

# FINANCE & ASSET MANAGEMENT



East Ayrshire  
COUNCIL



## EAST AYRSHIRE COUNCIL

### GOVERNANCE AND SCRUTINY – 21 NOVEMBER 2008

#### FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

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

## 1 PURPOSE OF REPORT

- 1.1 To advise Members of the projected financial position for the year based on expenditure to 21 September 2008 (Period 6) 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 £1.224m. The detail of this is included in the attached report.
- 2.2 It is anticipated that the department of Educational and Social Services will outturn £0.054m over budget at 31 March 2009.
- 2.3 Regular budget monitoring reports are provided to the Executive Director and these reveal that the Social Services projected outturn has been returned to the period 2 position following concerted management action to address the significant adverse swing seen at periods 4 and 5. The breakeven position shown requires application of £0.975m of balances brought forward.
- 2.4 The Sustainability Board, tasked with realigning budget resources and led by the Executive Director continues to review the service to ensure the longer term sustainability of the Social Services budget.

- 2.5 The Executive Director of Neighbourhood Services anticipates a favourable variance of £0.248m mainly due to savings in employee costs and landfill partially offset by additional fuel and supplies and services costs.
- 2.6 All of the Trading Services are anticipated to outturn on or above budget at this time.
- 2.7 The Executive Director of Corporate Support anticipates an adverse variance of £0.177m mainly due to a shortfall in Planning and Building Standards income as a result of external economic factors. Significant management action has been taken to restrict general expenditure throughout the service to reduce the impact on the budget.
- 2.8 The Executive Head of Finance and Asset Management anticipates an adverse variance of £0.060m mainly due additional expenditure in relation to the Council's Asset Management Strategy which is partially offset by funding received from the Department of Work and Pensions, additional income and employee cost savings.
- 2.9 Debt Charges are anticipated to be £0.300m below budget partly due to slippage on the capital programme resulting in a favourable cash profile and additional investment income.
- 2.10 A favourable variance of £0.500m is projected on Council Tax due a higher level of Band D equivalent properties than anticipated, better recovery on previous years accounts and a surplus on statutory costs applied.

2.11 Scotland Excel purchase energy on behalf of the Council from the futures market where the purchase is made and the price is secured at a rate set today for delivery at a future time. This practice relies on buying at the optimum time when the rate is relatively low however, the table below highlights that Scotland Excel has not secured the best price. The energy for Winter 2008 was secured by Scotland Excel on 17 July 2008 at rates which were around 30% higher than those which could have been secured on 11 April 2008.

Date available	Period	GAS Cost / Mw £	Diff	ELECTRICITY Cost / Mw £	Diff
11 April 2008	Winter 2008	76.15	-	68.30	-
27 May 2008	Winter 2008	93.75	17.60	83.75	15.45
17 July 2008	Winter 2008	97.00	20.85	89.50	21.20

2.12 As a result it is currently anticipated that there will be an adverse variance of £1.200m in energy costs. It is proposed that this should not be passed on to the service departments however but offset by the £0.500m contingency retained following approval by Council on 14 February 2008 and other anticipated underspends on a number of non recurring miscellaneous budgets.

2.13 A number of previously approved capital schemes have not progressed within the original timetable mainly as a result of option appraisal and consultation requirements and the Cabinet has agreed that resources in respect of these be re-profiled into 2009/10. The following table sets out the revised position based on currently available information and accounts for transfers between years.

SCHEME	2008/09 Original Budget £m	2008/09 Revised Budget £m	2009/10 Original Budget £m	2009/10 Revised Budget £m
Galston Community Facilities	0.100	0.000	1.400	1.500
Children's Home - Kilmarnock	0.302	0.002	1.200	1.500
Galston Local Office Refurbishment	1.000	0.000	0.600	1.600
Kilmarnock Athletics Facilities	0.815	0.015	0.750	1.550
New Data Centre / Council Chambers	1.650	0.000	0.000	1.650
Kilmarnock Town Centre Regeneration	3.256	0.456	0.000	2.800
<b>TOTAL</b>	<b>7.123</b>	<b>0.473</b>	<b>3.950</b>	<b>10.600</b>

2.14 Taking account of these changes at Period 6 the General Services Capital Programme expenditure to date is £12.161m, which represents 42.1% of available budget (compared to 24.2% to the same period in 2007/08). The 2008/09 Projected Expenditure is £28.862m, resulting in slippage of £0.220m.

2.15 A Business Case prepared by Roads and Transportation indicates efficiencies in fuel usage could be secured through the introduction of new fuel and Adblue tanks at Western Road. Currently, refuse and street cleaning vehicles are required to undertake a round trip from Western Road to Crookedholm to refuel. By installing new facilities at Western Road at a cost of £0.070m it is estimated that this will result in annual savings of £0.015m on fuel costs, and a reduction in CO2 emissions of 46 tonnes per year. The Cabinet has approved the allocation of £0.070m on a "spend to save" basis, funded from Finance and Asset Management balances held for that purpose.

2.16 The scope of works at Darvel Town Hall has been expanded to include the replacement of the heating system. As result, the projected costs have been increased to exceed the available budget by £0.070m. It is therefore proposed to reallocate uncommitted capital budgets of this value within Neighbourhood Services to eliminate the projected overspend.

2.17 Education and Social Services have identified a need to improve security fencing at Gargieston Primary School due to on-going vandalism problems. The cost to completely secure the site is estimated at £0.162m. The capital programme currently includes an allocation £0.040m, with revenue funding of £0.072m available within Education and Social Services. This is clearly a spend to save project and it is proposed that the remaining sum of £0.050m be met from Finance and Asset Management balances held for that purpose.

### **3 BALANCES**

3.1 Following Cabinet approval, the Executive Director of Corporate Support transferred £0.264m from uncommitted departmental balances for the Cumnock/CARS Project. Similarly the Executive Director of Educational and Social Services transferred and utilised £0.572m from uncommitted balances for a number of schemes to be met within the Education budget in the current year.

### **4 HOUSING REVENUE ACCOUNT**

4.1 The Executive Director of Neighbourhood Services anticipates a reduction in Premises Costs mainly due to gas central heating leasing refunds and additional rent income due to lower than budgeted right to buy sales.

4.2 In line with previous years the Executive Director plans to utilise the savings generated elsewhere in the budget on programmed maintenance and repairs and this has been approved by Cabinet. The Housing Revenue Account will therefore outturn on budget.

4.3 Additional expenditure of £0.015m is anticipated in excess of the original budget on the Housing Investment Programme. The contribution to the Housing Investment Programme from capital receipts generated from council house sales will be significantly less than originally anticipated which will result in an increased borrowing requirement for the HRA in 2008/09 and beyond.

## **5 RECOMMENDATIONS**

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

Alex McPhee  
Executive Head of Finance and Asset Management  
11 November 2008

**LIST OF BACKGROUND PAPERS - NIL**  
Members wishing further information should contact  
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# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

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## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### GENERAL FUND SUMMARY

Service	2008/09 Budget £m	Projected Actual to 31 March 2009	Projected Variance £m	Funded by	2008/09 Budget £m	Projected Actual to 31 March 2009	Projected Variance £m
Educational and Social Services	165.280	165.334	0.054	Council Tax	(48.101)	(48.601)	(0.500)
Neighbourhood Services	72.060	71.812	(0.248)	Aggregated External Finance	(232.100)	(232.100)	0.000
Corporate Support	15.230	15.407	0.177	Housing/Council Tax Benefit Income	(41.914)	(42.314)	(0.400)
Finance and Asset Management	50.669	50.729	0.060	<b>Total Income</b>	<b>(322.115)</b>	<b>(323.015)</b>	<b>(0.900)</b>
Central Services – Other	6.729	6.729	0.000				
Central Services – Debt Charges	16.500	16.200	(0.300)				
Building and Works	(1.915)	(1.915)	0.000	Deficit / (Surplus) for the Year	2.380	1.175	(1.205)
Roads	(0.040)	(0.067)	(0.027)	Utilise Previous Years Balances	(2.380)	(2.380)	0.000
Vehicle Maintenance	(0.010)	(0.014)	(0.004)	Departmental Under/(Over) Spend c/f	0.000	(0.043)	(0.043)
Street Lighting	(0.010)	(0.026)	(0.016)	Proposed transfer to Renewals & Repairs	0.000	0.024	0.024
<b>Net Expenditure</b>	<b>324.495</b>	<b>324.190</b>	<b>(0.305)</b>	<b>2008/2009 Deficit / (Surplus)</b>	<b>0.000</b>	<b>(1.224)</b>	<b>(1.224)</b>
				Housing Revenue Account			
				Expenditure	35.589	35.726	0.137
				Income	(35.589)	(35.726)	(0.137)
				<b>Net Expenditure</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### CAPITAL SUMMARY

Service	Education & Social Services £m	Neighbourhood Services £m	Corporate Projects £m	Total £m	Funded by	Revised Budget 2008/09 £m	Projected Expenditure 2008/09 £m
<b>2008/09 Allocation</b>	<b>6.805</b>	<b>8.447</b>	<b>4.392</b>	<b>19.644</b>	Grants, Partnership Funding , CFCR	1.658	1.658
Budget Realignment from 2007/08	1.644	2.864	3.703	<b>8.211</b>	External Borrowing	27.204	26.984
Brought Forward from 2007/08	3.043	1.716	0.490	<b>5.249</b>	<b>Total</b>	<b>28.862</b>	<b>28.642</b>
PPP Equipment	1.960	0.000	0.000	<b>1.960</b>			
Bridges - Reserves	0.000	0.060	0.000	<b>0.060</b>			
Scott Ellis Athletics Facilities CFCR	0.000	0.065	0.000	<b>0.065</b>			
External Funds- Strathclyde Partnership for Transport	0.000	0.150	0.000	<b>0.150</b>			
External Funds- New Build Monitoring Centre	0.000	0.050	0.000	<b>0.050</b>			
DDA/Care Commission	0.023	0.000	0.000	<b>0.023</b>			
Darvel Town Hall – CFCR	0.000	0.100	0.000	<b>0.100</b>			
Budget Realignment to 2009/10	(0.400)	(1.800)	(4.450)	<b>(6.650)</b>			
<b>Revised Budget 2008/09</b>	<b>13.075</b>	<b>11.652</b>	<b>4.135</b>	<b>28.862</b>			

Service	Revised Budget 2008/09	Actual Expenditure to Date	Projected Expenditure 2008/09	Projected Expenditure as % Budget	Housing Revenue Account	Revised Budget 2008/09	Projected Expenditure 2008/09
Education & Social Services	13.075	6.194	12.702	97%	Expenditure	15.592	15.607
Neighbourhood Services	11.652	4.637	12.095	104%			
Corporate Support	0.641	0.070	0.641	100%	<b>Funded by</b>		
Finance & Asset Management	0.636	0.297	0.650	102%	Revenue Funding (CFCR)	5.561	5.672
Regeneration, Efficiency & Asset Management	2.562	0.963	2.554	100%	Sale of Council Dwellings	6.500	3.100
Contingency Funding	0.296	0.000	0.000	-	Anticipated Borrowing	3.531	6.835
<b>Total</b>	<b>28.862</b>	<b>12.161</b>	<b>28.642</b>	<b>99%</b>	<b>Total</b>	<b>15.592</b>	<b>15.607</b>

Key :    Expected Progress       Completed       Progress on Plan       Progress Delayed 

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### CONCORDAT BETWEEN THE SCOTTISH GOVERNMENT AND LOCAL AUTHORITIES

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

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

Key: Achieved



In Progress



Awaiting Action



## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### CONCORDAT BETWEEN THE SCOTTISH GOVERNMENT AND LOCAL AUTHORITIES

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

Key: Achieved



In Progress



Awaiting Action



## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### CONCORDAT BETWEEN THE SCOTTISH GOVERNMENT AND LOCAL AUTHORITIES

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

Key: Achieved



In Progress



Awaiting Action



## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### EDUCATIONAL AND SOCIAL SERVICES

#### SERVICE SUMMARY

Based on current service activity and advice from the Executive Director of Educational and Social Services, it is anticipated that the department of Educational and Social Services will outturn £0.054m over budget at 31 March 2009.

The Social Services break-even position is 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 also takes account of additional secure accommodation placement costs for three placements to date with two anticipated to be maintained for the remainder of the financial year.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	117.819	117.422	(0.398)
Property Costs	6.599	6.709	0.110
Transport Costs	6.975	6.985	0.010
Supplies & Services	8.688	8.792	0.104
Third Party Payments	44.954	45.602	0.648
Transfer Payments	4.765	5.552	0.787
<b>Gross Expenditure</b>	<b>189.801</b>	<b>191.061</b>	<b>1.261</b>
Income	(25.496)	(25.727)	(0.232)
<b>Net Expenditure</b>	<b>164.305</b>	<b>165.334</b>	<b>1.029</b>
Utilise Balances	0.975	0.000	(0.975)
<b>Net Expenditure</b>	<b>165.280</b>	<b>165.334</b>	<b>0.054</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### EDUCATIONAL AND SOCIAL SERVICES

#### SUMMARY OF MOVEMENTS IN APPROVED BUDGET

	Annual Estimate £m	Budget Adjustments £m	Revised Budget £m	Comments on Budget Movement
Budget Allocation Approved by Council 14 February 2008	162.132			
<i>Additions / Transfers to / (from) Initial Budget:</i>				
1 Finance Circular 1/2008 Adjustments		-0.217		Realignment of Budget to Reflect Adjustments Included in Scottish Government Finance Circulars
2 E-Care Funding		+0.050		Additional Funding for E-Care Project
3 Job Evaluation Funding		+0.006		Additional Funding for Costs Arising from Job Evaluation Appeals
4 Procurement Strategy		-0.054		Realignment of Budgets to Reflect Implementation of Procurement Strategy
5 Community Alarms Transfer		-0.169		Realignment of Budgets to Reflect Transfer of Responsibility to Neighbourhood Services
6 Teacher Induction Scheme Funding		+0.329		Additional Funding for the Second Phase of the Teacher Induction Scheme 2007-08
7 Fairer Scotland Fund		+1.346		Additional Funding for Fairer Scotland Fund objectives
8 Use of Balances		+1.676		Social Services sustainability
9 Adult Support and Protection Funding		+0.181		Additional funds for implementing the Adult Support and Protection (Scotland) Act 2007
<i>Total Budget adjustments</i>			+3.148	
<b>Revised Budget Allocation at Period 6</b>			<b>165.280</b>	

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### EDUCATIONAL AND SOCIAL SERVICES

#### SERVICE PERFORMANCE TO DATE

#### RESOURCES

Additional procurement and consultancy costs in relation to the recent school consultations have been offset by savings in Employee Costs due to vacancies earlier in the year and underspends in third party payments due to the delay in the PPP payments for Grange campus.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	1.634	1.614	(0.020)
Property Costs	0.032	0.032	0.000
Transport Costs	0.035	0.035	0.000
Supplies & Services	0.778	0.794	0.016
Third Party Payments	6.580	6.493	(0.087)
Transfer Payments	0.603	0.603	0.000
<b>Gross Expenditure</b>	<b>9.662</b>	<b>9.572</b>	<b>(0.091)</b>
Income	(1.351)	(1.373)	(0.022)
<b>Net Expenditure</b>	<b>8.311</b>	<b>8.199</b>	<b>(0.112)</b>

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
37.34	0	37.34	37.88

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### EDUCATIONAL AND SOCIAL SERVICES

#### SCHOOLS

There is a reduction in the number of Probationary teachers as well as severance costs partially offset by staff secondment costs within Quality Improvement. Additional expenditure is anticipated in respect of rates at Galston Primary and energy costs which are being closely monitored. The variance on Third Party Payments is due to unrecovered recharge costs. There is an under recovery of income course fees in Quality Improvement.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	58.105	58.153	0.048
Property Costs	4.523	4.585	0.062
Transport Costs	0.245	0.245	0.000
Supplies & Services	3.341	3.341	0.000
Third Party Payments	0.520	0.550	0.029
Transfer Payments	0.310	0.310	0.000
<b>Gross Expenditure</b>	<b>67.044</b>	<b>67.184</b>	<b>0.140</b>
Income	(1.148)	(1.139)	0.010
<b>Net Expenditure</b>	<b>65.896</b>	<b>66.046</b>	<b>0.149</b>

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
1,644.08	0	1,644.08	1,633.71

#### Non Financial Performance

##### Number of Teachers

Period 6 (23/9/07)	Outturn (31/3/08)	Period 6 (21/9/08)
EY** 42.2	EY** 39.2	EY** 39.0
PS 533	PS 549.9	PS 524.8
SS 656	SS 671	SS 635.3
ASN 89.1	ASN 102.1	ASN 100.3

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### EDUCATIONAL AND SOCIAL SERVICES

#### COMMUNITY SUPPORT

There are Employee Cost underspends in Community Learning and Development and Psychological Services offset by additional costs within Special Education.

Additional expenditure is anticipated on third party payments (Outwith Placement costs) and Early Years classroom supplies.

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
561.86	-32.9	528.96	464.39

#### FACILITIES MANAGEMENT

Underspends in employee costs have been offset by additional costs associated with the closure of St Matthews and Park schools. Transport costs will outturn higher than budgeted following the relocation of pupils at New Cumnock Primary. In addition food contract costs are being closely monitored.

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
513.98	+32.9	546.88	522.3

#### Non Financial Performance

Number of Pupils Receiving School Transport

Period 6 (23/9/07)	Outturn (31/3/08)	Period 6 (21/9/08)
5,202	5,347	5,347

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	16.549	16.379	(0.170)
Property Costs	1.062	1.068	0.006
Transport Costs	0.263	0.259	(0.003)
Supplies & Services	1.241	1.267	0.026
Third Party Payments	6.740	6.834	0.094
Transfer Payments	0.087	0.087	0.000
<b>Gross Expenditure</b>	<b>25.941</b>	<b>25.894</b>	<b>(0.047)</b>
Income	(1.300)	(1.314)	(0.014)
<b>Net Expenditure</b>	<b>24.642</b>	<b>24.580</b>	<b>(0.061)</b>

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	9.158	9.138	(0.020)
Property Costs	0.247	0.292	0.045
Transport Costs	4.979	5.017	0.037
Supplies & Services	1.942	1.973	0.031
Third Party Payments	0.075	0.075	0.000
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>16.402</b>	<b>16.495</b>	<b>0.093</b>
Income	(2.988)	(3.003)	(0.015)
<b>Net Expenditure</b>	<b>13.413</b>	<b>13.492</b>	<b>0.078</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### EDUCATIONAL AND SOCIAL SERVICES

#### SOCIAL WORK

The table opposite highlights an adverse variance of £0.975m being offset by a utilisation of departmental balances. The variance has significantly reduced since previously reported as a result of management action to identify in-year savings of £0.635m. 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. The projection also takes account of additional secure accommodation placement costs for three placements to date with two anticipated to be maintained for the remainder of the financial year.

Savings achieved from the management of vacancies are offset by the anticipated costs in respect of the revised senior management structure and homecare costs. A risk assessment is made in determining the need to fill individual vacancies.

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

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	32.373	32.137	(0.236)
Property Costs	0.735	0.732	(0.003)
Transport Costs	1.453	1.429	(0.024)
Supplies & Services	1.386	1.417	0.031
Third Party Payments	31.039	31.650	0.611
Transfer Payments	3.765	4.552	0.787
<b>Gross Expenditure</b>	<b>70.751</b>	<b>71.917</b>	<b>1.166</b>
Income	(18.708)	(18.899)	(0.191)
<b>Net Expenditure</b>	<b>52.043</b>	<b>53.018</b>	<b>0.975</b>
Utilise Balances	0.975	0.000	(0.975)
<b>Net Expenditure</b>	<b>53.018</b>	<b>53.018</b>	<b>(0.000)</b>

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
1,130	0	1,130	1,057.42

#### Non Financial Performance :

Number of External Foster Placements

Period 6 (23/9/07)	Outturn (31/3/08)	Period 6 (21/9/08)
33	35	44

Number of Homecare Users

Period 6 (23/9/07)	Outturn (31/3/08)	Period 6 (21/9/08)
715	649	717

## 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 totalling £1.347m have been identified and work is ongoing to meet the balance required.

EDUCATIONAL AND SOCIAL SERVICES

**Capital Programme**

Expenditure to date is £6.194m, which represents 47% of the available budget. The Projected Expenditure for 2008/09 is £12.702m.

The Galston Primary School project is currently estimated to be overspent by £0.336m due to uncertainty over the recoverability of certain additional costs. In addition, minor overspends are anticipated on the Dunlop Primary School (£0.053m), Berryknowe Adult Care Home (£0.018m) and Sunnyside Children's Unit (£0.093m) 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 (£0.054m) and slippage on the Stewarton Townhouse (£0.200m) where significant expenditure is not likely in the current year due to complexity of this project. Educational and Social Services have yet to confirm final requirements relating to a number of refurbishment schemes which may also result in slippage in the current financial year.

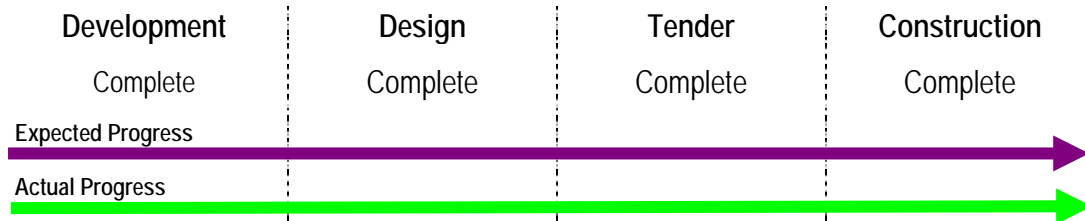
# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

## EDUCATIONAL AND SOCIAL SERVICES

### Major Projects

#### Galston Primary School New Build

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
9.300	8.174	9.636



External View – 30/09/08

#### Financial Status

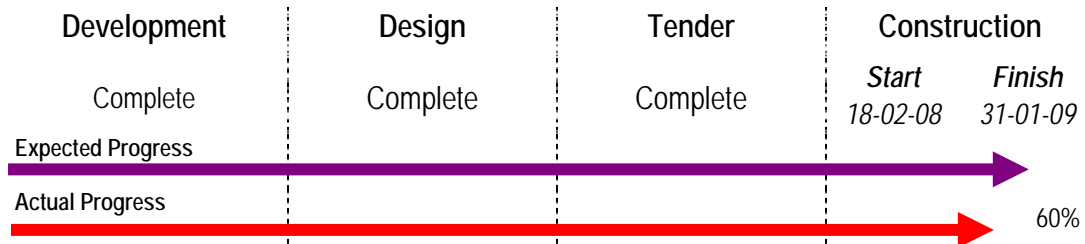
Project currently projected to be approximately £0.336m overspent due to uncertainty over certain additional costs.

#### Project Life Cycle

School occupied from August 2008. It is anticipated that external works to the football pitches will be completed mid October 2008, weather permitting.

#### Netherthird Community Campus New Build

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
1.500	0.404	1.472



External View – Sept 08

#### Project Life Cycle

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

# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

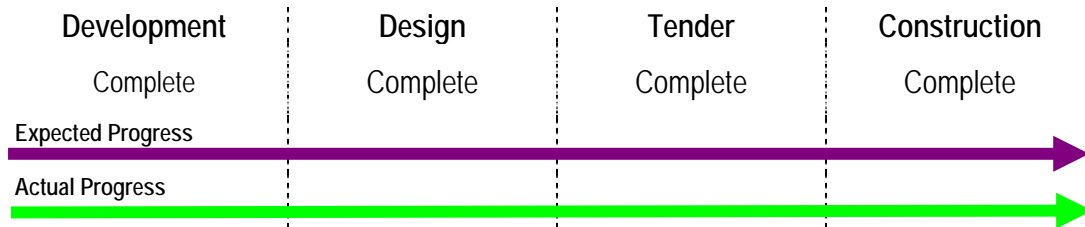
## EDUCATIONAL AND SOCIAL SERVICES

### Dunlop Primary School Extension

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
0.722	0.713	0.775

#### 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.



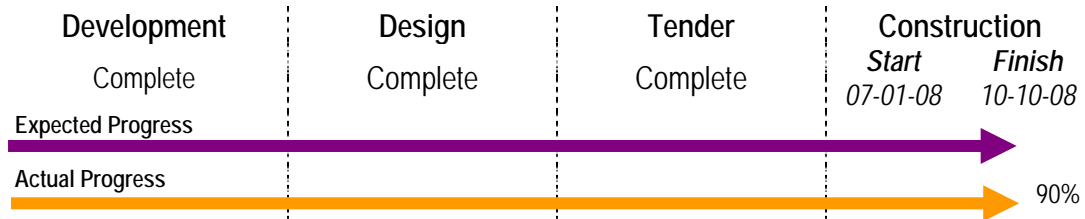
Internal View – 4/8/08

### Stewarton Academy Extension

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
0.700	0.336	0.646

#### Financial Status

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



Internal View – Sept 08

# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

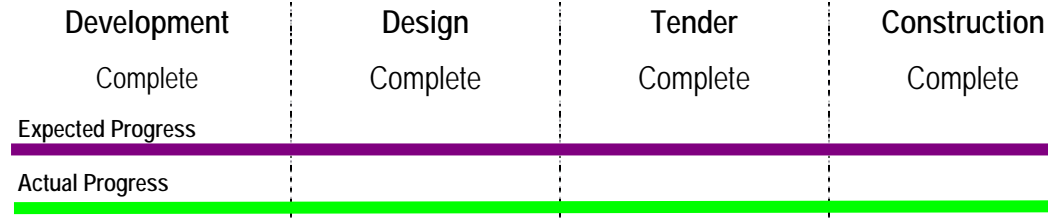
## EDUCATIONAL AND SOCIAL SERVICES

### Berryknowe Adult Care Home, Auchinleck

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

#### Financial Status

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



#### Project Life Cycle

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



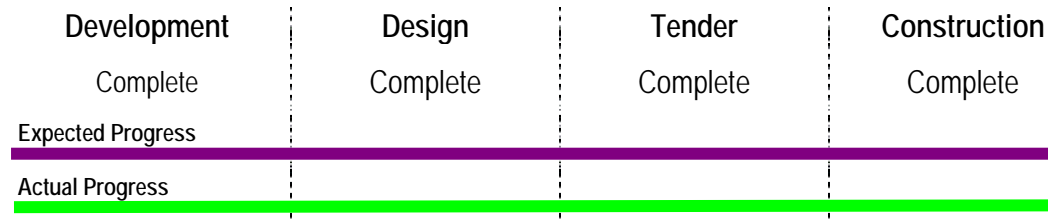
Internal View – July 200808

### Sunnyside Children's Unit, Auchinleck

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
1.030	0.963	1.123

#### 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.



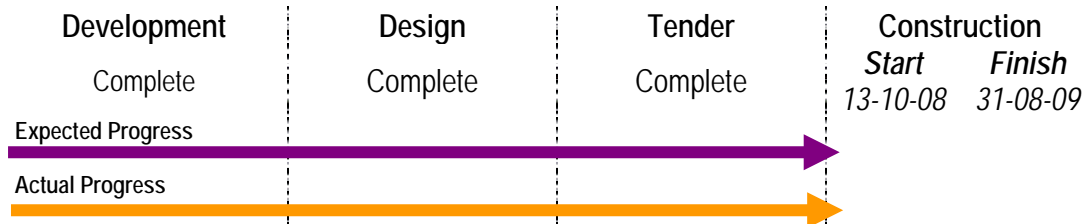
External View–Aug 2008

# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

## EDUCATIONAL AND SOCIAL SERVICES

### Rosebank Resource Centre

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
2.582	0.093	2.582



#### Financial Status

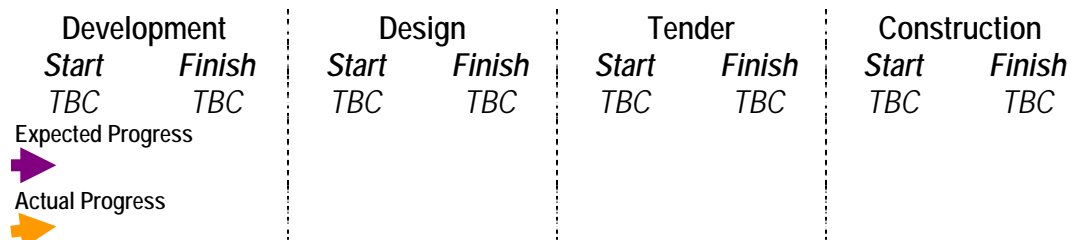
The tender is within the budget allocation

#### Project Life Cycle

Contract awarded 3<sup>rd</sup> September 2008. Minor planning and building warrant issues to be resolved before formal commencement on site.

### 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 6 (21 SEPTEMBER 2008)

## EDUCATIONAL AND SOCIAL SERVICES

### Children's Home - Kilmarnock

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
1.510	0.008	1.510	Expected Progress 							
			Actual Progress 							


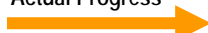
#### Financial Status

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

#### Project Life Cycle

Client department still to confirm preferred site.

### Galston Local Office

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

#### Financial Status

No expenditure currently anticipated in 2008/09.

#### Project Life Cycle

Cabinet on 2 July 2008 agreed proposals to refurbish Council accommodation at 7/9 and 11 Cross Street, Galston. Scheme design and milestones to be confirmed.

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### EDUCATIONAL AND SOCIAL SERVICES

#### General Projects

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

#### Fabric Upgrades and Refurbishments

The Patna Primary toilet upgrade is on hold until the outcome of the Better Schools, Better Learning proposals. A number of schemes are also anticipated to not complete in 2008/09 and will be carried forward into 2009/10, including Lainshaw electrical upgrade, Kirkstyle and Onthank Kitchen upgrades and Doon Academy Toilets. There are also a number of schemes still requiring formal commitment and there have been initial design difficulties at James Hamilton Academy which is delaying the project.

#### 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	4.414	1.575	3.812	(0.602)
PPP Schools	1.973	1.650	1.973	0.000
Elderly Day Care Facilities	0.200	0.000	0.000	(0.200)
DDA / Care Commission	0.050	0.000	0.062	0.012
<b>TOTAL EDUCATION &amp; SOCIAL SERVICES</b>	<b>6.637</b>	<b>3.225</b>	<b>5.847</b>	<b>(0.790)</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### EDUCATIONAL AND SOCIAL SERVICES

#### Major Projects Commencing in Future Years

Major Projects Due to Commence in 2009/10

Project Description
Merger Cairnhill & Castle Primary School
Crossroads options
Refurbishment – Littlemill Primary School
Merger Witchhill and Woodstock Schools
Refurbishment – Sorn Primary School
St Xaviers Primary School

Major Projects Due to Commence in 2010/11

Project Description
Darvel Primary School Refurbishment
Flowerbank Nursery Replacement

Major Projects Due to Commence in 2011/12

Project Description
New Community Support Unit
New School

Major Projects Due to Commence in 2012/13

Project Description
New School

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### SERVICE SUMMARY

The projected outturn to 31 March 2009 is a favourable variance of £0.248m. There are Employee Cost savings throughout the service mainly due to the timing of filling vacancies as well as savings in Third Party Payments mainly due to reduced landfill charges. These variances are partially offset by additional anticipated expenditure on Transport Costs due to rising fuel and vehicle hire costs and additional energy costs.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	21.141	20.478	(0.663)
Property Costs	2.379	2.436	0.057
Transport Costs	3.254	3.573	0.319
Supplies & Services	12.870	13.367	0.497
Third Party Payments	43.441	43.111	(0.330)
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>83.085</b>	<b>82.965</b>	<b>(0.120)</b>
Income	(11.025)	(11.153)	(0.128)
<b>Net expenditure</b>	<b>72.060</b>	<b>71.812</b>	<b>(0.248)</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### SUMMARY OF MOVEMENTS IN APPROVED BUDGET

	Annual Estimate £m	Budget Adjustments £m	Revised Budget £m	Comments on Budget Movement
Budget Allocation Approved by Council 14 February 2008	70.270			
<i>Additions / Transfers to / (from) Initial Budget:</i>				
1 Procurement Strategy		-0.033		Realignment of Budgets to Reflect Implementation of Procurement Strategy
2 Community Alarms Transfer		+0.168		Realignment of Budgets to Reflect Transfer of Responsibility from Educational and Social Services
3 Fairer Scotland Fund		+1.328		Additional Funding for Fairer Scotland Fund objectives
4 Utilisation of Departmental and Earmarked Balances		+0.457		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
<i>Total Budget adjustments</i>			+1.790	
<b>Revised Budget Allocation at Period 6</b>			<b>72.060</b>	

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### SERVICE PERFORMANCE TO DATE

##### CENTRAL MANAGEMENT SUPPORT

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

##### FTE STAFFING ANALYSIS

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

##### LEISURE SERVICES

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

##### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
444.72	0	444.72	419.36

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	0.398	0.375	(0.023)
Premises Costs	0.000	0.000	0.000
Transport Costs	0.005	0.004	(0.001)
Supplies & Services	0.350	0.352	0.002
Third Party Payments	0.330	0.330	0.000
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>1.083</b>	<b>1.061</b>	<b>(0.022)</b>
Income	(0.095)	(0.095)	0.000
<b>Net expenditure</b>	<b>0.988</b>	<b>0.966</b>	<b>(0.022)</b>

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	11.553	11.259	(0.294)
Premises Costs	1.194	1.144	(0.050)
Transport Costs	1.310	1.463	0.153
Supplies & Services	1.741	1.873	0.132
Third Party Payments	0.419	0.413	(0.006)
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>16.217</b>	<b>16.152</b>	<b>(0.065)</b>
Income	(4.070)	(4.022)	0.048
<b>Net expenditure</b>	<b>12.147</b>	<b>12.130</b>	<b>(0.017)</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### GENERAL FUND HOUSING

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

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	6.240	6.015	(0.225)
Premises Costs	0.951	1.038	0.087
Transport Costs	1.654	1.822	0.168
Supplies & Services	9.607	9.835	0.228
Third Party Payments	4.726	4.303	(0.423)
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>23.178</b>	<b>23.013</b>	<b>(0.165)</b>
Income	(4.971)	(5.008)	(0.037)
<b>Net expenditure</b>	<b>18.207</b>	<b>18.005</b>	<b>(0.202)</b>

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
254.11	0	254.11	234.49

#### Non Financial Performance

Amount of waste recycled (tonnes)

Period 6 (23/9/07)	Outturn (31/3/08)	Period 6 (21/9/08)
16,921	30,819	20,019

Amount of waste sent to landfill (tonnes)

Period 6 (23/9/07)	Outturn (31/3/08)	Period 6 (21/9/08)
22,079	42,989	23,563

Homelessness

Presentations	Homeless	Potentially Homeless	Priority Needs
485	333	49	352

# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

## NEIGHBOURHOOD SERVICES

### HOUSING REVENUE ACCOUNT

Reduced Premises Costs are mainly due to a gas central heating leasing refund. This will be offset by an increased CFCR contribution. Rent income is higher due to lower than budgeted house sales.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	3.591	3.591	0.000
Premises Costs	15.059	14.823	(0.236)
Transport Costs	0.135	0.140	0.005
Supplies & Services	4.859	4.859	0.000
Third Party Payments	0.942	0.942	0.000
Debt Charges	4.400	4.400	0.000
CFCR/Planned Maint	5.561	5.904	0.343
Homeless Hostels	1.042	1.067	0.025
<b>Gross Expenditure</b>	<b>35.589</b>	<b>35.726</b>	<b>0.137</b>
Income	(35.589)	(35.726)	(0.137)
<b>Net expenditure</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
141.99	0	141.99	137.12

### Non Financial Performance

Number of Council house sales

Period 6 (23/9/07)	Outturn (31/3/08)	Period 6 (21/9/08)
Act 113	Act 251	Act 60
Bud 162	Bud 350	Bud 115

Number of void weeks

Period 6 (23/9/07)	Outturn (31/3/08)	Period 6 (21/9/08)
Act 7,847	Act 18,902	Act 10,090
Bud 10,441	Bud 21,789	Bud 9,963

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### EMERGENCY PLANNING

The variance reflects the timing of filling of vacancies.

#### 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	0.036	(0.021)
Premises Costs	0.000	0.000	0.000
Transport Costs	0.003	0.002	(0.001)
Supplies & Services	0.009	0.009	0.000
Third Party Payments	0.000	0.000	0.000
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>0.069</b>	<b>0.047</b>	<b>(0.022)</b>
Income	0.000	0.000	0.000
<b>Net expenditure</b>	<b>0.069</b>	<b>0.047</b>	<b>(0.022)</b>

#### JOINT BOARDS – POLICE AND FIRE

There are no material variances anticipated at this time.

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

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### ROADS AND TRANSPORTATION GENERAL FUND

There are favourable variances due to the timing of filling vacancies and additional income for work carried out on the viaduct floodlighting. These are offset by additional costs for materials, electricity and contractors costs as well as consultancy fees in relation to a hydro-geological survey for flood management at Newmilns.

General Fund	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	2.892	2.792	(0.100)
Premises Costs	0.233	0.253	0.020
Transport Costs	0.282	0.282	0.000
Supplies & Services	1.163	1.298	0.135
Third Party Payments	7.965	8.065	0.100
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>12.535</b>	<b>12.690</b>	<b>0.155</b>
Income	(1.889)	(2.029)	(0.140)
<b>Net Expenditure</b>	<b>10.646</b>	<b>10.661</b>	<b>0.015</b>

#### FTE STAFFING ANALYSIS

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

#### TRADING SERVICES

All of the Trading Services are anticipated to outturn on or above budget at 31 March 2009.

Trading Services	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Income	(31.647)	(32.165)	(0.518)
Labour Costs	13.050	12.572	(0.478)
Sub Contractors	5.094	5.963	0.869
Other Direct Costs	9.456	9.514	0.058
Overheads	1.795	1.817	0.022
<b>Total Expenditure</b>	<b>(2.252)</b>	<b>(2.299)</b>	<b>(0.047)</b>
Pension Accounting	0.277	0.277	0.000
<b>Net expenditure</b>	<b>(1.975)</b>	<b>(2.022)</b>	<b>(0.047)</b>

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
424	0	424	414

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### PARTNERSHIPS AND PROJECTS

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

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

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

	Projected Balances at 31 March 2009 £m
Leisure External Projects	(0.084)
Roads and Transport Projects	(0.416)
<b>Total</b>	<b>(0.500)</b>

### NEIGHBOURHOOD SERVICES

#### Service Enhancements 2008/09

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

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

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

#### Strategic Review of the Revenue Budget

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

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

#### Leader's Initiatives

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

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

#### Efficiency Gains

The department has been tasked with saving 2.25% of its controllable revenue expenditure which equates to £0.861m. The continuous pursuit of efficiencies to release resources for priority areas is established practice within the Council and whilst the target is challenging it is considered to be achievable without affecting the quality of essential services. Where a gain requires changes to policies or service levels such proposals will be presented to the Cabinet for approval. The Executive Director has confirmed that work to identify efficiencies is ongoing and that £0.446m has been confirmed at this point and is confident that the balance will be achieved.

## NEIGHBOURHOOD SERVICES

### Capital Programme

Expenditure to date is £4.637m, which represents 40% of the available budget. The projected expenditure for 2008/09 is £12.095m.

Slippage primarily relates to anticipated additional costs in relation to the Burns Monument Centre (£0.488m) 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 £0.091m are also anticipated on the recently completed Stewarton Community Facilities project as a result of contractual claims and £0.196m on the CCTV / Risk Management Centre due to design revisions required for the sprinkler system and fire compartmentalisation.

# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

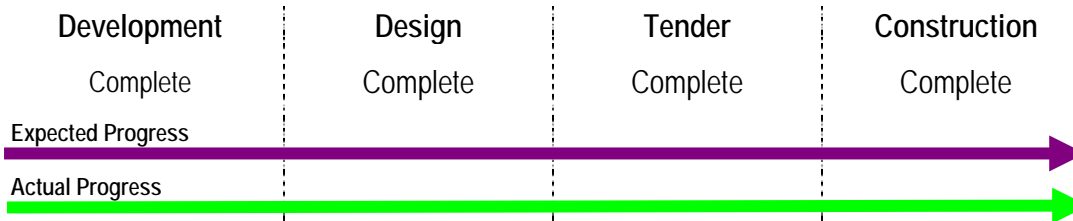
## NEIGHBOURHOOD SERVICES

### Stewarton Community Facilities

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
3.560	3.138	3.651

#### Financial Status

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



#### Project Life Cycle

The facility opened to the public on 16<sup>th</sup> September. Minor snagging issues being resolved.



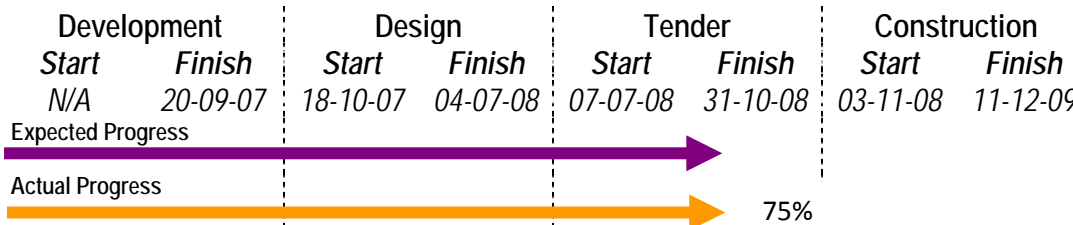
External View – Sept 08

### Crosshouse Library / Local Office

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
3.059	0.294	3.059

#### Financial Status

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



#### Project Life Cycle

Tenders are due for return on 18<sup>th</sup> October. These may require to be re-submitted if a value engineering exercise is undertaken.



Proposed Design

# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

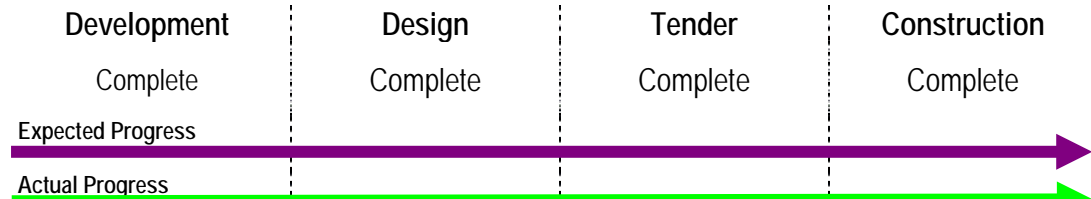
## NEIGHBOURHOOD SERVICES

### Doon Valley Swimming Pool

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
0.795	0.759	0.830

#### Financial Status

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



#### Project Life Cycle

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



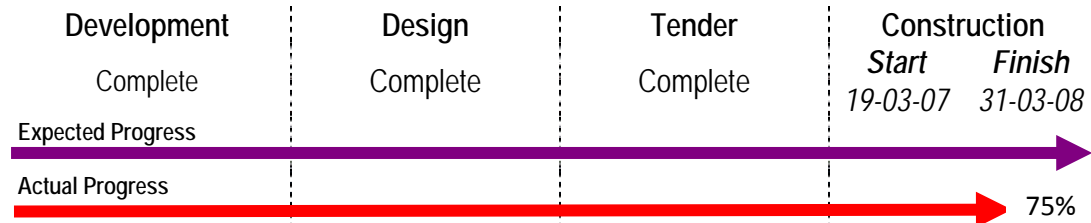
External View – Aug 08

### Burns Monument Centre

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
5.000	3.264	5.488

#### Financial Status

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



#### Project Life Cycle

Project delayed from original milestones due to design changes. Revised construction completion date has been agreed with contractor as 14 December 2008, fit-out thereafter.



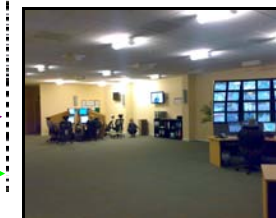
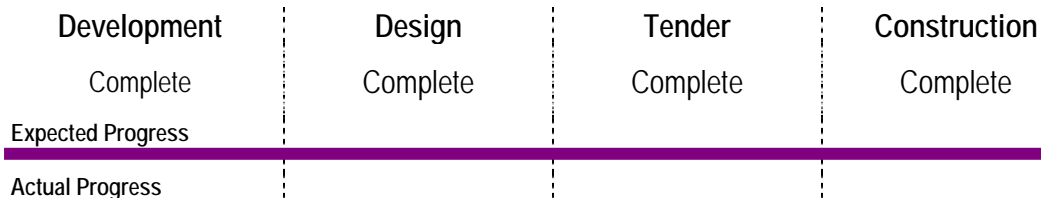
External View – Oct 08

# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

## NEIGHBOURHOOD SERVICES

### CCTV / Risk Management Centre

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
2.729	2.656	2.925



Internal View- 31/07/08

#### Financial Status

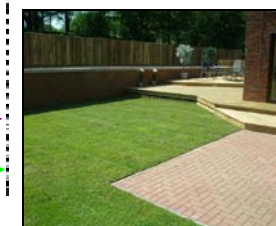
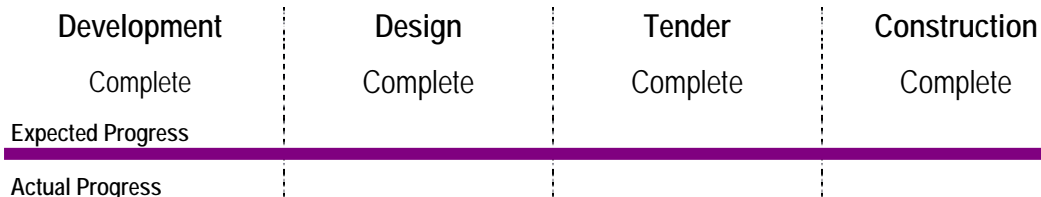
Overspend due to revisions to sprinkler system, ground conditions and additional costs in relation to upper floor fire compartmentalisation.

#### Project Life Cycle

All construction works completed and monitoring station and control desk now installed and operational. Some minor snagging issues remain.

### Galston Flood Prevention Scheme

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



Reinstated Garden

#### 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

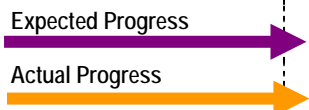
Scheme was substantially completed 31 March 2008. Scheme was delayed due to design difficulties as a result of site constraints, problems with steel piling deliveries, poor weather conditions and work being undertaken by utility companies, in particular, Openreach.

# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

## NEIGHBOURHOOD SERVICES

### Palace Theatre Complex – Phase 3

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m	Development		Design		Tender		Construction	
			Start	Finish	Start	Finish	Start	Finish	Start	Finish
1.281	0.772	1.281	N/A	N/A	29-09-08	19-01-09	19-01-09	30-03-09	04-05-09	31-08-09



#### Project Life Cycle

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

### Baird Institute

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m	Development		Design		Tender		Construction	
			Start	Finish	Start	Finish	Start	Finish	Start	Finish
0.650	0.014	0.650	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC





#### Project Life Cycle

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

NEIGHBOURHOOD SERVICES

Kilmarnock Athletics Facilities

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
3.815	0.000	3.815	Expected Progress 							
			Actual Progress 							

Project Life Cycle

Option appraisal ongoing; two sites under consideration.

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### General Projects

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

#### Facility Improvements

There is an overspend due to works requiring to be undertaken at Darvel Town Hall to replace the boiler. This is more than offset by slippage on the Dalmellington & Bellsbank Library project which will be carried forward into 2009/10.

#### Disabled Access

There are uncommitted balances under libraries and sports halls and potential schemes will be developed during the year.

#### Traffic & Road Safety

Neither the Cumnock Parking Strategy nor Decriminalisation of Parking Enforcement are likely to incur expenditure in the current year.

#### Structures

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

	Revised Budget 2008/09 £m	Actual Expenditure to Date £m	Projected Expenditure 2008/09 £m	Projected Variance £m
Facility Improvements	1.118	0.127	1.108	(0.010)
Health & Safety	0.109	0.000	0.109	0.000
Cemetery Extension	0.127	0.028	0.127	0.000
Disabled Access	0.082	0.000	0.003	(0.079)
Playparks	0.239	0.162	0.239	0.000
Traffic & Road Safety	1.405	0.117	1.204	(0.202)
Structures	0.717	0.050	0.723	0.006
Carriageways & Footways	2.057	1.422	2.057	0.000
Street Lighting	0.238	0.105	0.238	0.000
Flood Prevention Schemes	0.020	0.001	0.020	0.000
Depots	0.016	0.004	0.016	0.000
<b>TOTAL NEIGHBOURHOOD SERVICES</b>	<b>6.128</b>	<b>2.016</b>	<b>5.844</b>	<b>(0.285)</b>

NEIGHBOURHOOD SERVICES

Major Projects commencing in Future Years

Projects Due to Commence in 2009/10

Project Description
Trading Services Depot
Stewarton Sports Facilities
New Sports Pavilion – Knockentiber

Projects Due to Commence in 2011/12

Project Description
New Sports Pavilion – Netherthird

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### Housing Investment Programme

The projected spend to date is £15.607m, which is £0.015m above budget. There is a long term programme to refurbish council dwellings to meet the Scottish Housing Quality Standard by 2015. Investment levels are therefore not uniform each year, which may result in levels of over or under commitment. However, with current uncertain economic conditions, particularly with regard to capital receipts the programme for 2008/09 has been brought back into line with the available budget.

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

#### Asbestos

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

#### Energy Efficiency

The two phases of window replacements have been deferred until later in the year to accommodate changes to other elements of the programme.

#### Efficient Heating

Modest underspend currently projected.

#### External Envelope Enhancement

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

#### Modern Facilities & Services

There are an increased number of kitchen and bathroom installations.

#### Neighbourhood Improvements

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

#### Safe and Secure Neighbourhood

Small overspend currently projected.

#### Sheltered Housing Safety and Improvement

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

Service	Revised Budget 2008/09 £m	Actual Expenditure to Date £m	Projected Expenditure 2008/09 £m	Variance Projected / Revised Budget £m
Asbestos	0.132	0.098	0.202	0.070
Energy Efficiency	2.536	0.227	0.517	(2.019)
Efficient Heating	3.379	1.722	3.339	(0.040)
External Envelope Enhancement	1.741	1.081	1.464	(0.277)
Modern Facilities & Services	6.478	3.364	8.020	1.542
Neighbourhood Improvements	0.112	0.165	0.652	0.540
Safe & Secure Neighbourhood	0.389	0.125	0.397	0.008
Sheltered Housing Safety & Improvement	0.825	0.359	1.016	0.191
<b>Total Housing Expenditure</b>	<b>15.592</b>	<b>7.141</b>	<b>15.607</b>	<b>0.015</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### NEIGHBOURHOOD SERVICES

#### Sources of Funding

	Approved Budget 2008/09 £m	Projected Expenditure 2008/09 £m
Revenue Funding (CFCR)	5.561	5.672
Sale of Council Dwellings and Other Capital Receipts	6.500	3.100
Anticipated Borrowing	3.531	6.835
<b>Total</b>	<b>15.592</b>	<b>15.607</b>

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

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### CORPORATE SUPPORT

#### SERVICE SUMMARY

An adverse variance of £0.177m is anticipated to 31 March 2009 principally due to an anticipated shortfall in Planning and Building Standards income due to external economic factors. Management action has been taken to delay the timing of filling vacant posts and to restrict general expenditure where this will not impact on service requirements. However additional savings identified since period 4 have been offset by an increase in the decline in anticipated Income of £0.185m and the position continues to be closely monitored by the Executive Director whose overall objective is to bring the budget back on line by the year end.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	12.567	12.057	(0.510)
Premises Costs	0.272	0.270	(0.002)
Transport Costs	0.248	0.239	(0.009)
Supplies & Services	5.140	5.194	0.054
Third Party Payments	1.210	1.214	0.004
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>19.437</b>	<b>18.974</b>	<b>(0.463)</b>
Income	(4.207)	(3.567)	0.640
<b>Net Expenditure</b>	<b>15.230</b>	<b>15.407</b>	<b>0.177</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### CORPORATE SUPPORT

#### SUMMARY OF MOVEMENTS IN APPROVED BUDGET

	Annual Estimate £m	Budget Adjustments £m	Revised Budget £m	Comments on Budget Movement
Budget Allocation Approved by Council 14 February 2008	13.002			
<i>Additions / Transfers to / (from) Initial Budget:</i>				
1 Single Status Unit Funding		+0.103		Additional Funding for Costs Arising from the Single Status Unit
2 Fairer Scotland Fund		+1.978		Additional Funding for the Implementation of the Fairer Scotland Fund
3 Procurement Strategy		+0.093		Realignment of Budgets to Reflect Implementation of Procurement Strategy
4 Tobacco Sales Enforcement Funding		+0.034		Additional Funding for Implementation of Tobacco Sales Legislation
5 Utilisation of Balances - Head of Corporate Development		+0.023		Drawdown of Balances for Costs Arising from Head of Corporate Development
6 Adjustment of Non Relevant Recharge Budgets		-0.062		Realignment of Budgets to Reflect Non Relevant Recharges
7 Utilisation of Earmarked Balances		+0.060		Draw down of departmental earmarked balances
<i>Total Budget adjustments</i>			+2.228	
<b>Revised Budget Allocation at Period 6</b>			<b>15.230</b>	

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### CORPORATE SUPPORT

#### SERVICE PERFORMANCE TO DATE

#### CENTRAL MANAGEMENT SUPPORT

There are no material variances to report at this time.

#### FTE STAFFING ANALYSIS FTE STAFFING ANALYSIS

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

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	0.195	0.194	(0.001)
Premises Costs	0.000	0.000	0.000
Transport Costs	0.001	0.000	(0.001)
Supplies & Services	0.008	0.010	0.002
Third Party Payments	0.050	0.050	0.000
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>0.254</b>	<b>0.254</b>	<b>0.000</b>
Income	0.000	0.000	0.000
<b>Net Expenditure</b>	<b>0.254</b>	<b>0.254</b>	<b>0.000</b>

#### PERSONNEL

The variances generated through the delay in the implementation of the recently approved Best Value Service Review has been used to offset subscription and licence commitments as well as licence upgrades for the training suite computers at Lugar. Efficiencies across the Job Evaluation service have enabled the costs associated with Absence Management and the move towards a National Recruitment Portal to be met.

#### FTE STAFFING ANALYSIS FTE STAFFING ANALYSIS

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

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	1.421	1.305	(0.116)
Premises Costs	0.017	0.018	0.001
Transport Costs	0.011	0.012	0.001
Supplies & Services	0.191	0.263	0.072
Third Party Payments	0.063	0.075	0.012
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>1.703</b>	<b>1.673</b>	<b>(0.030)</b>
Income	(0.174)	(0.194)	(0.020)
<b>Net Expenditure</b>	<b>1.529</b>	<b>1.479</b>	<b>(0.050)</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### CORPORATE SUPPORT

#### INFORMATION TECHNOLOGY

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

Additional cost pressures are anticipated from British Telecom for voice and data circuits however these costs are not quantifiable at the present time.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	2.113	2.008	(0.105)
Premises Costs	0.000	0.000	0.000
Transport Costs	0.026	0.017	(0.009)
Supplies & Services	1.604	1.718	0.114
Third Party Payments	0.000	0.000	0.000
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>3.743</b>	<b>3.743</b>	<b>0.000</b>
Income	(0.374)	(0.374)	0.000
<b>Net Expenditure</b>	<b>3.369</b>	<b>3.369</b>	<b>0.000</b>

#### FTE STAFFING ANALYSIS FTE STAFFING ANALYSIS

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

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### CORPORATE SUPPORT

#### PLANNING AND ECONOMIC DEVELOPMENT

Management action has been taken to review and realign existing Employee costs following a decline in planning income.

Savings within Supplies and Services and Third Party Payments are mainly due to Business Grants and the contingency element within the core Funding Payments to External Partnership budgets respectively.

Income from Building Warrants, Planning Fees and Letters of Comfort are expected to be significantly lower due to statutory changes and external economic factors. The Head of Planning and Economic Development has indicated this pattern is similar in planning authorities across Scotland.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	3.937	3.714	(0.223)
Premises Costs	0.195	0.195	0.000
Transport Costs	0.079	0.079	0.000
Supplies & Services	1.329	1.217	(0.112)
Third Party Payments	0.790	0.742	(0.048)
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>6.330</b>	<b>5.947</b>	<b>(0.383)</b>
Income	(2.537)	(1.856)	0.681
<b>Net Expenditure</b>	<b>3.793</b>	<b>4.091</b>	<b>0.298</b>

#### FTE STAFFING ANALYSIS FTE STAFFING ANALYSIS

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

#### Non Financial Performance

Number of Planning Applications received

Period 6 (23/9/07)	Outturn (31/3/08)	Period 6 (21/9/08)
534	1,040	458

Number of Building Warrants received

Period 6 (23/9/07)	Outturn (31/3/08)	Period 6 (21/9/08)
768	1,483	620

Value of Development Plans Submitted

Period 6 (23/9/07)	Outturn (31/3/08)	Period 6 (21/9/08)
£125.37m	£163.5m	£39.28m

Average Income per Planning Application received

Period 6 (23/9/07)	Outturn (31/3/08)	Period 6 (21/9/08)
£862	£846	£612

Average Income per Building Warrant received

Period 6 (23/9/07)	Outturn (31/3/08)	Period 6 (21/9/08)
£749	£577	£423

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### CORPORATE SUPPORT

#### DEMOCRATIC SERVICES

A favourable variance in Employee Costs due to the timing of filling of vacancies is anticipated to offset reduced Property Certificate income as a result of regulatory changes.

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
48	-1	47	43

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	1.520	1.431	(0.089)
Premises Costs	0.000	0.000	0.000
Transport Costs	0.031	0.031	0.000
Supplies & Services	1.448	1.448	0.000
Third Party Payments	0.019	0.019	0.000
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>3.018</b>	<b>2.929</b>	<b>(0.089)</b>
Income	(0.188)	(0.170)	0.018
<b>Net Expenditure</b>	<b>2.830</b>	<b>2.759</b>	<b>(0.071)</b>

#### LEGAL, PROCUREMENT AND REGULATORY

Employee Costs are underspent due to turnover. 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 will be generated through Licensing Board fee charges imposed under the Licensing Scotland Bill 2005.

#### FTE STAFFING ANALYSIS

Budget	In year	Revised Budget	Actual to date
90	-2	88	84

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	2.883	2.851	(0.032)
Premises Costs	0.034	0.031	(0.003)
Transport Costs	0.096	0.095	(0.001)
Supplies & Services	0.506	0.534	0.028
Third Party Payments	0.067	0.107	0.040
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>3.586</b>	<b>3.618</b>	<b>0.032</b>
Income	(0.930)	(0.962)	(0.032)
<b>Net Expenditure</b>	<b>2.656</b>	<b>2.656</b>	<b>0.000</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### CORPORATE SUPPORT

#### COMMUNITY PLANNING AND PARTNERSHIP

There are no material variances to report within the Community Planning and Partnership Unit at this time.

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
17	0	17	16

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	0.498	0.504	0.006
Premises Costs	0.026	0.026	0.000
Transport Costs	0.004	0.005	0.001
Supplies & Services	0.054	0.054	0.000
Third Party Payments	0.221	0.221	0.000
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>0.803</b>	<b>0.810</b>	<b>0.007</b>
Income	(0.004)	(0.011)	(0.007)
<b>Net Expenditure</b>	<b>0.799</b>	<b>0.799</b>	<b>0.000</b>

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 includes income from Whitelees Wind Farm of £0.117m and a credit balance on Conduit/BTTC of £0.016m. In addition there are currently deficits on East Ayrshire Woodlands of £0.036m and Job Rotation of £0.032m. The deficits are anticipated to be deleted at 31 March 2009.

The Skills Training balance relates to an outstanding claim for 2007/08 EU funding. 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 to be spent on town centre activities in the run up to Christmas 2008 and money held for the Moorfield Entrance Junction which is required to be held during the project retention period. In addition a deficit balance is held in respect of Cumnock Town Centre Regeneration part of which is anticipated to be recharged to the Joint Venture Company along with future costs anticipated in respect of the acquisition of land and property.

	Projected Balances at 31 March 2009 £m
Environmental / Community / Heritage	0.014
Employability	(0.065)
Skills Training Unit	0.064
Developers Contributions / S75 SLR	(0.711)
Other	(0.099)
<b>Total</b>	<b>(0.797)</b>

### CORPORATE SUPPORT

#### Service Enhancements 2008/09

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

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

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

#### Strategic Review of the Revenue Budget

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

#### Leader's Initiatives

Progress to date is as follows:

- Landscape works being carried out in Kilmarnock Town Centre – project work is ongoing 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 – work is ongoing and options are under review
- Development of options for future use of Co-op building in Darvel – consultants have been appointed to the project
- Litter Education and Enforcement Team – work is planned for Cumnock and Kilmarnock in November and December
- Provision of a new Floral Clock and associated landscaping works at Kilmarnock Railway Station – revised designs are currently under review

#### 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 that £0.074m has been confirmed at this point and is confident that the balance will be achieved.

CORPORATE SUPPORT

**Capital Programme**

Expenditure to date is £1.033m, which represents 32% of the available budget. The projected expenditure for 2008/09 is £3.195m.



The slippage on the Corporate Support capital programme primarily relates to the Kilmarnock Town Centre Proposals.

# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

## 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	0.407	0.791	Expected Progress 							
			Actual Progress 							



#### Financial Status

It is anticipated that total costs of approximately £0.791m will be incurred by the Council. This reflects the costs of termination of contracts after rescinding the agreement with Ediston, final settlement of prior works, an additional consultant fee to collate peripheral information and carrying out work as detailed at Cabinet on 17 September 2008.

#### Project Life Cycle

Cabinet on 6 August 2008 agreed to withdraw from the proposed Top of the Town office development with Ediston Properties.

#### Data Centre / 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
2.400	0.000	2.400	Expected Progress 							
			Actual Progress 							

#### Financial Status

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



#### Project Life Cycle

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

# 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

## CORPORATE SUPPORT

### Cumnock Town Centre

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m	Acquisition		Design		Construction		Distribution	
			Start	Finish	Start	Finish	Start	Finish	Start	Finish
3.969	1.068	3.969	01-10-08	31-03-09	31-01-08	TBC	31-01-09	TBC	TBC	TBC
			Expected Progress 							
			Actual Progress 							

#### Financial Status

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

#### Project Life Cycle

Joint Venture Agreements for the office and retail developments have been concluded. Land acquisitions are progressing well with the majority by agreement. The design of office development is in its final stages and site investigation works have started across the whole site and a detailed survey of existing shopping centre has been completed.

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### CORPORATE SUPPORT

#### General Projects

There is no variance currently anticipated in the current programme.

	Revised Budget 2008/09 £m	Actual Expenditure to Date £m	Projected Expenditure 2008/09 £m	Projected Variance £m
Corporate Information Technology	0.641	0.070	0.641	0.000
<b>TOTAL</b>	<b>0.641</b>	<b>0.070</b>	<b>0.641</b>	<b>0.000</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### FINANCE AND ASSET MANAGEMENT

#### SERVICE SUMMARY

There is an adverse variance of £0.060m anticipated at 31 March 2009 which includes £0.311m of expenditure in relation to the development of the Council's asset management strategy which will be drawn down from departmental balances. This is currently offset by additional funding received from the Department for Work and Pensions to support the implementation of the Employment Support Allowance, additional income expected as a result of Scottish Water collection rates.

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

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	9.259	8.987	(0.272)
Premises Costs	5.510	5.509	(0.001)
Transport Costs	0.129	0.126	(0.003)
Supplies & Services	1.601	1.861	0.260
Third Party Payments	0.084	0.554	0.470
HB/CT Benefit	42.111	42.111	0.000
<b>Gross Expenditure</b>	<b>58.694</b>	<b>59.148</b>	<b>0.454</b>
Income	(8.025)	(8.420)	(0.394)
<b>Net Expenditure</b>	<b>50.669</b>	<b>50.729</b>	<b>0.060</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### FINANCE AND ASSET MANAGEMENT

#### SUMMARY OF MOVEMENTS IN APPROVED BUDGET

	Annual Estimate	Budget Adjustments	Revised Budget	Comments on Budget Movement
Budget Allocation Approved by Council 14 February 2008	50.530			
<i>Additions / Transfers to / (from) Initial Budget:</i>				
1 Procurement Strategy		-0.005		Realignment of Budgets to Reflect Implementation of Procurement Strategy
2 Adjustment of Non Relevant Recharge Budgets		0.144		Realignment of Budgets to Reflect Non Relevant Recharges
<i>Total Budget adjustments</i>			0.139	
<b>Revised Budget Allocation at Period 6</b>			<b>50.669</b>	

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### FINANCE AND ASSET MANAGEMENT

#### SERVICE PERFORMANCE TO DATE

##### FINANCE SERVICE

Employee Costs are anticipated to be underspent principally due to staff turnover and the timing of filling vacancies which are currently being held pending a review of service operational requirements.

Savings in Supplies and Services are forecast in respect of stationery and postage costs as well as lower than anticipated costs associated with Financial Guardianships.

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

A review of the single Person Discount awarded to Council Tax payers is currently being undertaken and to date approximately £0.200m discounts originally awarded have been cancelled. This reduces the Council Tax collection rate as the net amount due increases whilst the cash collected to date remains static. Cancelled discounts processed through the last two periods equate to 0.2% variance to the period 6 collection rate. This exercise is ongoing and will continue to affect collection rates until the year end.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	5.580	5.500	(0.080)
Premises Costs	0.018	0.018	0.000
Transport Costs	0.027	0.024	(0.003)
Supplies & Services	0.760	0.725	(0.035)
Third Party Payments	0.000	0.000	0.000
HB/CT Benefit	42.111	42.111	0.000
<b>Gross Expenditure</b>	<b>48.496</b>	<b>48.378</b>	<b>(0.118)</b>
Income	(2.942)	(3.022)	(0.080)
<b>Net Expenditure</b>	<b>45.554</b>	<b>45.356</b>	<b>(0.198)</b>

##### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
185	0	185	174

##### Non Financial Performance

###### Council Tax Collection

P6 07/08	Outturn 31/3/08	P6 08/09
49.3%	92.4%	49.3%

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### FINANCE AND ASSET MANAGEMENT

#### ASSET IMPROVEMENT

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

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
81	0	81	68

#### ASSET MANAGEMENT

There are a number of vacancies following the Best Value Service Review of Asset Management arrangements and recruitment to the new service structure continues to progress. Within Premises Costs a saving in rentals is offset by additional fuel oil costs for boiler systems. Within Supplies and Services there are additional costs anticipated for the implementation of new systems and associated data related to the Councils Asset Management Strategy. Funding for this programme has been set aside and is retained within the Council's balances as agreed at Cabinet of 19 December 2007. Savings within Corporate Office Accommodation Supplies and Services will partially offset I.T. cable re-routing costs at Mill Street as agreed by Cabinet on 2 July 2008. Income is anticipated to be under recovered as a result of lower property rents and housing deed plans due to a downturn in activity in both areas.

#### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
26	0	26	21

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	2.782	2.673	(0.109)
Premises Costs	4.260	4.260	0.000
Transport Costs	0.090	0.090	0.000
Supplies & Services	0.101	0.101	0.000
Third Party Payments	0.000	0.470	0.470
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>7.233</b>	<b>7.594</b>	<b>0.361</b>
Income	(3.814)	(4.284)	(0.470)
<b>Net Expenditure</b>	<b>3.419</b>	<b>3.310</b>	<b>(0.109)</b>

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	0.897	0.814	(0.083)
Premises Costs	1.232	1.231	(0.001)
Transport Costs	0.012	0.012	0.000
Supplies & Services	0.740	1.035	0.295
Third Party Payments	0.084	0.084	0.000
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>2.965</b>	<b>3.176</b>	<b>0.211</b>
Income	(1.269)	(1.113)	0.156
<b>Net Expenditure</b>	<b>1.696</b>	<b>2.063</b>	<b>0.367</b>

## FINANCE AND ASSET MANAGEMENT

### Service Enhancements 2008/09

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

### Strategic Review of the Revenue Budget

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

### Leader's Initiatives

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

- Refurbishment of Council owned shops in Ayr Road, Cumnock - to date one of the shop units has been stripped and cleaned out. Further work will progress once the detail of the report on asbestos has been received and assessed. In addition discussions are taking place with one of the current tenants regarding transfer to another vacant refurbished unit to allow work to take place on the unit they currently occupy.

### 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 £0.044m has been achieved at this point and 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 6 (21 SEPTEMBER 2008)

### FINANCE AND ASSET MANAGEMENT

#### Capital Programme

Expenditure to date is £0.298m, which represents 31.9% of the available budget. The Projected Expenditure for 2008/09 is £0.650m.

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 £0.014m currently projected on this project.

#### Contingency Funding

There is no spend currently anticipated on the Contingency Funding of £0.296m, although this may be required later in the year.

	Revised Budget 2008/09 £m	Actual Expenditure to Date £m	Projected Expenditure 2008/09 £m	Projected Variance £m
Corporate Issues - General Efficient Govt	0.146	0.108	0.160	0.014
Corporate Office Accommodation	0.157	0.057	0.157	0.000
R & EF - John Finnie Street	0.307	0.133	0.307	0.000
R & EF - Building Insulation	0.025	0.000	0.025	0.000
Contingency Funding	0.296	0.000	0.000	(0.296)
<b>TOTAL</b>	<b>0.931</b>	<b>0.298</b>	<b>0.649</b>	<b>(0.282)</b>

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### CENTRAL SERVICES

#### SERVICE SUMMARY

It is currently anticipated that there will be an adverse variance of £1.200m in respect of energy costs. This is offset by the £0.500m contingency retained following approval by Council on 14 February 2008 and other anticipated underspends on a number of non recurring miscellaneous budgets.

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	2.249	2.249	0.000
Premises Costs	0.000	1.200	1.200
Transport Costs	0.006	0.006	0.000
Supplies & Services	4.609	3.409	(1.200)
Third Party Payments	0.676	0.676	0.000
HB/CT Benefit	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>7.540</b>	<b>7.540</b>	<b>0.000</b>
Income	(0.811)	(0.811)	0.000
<b>Net Expenditure</b>	<b>6.729</b>	<b>6.729</b>	<b>0.000</b>

#### SERVICE PERFORMANCE TO DATE

##### CHIEF EXECUTIVE

There are no material variances to report at this time.

##### FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
11	0	11	10

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

## 2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 6 (21 SEPTEMBER 2008)

### CENTRAL SERVICES

#### MISCELLANEOUS SERVICES

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

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

Furthermore, purchases have not yet been made for either summer or winter 2009 consumption and it is extremely likely that this will result in a further significant pressure in 2009/2010.

#### INSURANCE

There are no material variances to report at this time

	Estimate £m	Projection to 31 Mar 09 £m	Variance (Favourable) / Adverse
Employee Costs	1.704	1.704	0.000
Premises Costs	0.000	1.200	1.200
Transport Costs	0.000	0.000	0.000
Supplies & Services	2.370	1.170	(1.200)
Third Party Payments	0.676	0.676	0.000
Transfer Payments	0.000	0.000	0.000
<b>Gross Expenditure</b>	<b>4.750</b>	<b>4.750</b>	<b>0.000</b>
Income	(0.804)	(0.804)	0.000
<b>Net Expenditure</b>	<b>3.946</b>	<b>3.946</b>	<b>0.000</b>

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