

FINANCE & ASSET MANAGEMENT



East Ayrshire
COUNCIL

EAST AYRSHIRE COUNCIL

GOVERNANCE AND SCRUTINY COMMITTEE – 3 APRIL 2009

FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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 8 February 2009 (Period 11) 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 £1.384m. Earmarked and departmental balances of £5.036m will be carried forward. 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 £1.240m under budget at 31 March 2009. Included in this figure however is an underspend on the Building Learning Communities project of £0.566m which will be earmarked and carried forward centrally to meet future years PPP expenditure.
- 2.3 Social Services is currently anticipated to be £0.106m over budget at 31 March 2009, after the utilisation of £0.975m of balances brought forward together with significant non-recurring in year savings. This is principally due to additional secure accommodation placement costs required for the remainder of the year.

2.4 The Sustainability Board, tasked with realigning budget resources and led by the Executive Director continues to review a number of areas within 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 £0.261m mainly due to savings in employee costs and landfill partially offset by additional transport and supplies and services costs. Expenditure on winter maintenance has been significantly higher than budgeted.

2.6 All of the Trading Services are anticipated to outturn in excess of budget at the year end.

2.7 The Executive Director of Corporate Support anticipates a favourable variance of £0.888m which includes a projected shortfall in Planning and Building Standards income of £0.767m. The variance includes £0.640m of funding for specific initiatives which will be earmarked for future years, the majority of which relates to Fairer Scotland Funding and the Licensing Board.

2.8 The Executive Head of Finance and Asset Management anticipates a favourable variance of £0.583m mainly due to funding received from the Department of Work and Pensions, additional income and employee cost savings.

2.9 The favourable variance of £2.014m within Central services includes £2.064m of Zero Waste and PPP funding which will be earmarked and carried forward. This results in a projected adverse variance of £0.050m within Central Services mainly due to the additional costs of the pay award settlement.

2.10 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.

2.11 A favourable variance of £0.280m 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 £0.548m in respect of Housing and Council Tax Benefit income due to the effective overpayment recovery process.

2.12 Members approved the transfer of £0.004m of funding currently held within the Youth Challenge Fund to the Talented Athlete Programme at Cabinet on 18 March 2009.

2.13 The projected expenditure for the year on the Capital Programme is anticipated to be £27.966m which is 97.9% of budgeted expenditure.

3 HOUSING REVENUE ACCOUNT (HRA)

3.1 There is an adverse variance of £0.527m anticipated on the Housing Revenue Account principally due to the purchase of land at Richmond Terrace which it is anticipated will be funded from the utilisation of previous years balances.

3.2 Additional expenditure of £0.206m 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 REPAIRS AND RENEWALS FUND

4.1 The Cabinet of 19 March 2009 approved the utilisation of £0.136m of funding currently held within the Repairs and Renewal Fund for the specific areas shown in the table at paragraph 4.2.

4.2

	Detail	£m
1	Workforce assessments to fully comply with the Control of Vibration and Noise at Work Regulations 2005 as recommended by the Health and Safety Executive	0.015
2	Training of workforce to ensure compliance with approved Traffic Signs Manual Code of Practice for traffic management and control at roadworks and new equipment	0.030
3	Site management and disposal of construction waste materials to land fill to comply with environmental legislation, regulation and best practice	0.055
4	Improvements to security and safety at Gauchalland Road depot	0.020
5	Service improvements to operational activities including flooding, emergency and drainage via purchase of high pressure jetting/washer unit	0.016
	Total	0.136

5 RECOMMENDATIONS

5.1 It is recommended that Members note the contents of the report.

Alex McPhee
Executive Head of Finance and Asset Management
18 March 2009

LIST OF BACKGROUND PAPERS - NIL

Members wishing further information should contact
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2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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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	167.581	166.341	(1.240)	Council Tax	(48.101)	(48.381)	(0.280)
Neighbourhood Services	71.989	71.728	(0.261)	Aggregated External Finance	(234.427)	(234.420)	0.007
Corporate Support	15.680	14.792	(0888)	Housing/Council Tax Benefit Income	(41.914)	(42.462)	(0.548)
Finance and Asset Management	50.728	50.145	(0.583)	Total Income	(324.442)	(325.263)	(0.821)
Central Services – Other	8.735	6.721	(2.014)				
Central Services – Debt Charges	16.500	16.000	(0.500)				
Building and Works	(1.915)	(2.089)	(0.174)	Deficit / (Surplus) for the Year	4.796	(1.736)	(6.532)
Roads	(0.040)	(0.061)	(0.021)	Utilise Previous Years Balances	(4.796)	(4.796)	0.000
Vehicle Maintenance	(0.010)	(0.026)	(0.016)	Departmental Under/(Over) Spend c/f	0.000	5.036	5.036
Street Lighting	(0.010)	(0.024)	(0.014)	Proposed transfer to Renewals & Repairs	0.000	0.112	0.112
Net Expenditure	329.238	323.527	(5.711)	2008/2009 Deficit / (Surplus)	0.000	(1.384)	(1.384)
				Housing Revenue Account			
				Expenditure	35.682	36.271	0.589
				Income	(35.682)	(35.744)	(0.062)
				Net Expenditure	0.000	0.527	0.527

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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	12.881	9.524	12.703	99%	Grants, Partnership Funding , CFCR	1.593	5.621
Neighbourhood Services	11.648	7.709	10.812	93%	External Borrowing	26.961	22.345
Corporate Support	0.948	0.632	0.803	85%	Total	28.554	27.966
Finance & Asset Management	0.328	0.237	1.019	310%			
Regeneration, Efficiency & Asset Management	2.563	1.444	2.629	103%			
Contingency Funding	0.186	0.000	0.000	-			
Total	28.554	19.546	27.966	97.9%			

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	12.285	15.798	101%	Revenue Funding (CFCR)	5.561	6.344
					Sale of Council Dwellings	6.500	2.700
					Anticipated Borrowing	3.531	6.754
					Total	15.592	15.798

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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 11 (8 FEBRUARY 2009)

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 11 (8 FEBRUARY 2009)

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 11 (8 FEBRUARY 2009)

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 £1.240m under budget at 31 March 2009.

The Educational Services position is £1.346m under budget of which of which £0.566m is a projected underspend within Building Learning Communities. This variance will be earmarked specifically for PPP and carried forward to offset PPP costs in future years. The Schools net underspend of £0.233m relates mainly to teachers salaries. The Community Support net underspend of £0.527m arises mainly from staff vacancies

The Social Services position is £0.106m 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 three 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
Resources	2.026	1.924	(0.102)
PPP	6.774	6.208	(0.566)
Schools	66.673	66.440	(0.233)
Community Support	24.357	23.830	(0.527)
Facilities Management	13.451	13.533	0.082
Social Work	54.300	54.406	0.106
Net Expenditure	167.581	166.341	(1.240)

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	118.713	116.690	(2.023)
Property Costs	6.696	6.973	0.277
Transport Costs	6.991	7.004	0.013
Supplies & Services	9.680	9.675	(0.005)
Third Party Payments	44.263	44.667	0.404
Transfer Payments	4.765	5.830	1.065
Gross Expenditure	191.108	190.838	(0.270)
Income	(24.502)	(24.497)	0.005
Net Expenditure	166.606	166.341	(0.265)
Utilise Balances	0.975	0.000	(0.975)
Net Expenditure	167.581	166.341	(1.240)

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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		+3.300		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
12 Child Trust Fund		+0.005		Additional funding for Child Trust Funds
13 Payroll Adjustment		+0.117		Additional payroll inflation at 3% offset by strike deductions
<i>Total Budget adjustments</i>			+5.449	
Revised Budget Allocation at Period 11			167.581	

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

EDUCATIONAL AND SOCIAL SERVICES

SERVICE PERFORMANCE TO DATE

RESOURCES

Savings in Employee Costs are due to vacancies and additional teachers funding held centrally to offset costs in Schools. These savings are partially offset by additional costs anticipated in respect of procurement, copyright and consultancy costs and reduced income.

FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
37.34	0	37.34	35.06

PPP / BUILDING LEARNING COMMUNITIES

There are savings anticipated on the Unitary Charge mainly due to the delay in opening the Grange Campus, retentions which will not be paid in the current year and an underspend in rates at St Joseph's Campus. These are partially offset by additional cleaning and janitor costs as a result in the delay in opening the new Grange Campus. This 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	1.712	1.481	(0.231)
Property Costs	0.032	0.021	(0.012)
Transport Costs	0.035	0.033	(0.001)
Supplies & Services	0.725	0.760	0.035
Third Party Payments	0.125	0.142	0.017
Transfer Payments	0.603	0.603	0.000
Gross Expenditure	3.232	3.040	(0.192)
Income	(1.206)	(1.116)	0.090
Net Expenditure	2.026	1.924	(0.102)

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	0.000	0.042	0.042
Property Costs	0.346	0.295	(0.051)
Transport Costs	0.000	0.000	0.000
Supplies & Services	0.000	0.000	0.000
Third Party Payments	6.554	5.990	(0.564)
Transfer Payments	0.000	0.000	0.000
Gross Expenditure	6.900	6.327	(0.573)
Income	(0.126)	(0.119)	0.007
Net Expenditure	6.774	6.208	(0.566)

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

EDUCATIONAL AND SOCIAL SERVICES

SCHOOLS

Projected underspends of £0.843m in devolved school budgets are partially offset by additional costs in centrally held budgets for long term absence cover, staff flexibility for special units and school moves, supplementary classroom assistants for additional support needs and a reduction in Probationers funding.

Additional expenditure is anticipated in respect of rates at Galston Primary and prior years energy costs. The variance on Third Party Payments is mainly due to school resource costs and there is an under recovery of income from 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 £0.067m will be recurred.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	58.300	57.874	(0.426)
Property Costs	4.195	4.366	0.171
Transport Costs	0.234	0.229	(0.005)
Supplies & Services	4.266	4.222	(0.044)
Third Party Payments	0.575	0.624	0.049
Transfer Payments	0.310	0.308	(0.002)
Gross Expenditure	67.880	67.624	(0.257)
Income	(1.207)	(1.184)	0.023
Net Expenditure	66.673	66.440	(0.233)

FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
1,644.58	0	1,644.58	1,595.23

Non Financial Performance

Number of Teachers

Period 11 (10/2/08)	Outturn (31/3/08)	Period 11 (18/2/09)
EY** 39	EY** 39.2	EY** 44.1
PS 539.2	PS 549.9	PS 533.6
SS 659.6	SS 671	SS 617.92
ASN 97.9	ASN 102.1	ASN 88.7

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

EDUCATIONAL AND SOCIAL SERVICES

COMMUNITY SUPPORT

There are employee cost underspends in Community Learning and Development, Integrated Community Schools, Special Education and Psychological Services. The favourable variance shown of £0.636m is mainly a result of vacancies that have occurred during the year. Underspends within Supplies and Services have been partially offset by additional costs within CLAD projects.

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	484.65

FACILITIES MANAGEMENT

Within employee costs, turnover savings have been offset by additional overtime and redundancy costs. Additional premises costs have been incurred in respect of the former St Matthews and St Columba's schools. Transport costs will outturn higher than budgeted following contract renewals and 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, partially offset by additional cleaning income.

FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
513.98	+32.9	546.88	506.07

Number of Pupils Receiving School Transport

Period 11 (10/2/08)	Outturn (31/3/08)	Period 11 (8/2/09)
5,202	5,347	5,078

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	16.971	16.335	(0.636)
Property Costs	1.061	1.075	0.014
Transport Costs	0.270	0.273	0.003
Supplies & Services	1.268	1.210	(0.059)
Third Party Payments	5.629	5.948	0.319
Transfer Payments	0.087	0.085	(0.002)
Gross Expenditure	25.286	24.926	(0.360)
Income	(0.929)	(1.096)	(0.167)
Net Expenditure	24.357	23.830	(0.527)

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	9.176	9.062	(0.114)
Property Costs	0.233	0.288	0.055
Transport Costs	4.980	5.032	0.052
Supplies & Services	1.975	1.985	0.010
Third Party Payments	0.075	0.075	0.000
Transfer Payments	0.000	0.000	0.000
Gross Expenditure	16.439	16.442	0.003
Income	(2.988)	(2.910)	0.079
Net Expenditure	13.451	13.533	0.082

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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	32.554	31.895	(0.659)
Property Costs	0.830	0.929	0.099
Transport Costs	1.472	1.436	(0.036)
Supplies & Services	1.445	1.498	0.053
Third Party Payments	31.305	31.887	0.582
Transfer Payments	3.765	4.834	1.069
Gross Expenditure	71.371	72.479	1.108
Income	(18.046)	(18.073)	(0.027)
Net Expenditure	53.325	54.406	1.081
Utilise Balances	0.975	0.000	(0.975)
Net Expenditure	54.300	54.406	0.106

FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
1,099.21	0	1,099.21	1,087.19

Non Financial Performance :

Number of External Foster Placements

Number of Homecare Users

Period 11 (10/2/08)	Outturn (31/3/08)	Period 11 (8/2/09)	Period 11 (10/2/08)	Outturn (31/3/08)	Period 11 (8/2/09)
33	35	47	679	649	718

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 £9.524m, which represents 74% of the available budget. The Projected Expenditure for 2008/09 is £12.703m.

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 (£0.050m), Berryknowe Adult Care Home (£0.019m) and Sunnyside Children's Unit (£0.086m) 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 (£0.070m) and slippage on the Stewarton Townhouse (£0.196m), Riccarton Nursery reroofing (£0.120m) and Auchinleck Academy heating project (£0.085m) where significant expenditure is not likely in the current year.

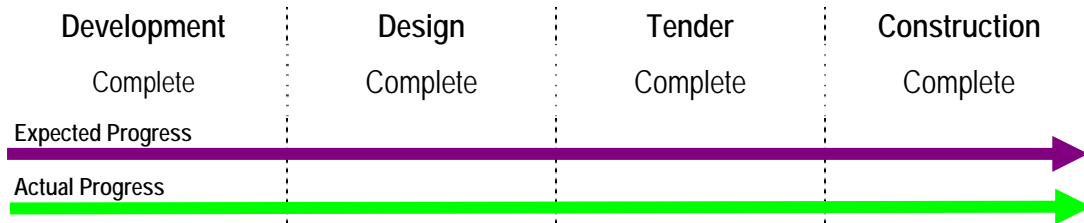
2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

EDUCATIONAL AND SOCIAL SERVICES

Major Projects

Galston Primary School New Build

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
9.300	9.163	9.636



External View

Financial Status

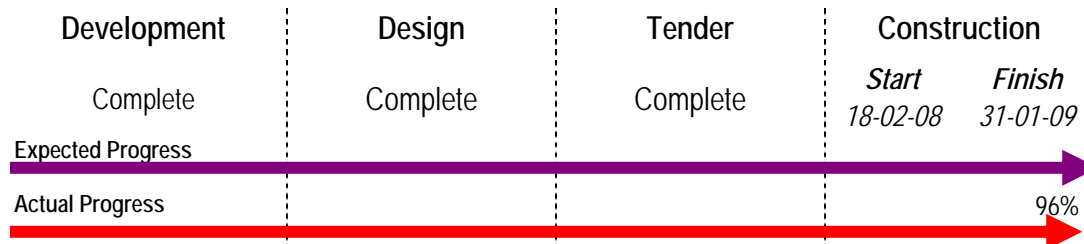
Project currently projected to be approximately £0.336m overspent due to uncertainty as to whether additional costs from delays resulting from the Galston Flood Prevention Scheme can be recovered from external contractors.

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	1.094	1.557



External View

Financial Status

The projected overspend relates to the cost of the attenuation tank and the demolition cost being higher than originally anticipated, and the cost of a BT circuit.

Project Life Cycle

Project currently delayed as a result of problems with supply of brick, and delivery of fascia boards which delayed the roof tiling; also delays connecting facility to mains supply. Together the issues have resulted in a projected completion date of 21/03/09. The car park and demolition of the old property will be carried out in April.

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

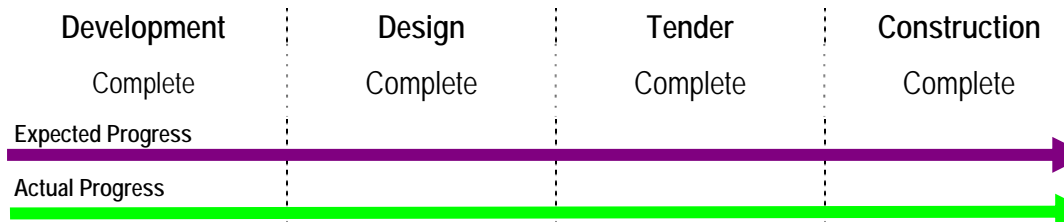
EDUCATIONAL AND SOCIAL SERVICES

Dunlop Primary School Extension

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
0.722	0.756	0.772

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.



Project Life Cycle

Project was completed and handed over on 23 May 2008. The demolition & reinstatement of the temporary accommodation is now complete.



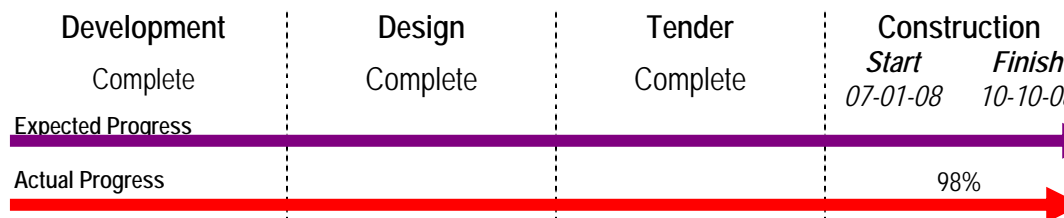
External View

Stewarton Academy Extension

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
0.700	0.523	0.630

Financial Status

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



Project Life Cycle

Partial completion certificate has been issued; full completion certificate scheduled to be issued in week beginning 23rd February. Minor snagging works to be addressed.



Internal View

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

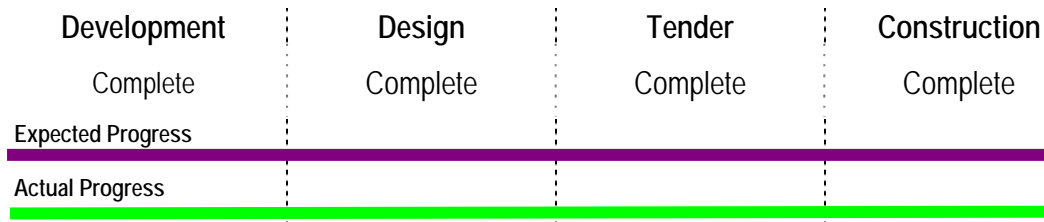
EDUCATIONAL AND SOCIAL SERVICES

Berryknowe Adult Care Home, Auchinleck

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
1.310	1.293	1.329

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.



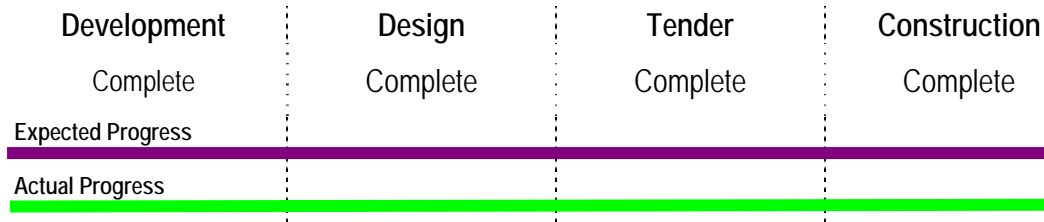
Internal View

Sunnyside Children's Unit, Auchinleck

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
1.030	0.991	1.116

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.



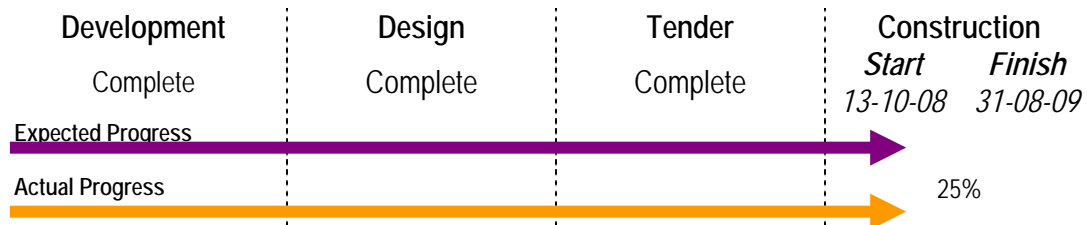
External View

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

EDUCATIONAL AND SOCIAL SERVICES

Rosebank Resource Centre

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
1.900	0.346	1.900



External View – Feb 09

Financial Status

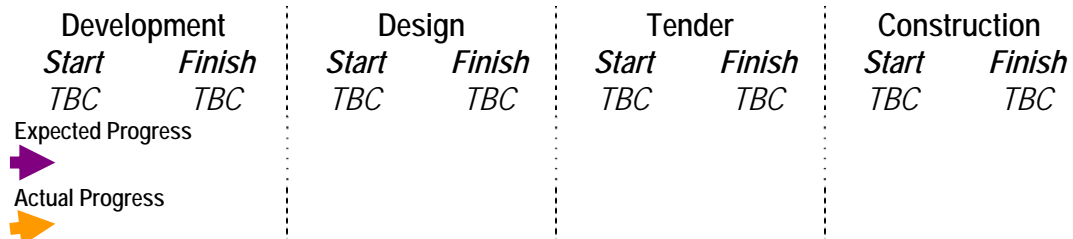
The budget has been revised to reflect the anticipated project expenditure.

Project Life Cycle

The kit is currently being erected and the project is on programme.

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 11 (8 FEBRUARY 2009)

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>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>
1.600	0.000	1.600	Expected Progress 							
			Actual Progress 							

Financial Status

No expenditure currently anticipated in 2008/09.

Project Life Cycle

Proposals and scheme design are being developed; milestones to be confirmed.

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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 application of the new fee structure for professional services in 2008/09 has resulted in a reduction in fees charged to projects as compared to earlier estimates. There are also a number of schemes which will slip into 2009/10 including Auchinleck Window Replacement (£0.109m), Auchinleck Academy heating upgrade (£0.085m) and Riccarton Nursery reroofing (£0.120m).

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	2.628	4.020	(0.443)
PPP Schools	1.973	1.730	1.973	0.000
Elderly Day Care Facilities	0.200	0.004	0.004	(0.196)
DDA / Care Commission	0.050	0.003	0.062	0.012
TOTAL EDUCATION & SOCIAL SERVICES	6.686	4.365	6.059	(0.627)

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

NEIGHBOURHOOD SERVICES

SERVICE SUMMARY

The projected outturn to 31 March 2009 is a favourable variance of £0.261m. There are Employee Cost savings throughout the service mainly due to the timing of filling vacancies as well as additional income mainly related to additional rental income, charges for services, landlord registration fees and additional grant income. These variances are partially offset by additional anticipated expenditure on Transport Costs due to rising fuel and vehicle hire costs, additional Property Costs mainly due to additional temporary accommodation costs and repairs within the Landlord Leasing Scheme and additional equipment and material costs including £0.250m of additional winter maintenance and emergencies costs.

Within Leisure Services an additional £0.140m is required to meet a shortfall in the Outdoor Access Project which is help within Partnerships and Projects balances.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Central Mgt Support	0.988	0.953	(0.035)
Leisure Services	12.227	12.089	(0.138)
General Fund Housing	18.212	17.601	(0.611)
Emergency Planning	0.069	0.046	(0.023)
Police & Fire	29.743	29.743	0.000
Roads & Transport	10.750	11.296	0.546
Net expenditure	71.989	71.728	(0.261)

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	21.090	20.078	(1.012)
Property Costs	2.381	2.535	0.154
Transport Costs	3.326	3.549	0.223
Supplies & Services	12.948	13.630	0.682
Third Party Payments	43.223	43.261	0.038
Transfer Payments	0.000	0.000	0.000
Gross Expenditure	82.968	83.053	0.085
Income	(10.979)	(11.325)	(0.346)
Net expenditure	71.989	71.728	(0.261)

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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		-0.012		Minor Adjustments to align Budgets
6 Hostels Specific Grant		-0.118		Realignment of budget to reflect reallocation of Hostels Grant to HRA
7 Payroll Adjustment		-0.005		Additional payroll inflation at 3% offset by strike deductions
8 Police ICT & Loan Charges		-0.450		Revised funding for Strathclyde Police Loan Charges and ICT Services
9 Fire Commutations		+0.193		Additional Funding for Fire Service Pension Commutations
10 Strategic Waste Fund		+0.011		Additional funding for Strategic Waste Fund
<i>Total Budget adjustments</i>			+1.719	
Revised Budget Allocation at Period 11			71.989	

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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	11.11

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 at golf courses 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 and leisure equipment and events costs. Additional costs are anticipated due to a shortfall in the Outdoor access Project. Additional income is anticipated from registration fees, Grounds Maintenance work, cemeteries and theatre and hall charges partially offset by Leisure facilities in PPP schools, Cleaning Hit squads and Golf fees.

FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
447.75	0	447.75	421.02

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	0.398	0.367	(0.031)
Property Costs	0.000	0.000	0.000
Transport Costs	0.004	0.004	0.000
Supplies & Services	0.351	0.347	(0.004)
Third Party Payments	0.330	0.330	0.000
Transfer Payments	0.000	0.000	0.000
Gross Expenditure	1.083	1.048	(0.035)
Income	(0.095)	(0.095)	0.000
Net expenditure	0.988	0.953	(0.035)

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	11.506	10.930	(0.576)
Property Costs	1.194	1.139	(0.055)
Transport Costs	1.382	1.454	0.072
Supplies & Services	1.750	2.156	0.406
Third Party Payments	0.419	0.565	0.146
Transfer Payments	0.000	0.000	0.000
Gross Expenditure	16.251	16.244	(0.007)
Income	(4.024)	(4.155)	(0.131)
Net expenditure	12.227	12.089	(0.138)

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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 and purchase of bins, partially offset by a saving on the Local Action Fund. Landfill charges due to increased recycling activity are less than anticipated and additional income is anticipated from additional accommodation properties, private landlord registration fees, additional grant income and service charges.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	6.233	5.954	(0.279)
Property Costs	0.954	1.143	0.189
Transport Costs	1.655	1.806	0.151
Supplies & Services	9.615	9.706	0.091
Third Party Payments	4.726	4.138	(0.588)
Transfer Payments	0.000	0.000	0.000
Gross Expenditure	23.183	22.747	(0.436)
Income	(4.971)	(5.146)	(0.175)
Net expenditure	18.212	17.601	(0.611)

FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
260.11	0	260.11	231.91

Non Financial Performance

Homelessness

Presentations	Homeless	Potentially Homeless	Priority Needs
801	542	82	573

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

NEIGHBOURHOOD SERVICES

HOUSING REVENUE ACCOUNT

Staff turnover savings, managed savings in supplies and services and additional income from rechargeable repairs are offset by increased repairs and the purchase of land at Richmond Terrace, Cumnock. It is proposed that this will be offset by the utilisation of previous years HRA balances. As previously approved, savings on Debt Charges will offset additional repairs and maintenance costs.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	3.590	3.536	(0.054)
Property Costs	14.610	14.887	0.277
Transport Costs	0.135	0.133	(0.002)
Supplies & Services	4.860	4.745	(0.115)
Third Party Payments	0.942	0.942	0.000
Debt Charges	4.400	4.100	(0.300)
CFCR/Planned Maint	6.103	6.871	0.768
Homeless Hostels	1.042	1.057	0.015
Gross Expenditure	35.682	36.271	0.589
Income	(35.682)	(35.744)	(0.062)
Net expenditure	0.000	0.527	0.527

FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
141.99	0	141.99	136.09

Non Financial Performance

Number of Council house sales

Period 11 (10/2/08)	Outturn (31/3/08)	Period 11 (8/2/09)
Act 208	Act 251	Act 102
Bud 296	Bud 350	Bud 212

Number of void weeks

Period 11 (10/2/08)	Outturn (31/3/08)	Period 11 (8/2/09)
Act 15,691	Act 18,902	Act 16,503
Bud 18,611	Bud 21,789	Bud 18,114

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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	0.040	(0.017)
Property Costs	0.000	0.000	0.000
Transport Costs	0.003	0.002	(0.001)
Supplies & Services	0.009	0.004	(0.005)
Third Party Payments	0.000	0.000	0.000
Transfer Payments	0.000	0.000	0.000
Gross Expenditure	0.069	0.046	(0.023)
Income	0.000	0.000	0.000
Net expenditure	0.069	0.046	(0.023)

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	29.743	29.743	0.000
Transfer Payments	0.000	0.000	0.000
Gross Expenditure	29.743	29.743	0.000
Income	0.000	0.000	0.000
Net expenditure	29.743	29.743	0.000

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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

General Fund	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	2.896	2.787	(0.109)
Property Costs	0.233	0.253	0.020
Transport Costs	0.282	0.283	0.001
Supplies & Services	1.223	1.417	0.194
Third Party Payments	8.005	8.485	0.480
Transfer Payments	0.000	0.000	0.000
Gross Expenditure	12.639	13.225	0.586
Income	(1.889)	(1.929)	(0.040)
Net expenditure	10.750	11.296	0.546

TRADING SERVICES

All of the Trading Services are anticipated to outturn with surpluses in excess of budget at 31 March 2009.

FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
424	0	424	411

Trading Services	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Income	(31.647)	(31.771)	(0.124)
Labour Costs	13.050	12.569	(0.481)
Sub Contractors	5.094	5.559	0.465
Other Direct Costs	9.456	9.353	(0.103)
Overheads	1.795	1.813	0.018
Total Expenditure	(2.252)	(2.477)	(0.225)
Pension Accounting	0.277	0.277	0.000
Net expenditure	(1.975)	(2.200)	(0.225)

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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, the Talented Athlete Programme, Walking Development and Multi Use Games Areas. These balances will be required to sustain the projects in future years. There is an anticipated shortfall in project funding for the Outdoor Access project and the balance of £0.140m is anticipated to be funded from Leisure Services.

Expenditure on Homecoming events will be funded from previously approved balances.

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

	Projected Balances at 31 March 2009 £m
Leisure External Projects	(0.614)
Roads and Transport Projects	(0.336)
Homecoming	0.016
Total	(0.934)

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 £7.710m, which represents 66% of the available budget. The projected expenditure for 2008/09 is £10.812m.

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 partly as a result of enhanced disability access specifications and £0.160m 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 (£0.064m).

These overspends are partially offset by anticipated slippage on the Baird Institute (£0.063m), Dalmellington/Bellsbank Library (£0.119m), Darvel Town Hall (£0.294m), Newmilns Library (£0.100m) and the Palace Theatre project (£0.036m).

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

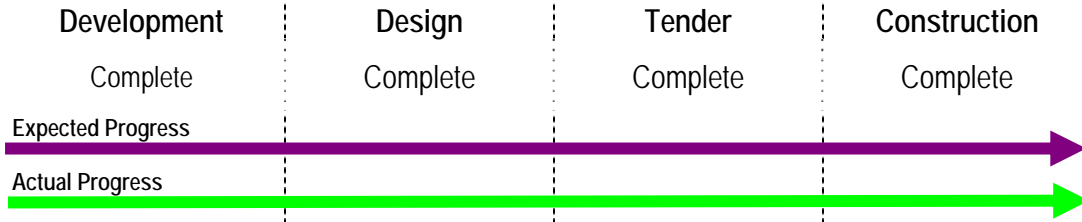
NEIGHBOURHOOD SERVICES

Stewarton Community Facilities

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
3.560	3.473	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



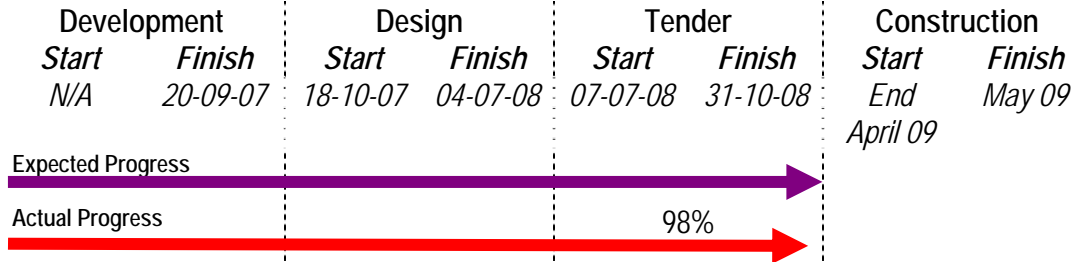
External View

Crosshouse Library / Local Office

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
3.805	0.289	3.805

Financial Status

Agreement on additional funding has now been reached between partners to the project.



Project Life Cycle

Milestones for construction phase will be confirmed after final negotiations on tender are concluded. The tender is anticipated to be awarded by the end of February.



Proposed Design

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

NEIGHBOURHOOD SERVICES

Doon Valley Swimming Pool

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
0.795	0.856	0.859

Financial Status

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

Development Complete	Design Complete	Tender Complete	Construction Complete
Expected Progress			
Actual Progress			

Project Life Cycle

The building reopened on 16th September. Minor snagging issues being resolved.



External View

Burns Monument Centre

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
5.000	4.619	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.

Development Complete	Design Complete	Tender Complete	Construction Start 19-03-07	Construction Finish 31-03-08
Expected Progress				
Actual Progress				
				100%

Project Life Cycle

The problem of low gas pressure has been resolved. The building was handed over on 17th February and will be opened to the public on 16th March. Turfing and planting will take place in April.



External View – Jan 09

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

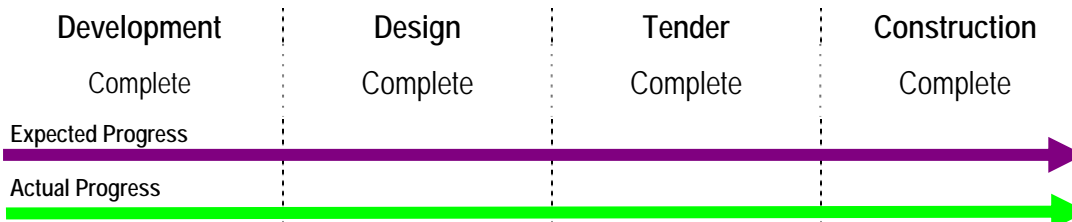
NEIGHBOURHOOD SERVICES

CCTV / Risk Management Centre

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
2.729	2.807	2.889

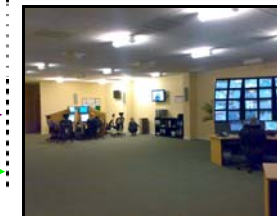
Financial Status

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



Project Life Cycle

Project completed.



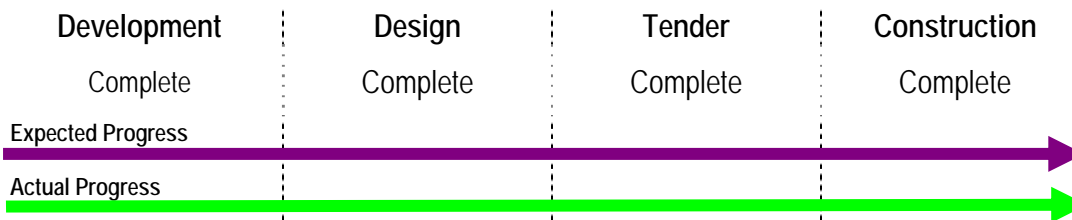
Internal View- 31/07/08

Galston Flood Prevention Scheme

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

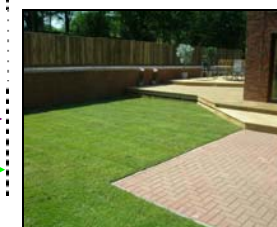
Financial Status

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 11 (8 FEBRUARY 2009)

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	0.799	1.281	N/A	N/A	29-09-08	19-01-09	19-01-09	30-03-09	01-07-09	01-08-09
Expected Progress										
Actual Progress										

Project Life Cycle

The construction milestones above relate to the works to the front of house and stage only.

The structural works and installation of lift will be tender awarded by Nov / Dec 09 with a scheduled construction period of January to April 2010.

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	0.068	0.650	TBC	TBC	TBC	10-11-08	10-11-08	22-12-08	02-02-09	24-04-09
Expected Progress										
Actual Progress										



Project Life Cycle

Works to include installation of disabled toilet in upper floor and other general improvements to visitor facilities. Work is currently ongoing on site.

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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  70%							

Project Life Cycle

Option appraisal ongoing. The orientation of the running track has been established and an indicative design has been prepared for the ancillary buildings. Site investigation instructed.

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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 so as not to coincide with the Darvel Music Festival, Dalmellington and Bellsbank Library which will be carried forward into 2009/10, the Newmilns Library project and an underspend on non- HRA Housing.

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. A number of Traffic schemes will slip into the beginning of 2009/10.

Structures

There are a number of bridge projects which although committed will not incur expenditure until 2009/10.

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	0.288	0.577	(0.611)
Health & Safety	0.109	0.005	0.098	(0.011)
Cemetery Extension	0.127	0.038	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	0.387	0.822	(0.623)
Structures	0.767	0.195	0.513	(0.254)
Carriageways & Footways	2.027	1780	2.034	0.007
Street Lighting	0.238	0.203	0.238	0.000
Flood Prevention Schemes	0.020	0.006	0.020	0.000
Depots	0.016	0.010	0.016	0.000
TOTAL NEIGHBOURHOOD SERVICES	6.188	3.075	4.687	(1.501)

NEIGHBOURHOOD SERVICES

Major Projects commencing in Future Years

Projects Due to Commence in 2009/10

Project Description
Dean Ford Bridge
New Sports Pavilion – Knockentiber

Projects Due to Commence in 2010/11 – 2012/13

Project Description
New Sports Pavilions
Depot Improvements
Auchinleck Resource Centre
Stewarton Sports Facilities

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

NEIGHBOURHOOD SERVICES

Housing Investment Programme

As at Period 11 the projected spend is £15.935m, which is £0.206m above budget. There is a long term programme to refurbish council dwellings to meet the Scottish Housing Quality Standards by 2015. Investment levels are therefore not uniform each year, which may result in levels of over or under commitment.

Service	Revised Budget 2008/09	Actual Expenditure to Date	Projected Expenditure 2008/09	Variance Projected / Revised Budget
Asbestos	0.132	0.144	0.202	0.070
Energy Efficiency	2.536	0.326	0.515	(2.021)
Efficient Heating	3.379	2.806	3.139	(0.240)
External Envelope Enhancement	1.741	1.330	1.654	(0.087)
Modern Facilities & Services	6.478	5.979	7.962	1.484
Neighbourhood Improvements	0.112	0.488	0.854	0.742
Safe & Secure Neighbourhood	0.389	0.277	0.342	(0.047)
Sheltered Housing Safety & Improvement	0.825	0.935	1.130	0.305
Total Housing Expenditure	15.592	12.285	15.798	0.206

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 and 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 11 (8 FEBRUARY 2009)

NEIGHBOURHOOD SERVICES

Sources of Funding

	Approved Budget 2008/09 £m	Projected Expenditure 2008/09 £m
Revenue Funding (CFCR)	5.561	6.344
Sale of Council Dwellings and Other Capital Receipts	6.500	2.700
Anticipated Borrowing	3.531	6.754
Total	15.592	15.798

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 11 (8 FEBRUARY 2009)

CORPORATE SUPPORT

SERVICE SUMMARY

A budget carry forward of £0.888m is anticipated to 31 March 2009 of which £0.640m will be earmarked for specific initiatives. This includes an anticipated shortfall in Planning and Building Standards income of £0.767m 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 and the position continues to be closely monitored by the Executive Director.

The £0.640m to be earmarked includes £0.252m for payments received by Legal Services under the Licensing Scotland Bill 2005 and is required to be retained for future years Licensing Board costs and £0.328m of Fairer Scotland Funding, which was required to be re-profiled to match external funding in multi-annual programmes. This mainly relates to the Kilmarnock Area Regeneration Scheme (CARS) and the Skills Development and Employability service and the revised profile for these schemes is shown in the table below.

Fairer Scotland Fund	2008/09 £m	2009/10 £m	2010/11 £m	Total £m		Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Initial Funding Profile	0.923	0.790	0.790	2.503	Employee Costs	13.197	12.285	(0.912)
Revised Funding Profile	0.633	0.915	0.955	2.503	Property Costs	0.340	0.344	0.003
Variance (Favourable) / Adverse	(0.290)	0.125	0.165	0.000	Transport Costs	0.339	0.320	(0.018)
					Supplies & Services	5.431	5.034	(0.397)
					Third Party Payments	1.032	1.010	(0.022)
					Transfer Payments	0.000	0.000	0.000
					Gross Expenditure	20.338	18.992	(1.346)
					Income	(4.658)	(4.200)	0.458
					Net Expenditure	15.680	14.792	(0.888)

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Central Management Support	0.263	0.263	0.000
Human Resources	1.524	1.524	0.000
Information Technology	3.558	3.310	(0.248)
Planning & Economic Dev.	3.838	3.679	(0.158)
Democratic Services	2.856	2.656	(0.200)
Legal Procurement & Reg'n	2.747	2.495	(0.252)
Community Planning P'ship	0.894	0.865	(0.030)
Net Expenditure	15.680	14.792	(0.888)

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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		+0.499		Draw down of departmental earmarked balances
8 7 Payroll Adjustment		+0.010		Additional payroll inflation at 3% offset by strike deductions
<i>Total Budget adjustments</i>			+2.678	
Revised Budget Allocation at Period 11			15.680	

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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

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 have been used to offset subscription and licence commitments, costs associated with personnel bulletins, 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	33.2

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	0.204	0.202	(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
Gross Expenditure	0.263	0.263	0.000
Income	0.000	0.000	0.000
Net Expenditure	0.263	0.263	0.000

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	1.417	1.345	(0.072)
Property Costs	0.017	0.024	0.007
Transport Costs	0.011	0.011	0.000
Supplies & Services	0.191	0.258	0.067
Third Party Payments	0.063	0.084	0.021
Transfer Payments	0.000	0.000	0.000
Gross Expenditure	1.699	1.722	0.023
Income	(0.175)	(0.198)	(0.023)
Net Expenditure	1.524	1.524	0.000

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

CORPORATE SUPPORT

INFORMATION TECHNOLOGY

Delays in the implementation of the Best Value Service Review are anticipated as well as delays in the review of residual community facilities and reduced costs for new circuits in the PPP schools resulting in Supplies and Services now being less than previously anticipated.

Additional inflationary increases are anticipated on the existing PC maintenance contract which is currently out to tender.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	2.115	1.901	(0.214)
Property Costs	0.000	0.000	0.000
Transport Costs	0.026	0.019	(0.007)
Supplies & Services	1.791	1.764	(0.027)
Third Party Payments	0.000	0.000	0.000
Transfer Payments	0.000	0.000	0.000
Gross Expenditure	3.932	3.684	(0.248)
Income	(0.374)	(0.374)	0.000
Net Expenditure	3.558	3.310	(0.248)

FTE STAFFING ANALYSIS FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
51	+7	58	48.1

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

CORPORATE SUPPORT

PLANNING AND ECONOMIC DEVELOPMENT

Management action has been taken to realign existing Employee Costs following a decline in planning income. The Supplies and Services underspend is mainly due to the take up of Business Grants being lower than anticipated and the re-profiling of Fairer Scotland Funding (FSF). The variance on Third Party Payments is mainly due to the contingency element within the Core Funding Payments to External bodies budgets. Income from Building Warrants and Planning Fees are expected to be significantly lower due to external economic factors. The projection assumes that income will be recovered on a number of higher value projects before 31 March 2009 and includes £0.451m of European funding for which the formal letter of award has been received with claims anticipated to be made by year end.

It is anticipated that £0.388m will be earmarked and carried forward to meet existing commitments in respect of FSF and regeneration projects. The FSF is required to match external funds in multi-annual programmes which have been subject to re-profiling due to external factors and mainly relates to the Kilmarnock Conservation Area Regeneration Scheme (£0.100m) and Skills Development and Employability service (£0.190m).

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	4.450	4.039	(0.411)
Property Costs	0.238	0.238	0.000
Transport Costs	0.170	0.170	0.000
Supplies & Services	1.376	0.958	(0.418)
Third Party Payments	0.590	0.516	(0.074)
Transfer Payments	0.000	0.000	0.000
Gross Expenditure	6.824	5.921	(0.903)
Income	(2.987)	(2.242)	0.745
Net Expenditure	3.838	3.679	(0.158)

FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
104	+14	118	105

Non Financial Performance

Number of Planning Applications received

Period 11 (10/2/08)	Outturn (31/3/08)	Period 11 (8/2/09)
880	1,040	716

Number of Building Warrants received

Period 11 (10/2/08)	Outturn (31/3/08)	Period 11 (8/2/09)
1,263	1,483	1,011

Value of Development Plans Submitted

Period 11 (10/2/08)	Outturn (31/3/08)	Period 11 (8/2/09)
£155.6m	£163.5m	£61.34m

Average Income per Planning Application received

Period 11 (10/2/08)	Outturn (31/3/08)	Period 11 (8/2/09)
£898	£846	£547

Average Income per Building Warrant received

Period 11 (10/2/08)	Outturn (31/3/08)	Period 11 (8/2/09)
£621	£577	£408

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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
47.8	0	47.8	42.6

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. Additional income has been recovered through Fixed Penalty Commission and additional grant income offsets a projected shortfall on pest destruction fees.

Additional income generated through Licensing Board fee charges imposed under the Licensing Scotland Bill 2005 of £0.252m requires to be earmarked and to be used only for future licensing board costs.

FTE STAFFING ANALYSIS

Budget	In year	Revised Budget	Actual to date
90	-1.8	88.2	84.1

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	1.521	1.358	(0.163)
Property Costs	0.025	0.025	0.000
Transport Costs	0.031	0.030	(0.001)
Supplies & Services	1.448	1.375	(0.073)
Third Party Payments	0.019	0.009	(0.010)
Transfer Payments	0.000	0.000	0.000
Gross Expenditure	3.044	2.797	(0.247)
Income	(0.189)	(0.142)	0.047
Net Expenditure	2.856	2.656	(0.200)

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	2.974	2.916	(0.058)
Property Costs	0.034	0.031	(0.004)
Transport Costs	0.096	0.085	(0.010)
Supplies & Services	0.506	0.559	0.053
Third Party Payments	0.067	0.108	0.041
Transfer Payments	0.000	0.000	0.000
Gross Expenditure	3.677	3.699	0.022
Income	(0.930)	(1.204)	(0.274)
Net Expenditure	2.747	2.495	(0.252)

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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	-3.5	13.5	12.9

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	0.516	0.524	0.008
Property Costs	0.026	0.026	0.000
Transport Costs	0.004	0.005	0.001
Supplies & Services	0.110	0.108	(0.002)
Third Party Payments	0.243	0.243	0.000
Transfer Payments	0.000	0.000	0.000
Gross Expenditure	0.899	0.906	0.007
Income	(0.005)	(0.041)	(0.037)
Net Expenditure	0.894	0.865	(0.030)

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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 East Ayrshire Woodlands and the deficit is 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.

	Projected Balances at 31 March 2009 £m
Environmental / Community / Heritage	0.036
Employability	0.141
Wind Farm	(0.182)
Skills Training Unit	0.000
Developers Contributions / S75 SLR	(0.691)
Other	(0.070)
Total	(0.766)

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 – contractors were appointed in February 2009. Works are anticipated to be completed by Summer 2009

CORPORATE SUPPORT

Capital Programme

Expenditure to date is £2.076m, which represents 59% of the available budget. The projected expenditure for 2008/09 is £3.432m.

The projected variance on the Corporate Support capital programme primarily relates to the Regeneration work on the John Finnie Street.

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

CORPORATE SUPPORT

Major Projects

Kilmarnock Town Centre Regeneration

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m	Development		Design		Tender		Construction	
			Start TBC	Finish TBC	Start TBC	Finish TBC	Start TBC	Finish TBC	Start TBC	Finish TBC
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.

Council Chambers

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m	Development		Design		Tender		Construction	
			Start TBC	Finish TBC	Start TBC	Finish TBC	Start TBC	Finish TBC	Start TBC	Finish TBC
1.300	0.000	1.300	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 are design completed and are due to be tendered at the end of March 2009. Anticipated are still under consideration.


2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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





Financial Status

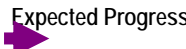
An indicative budget of £3.969m has been allocated to the project from the Regeneration, Efficiency and Asset Management fund. Firm budget proposals will be brought to members for approval as the project develops.

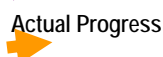
Project Life Cycle

Detailed planning application for office development and outline planning application for the rerouting of the Glaisnock Water were submitted on 29 January 2009. Options appraisal for the internal fit-out of the office development being finalised.

Data Centre

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m	Development		Design		Tender		Construction	
			Start	Finish	Start	Finish	Start	Finish	Start	Finish
1.250	0.000	1.250	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC





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.

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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 projecting a slippage of £0.174m due to the carry over of a property purchase into 2009/10. It should be noted that the projected expenditure does not include an estimate for disturbance / relocation compensation payable to sitting tenants as this has 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	0.497	0.641	0.000
R & EF - John Finnie Street	0.307	0.133	0.133	0.174
TOTAL	0.948	0.630	0.774	0.174

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

FINANCE AND ASSET MANAGEMENT

SERVICE SUMMARY

There is a favourable variance of £0.583m anticipated at 31 March 2009. Employee Costs are significantly underspent due to vacancies which are being held pending a business review. Additional income is anticipated due to funding received from the Department for Work and Pensions to support the implementation of the Employment Support Allowance and income expected as a result of Scottish Water collection rates. The Supplies and Services variance principally relates to leasing costs on town centre properties. 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. The favourable position assumes that a level of committed work will be complete before the end of the financial year. In the event that the timing of work means that this is not the case any variance identified will be earmarked at the year end to fund its completion within the next financial year.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Finance	45.556	45.200	(0.356)
Asset Improvement	3.292	3.072	(0.220)
Asset Management	1.880	1.873	(0.007)
Net Expenditure	50.728	50.145	(0.583)

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	9.271	8.795	(0.476)
Property Costs	5.382	5.455	0.073
Transport Costs	0.129	0.110	(0.019)
Supplies & Services	1.776	1.561	(0.215)
Third Party Payments	0.084	0.509	0.425
HB/CT Benefit	42.111	42.111	0.000
Gross Expenditure	58.753	58.541	(0.212)
Income	(8.025)	(8.397)	(0.371)
Net Expenditure	50.728	50.145	(0.583)

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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
5 Payroll Adjustment		+0.012		Additional payroll inflation at 3% offset by strike deductions
<i>Total Budget adjustments</i>			+0.197	
Revised Budget Allocation at Period 11			50.728	

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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	5.588	5.428	(0.160)
Property Costs	0.018	0.008	(0.010)
Transport Costs	0.027	0.020	(0.007)
Supplies & Services	0.760	0.665	(0.095)
Third Party Payments	0.000	0.000	0.000
HB/CT Benefit	42.111	42.111	0.000
Gross Expenditure	48.504	48.232	(0.272)
Income	(2.948)	(3.032)	(0.084)
Net Expenditure	45.556	45.200	(0.356)

FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
186	+1	187	172

Non Financial Performance

Council Tax Collection

Period 11 07/08	Outturn 31/3/08	Period 11 08/09
76.7%	92.4%	76.7%

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

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	70

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. Property Cost savings in rentals are offset by additional fuel oil costs for boiler systems and work in relation to surplus property. Within Supplies and Services there are additional costs anticipated for the implementation of new systems for which balances will be utilised as required 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 are not anticipated to be incurred in the current financial year. 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. The opportunity for the Council to generate income from disposals has reduced as a result of market conditions and a reduced portfolio of marketable surplus property and significantly lower values of existing properties.

FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
26	0	26	23

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	2.783	2.565	(0.218)
Property Costs	4.142	4.142	0.000
Transport Costs	0.080	0.075	(0.005)
Supplies & Services	0.101	0.150	0.049
Third Party Payments	0.000	0.425	0.425
Transfer Payments	0.000	0.000	0.000
Gross Expenditure	7.106	7.357	0.251
Income	(3.814)	(4.285)	(0.471)
Net Expenditure	3.292	3.072	(0.220)

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	0.900	0.802	(0.098)
Property Costs	1.222	1.305	0.083
Transport Costs	0.022	0.015	(0.007)
Supplies & Services	0.915	0.746	(0.169)
Third Party Payments	0.084	0.084	0.000
Transfer Payments	0.000	0.000	0.000
Gross Expenditure	3.143	2.952	(0.191)
Income	(1.263)	(1.080)	0.184
Net Expenditure	1.880	1.873	(0.007)

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 11 (8 FEBRUARY 2009)

FINANCE AND ASSET MANAGEMENT

Capital Programme

Expenditure to date is £0.237m, which represents 46% of the available budget. The Projected Expenditure for 2008/09 is £1.019m.

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 £0.023m 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.

Vehicle Procurement

Following option appraisals, vehicles costing £0.668m will be purchased rather than leased.

	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	0.169	0.023
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	(0186)
Vehicle Procurement	0.000	0.065	0.668	0.668
TOTAL	0.514	0.237	1.019	0.505

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

CENTRAL SERVICES

SERVICE SUMMARY

It is currently anticipated that there will be a favourable variance of £2.014m at 31 March 2009. However £2.064m will be earmarked for specific initiatives in future years, resulting in a projected adverse variance of £0.050m. The £1.200m anticipated adverse variance in respect of energy costs is offset by other underspends expected on a number of non recurring miscellaneous budgets with any variance at the year end carried forward to meet energy costs next year.

The underspend on the Chief Executive's budget and the variance due to the timing of the receipt of Schools Fund and Zero Waste Fund income will be earmarked and carried forward to next year.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Chief Executive	0.564	0.552	(0.012)
Miscellaneous	5.950	3.948	(2.002)
Insurance	2.221	2.221	0.000
Net Expenditure	8.735	6.721	(2.014)

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	2.252	2.240	(0.012)
Property Costs	0.000	1.200	1.200
Transport Costs	0.006	0.003	(0.003)
Supplies & Services	6.612	3.413	(3.199)
Third Party Payments	0.676	0.676	0.000
HB/CT Benefit	0.000	0.000	0.000
Gross Expenditure	9.546	7.532	(2.014)
Income	(0.811)	(0.811)	0.000
Net Expenditure	8.735	6.721	(2.014)

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

CENTRAL SERVICES

SERVICE PERFORMANCE TO DATE

CHIEF EXECUTIVE

There is a minor saving anticipated principally due to a vacancy within the Internal Audit service.

FTE STAFFING ANALYSIS

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

MISCELLANEOUS SERVICES

As previously reported it is currently anticipated that there will be an adverse variance of £1.200m in energy costs. This is offset by anticipated underspends on a number of non recurring miscellaneous budgets which assumes a favourable outturn position for bad debt provision, audit fees and other items within the miscellaneous budget. In addition £2.052m of funding for the Schools Fund and Zero Waste Fund has been received and due to the timing of this the balance has been earmarked and carried forward to next year.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	0.547	0.536	(0.011)
Property Costs	0.000	0.000	0.000
Transport Costs	0.006	0.003	(0.003)
Supplies & Services	0.018	0.020	0.002
Third Party Payments	0.000	0.000	0.000
Gross Expenditure	0.571	0.559	(0.012)
Income	(0.007)	(0.007)	0.000
Net Expenditure	0.564	0.552	(0.012)

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	1.704	1.704	0.000
Property Costs	0.000	1.200	1.200
Transport Costs	0.000	0.000	0.000
Supplies & Services	4.374	1.172	(3.202)
Third Party Payments	0.676	0.676	0.000
Transfer Payments	0.000	0.000	0.000
Gross Expenditure	6.754	4.752	(2.002)
Income	(0.804)	(0.804)	0.000
Net Expenditure	5.950	3.948	(2.002)

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 11 (8 FEBRUARY 2009)

CENTRAL SERVICES

INSURANCE

There are no material variances to report at this time.

	Estimate	Projection	Variance
	£m	to 31 Mar 09 £m	(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
Gross Expenditure	2.221	2.221	0.000
Income	0.000	0.000	0.000
Net Expenditure	2.221	2.221	0.000