/09 £m	Projected Expenditure 2008/09 £m
Revenue Funding (CFCR)	5.561	6.013
Sale of Council Dwellings and Other Capital Receipts	6.500	3.100
Anticipated Borrowing	3.531	6.605
<b>Total</b>	<b>15.592</b>	<b>15.718</b>

As a result of current economic conditions, it is anticipated that the contribution to the Housing Investment Programme from capital receipts generated from council house sales will be significantly less than originally anticipated. This will therefore result in an increased borrowing requirement for the HRA in 2008/09 and beyond. However, this will be offset by higher rental income in the current year than originally anticipated, and greater forecast capital receipts in future years after the current economic conditions have dissipated

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### CORPORATE SUPPORT

#### SERVICE SUMMARY

An adverse variance of £0.067m is anticipated to 31 March 2009 wholly due to an anticipated shortfall in Planning and Building Standards income due to external economic factors. Management action has been taken to delay the timing of filling vacant posts and to restrict general expenditure where this will not impact on service requirements. The position continues to be closely monitored by the Executive Director whose overall objective is to bring the budget back on line by the year end, however this is wholly dependant on income levels.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	13.098	12.435	(0.663)
Property Costs	0.315	0.311	(0.004)
Transport Costs	0.339	0.318	(0.021)
Supplies & Services	5.220	5.244	0.024
Third Party Payments	1.010	1.006	(0.004)
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>19.982</b>	<b>19.314</b>	<b>(0.668)</b>
Income	(4.658)	(3.923)	0.735
<b>Net Expenditure</b>	<b>15.324</b>	<b>15.391</b>	<b>0.067</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### CORPORATE SUPPORT

#### SUMMARY OF MOVEMENTS IN APPROVED BUDGET

	Annual Estimate £m	Budget Adjustments £m	Revised Budget £m	Comments on Budget Movement
Budget Allocation Approved by Council 14 February 2008	13.002			
<i>Additions / Transfers to / (from) Initial Budget:</i>				
1 Single Status Unit Funding		+0.103		Additional Funding for Costs Arising from the Single Status Unit
2 Fairer Scotland Fund		+1.978		Additional Funding for the Implementation of the Fairer Scotland Fund
3 Procurement Strategy		+0.093		Realignment of Budgets to Reflect Implementation of Procurement Strategy
4 Tobacco Sales Enforcement Funding		+0.034		Additional Funding for Implementation of Tobacco Sales Legislation
5 Utilisation of Balances - Head of Corporate Development		+0.023		Drawdown of Balances for Costs Arising from Head of Corporate Development
6 Adjustment of Non Relevant Recharge Budgets		-0.062		Realignment of Budgets to Reflect Non Relevant Recharges
7 Utilisation of Earmarked Balances		+0.153		Draw down of departmental earmarked balances
<i>Total Budget adjustments</i>			+2.322	
<b>Revised Budget Allocation at Period 9</b>			<b>15.324</b>	

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### CORPORATE SUPPORT

#### SERVICE PERFORMANCE TO DATE

##### CENTRAL MANAGEMENT SUPPORT

There are no material variances to report at this time.

##### FTE STAFFING ANALYSIS FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
4	0	4	3

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	0.201	0.199	(0.002)
Property Costs	0.000	0.000	0.000
Transport Costs	0.001	0.000	(0.001)
Supplies & Services	0.008	0.011	0.003
Third Party Payments	0.050	0.050	0.000
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>0.260</b>	<b>0.260</b>	<b>0.000</b>
Income	0.000	0.000	0.000
<b>Net Expenditure</b>	<b>0.260</b>	<b>0.260</b>	<b>0.000</b>

#### HUMAN RESOURCES

Additional expenditure is anticipated in respect of severance costs within the service and previously reported savings in Management Development will offset these costs. The variances generated through the delay in the implementation of the recently approved Best Value Service Review has been used to offset subscription and licence commitments as well as licence upgrades for the training suite computers at Lugar. Efficiencies across the Job Evaluation service have enabled the costs associated with Absence Management and the move towards a National Recruitment Portal to be met. Additional physiotherapy costs are offset by additional income recharges.

##### FTE STAFFING ANALYSIS FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
50	-15	35	34

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	1.416	1.362	(0.054)
Property Costs	0.017	0.019	0.002
Transport Costs	0.011	0.010	(0.001)
Supplies & Services	0.191	0.253	0.062
Third Party Payments	0.063	0.076	0.013
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>1.698</b>	<b>1.720</b>	<b>0.022</b>
Income	(0.174)	(0.196)	(0.022)
<b>Net Expenditure</b>	<b>1.524</b>	<b>1.524</b>	<b>(0.000)</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### CORPORATE SUPPORT

#### INFORMATION TECHNOLOGY

Delays in the implementation of the Best Value Service Review are anticipated to be offset by Supplies and Services expenditure. This relates to the ongoing maintenance costs for residual community facilities and additional pressures of £0.060m in respect of the ongoing costs for new circuits in the PPP schools and the WAN budget transfer.

Additional cost pressures are anticipated from British Telecom for voice and data circuits however these costs remain unquantifiable at the present time.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	2.113	1.997	(0.116)
Property Costs	0.000	0.000	0.000
Transport Costs	0.026	0.014	(0.012)
Supplies & Services	1.699	1.827	0.128
Third Party Payments	0.000	0.000	0.000
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>3.838</b>	<b>3.838</b>	<b>0.000</b>
Income	(0.374)	(0.374)	0.000
<b>Net Expenditure</b>	<b>3.464</b>	<b>3.464</b>	<b>0.000</b>

#### FTE STAFFING ANALYSIS FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
51	+7	58	48

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### CORPORATE SUPPORT

#### PLANNING AND ECONOMIC DEVELOPMENT

Management action has been taken to review and realign existing Employee Costs following a decline in planning income. Savings within Supplies and Services and Third Party Payments are mainly due to the take up of Business Grants being lower than anticipated and the contingency element within the core Funding Payments to External Partnership budgets respectively. Income from Building Warrants and Planning Fees are expected to be significantly lower due to external economic factors. The Head of Planning and Economic Development has indicated this pattern is similar in most planning authorities across Scotland. The projection assumes that income will be recovered on a number of higher value projects before 31 March 2009 and this position will continue to be reviewed.

The current spend of £0.257m on Employability projects is anticipated to be recovered from the Scottish Government, although the formal letter of award has not yet been received and as a result no claims can be made.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	4.448	4.148	(0.300)
Property Costs	0.238	0.238	0.000
Transport Costs	0.170	0.170	0.000
Supplies & Services	1.314	1.203	(0.111)
Third Party Payments	0.590	0.542	(0.048)
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>6.760</b>	<b>6.301</b>	<b>(0.459)</b>
Income	(2.987)	(2.231)	0.756
<b>Net Expenditure</b>	<b>3.773</b>	<b>4.070</b>	<b>0.297</b>

#### FTE STAFFING ANALYSIS FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
104	+14	118	103

#### Non Financial Performance

##### Number of Planning Applications received

Period 9 (16/12/07)	Outturn (31/3/08)	Period 9 (14/12/08)
742	1,040	624

##### Number of Building Warrants received

Period 9 (16/12/07)	Outturn (31/3/08)	Period 9 (14/12/08)
1,099	1,483	876

##### Value of Development Plans Submitted

Period 9 (16/12/07)	Outturn (31/3/08)	Period 9 (14/12/08)
£146.7m	£163.5m	£49.97m

##### Average Income per Planning Application received

Period 9 (16/12/07)	Outturn (31/3/08)	Period 9 (14/12/08)
£908	£846	£505

##### Average Income per Building Warrant received

Period 9 (16/12/07)	Outturn (31/3/08)	Period 9 (14/12/08)
£650	£577	£403

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### CORPORATE SUPPORT

#### DEMOCRATIC SERVICES

A favourable variance in Employee Costs due to the timing of filling of vacancies and reduced Supplies and Services costs are anticipated to offset reduced Property Certificate income as a result of regulatory changes and reduced Printroom income.

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
48	0	48	43.6

#### LEGAL, PROCUREMENT AND REGULATORY

Employee Costs are underspent due to the timing of filling vacancies. The Supplies and Services variance relates to costs associated with Abandoned Vehicles, National Assistance Act funerals, licence and software commitments and general office administration. There is a projected shortfall on pest destruction fees.

Additional income generated through Licensing Board fee charges imposed under the Licensing Scotland Bill 2005 will be earmarked and carried forward for future licensing board costs.

#### FTE STAFFING ANALYSIS

Budget	In year	Revised Budget	Actual to date
90	-2	88	82.7

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	1.520	1.377	(0.143)
Property Costs	0.000	0.000	0.000
Transport Costs	0.031	0.030	(0.001)
Supplies & Services	1.448	1.355	(0.093)
Third Party Payments	0.019	0.010	(0.009)
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>3.018</b>	<b>2.772</b>	<b>(0.246)</b>
Income	(0.188)	(0.142)	0.046
<b>Net Expenditure</b>	<b>2.830</b>	<b>2.630</b>	<b>(0.200)</b>

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	2.883	2.830	(0.053)
Property Costs	0.034	0.028	(0.006)
Transport Costs	0.096	0.089	(0.007)
Supplies & Services	0.506	0.543	0.037
Third Party Payments	0.107	0.107	0.000
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>3.626</b>	<b>3.597</b>	<b>(0.029)</b>
Income	(0.970)	(0.941)	0.029
<b>Net Expenditure</b>	<b>2.656</b>	<b>2.656</b>	<b>0.000</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### CORPORATE SUPPORT

#### COMMUNITY PLANNING AND PARTNERSHIP

Additional income has been generated in respect of service recharges.

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
17	-0.5	16.5	15.9

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	0.517	0.522	0.005
Property Costs	0.026	0.026	0.000
Transport Costs	0.004	0.005	0.001
Supplies & Services	0.054	0.052	(0.002)
Third Party Payments	0.221	0.221	0.000
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>0.822</b>	<b>0.826</b>	<b>0.004</b>
Income	(0.004)	(0.038)	(0.034)
<b>Net Expenditure</b>	<b>0.818</b>	<b>0.788</b>	<b>(0.030)</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### CORPORATE SUPPORT

#### PARTNERSHIPS AND PROJECTS

A number of projects are operated and funded from a variety of sources with some funding awarded in one financial year for use in that or subsequent years.

The Environmental balance principally relates to costs incurred at the Tardoes Open Cast Coal Site which are anticipated to be recovered.

The Employability balance relates to deficits on East Ayrshire Woodlands of £0.070m and Job Rotation of £0.032m. The deficits are anticipated to be deleted at 31 March 2009.

The Wind Farm balance is held for work related to an access road.

The outstanding 2007/08 claim for the Skills Training balance has been received and in 2008/09 Skills Training forms the core of the new Skills Development and Employability Unit agreed at Cabinet on 25 June 2008. All costs related to that unit are reflected in the General Services Revenue Budget.

Developer's Contributions balances are held for leisure and recreation facilities throughout the area in line with the requirements set out in the Local Plan.

The Other balance is principally made up of Cabinet approved funding spent on town centre activities for Christmas 2008 and money held for the Moorfield Entrance Junction which is required to be held during the project retention period. In addition a deficit balance is held in respect of Cumnock Town Centre Regeneration part of which is anticipated to be recharged to the Joint Venture Company along with future costs anticipated in respect of the acquisition of land and property.

	Projected Balances at 31 March 2009 £m
Environmental / Community / Heritage	0.032
Employability	0.102
Wind Farm	(0.181)
Skills Training Unit	0.000
Developers Contributions / S75 SLR	(0.691)
Other	(0.093)
<b>Total</b>	<b>(0.831)</b>

### CORPORATE SUPPORT

#### Service Enhancements 2008/09

Additional funding has been provided for the operation of a number of services experiencing increasing demands and costs including:

- Additional services in relation to Dangerous Buildings;
- Best Value Service Reviews of the Information Technology and Personnel Services;
- Introduction of a Management Development Programme.

Additional funding has also been provided in relation to the introduction of the Copyright, Design and Patents Act with funding previously provided on a temporary basis incorporated in mainstream services for Neighbourhood Noise services.

#### Strategic Review of the Revenue Budget

The Strategic Review of the Revenue Budget resulted in decisions to redirect resources away from support functions to frontline services with proportionate expenditure reductions across Corporate Support. This amounts to additional savings of £0.292m over the next 4 years.

#### Efficiency Gains

The department has been tasked with saving 2.25% of its controllable revenue expenditure which equates to £288,400. The continuous pursuit of efficiencies to release resources for priority areas is established practice within the Council and whilst the target is challenging it is considered to be achievable without affecting the quality of essential services. Where a gain requires changes to policies or service levels such proposals will be presented to the Cabinet for approval.

The Executive Director has confirmed that work to identify efficiencies is ongoing and is confident that the balance will be achieved.

#### Leader's Initiatives

Progress to date is as follows:

- Landscape works being carried out in Kilmarnock Town Centre – Consultation has been completed and tender documents are being prepared with work due to be completed by 31 March 2009
- Provision of drop-down façade erected at opera house site in John Finnie Street – work is ongoing with consents required for installation and work profiled into 2009/10
- Feasibility of using old ABC Cinema site in Kilmarnock in a cultural capacity as part of a theatre project – given that the owner of the old ABC Cinema has now complied with the Listed Buildings Repairs Notice consideration of an alternative site is underway for which the allocated funds will be utilised
- Development of options for future use of Co-op building in Darvel – consultants were appointed and concluded that the building was structurally unsound and demolition works are in progress
- Litter Education and Enforcement Team – the new Corporate Enforcement function is established. Several enforcement pilot exercises have been carried out with a larger initiative carried out in December
- Provision of a new Floral Clock and associated landscaping works at Kilmarnock Railway Station – procurement is underway with appointment anticipated in early 2009. The design element is anticipated to be completed by 31 March 2009 with completion of the works by summer 2009

CORPORATE SUPPORT

**Capital Programme**

Expenditure to date is £1.913m, which represents 54% of the available budget. The projected expenditure for 2008/09 is £3.611m.

The projected variance primarily relates to the Kilmarnock Town Centre Proposals.

CORPORATE SUPPORT

Major Projects

Kilmarnock Town Centre Regeneration

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m	Development		Design		Tender		Construction	
			Start <i>TBC</i>	Finish <i>TBC</i>	Start <i>TBC</i>	Finish <i>TBC</i>	Start <i>TBC</i>	Finish <i>TBC</i>	Start <i>TBC</i>	Finish <i>TBC</i>
3.600	0.490	0.866	Expected Progress							
			Actual Progress							

Financial Status

It is anticipated that total costs of approximately £0.866m will be incurred by the Council. This reflects the termination costs with Ediston (£0.294m), prior works undertaken (£0.312m), an additional consultant fee to collate peripheral information (£0.005m), carrying out work as detailed at Cabinet on 17 September 2008 (£0.180m) and the contribution for works at Portland Gait (£0.075m).

Project Life Cycle

The process to terminate the contracts with the companies providing professional services at "point of tender" has been agreed. Each of the companies have now been informed of the circumstances and have been invited, as appropriate, to submit their final account statements via the project managers.

Data Centre / Council Chambers

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m	Development		Design		Tender		Construction	
			Start <i>TBC</i>	Finish <i>TBC</i>	Start <i>TBC</i>	Finish <i>TBC</i>	Start <i>TBC</i>	Finish <i>TBC</i>	Start <i>TBC</i>	Finish <i>TBC</i>
2.400	0.000	2.400	Expected Progress							
			Actual Progress							

Financial Status

It is currently anticipated that there will be no expenditure incurred in 2008/09 in relation to this project.

Project Life Cycle


Outline proposals still to be costed and designs are still under consideration. Urgent roof repairs are being costed


# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

## CORPORATE SUPPORT

### Cumnock Town Centre

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m	Acquisition		Design		Construction		Distribution	
			Start	Finish	Start	Finish	Start	Finish	Start	Finish
3.969	1.410	3.969	01-10-08	31-03-09	31-01-08	TBC	31-01-09	TBC	TBC	TBC

Expected Progress 

Actual Progress  50%

### Financial Status

An indicative budget of £3.969m has been allocated to the project from the Regeneration, Efficiency and Asset Management fund. Firm budget proposals will be brought to members for approval as the project develops.

### Project Life Cycle

Joint Venture Agreements for the office and retail developments have been concluded. Land acquisitions are progressing well, however compulsory purchase may be required in some instances. The design of office development finalised. Submission of planning application now scheduled for early 2009.

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### CORPORATE SUPPORT

#### General Projects

##### Corporate Information Technology

No variance is anticipated in the Corporate Information Technology Programme.

##### Regeneration and Efficiency Fund

The John Finnie Street project is currently projected to overspend by £0.034m. It should be noted that the projection does not include an estimate for any disturbance and relocation compensation payable to sitting tenants which have not yet been determined.

	Revised Budget 2008/09 £m	Actual Expenditure to Date £m	Projected Expenditure 2008/09 £m	Projected Variance £m
Corporate Information Technology	0.641	0.394	0.641	0.000
R & EF - John Finnie Street	0.307	0.133	0.341	0.034
<b>TOTAL</b>	<b>0.948</b>	<b>0.479</b>	<b>0.982</b>	<b>0.034</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### FINANCE AND ASSET MANAGEMENT

#### SERVICE SUMMARY

There is a favourable variance of £0.229m anticipated at 31 March 2009 after the utilisation of departmental balances in relation to the Council's asset management strategy. Employee Costs are significantly underspent due to vacancies which are being held pending a business review. Additional income is anticipated due to additional funding received from the Department for Work and Pensions to support the implementation of the Employment Support Allowance, additional income expected as a result of Scottish Water collection rates and additional fee income. Additional consultancy costs have been procured to enable the progression of work required to advance the Council's capital programme.

Within Asset Improvement, expenditure on property maintenance is currently projected to be online. However the service notes expenditure on urgent repairs is at a level higher than anticipated at the current time and is monitoring the position.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	9.259	8.926	(0.333)
Property Costs	5.392	5.397	0.004
Transport Costs	0.129	0.122	(0.007)
Supplies & Services	1.766	1.748	(0.018)
Third Party Payments	0.084	0.554	0.470
HB/CT Benefit	42.111	42.111	0.000
<b>Gross Expenditure</b>	<b>58.741</b>	<b>58.858</b>	<b>0.117</b>
Income	(8.025)	(8.371)	(0.346)
<b>Net Expenditure</b>	<b>50.716</b>	<b>50.487</b>	<b>(0.229)</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### FINANCE AND ASSET MANAGEMENT

#### SUMMARY OF MOVEMENTS IN APPROVED BUDGET

	Annual Estimate	Budget Adjustments	Revised Budget	Comments on Budget Movement
Budget Allocation Approved by Council 14 February 2008	50.530			
<i>Additions / Transfers to / (from) Initial Budget:</i>				
1 Procurement Strategy		-0.005		Realignment of Budgets to Reflect Implementation of Procurement Strategy
2 Adjustment of Non Relevant Recharge Budgets		0.144		Realignment of Budgets to Reflect Non Relevant Recharges
3 PPP Unitary Charges Transfer		-0.118		Realignment of budget to reflect agreed contribution from CRA towards PPP Unitary Charges
4 Utilisation of Departmental and Earmarked Balances		+0.165		Drawdown of Earmarked Balances
<i>Total Budget adjustments</i>			0.186	
<b>Revised Budget Allocation at Period 9</b>			<b>50.716</b>	

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### FINANCE AND ASSET MANAGEMENT

#### SERVICE PERFORMANCE TO DATE

##### FINANCE SERVICE

Employee Costs are anticipated to be underspent principally due to staff turnover and the timing of filling vacancies which are currently being held pending a review of service operational requirements. Savings in Supplies and Services are forecast in respect of stationery and postage costs as well as lower than anticipated costs associated with Financial Guardianships.

Additional income from the collection of Scottish water rates and additional grant funding from the DWP, the majority of which is one-off to enable the Council to meet the requirements of administering claims for Employment Support Allowance, will be received.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	5.580	5.490	(0.090)
Property Costs	0.018	0.018	0.000
Transport Costs	0.027	0.020	(0.007)
Supplies & Services	0.760	0.715	(0.045)
Third Party Payments	0.000	0.000	0.000
HB/CT Benefit	42.111	42.111	0.000
<b>Gross Expenditure</b>	<b>48.496</b>	<b>48.354</b>	<b>(0.142)</b>
Income	(2.948)	(3.028)	(0.080)
<b>Net Expenditure</b>	<b>45.548</b>	<b>45.326</b>	<b>(0.222)</b>

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
186	+1	187	170

#### Non Financial Performance

##### Council Tax Collection

Period 9 07/08	Outturn 31/3/08	Period 9 08/09
76.7%	92.4%	76.7%

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### FINANCE AND ASSET MANAGEMENT

#### ASSET IMPROVEMENT

The Employee Costs variance is attributed to vacancies following the Best Value Service Review of Asset Management arrangements. Recruitment to the new service structure continues to progress. Additional external consultant costs procured under a framework contract to enable the progression of some work required to advance the Councils capital programme are anticipated to be offset by the recovery of consequential additional fee income. The fee recovery will exceed budget as a result of additional work arising primarily from the Councils capital programme after the reinvestment of £0.500m for essential building maintenance.

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
81	0	81	69

#### ASSET MANAGEMENT

There are a number of vacancies following the Best Value Service Review of Asset Management arrangements and recruitment to the new service structure continues to progress. Within Premises Costs a saving in rentals is offset by additional fuel oil costs for boiler systems and additional water charges. Within Supplies and Services there are additional costs anticipated for the implementation of new systems and associated data related to the Councils Asset Management Strategy offset by savings within Corporate Office Accommodation. I.T. cable re-routing costs at Mill Street as agreed by Cabinet on 2 July 2008 and costs in relation to the transfer of the Asset Management service to its new site at Hill Street as well as costs in relation to Mount Carmel Primary decant are included. Income is anticipated to be under recovered as a result of lower property rents and housing deed plans due to a downturn in activity in both areas.

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
26	0	26	22

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	2.782	2.631	(0.151)
Property Costs	4.142	4.142	0.000
Transport Costs	0.090	0.090	0.000
Supplies & Services	0.101	0.116	0.015
Third Party Payments	0.000	0.470	0.470
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>7.115</b>	<b>7.449</b>	<b>0.334</b>
Income	(3.814)	(4.284)	(0.470)
<b>Net Expenditure</b>	<b>3.301</b>	<b>3.165</b>	<b>(0.136)</b>

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	0.897	0.805	(0.092)
Property Costs	1.232	1.237	0.004
Transport Costs	0.012	0.012	0.000
Supplies & Services	0.905	0.917	0.012
Third Party Payments	0.084	0.084	0.000
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>3.130</b>	<b>3.055</b>	<b>(0.075)</b>
Income	(1.263)	(1.059)	0.204
<b>Net Expenditure</b>	<b>1.867</b>	<b>1.996</b>	<b>0.129</b>

## FINANCE AND ASSET MANAGEMENT

### Service Enhancements 2008/09

Additional funding has been provided for the maintenance of public buildings.

### Strategic Review of the Revenue Budget

The Strategic Review of the Revenue Budget resulted in decisions to redirect resources away from support functions to frontline services with proportionate expenditure reductions across Corporate Support and Finance and Asset Management. This amounts to additional savings of £0.295m over the next 4 years.

### Leader's Initiatives

At the Council meeting on 14 February 2008 the leader gave details of the following initiatives, the funding for which will be met from council balances:

- Refurbishment of Council owned shops in Ayr Road, Cumnock – Two of the three units are complete with the remaining shop now vacated to allow work to commence.

### Efficiency Gains

The department has been tasked with saving 2.25% of its controllable revenue expenditure which equates to £0.197m. The continuous pursuit of efficiencies to release resources for priority areas is established practice within the Council and whilst the target is challenging it is considered to be achievable without affecting the quality of essential services. Where a gain requires changes to policies or service levels such proposals will be presented to the Cabinet for approval.

The Executive Head of Finance and Asset Management has confirmed that work to identify efficiencies is ongoing and that management action will be undertaken to ensure that they are achieved.

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### FINANCE AND ASSET MANAGEMENT

#### Capital Programme

Expenditure to date is £0.172m, which represents 33% of the available budget. The Projected Expenditure for 2008/09 is £0.343m.

There are a number of minor general capital projects which are due to start and finish within the current financial year:-

#### Efficient Government

There is an over commitment of £0.015m currently projected on this project.

#### Contingency Funding

This represents the balance of available contingency funding in 2008/09. Drawdowns on this funding may reduce the projected underspend throughout the year.

	Revised Budget 2008/09 £m	Actual Expenditure to Date £m	Projected Expenditure 2008/09 £m	Projected Variance £m
Corporate Issues - General Efficient Govt	0.146	0.100	0.161	0.015
Corporate Office Accommodation	0.157	0.057	0.157	0.000
R & EF - Building Insulation	0.025	0.015	0.025	0.000
Contingency Funding	0.186	0.000	0.000	(0.186)
<b>TOTAL</b>	<b>0.514</b>	<b>0.172</b>	<b>0.343</b>	<b>(0.171)</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### CENTRAL SERVICES

#### SERVICE SUMMARY

It is currently anticipated that there will be an adverse variance of £0.132m at 31 March 2009. There are additional costs of £0.134m due to the additional costs of the pay award settlement. A £1.200m anticipated adverse variance in respect of energy costs is offset by the £0.500m contingency retained following approval by Council on 14 February 2008 and other underspends expected on a number of non recurring miscellaneous budgets. It is anticipated that any variance at the year end will be earmarked and carried forward to meet energy costs next year.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	2.249	2.383	0.134
Property Costs	0.000	1.200	1.200
Transport Costs	0.006	0.004	(0.002)
Supplies & Services	4.617	3.417	(1.200)
Third Party Payments	0.676	0.676	0.000
HB/CT Benefit	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>7.548</b>	<b>7.680</b>	<b>0.132</b>
Income	(0.811)	(0.811)	0.000
<b>Net Expenditure</b>	<b>6.737</b>	<b>6.869</b>	<b>0.132</b>

#### SERVICE PERFORMANCE TO DATE

##### CHIEF EXECUTIVE

No significant variances are anticipated.

##### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
11	0	11	10.4

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	0.545	0.545	0.000
Property Costs	0.000	0.000	0.000
Transport Costs	0.006	0.004	(0.002)
Supplies & Services	0.018	0.018	0.000
Third Party Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>0.569</b>	<b>0.567</b>	<b>(0.002)</b>
Income	(0.007)	(0.007)	0.000
<b>Net Expenditure</b>	<b>0.562</b>	<b>0.560</b>	<b>(0.002)</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 9 (14 DECEMBER 2008)

### CENTRAL SERVICES

#### MISCELLANEOUS SERVICES

The additional costs of the pay award settlement are £0.134m. Gas and electricity is purchased from suppliers by Scotland Excel on behalf on local authorities with purchases currently being made for six monthly blocks covering summer and winter. The success of this method of purchasing relies on buying the energy blocks when the market rate is low however, examination of market prices has revealed that Scotland Excel has not purchased at key optimum times and this has led to significant increases in both gas and electricity prices for local authorities.

It currently anticipated that there will be an adverse variance of £1.200m in energy costs. This is offset by the £0.500m contingency retained following approval by Council on 14 February 2008 and other anticipated underspends on a number of non recurring miscellaneous budgets. This assumes a favourable outturn position for bad debt provision, audit fees and other items within the miscellaneous budget.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	1.704	1.838	0.134
Property Costs	0.000	1.200	1.200
Transport Costs	0.000	0.000	0.000
Supplies & Services	2.378	1.178	(1.200)
Third Party Payments	0.676	0.676	0.000
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>4.758</b>	<b>4.892</b>	<b>0.134</b>
Income	(0.804)	(0.804)	0.000
<b>Net Expenditure</b>	<b>3.954</b>	<b>4.088</b>	<b>0.134</b>

#### INSURANCE

There are no material variances to report at this time.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	0.000	0.000	0.000
Property Costs	0.000	0.000	0.000
Transport Costs	0.000	0.000	0.000
Supplies & Services	2.221	2.221	0.000
Third Party Payments	0.000	0.000	0.000
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>2.221</b>	<b>2.221</b>	<b>0.000</b>
Income	0.000	0.000	0.000
<b>Net Expenditure</b>	<b>2.221</b>	<b>2.221</b>	<b>0.000</b>