

EAST AYRSHIRE COUNCIL

GOVERNANCE AND SCRUTINY COMMITTEE– 22 OCTOBER 2010

FINANCE AND SERVICE STRATEGY REPORT

Report by Executive Director of Finance and Corporate Support

1 PURPOSE OF REPORT

- 1.1 To advise Members of the projected financial position for the year based on expenditure to 19 September 2010 (Period 6) and information provided by Executive Directors. Members should refer to the detailed information contained within the Finance and Service Strategy Report booklet issued as part of the Cabinet agenda on 20 October 2010.

2 GENERAL SERVICES

- 2.1 The overall projected outturn for the year to 31 March 2011 is an uncommitted surplus of £1.864m. Details are included in the attached report.
- 2.2 As previously reported, the Efficiency Strategy approved by Cabinet on 19 May 2010 required an examination of individual budget lines on a service by service basis to establish the nature, purpose and relevance of expenditure. This work has been completed and in-year savings of £0.943m transferred to the General Fund uncommitted balance.
- 2.3 It is anticipated that the department of Educational and Social Services will outturn £0.457m over budget at 31 March 2011. The projection includes additional expenditure anticipated for Outwith Placements of £0.750m and £0.105m additional staff costs due to the Gargieston decant. These costs have been partly offset by underspends in both teaching and non teaching staff costs and the deployment of probationers. Members are aware that £0.357m in respect of transport and decant costs for Gargieston will be met from centrally held funds with additional education related costs to be met from the Educational and Social Services budget.
- 2.4 The Executive Director of Neighbourhood Services anticipates a favourable variance of £0.297m mainly due to savings in employee costs and landfill costs partially offset by additional transport costs and reduced Planning and Building Standards income principally due to external economic factors.
- 2.5 The Executive Director of Finance and Corporate Support anticipates a favourable variance of £0.463m at 31 March 2011 predominantly arising from employee cost savings and additional income from the Department of Work and Pensions. This is partially offset by severance costs within the I.T. and Asset Management Service.

- 2.6 There is a favourable variance in respect of Housing and Council Tax Benefit income of £0.338m due to the effective overpayment recovery process. This is partially offset by an adverse variance of £0.031m on Non Domestic Rates income due to increased discretionary reliefs.
- 2.7 The number of staff on the Redeployment Register fluctuates as individuals are added and redeployment opportunities identified. There are five staff on the Register as at 30 September and the cost of maintaining them is £0.028m.
- 2.8 The 2010/11 budget set by the Council on 11 February 2010 included the pay inflation for Local Government Employees at 1%. Members are asked to approve the transfer of £0.344m from departmental budgets to the General Fund uncommitted balance to reflect the 0.65% actual pay increase.

3 HOUSING REVENUE ACCOUNT (HRA)

- 3.1 The Housing Revenue Account is expected to outturn £0.455m under budget at 31 March 2011 with a further favourable variance of £0.283m currently anticipated in respect of Housing Asset Services. In line with previous years, the Executive Director of Neighbourhood Services plans to utilise this variance on programmed maintenance and repairs and seeks formal Member approval to do so.

4 CAPITAL PROGRAMME

- 4.1 The current expenditure profile for a number of previously approved capital schemes no longer reflects the anticipated progress. It is therefore proposed that in order to provide more meaningful monitoring information that the profiles for these schemes are reallocated to the 2011/12 capital programme and incorporated in forward planning assumptions.
- 4.2 The following table therefore sets out the revised position for 2010/11 and 2011/12 based on currently available information, taking account of proposed transfers between years.

Scheme	2010/11 Original £m	2010/11 Revised £m	Future Years Original £m	Future Years Revised £m
Willowbank SEN School	2.006	0.800	7.900	9.100
Darvel Primary School Extension	0.988	0.088	4.000	4.900
Littlemill Primary School Refurbishment	1.086	0.186	0.220	1.120
Children's Residential House	1.008	0.708	0.450	0.750
Stewarton Sports Facilities	1.312	0.613	2.960	3.660
TOTAL	6.400	2.395	15.530	19.530

- 4.3 Taking account of these changes, as at Period 6 the General Services Capital Programme expenditure to date is £8.899m, which represents 27.5% of the available budget (as compared to 20.9% to the same period in 2009/10); resulting in a projected variance for 2010/11 of £0.294m.

5 GENERAL FUND UNCOMMITTED BALANCE

- 5.1 The Financial Reserves Strategy sets the level of the Uncommitted General Fund Balance at between 2% and 4% of Annual Budgeted Expenditure. During the current financial year commitments of £0.308m have been approved by Council and Cabinet and have reduced the balance to £8.679m. Including the forecast surplus for the year, this will increase to £10.543m which equates to 3.1% of the annual budgeted expenditure for 2010/11.

6 RECOMMENDATIONS TO CABINET

- 6.1 It was recommended that Members:
- (i) Approve the transfer from departmental budgets in respect of pay inflation as noted at paragraph 2.8;
 - (ii) Approve the utilisation of savings within HRA budget for additional CFCR/Planned Maintenance works within HRA as at paragraph 3.1;
 - (iii) Note the re-profiling of budget allocations in paragraph 4.2;
 - (iv) otherwise note the contents of this report.

7 RECOMMENDATIONS

- 7.1 It is recommended that Members:
- (i) note the recommendations to Cabinet on 20 October 2010 as at paragraph 6; and
 - (ii) otherwise note the contents of the report.

Alex McPhee
Executive Director of Finance and Corporate Support
20 October 2010

LIST OF BACKGROUND PAPERS - NIL

Members wishing further information should contact
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