

FINANCE & ASSET MANAGEMENT



East Ayrshire
COUNCIL

EAST AYRSHIRE COUNCIL
GOVERNANCE AND SCRUTINY COMMITTEE
26 SEPTEMBER 2008

FINANCE AND SERVICE STRATEGY REPORT
TO PERIOD 4 (27 JULY 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 27 July 2008 (Period 4) 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 £0.495m. The detail of this is included in the attached report.
- 2.2 There is a significant adverse variance within Educational and Social Services of £1.759m of which £1.432m is attributable to a number of recurring pressures within Social Services.
- 2.3 Regular budget monitoring reports are provided to the Executive Director and these reveal that the variance increased by £0.425m between 1 June and 27 July 2008. The Executive Director has confirmed he will be taking immediate action to address this.
- 2.4 A Sustainability Board led by the Executive Director has been tasked with realigning budget resources to ensure the longer term sustainability of the Social Services budget.

- 2.5 The Executive Director of Neighbourhood Services anticipates a favourable variance of £0.206m mainly due to savings in employee costs and landfill partially offset by additional fuel and supplies and services costs.

- 2.6 An adverse variance of £0.144m is anticipated within Trading Services principally due to an under-recovery of income within Building and Works. Other Trading Services are anticipated to outturn favourably.

- 2.7 The Executive Director of Corporate Support anticipates a adverse variance of £0.395m mainly due to an anticipated shortfall in Planning and Building Standards income as a result of external economic factors. Management action has been taken to delay the timing of filling vacancies in order to reduce the impact on the budget.

- 2.8 The Executive Head of Finance and Asset Management anticipates a favourable variance of £0.630m mainly due additional funding received from the Department of Work and Pensions, additional income and employee cost savings. It is proposed that £0.500m of this variance be utilised within the Central Repairs Account to address essential building maintenance issues.

- 2.9 Expenditure to date on Capital is £6.798m, which represents 19.2% of the available budget (as compared to 16.6% to the same period in 2007/08). The Projected Expenditure for 2008/09 is £27.601m, which is £7.812m less than planned. A significant element of the slippage relates to the Kilmarnock Town Centre Regeneration project (£3.027m) following Cabinet agreement on 6 August 2008 to withdraw from the proposed Top of the Town office development.

- 2.10 Other areas of slippage relate to the Children's Home Kilmarnock (£0.302m), Stewarton Townhouse (£0.200m), Galston Local Office (£1.000m), Kilmarnock Athletics Facilities (£0.806m), and the Council Chambers (£1.650m).

3 BALANCES

- 3.1 The Executive Director of Neighbourhood Services proposes to transfer £0.160m from uncommitted departmental balances for River Ayr Way and Roads projects. Similarly the Executive Director of Corporate Support proposes to transfer £0.060m from uncommitted departmental balances for marketing support and e-planning.
- 3.2 The Executive Director of Educational and Social Services proposes to utilise £0.457m from departmental balances in addition to the £0.975m drawdown already approved by Elected Members on 2 July 2008 to address Social Services pressures.

4 HOUSING REVENUE ACCOUNT

- 4.1 The Executive Director of Neighbourhood Services anticipates additional rent income due to lower than budgeted right to buy sales but otherwise expects the Housing Revenue Account to outturn on budget.
- 4.2 Additional expenditure of £0.727m is anticipated in excess of the original budget on the Housing Investment Programme.

5 RECOMMENDATIONS

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

Alex McPhee
Executive Head of Finance and Asset Management

17 September 2008

LIST OF BACKGROUND PAPERS

NIL

Members wishing further information should contact
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GENERAL FUND SUMMARY

Service	2008/09 Budget £m	Projected Actual to 31 March 2009	Projected Variance £m	Funded by	2008/09 Budget £m	Projected Actual to 31 March 2009	Projected Variance £m
Educational and Social Services	164.855	165.182	0.327	Council Tax	(48.102)	(48.355)	(0.253)
Neighbourhood Services	72.119	71.913	(0.206)	Aggregated External Finance	(232.036)	(232.036)	0.000
Corporate Support	15.170	15.565	0.395	Housing/Council Tax Benefit Income	(41.914)	(42.314)	(0.400)
Finance and Asset Management	50.670	50.040	(0.630)	Total Income	(322.052)	(322.705)	(0.653)
Central Services – Other	6.729	6.729	0.000				
Central Services – Debt Charges	16.500	16.500	0.000				
Building and Works	(1.915)	(1.743)	0.172	Deficit / (Surplus) for the Year	2.015	1.393	(0.622)
Roads	(0.040)	(0.057)	(0.017)	Utilise Previous Years Balances	(2.015)	(2.015)	0.000
Vehicle Maintenance	(0.010)	(0.013)	(0.003)	Departmental Under/(Over) Spend c/f	0.000	0.113	0.113
Street Lighting	(0.010)	(0.018)	(0.008)	Proposed transfer to Renewals & Repairs	0.000	0.014	0.014
Net Expenditure	324.067	324.098	0.031	2008/2009 Deficit / (Surplus)	0.000	(0.495)	(0.495)
				Housing Revenue Account			
				Expenditure	35.589	35.682	0.093
				Income	(35.589)	(35.682)	(0.093)
				Net Expenditure	0.000	0.000	0.000

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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
2008/09 Allocation	6.805	8.447	4.392	19.644	Grants, Partnership Funding , CFCR	1.558	1.558
Budget Realignment from 2007/08	1.644	2.864	3.704	8.212	External Borrowing	33.855	26.043
Brought Forward from 2007/08	3.043	1.716	0.490	5.249	Total	35.413	27.601
PPP Equipment	1.960	0.000	0.000	1.960			
Bridges - Reserves	0.000	0.060	0.000	0.060			
Scott Ellis Athletics Facilities CFCR	0.000	0.065	0.000	0.065			
External Funds- Strathclyde Partnership for Transport	0.000	0.150	0.000	0.150			
External Funds- New Build Monitoring Centre	0.000	0.050	0.000	0.050			
DDA/Care Commission	0.023	0.000	0.000	0.023			
Revised Budget 2008/09	13.475	13.352	8.586	35.413			
Service	Revised Budget 2008/09	Actual Expenditure to Date	Projected Expenditure 2008/09	Projected Expenditure as %	Housing Revenue Account	Revised Budget 2008/09	Projected Expenditure 2008/09
Education & Social Services	13.475	3.342	12.218	91%	Expenditure	15.592	16.320
Neighbourhood Services	13.352	2.777	11.835	89%			
Corporate Support	2.291	0.049	0.641	28%	Funded by		
Finance & Asset Management	0.636	0.220	0.572	90%	Revenue Funding (CFCR)	5.561	5.671
Regeneration, Efficiency & Asset Management	5.363	0.410	2.335	44%	Sale of Council Dwellings	6.500	5.000
Contingency Funding	0.296	0.000	0.000	-	Anticipated Borrowing	3.531	5.648
Total	35.413	6.798	27.601	78%	Total	15.592	16.320

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CONCORDAT BETWEEN THE SCOTTISH GOVERNMENT AND LOCAL AUTHORITIES

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

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

Key: Achieved



In Progress



Awaiting Action



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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 impact of this commitment has been costed by staff within Educational and Social Services at £0.737m per annum. East Ayrshire was a pilot area with adequate funding to June 2008. The Council awaits the findings of the trial evaluation.	
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.	It is envisaged that the commitment to extend free school meals will be fully funded by the Scottish Government.	
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 4 (27 JULY 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 costs to the Community Care division of £0.160m. The timing of the additional expenditure 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. This 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.	The impact of this commitment has been costed and based on the assumption that 10,000 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. 240 weeks. An average weekly cost (based on existing commissioned respite care provision) of £501.37 has been applied, resulting in a full year additional cost to the Community Care division of £0.120m by 2010/11.	

Key: Achieved



In Progress



Awaiting Action



2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 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 £1.759m over budget at 31 March 2009 with £1.432m being due to overspends within Social Services.

Analysis of the budget monitoring reports shows that the Social Services variance increased by £0.425m between 1 June and 27 July 2008 which gives cause for concern. The main areas of pressure are Home Care Services, Adult care packages, Older People's Residential Care and Foster Care. The Executive Director has confirmed that immediate action has been taken to stabilise the position but that £1.432m of departmental uncommitted balances will require to be applied to offset significant cost pressures in the current year. The Sustainability Board has been tasked with realigning budget resources to ensure the longer term sustainability of the Social Services budget.

	Estimate £m	Projection to 31 Mar 09	Variance (Favourable) /Adverse
Employee Costs	117.039	117.412	0.373
Property Costs	6.414	6.508	0.094
Transport Costs	7.043	7.064	0.021
Supplies & Services	8.885	8.962	0.077
Third Party Payments	45.926	46.549	0.623
Transfer Payments	4.637	5.389	0.752
Gross Expenditure	189.944	191.884	1.940
Income	(26.521)	(26.702)	(0.181)
Net Expenditure	163.423	165.182	1.759
Utilise Balances	1.432	0.000	(1.432)
Total Expenditure	164.855	165.182	0.327

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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		+1.432		Social Services sustainability
<i>Total Budget adjustments</i>			+2.723	
Revised Budget Allocation at Period 4			164.855	

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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	Variance (Favourable) /Adverse
Employee Costs	2.874	2.840	(0.034)
Property Costs	0.032	0.032	0.000
Transport Costs	0.035	0.035	0.000
Supplies & Services	0.778	0.788	0.010
Third Party Payments	7.726	7.654	(0.072)
Transfer Payments	0.603	0.603	0.000
Gross Expenditure	12.048	11.952	(0.096)
Income	(1.251)	(1.251)	0.000
Net Expenditure	10.797	10.701	(0.096)

FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
37	0	37	37

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EDUCATIONAL AND SOCIAL SERVICES

SCHOOLS

There are significant underspends in employee costs within schools, however head teachers anticipate that these will be used in line with the conditions of the Delegated Management of Resources.

There are additional employee costs in respect of unfunded pension, redundancy costs and additional unbudgeted foreign language assistants. Head Teachers have indicated that delegated balances from previous years will be utilised in 2008/09. Additional expenditure is anticipated in respect of energy costs which are being closely monitored.

FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
1,644.08	0	1,644.08	1,527.32

	Estimate £m	Projection to 31 Mar 09	Variance (Favourable) /Adverse
Employee Costs	56.668	56.838	0.170
Property Costs	4.516	4.568	0.052
Transport Costs	0.244	0.244	0.000
Supplies & Services	3.223	3.223	0.000
Third Party Payments	0.407	0.407	0.000
Transfer Payments	0.310	0.310	0.000
Gross Expenditure	65.368	65.590	0.222
Income	(1.556)	(1.551)	0.005
Net Expenditure	63.812	64.039	0.227

Non Financial Performance

Number of Teachers

Period 4 (29/7/07)	Outturn (31/3/08)	Period 4 (27/7/08)
EY** 38	EY** 39.2	EY** 37.5
PS 500.5	PS 549.9	PS 545
SS 644.4	SS 671	SS 659.1
ASN 94.2	ASN 102.1	ASN 96.5

Number of Pupils

Period 4 (29/7/07)	Outturn (31/3/08)	Period 4 (27/7/08)
EY* 2,165	EY* 2,165	EY* 2,165
PS 9,392	PS 9,028	PS 9,028
SS 7,980	SS 7,744	SS 7,744
ASN 180	ASN 180	ASN 180

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EDUCATIONAL AND SOCIAL SERVICES

COMMUNITY SUPPORT

There are underspends in Community Learning and Development offset by projected costs for additional staff (Classroom assistants) and Early Year Workers for the remainder of the year.

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	521.33

FACILITIES MANAGEMENT

Significant underspends in employee costs have been offset by additional costs associated with the delay in opening the new Grange campus. Additional costs have also been incurred to facilitate staff moves to the former St Columba's Primary school building. Transport costs will outturn higher than budgeted following the relocation of pupils at New Cumnock Primary. Food costs are being closely monitored.

FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
513.98	+32.9	546.88	527.9

Non Financial Performance

Number of Pupils Receiving School Transport

Period 4 (29/7/07)	Outturn (31/3/08)	Period 4 (27/7/08)
5,118	5,743	5,743

	Estimate £m	Projection to 31 Mar 09	Variance (Favourable) /Adverse
Employee Costs	16.796	16.793	(0.003)
Property Costs	1.006	1.012	0.006
Transport Costs	0.251	0.249	(0.002)
Supplies & Services	1.232	1.245	0.013
Third Party Payments	6.679	6.768	0.089
Transfer Payments	0.087	0.087	0.000
Gross Expenditure	26.051	26.154	0.103
Income	(1.549)	(1.554)	(0.005)
Net Expenditure	24.502	24.600	0.098

	Estimate £m	Projection to 31 Mar 09	Variance (Favourable) /Adverse
Employee Costs	8.430	8.446	0.016
Property Costs	0.075	0.118	0.043
Transport Costs	4.977	4.996	0.019
Supplies & Services	2.025	2.056	0.031
Third Party Payments	0.000	0.000	0.000
Transfer Payments	0.000	0.000	0.000
Gross Expenditure	15.507	15.616	0.109
Income	(3.058)	(3.069)	(0.011)
Net Expenditure	12.449	12.546	0.097

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EDUCATIONAL AND SOCIAL SERVICES

SOCIAL WORK

The table opposite highlights an adverse variance of £1.432m being offset by a utilisation of departmental balances. The variance has increased significantly in between 1 June and 27 July and 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.

Staff turnover and vacancy savings are offset by the anticipated costs in respect of the revised senior management structure.

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	Variance (Favourable) /Adverse
Employee Costs	32.271	32.495	0.224
Property Costs	0.783	0.776	(0.007)
Transport Costs	1.537	1.541	0.004
Supplies & Services	1.627	1.650	0.023
Third Party Payments	31.114	31.720	0.606
Transfer Payments	3.637	4.389	0.752
Gross Expenditure	70.969	72.571	1.602
Income	(19.107)	(19.277)	(0.170)
Net Expenditure	51.862	53.294	1.432
Utilise Balances	1.432	0.000	(1.432)
Total Expenditure	53.294	53.294	0.000

FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
1,130	0	1,130	1,104.39

Non Financial Performance :

Number of External Foster Placements

Period 4 (29/7/07)	Outturn (31/3/08)	Period 4 (27/7/08)
33	35	37

Number of Homecare Users

Period 4 (29/7/07)	Outturn (31/3/08)	Period 4 (27/7/08)
709	649	685

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 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 £3.342m, which represents 24.8% of the available budget. The Projected Expenditure for 2008/09 is £12.218m.

Education and Social Services have yet to confirm final requirements relating to a number of refurbishment schemes which may result in slippage in the current financial year. Slippage is also anticipated on the Major Schemes relating to the Children's Home Kilmarnock (£0.302m) and Stewarton Townhouse (£0.200m) where significant expenditure is not likely in the current year due to complexity of these projects.

The report has been updated to include details of the Better Schools : Better Learning proposals agreed at Cabinet on 19 March 2008, and subject to a further report on 21 May 2008. The projects do not include any budget allocations as the Capital Programme is currently under review, however, initial estimates indicate potential costs of between £19.0m and £30.0m dependent on a number of variables. It was anticipated that Educational and Social Services would have been in a position to instruct the Asset Improvement service of their requirements by the end of June 2008. Consultation processes have taken longer than expected however and costs can not be ascertained until firm proposals have been formulated.

During 2007/08, demolition costs in relation to Affleck House were recharged to the Surplus Property Account (Revenue) in accordance with normal accounting practice, leaving a balance of £0.190m on the approved capital allocation. It is therefore proposed to reallocate this balance of funding to the Sunnyside Children's Unit project in order to meet additional costs resulting from project delays.

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EDUCATIONAL AND SOCIAL SERVICES

Major Projects

Galston Primary School New Build

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
9.300	7.586	9.300

Project Life Cycle

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

Financial Status

Financial outturn of overall project currently being assessed in consultation with the contractor.



External View – 04/08/08



Internal View – 4/08/08

Netherthird Community Campus New Build

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
1.500	0.319	1.383

Project Life Cycle

Site start of 18/02/08 earlier than originally planned. Project currently delayed by two weeks as a result of problems with supply of brick resulting in a projected completion of 14/02/09. 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.



External View –4/8/08



External View – 4/8/08

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EDUCATIONAL AND SOCIAL SERVICES

Dunlop Primary School Extension

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
0.722	0.655	0.775

Project Life Cycle

Project was completed and handed over on 23 May 2008.

Financial Status

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



External View – 4/8/08



Internal View – 4/8/08

Stewarton Academy Extension

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
0.700	0.270	0.606

Project Life Cycle

Start on site 14/01/08. Construction finish forecast at end-August; fit-out thereafter. School forecast to occupy in September. The extension will provide three new classrooms and storage facilities.

Financial Status

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



External View – July 2008



External View – July 2008

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 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

Project Life Cycle

Occupants moved in on 23/04/08. Remaining external ground works have now been completed.

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



External View – July 2008



Internal View – July 2008

Sunnyside Children's Unit, Auchinleck

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
1.030	0.951	1.123

Project Life Cycle

Building handed over 23/05/08, occupants moved in on 30/07/08; work still outstanding in relation to external landscaping.

Financial Status

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



External View – August 2008



External View–August 2008

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 2008)

EDUCATIONAL AND SOCIAL SERVICES

Galston Community Facilities

Budget Allocation	Expenditure to Date	Forecast Expenditure
£m	£m	£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 2008.

Rosebank Resource Centre

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

Project Life Cycle

Tender awarded week beginning 11 August 2008. Remaining milestones to be confirmed with contractor.

Financial Status

The tender is within the budget allocation.

Children's Home - Kilmarnock

Budget Allocation	Expenditure to Date	Forecast Expenditure
£m	£m	£m
1.510	0.008	1.510

Project Life Cycle

Client department still to confirm preferred site.

Financial Status

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

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 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 has been delayed until the outcome of the Better Schools, Better Learning proposals have been determined. Design difficulties relating to the physical layout of James Hamilton are delaying the programme of work there and Auchinleck Academy window replacement and Lainshaw electrical upgrade projects have been slower than expected.

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	0.335	3.792	(0.622)
PPP Schools	1.973	0.848	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
TOTAL EDUCATION & SOCIAL SERVICES	6.637	1.183	5.827	(0.810)

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 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 4 (27 JULY 2008)

NEIGHBOURHOOD SERVICES

SERVICE SUMMARY

The projected outturn to 31 March 2009 is a favourable variance of £0.206m. 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.

The Executive Director has indicated a requirement to utilise £0.160m of departmental uncommitted balances for River Ayr Way and Roads Projects.

	Estimate £m	Projection to 31 Mar 09	Variance (Favourable) /Adverse
Employee Costs	21.174	20.582	(0.592)
Property Costs	2.361	2.356	(0.005)
Transport Costs	3.247	3.586	0.339
Supplies & Services	12.981	13.283	0.302
Third Party Payments	43.381	43.046	(0.335)
Gross Expenditure	83.144	82.853	(0.291)
Income	(11.025)	(10.940)	0.085
Net Expenditure	72.119	71.913	(0.206)

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 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		+0.398		Drawdown of Earmarked Balances and use of Departmental Balances
5 Other Minor Adjustments		-0.012		Minor Adjustments to align Budgets
<i>Total Budget adjustments</i>			+1.849	
Revised Budget Allocation at Period 4			72.119	

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 2008)

NEIGHBOURHOOD SERVICES

SERVICE PERFORMANCE TO DATE

CENTRAL MANAGEMENT SUPPORT

The variance 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	10.5

	Estimate £m	Projection to 31 Mar 09	Variance (Favourable) /Adverse
Employee Costs	0.398	0.369	(0.029)
Property Costs	0.000	0.000	0.000
Transport Costs	0.005	0.005	0.000
Supplies & Services	0.350	0.352	0.002
Third Party Payments	0.000	0.000	0.000
Gross Expenditure	0.753	0.726	(0.027)
Income	(0.095)	(0.095)	(0.000)
Net Expenditure	0.658	0.631	(0.027)

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. Property 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	Variance (Favourable) /Adverse
Employee Costs	11.561	11.307	(0.254)
Property Costs	1.194	1.116	(0.078)
Transport Costs	1.310	1.437	0.127
Supplies & Services	1.713	1.752	0.039
Third Party Payments	0.419	0.414	(0.005)
Gross Expenditure	16.198	16.027	(0.171)
Income	(4.070)	(3.921)	0.149
Net Expenditure	12.128	12.106	(0.022)

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 2008)

NEIGHBOURHOOD SERVICES

GENERAL FUND HOUSING

The Employee Cost variance reflects the timing of filling vacancies, reduced overtime and special payments within Waste Management. Additional Costs are anticipated due to staff transfers to Western Road and additional rates and energy within Waste Management. Additional fuel costs and external hires are anticipated and Supplies and Services costs relate mainly to Anti Social Behaviour, Community Safety expenditure and removal and storage costs. Landfill charges due to increased recycling activity are less than anticipated and reduced income relating to trade waste collection, special uplifts and refuse collection is partially offset by additional recycling income.

	Estimate £m	Projection to 31 Mar 09	Variance (Favourable) /Adverse
Employee Costs	6.266	6.049	(0.217)
Property Costs	0.934	0.987	0.053
Transport Costs	1.647	1.859	0.212
Supplies & Services	9.746	9.872	0.126
Third Party Payments	4.726	4.296	(0.430)
Gross Expenditure	23.319	23.063	(0.256)
Income	(4.971)	(4.895)	0.076
Net Expenditure	18.348	18.168	(0.180)

FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
254.11	0	254.11	236.28

Non Financial Performance

Amount of waste recycled (tonnes)

Period 4 (29/7/07)	Outturn (31/3/08)	Period 4 (27/7/08)
8,921	30,819	11,481

Amount of waste sent to landfill (tonnes)

Period 4 (29/7/07)	Outturn (31/3/08)	Period 4 (27/7/08)
11,453	42,989	14,346

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 2008)

NEIGHBOURHOOD SERVICES

HOUSING REVENUE ACCOUNT

Rent income is higher due to lower than budgeted house sales.

FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
141.99	0	141.99	135.62

Non Financial Performance

Number of Council house sales

Period 4 (29/7/07)	Outturn (31/3/08)	Period 4 (27/7/08)
Act 67	Act 251	Act 44
Bud 107	Bud 350	Bud 77

Number of void weeks

Period 4 (29/7/07)	Outturn (31/3/08)	Period 4 (27/7/08)
Act 4,930	Act 18,902	Act 6,520
Bud 6,809	Bud 21,789	Bud 6,340

	Estimate £m	Projection to 31 Mar 09	Variance (Favourable) /Adverse
Employee Costs	3.591	3.591	0.000
Property Costs	15.059	15.059	0.000
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	5.624	0.063
Homeless Hostels	1.042	1.067	0.025
Gross Expenditure	35.589	35.682	0.093
Income	(35.589)	(35.682)	(0.093)
Net Expenditure	0.000	0.000	0.000

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 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	Variance (Favourable) /Adverse
Employee Costs	0.057	0.035	(0.022)
Property Costs	0.000	0.000	0.000
Transport Costs	0.003	0.003	0.000
Supplies & Services	0.009	0.009	0.000
Third Party Payments	0.000	0.000	0.000
Gross Expenditure	0.069	0.047	(0.022)
Income	0.000	0.000	0.000
Net Expenditure	0.069	0.047	(0.022)

JOINT BOARDS – POLICE AND FIRE

There are no material variances anticipated at this time.

	Estimate £m	Projection to 31 Mar 09	Variance (Favourable) /Adverse
Employee Costs	0.000	0.000	0.000
Property Costs	0.000	0.000	0.000
Transport Costs	0.000	0.000	0.000
Supplies & Services	0.000	0.000	0.000
Third Party Payments	30.330	30.330	0.000
Gross Expenditure	30.330	30.330	0.000
Income	0.000	0.000	0.000
Net Expenditure	30.330	30.330	0.000

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 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	Variance (Favourable) /Adverse
Employee Costs	2.892	2.822	(0.070)
Property 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	7.905	8.005	0.100
Gross Expenditure	12.475	12.660	0.185
Income	(1.889)	(2.029)	(0.140)
Net Expenditure	10.586	10.631	0.045

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 above budget at 31 March 2009 with the exception of Building and Works which is anticipating reduced income at the current time. The position is being discussed with client departments.

Trading Services	Estimate £m	Projection to 31 Mar 09	Variance (Favourable) /Adverse
Income	(31.647)	(31.566)	0.081
Labour Costs	13.050	12.571	(0.479)
Sub Contractors	5.094	5.861	0.767
Other Direct Costs	9.456	9.193	(0.263)
Overheads	1.795	1.832	0.037
Total Expenditure	(2.252)	(2.108)	0.144
Pension Accounting	0.277	0.277	0.000
Net Surplus	(1.975)	(1.831)	0.144

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 4 (27 JULY 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, Talented Athlete Programme, 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 balance on Waste Management Projects relates to an outstanding Waste Awareness grant payment.

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	(0.190)
Waste Management Projects	0.079
Roads and Transport Projects	(0.426)
Total	(0.537)

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:

- Provision of a new Floral Clock at Kilmarnock Railway Station
- Installation of floodlighting to highlight key landmarks
- Extension of summer floral baskets to cover historical centres of Kilmarnock and Cumnock
- Additional mechanical sweeper
- Changes to Shopmobility Scheme to make it available on Sundays
- Availability of public convenience provision in Kilmarnock seven days per week
- Provision of new toilet facilities in Mauchline

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 £2.777m, which represents 20.8% of the available budget. The projected expenditure for 2008/09 is £11.835m.

Slippage primarily relates to expenditure on Major Schemes relating to the Galston Local Office (£1.806m) and Kilmarnock Athletics Facilities (£0.806m) where significant expenditure is not likely in the current year due to complexity of these projects.

The slippage on these schemes is offset to some extent by anticipated additional costs in relation to the Burns Monument Centre (£0.487m) 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.

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 2008)

NEIGHBOURHOOD SERVICES

Stewarton Community Facilities

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
3.560	3.095	3.552

Project Life Cycle

Contract delayed by 8 weeks due to underground services, ground levels and increased walkway provision. The handover is programmed for early September.



External View – 30/07/08



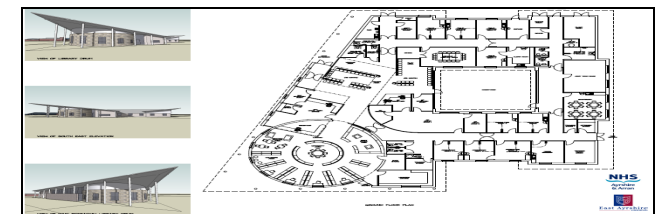
Internal View – 30/07/08

Crosshouse Library / Local Office

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
3.014	0.221	3.014

Project Life Cycle

Finalised design and contract documentation at advanced stage of preparation. No current changes to future milestones.



Proposed Design

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 2008)

NEIGHBOURHOOD SERVICES

Doon Valley Swimming Pool

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
0.795	0.667	0.830

Project Life Cycle

Refurbishment works to Dance Studio and Fitness Suite completed June 2008. Additional works to replace pool heating with efficient heating and decoration work due for completion early September.

Financial Status

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



External View – August 2008



Internal View – August 2008

Burns Monument Centre

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
5.000	2.747	5.487

Project Life Cycle

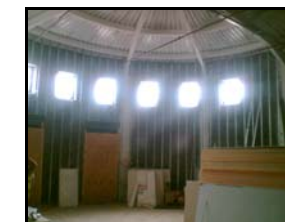
Project delayed from original milestones due to design changes. Revised construction completion date to be agreed with contractor after variations instructed; provisionally estimated at mid to late November 2008, fit-out thereafter.

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.



External View – 31/07/08



Internal View – 31/07/08

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 2008)

NEIGHBOURHOOD SERVICES

CCTV / Risk Management Centre

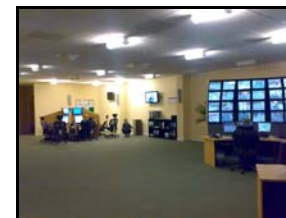
Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
2.729	2.649	2.925

Project Life Cycle

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

Financial Status

Additional funding of £0.050m received from Strathclyde Police to increase the length of time recordings from CCTV facilities are held. Overspend due to revisions to sprinkler system, ground conditions and additional costs in relation to upper floor fire compartmentalisation.



Internal View– 31/07/08



External View – 31/07/08

Galston Flood Prevention Scheme

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

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.

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.



Reinstated Garden

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 2008)

NEIGHBOURHOOD SERVICES

Galston Local Office

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
1.600	0.000	1.600

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.

Financial Status

No expenditure currently anticipated in 2008/09.

Palace Theatre Complex – Phase 3

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
1.281	0.680	1.281

Project Life Cycle

Phase 3 works relate to installation of lift, refurbishment of toilets and remediation of other DDA compliance issues.

Baird Institute

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
0.650	0.003	0.650

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.

Kilmarnock Athletics Facilities

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
3.815	0.000	3.815

Project Life Cycle

Option appraisal ongoing; two sites under consideration.

Financial Status

Budget allocation is £3.815m for period 2008/09 to 2012/13.

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 2008)

NEIGHBOURHOOD SERVICES

General Projects

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

Facility Improvements

There is likely to be slippage in the Dalmellington and Bellsbank Library and Darvel Town Hall projects as the scope of works has yet to be agreed.

Cemetery Extension

A balance is still to be committed, but this is likely to be spent by the year end.

Disabled Access

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

	Revised Budget 2008/09 £m	Actual Expenditure to Date £m	Projected Expenditure 2008/09 £m	Projected Variance £m
Facility Improvements	1.018	0.105	0.849	(0.169)
Health & Safety	0.109	0.000	0.109	0.000
Cemetery Extension	0.127	0.024	0.029	(0.098)
Disabled Access	0.082	0.000	0.003	(0.079)
Playparks	0.239	0.102	0.239	0.000
Traffic & Road Safety	1.405	0.011	1.405	0.000
Structures	0.717	0.012	0.717	0.000
Carriageways & Footways	2.057	0.718	2.057	0.000
Street Lighting	0.238	0.002	0.238	0.000
Flood Prevention Schemes	0.020	0.001	0.020	0.000
Depots	0.016	0.001	0.016	0.000
TOTAL NEIGHBOURHOOD SERVICES	6.028	0.976	5.682	(0.346)

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 4 (27 JULY 2008)

NEIGHBOURHOOD SERVICES

Housing Investment Programme

The long term programme to refurbish council dwellings to meet the Scottish Housing Quality Standard by 2015 means that annual investment levels may vary. The 2008/09 programme reflects an increase in refurbishment costs to previous estimates and also the increased scope of works to take advantage of preferential market conditions.

The projected spend is £16.320m, which is £0.728m above budget. The budget for the year will be revised to reflect the new investment plan.

Service	Revised Budget 2008/09	Actual Expenditure to Date	Projected Expenditure 2008/09	Variance Projected / Revised Budget
Asbestos	0.132	0.056	0.198	0.066
Energy Efficiency	2.536	0.125	0.925	(1.611)
Efficient Heating	3.379	0.654	3.319	(0.060)
External Envelope Enhancement	1.741	0.591	2.090	0.349
Modern Facilities & Services	6.478	2.235	7.773	1.295
Neighbourhood Improvements	0.112	0.019	0.604	0.492
Safe & Secure Neighbourhood	0.389	0.014	0.436	0.047
Sheltered Housing Safety & Improvement	0.825	0.268	0.975	0.150
Total Housing Expenditure	15.592	3.962	16.320	0.728

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

There is additional work anticipated on roughcast repairs and reroofing.

Modern Facilities & Services

There are an increased number of kitchen and bathroom installations.

Neighbourhood Improvements

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

Safe and Secure Neighbourhood

Small overspend currently projected.

Sheltered Housing Safety and Improvement

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

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 2008)

NEIGHBOURHOOD SERVICES

The increase in expenditure should be considered in conjunction with the prior year programme overspend of £1.304m. However, on a rolling basis expenditure will be contained within the 5-year Housing Investment Programme allocation.

As a result of current economic conditions, it is anticipated that contributions from capital receipts generated from council house sales will be significantly less than anticipated resulting an increased borrowing requirement on the Housing Revenue Account.

Sources of Funding

	Approved Budget 2008/09 £m	Projected Expenditure 2008/09 £m
Revenue Funding (CFCR)	5.561	5.671
Sale of Council Dwellings and Other Capital Receipts	6.500	5.000
Anticipated Borrowing	3.531	5.648
Total	15.592	16.320

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 2008)

CORPORATE SUPPORT

SERVICE SUMMARY

An adverse variance is projected 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 which will not impact on service requirements. In addition there are cost pressures on Supplies and Services within IT, Planning and Legal Services.

It is anticipated that £0.060m of uncommitted balances will be utilised for expenditure on Marketing Support and E-Planning.

There is an anticipated pressure in respect of the Local Plan Public Enquiry which is provisionally estimated at £0.200m and these costs are not included within the projected variance to date as the majority of them are likely to fall in 2009/10.

	Estimate £m	Projection to 31 Mar 09	Variance (Favourable)/ Adverse
Employee Costs	12.036	11.662	(0.374)
Property Costs	0.193	0.194	0.001
Transport Costs	0.228	0.226	(0.002)
Supplies & Services	6.098	6.373	0.275
Third Party	0.823	0.873	0.050
Gross Expenditure	19.378	19.328	(0.050)
Income	(4.208)	(3.763)	0.445
Net Expenditure	15.170	15.565	0.395

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 2008)

CORPORATE SUPPORT

SUMMARY OF MOVEMENTS IN APPROVED BUDGET

	Annual Estimate	Budget Adjustments	Revised Budget	Comments on Budget Movement
Budget Allocation Approved by Council 14 February 2008	13.001			
<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
<i>Total Budget adjustments</i>			+2.168	
Revised Budget Allocation at Period 4			15.170	

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 2008)

CORPORATE SUPPORT

SERVICE PERFORMANCE TO DATE

CENTRAL MANAGEMENT SUPPORT

The adverse variance relates to Marketing Support for East Ayrshire Council following Council approval on 21 June 2007. It is anticipated that £0.050m of Corporate Support balances will be drawn down to meet this expenditure.

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	Variance (Favourable)/ Adverse
Employee Costs	0.195	0.187	(0.008)
Property Costs	0.000	0.000	0.000
Transport Costs	0.001	0.001	0.000
Supplies & Services	0.008	0.016	0.008
Third Party	0.000	0.050	0.050
Gross Expenditure	0.204	0.254	0.050
Income	0.000	0.000	0.000
Net Expenditure	0.204	0.254	0.050

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.

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	Variance (Favourable)/ Adverse
Employee Costs	1.421	1.393	(0.028)
Property Costs	0.017	0.020	0.003
Transport Costs	0.011	0.013	0.002
Supplies & Services	0.191	0.214	0.023
Third Party	0.063	0.063	0.000
Gross Expenditure	1.703	1.703	0.000
Income	(0.175)	(0.175)	0.000
Net Expenditure	1.528	1.528	0.000

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 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 related to the ongoing maintenance costs for Ayrshire Electronic Community.

Additional cost pressures are anticipated from British Telecom for voice and data circuits and the renewal of the Council wide PC contract. These costs are not quantifiable at the present time.

A pressure of £0.024m has been identified in respect of the ongoing costs for new circuits in Shortlees and Mauchline PPP schools. The Executive Director is reviewing the issue.

	Estimate £m	Projection to 31 Mar 09	Variance (Favourable)/ Adverse
Employee Costs	2.113	2.048	(0.065)
Property Costs	0.000	0.000	0.000
Transport Costs	0.026	0.026	0.000
Supplies & Services	1.604	1.693	0.089
Third Party	0.000	0.000	0.000
Gross Expenditure	3.743	3.767	0.024
Income	(0.374)	(0.374)	0.000
Net Expenditure	3.369	3.393	0.024

FTE STAFFING ANALYSIS FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
51	+7	58	47

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 2008)

CORPORATE SUPPORT

PLANNING AND ECONOMIC DEVELOPMENT

Management action has been taken to delay filling vacancies following a decline in planning income.

Within Supplies and Services Statutory Advertising, consultancy expenditure and Legal and Professional Fees are higher than anticipated. It is proposed that £0.010m will be utilised from departmental balances to offset an additional pressure in respect of additional software licences and maintenance costs as a result of the Scottish Government's E-Planning system.

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 and the issues will be raised with CoSLA.

	Estimate £m	Projection to 31 Mar 09	Variance (Favourable) /Adverse
Employee Costs	3.491	3.231	(0.260)
Property Costs	0.115	0.115	0.000
Transport Costs	0.059	0.059	0.000
Supplies & Services	2.287	2.372	0.085
Third Party Payments	0.453	0.453	0.000
Gross Expenditure	6.405	6.230	(0.175)
Income	(2.537)	(2.041)	0.496
Net Expenditure	3.868	4.189	0.321

FTE STAFFING ANALYSIS FTE STAFFING ANALYSIS

Budget	In year Changes	Revised Budget	Actual to date
104	+16	120	104

Non Financial Performance

Number of Planning Applications received

Period 4 (29/7/07)	Outturn (31/3/08)	Period 4 (27/7/08)
337	1,040	321

Value of development Plans submitted

Period 4 (29/7/07)	Outturn (31/3/08)	Period 4 (27/7/08)
£110.9m	£163.5m	£28.67m

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 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	0	48	43

	Estimate £m	Projection to 31 Mar 09	Variance (Favourable)/ Adverse
Employee Costs	1.520	1.502	(0.018)
Property Costs	0.000	0.000	0.000
Transport Costs	0.031	0.031	0.000
Supplies & Third Party	1.448	1.448	0.000
	0.019	0.019	0.000
Gross	3.018	3.000	(0.018)
Income	(0.188)	(0.170)	0.018
Net	2.830	2.830	0.000

LEGAL, PROCUREMENT AND REGULATORY

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	83

	Estimate £m	Projection to 31 Mar 09	Variance (Favourable) /Adverse
Employee Costs	2.883	2.883	0.000
Property Costs	0.034	0.032	(0.002)
Transport Costs	0.096	0.091	(0.005)
Supplies & Services	0.506	0.576	0.070
Third Party Payments	0.067	0.067	0.000
Gross Expenditure	3.586	3.649	0.063
Income	(0.930)	(0.993)	(0.063)
Net Expenditure	2.656	2.656	0.000

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 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	-2	15	14

	Estimate £m	Projection to 31 Mar 09	Variance (Favourable) /Adverse
Employee Costs	0.413	0.418	0.005
Property 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
Gross Expenditure	0.718	0.724	0.006
Income	(0.004)	(0.010)	(0.006)
Net Expenditure	0.714	0.714	0.000

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 2008)

CORPORATE SUPPORT

PARTNERSHIPS AND PROJECTS

A number of projects are operated and funded from a variety of sources with some funding awarded in one financial year for use in that or subsequent years. A review of all balances was carried out during 2007/08 with the number held reduced from 40 to 10.

The Employability balance relates to deficits on East Ayrshire Woodlands of £0.112m, a deficit on Conduit/BTTC of £0.029m, Job Rotation of £0.032m and income for work related to Whitelees Wind Farm of £0.117m. The deficits are not anticipated 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: In April 2001 the Council's Development Services Committee adopted the East Ayrshire Local Plan which contained Policy TLR5 requesting all potential developers of residential sites comprising four or more houses to enter into a Section 75 agreement for contributions towards the provision of appropriate leisure and recreation facilities within the area. This policy was supplemented in 2003 by the Development Promotion Advice Note 11. Since 2003 1% of all construction costs have been requested voluntarily.

Cabinet on 24 October 2007 agreed a number of changes be made to the implementation of the policy, indicated in the draft Local Plan, including moving from the 1% policy to one that recognises the pressures on infrastructure arising from new developments.

	Projected Balances at 31 March 2009 £m
Environmental / Community / Heritage	(0.019)
Employability	0.056
Skills Training Unit	0.064
Developers Contributions / S75 SLR	(0.711)
Other	(0.086)
Total	(0.696)

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 annual savings of £0.292m 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:

- Landscape works being carried out in Kilmarnock Town Centre
- Provision of drop-down façade erected at opera house site in John Finnie Street
- Feasibility of using old ABC Cinema site in Kilmarnock in a cultural capacity as part of a theatre project
- Development of options for future use of Co-op building in Darvel
- Litter Education and Enforcement Team

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 £0.0459m, which represents 5.9% of the available budget. The projected expenditure for 2008/09 is £2.976m.

The slippage on the Corporate Support capital programme primarily relates to the Kilmarnock Town Centre Proposals (£3.027m) following Cabinet agreement on 6 August 2008 to withdraw from the proposed Top of the Town office development. As a result it is anticipated that total costs of approximately £0.573m will be incurred by the Council in relation to the improvement works to the multi-storey car park that have already been carried out, and the consultancy fees and necessary survey work chargeable at the point of termination.

A separate report is due to be considered by Cabinet regarding undertaking essential works to the multi-storey and public realm which will be in addition to the projection outlined.

The remainder of the slippage relates to the Council Chambers where £1.650m significant expenditure is not likely to be incurred in the current year.

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 2008)

CORPORATE SUPPORT

Major Projects

Kilmarnock Town Centre Regeneration

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
3.600	0.373	0.573

Project Life Cycle

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

Financial Status

It is anticipated that total costs of approximately £0.573m will be incurred by the Council overall in relation to the improvement works to the multi-storey car park that have already been carried out, and the consultancy fees and necessary survey work chargeable at the point of termination.

Data Centre / Council Chambers

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
1.650	0.000	1.650

Project Life Cycle

Design is still under consideration by the Head of Democratic Services.

Financial Status

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

Cumnock Town Centre

Budget Allocation £m	Expenditure to Date £m	Forecast Expenditure £m
3.969	0.550	3.969

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.

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.

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 2008)

CORPORATE SUPPORT

Corporate Support General Projects

No variance is anticipated in the Corporate Information Technology Programme.

	Revised Budget 2008/09 £m	Actual Expenditure to Date £m	Projected Expenditure 2008/09 £m	Projected Variance £m
Corporate Information Technology	0.641	0.049	0.641	0.000
TOTAL	0.641	0.049	0.641	0.000

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 2008)

FINANCE AND ASSET MANAGEMENT

SERVICE SUMMARY

There is a favourable variance of £0.630m anticipated at 31 March 2009 mainly due to additional funding received from the Department for Work and Pensions to support the implementation of the Employment Support Allowance, additional income expected as a result of Scottish Water collection rates and additional fee income offset by consultancy costs within the Asset Improvement service. Employee Cost savings are anticipated mainly due to the timing of filling of vacancies.

	Estimate £m	Projection to 31 Mar 09	Variance (Favourable) /Adverse
Employee Costs	9.260	9.053	(0.207)
Property Costs	5.011	5.003	(0.008)
Transport Costs	0.129	0.126	(0.003)
Supplies & Services	0.922	1.229	0.307
Third Party Payments	0.762	1.032	0.270
HB/CT Benefit Subsidy	42.111	42.111	0.000
Gross Expenditure	58.195	58.554	0.359
Income	(7.525)	(8.514)	(0.989)
Net Expenditure	50.670	50.040	(0.630)

SUMMARY OF MOVEMENTS IN APPROVED BUDGET

	Annual Estimate	Budget Adjustments	Revised Budget	Comments on Budget Movement
Budget Allocation Approved by Council 14 February 2008	50.531			
<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	
Revised Budget Allocation at Period 4			50.670	

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 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.

Additional income is anticipated from the collection of Scottish water rates and additional grant funding received 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.

	Estimate £m	Projection to 31 Mar 09	Variance (Favourable)/ Adverse
Employee Costs	5.581	5.510	(0.071)
Property Costs	0.018	0.018	0.000
Transport Costs	0.027	0.024	(0.003)
Supplies & Services	0.760	0.760	0.000
Third Party Payments	0.000	0.000	0.000
HB/CT Benefit	42.111	42.111	0.000
Gross Expenditure	48.497	48.423	(0.074)
Income	(2.942)	(3.022)	(0.080)
Net Expenditure	45.555	45.401	(0.154)

FTE STAFFING ANALYSIS

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

Non Financial Performance

Council Tax Collection

P4 07/08	Outturn 31/3/08	P4 08/09
36.5%	92.4%	36.7%

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 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 and recruitment to 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. It is proposed that £0.500m be committed for essential maintenance costs.

FTE STAFFING ANALYSIS

Budget	In year	Revised	Actual to
81	0	81	69

ASSET MANAGEMENT

There are a number of vacancies following the Best Value Service Review of Asset Management arrangements and recruitment to 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 Third Party Payments are due to reduced leasing costs for town centre properties. 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	Revised	Actual to
26	0	26	21

	Estimate £m	Projection to 31 Mar 09	Variance (Favourable) /Adverse
Employee Costs	2.782	2.722	(0.060)
Property Costs	3.761	3.761	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
Gross Expenditure	6.734	7.144	0.410
Income	(3.314)	(4.284)	(0.970)
Net Expenditure	3.420	2.860	(0.560)

	Estimate £m	Projection to 31 Mar 09	Variance (Favourable) /Adverse
Employee Costs	0.897	0.821	(0.076)
Property Costs	1.232	1.224	(0.008)
Transport Costs	0.012	0.012	0.000
Supplies & Services	0.062	0.369	0.307
Third Party Payments	0.762	0.562	(0.200)
Gross Expenditure	2.965	2.988	0.023
Income	(1.269)	(1.208)	0.061
Net Expenditure	1.696	1.780	0.084

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.

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 4 (27 JULY 2008)

FINANCE AND ASSET MANAGEMENT

Capital Programme

Expenditure to date is £0.220m, which represents 23.6% of the available budget. The Projected Expenditure for 2008/09 is £0.572m.

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.

Corporate Office Accommodation

There is slippage projected on the Corporate Office Accommodation of £0.077m which is currently uncommitted.

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	0.039	0.160	0.014
Corporate Office Accommodation	0.157	0.048	0.080	(0.077)
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)
TOTAL	0.931	0.220	0.572	(0.359)

2008/2009 FINANCE AND SERVICE STRATEGY REPORT TO PERIOD 4 (27 JULY 2008)

CENTRAL SERVICES

SERVICE PERFORMANCE TO DATE

CHIEF EXECUTIVE

There are no material variances to report at this time.

	Estimate £m	Projection to 31 Mar 09	Variance (Favourable) /Adverse
Employee Costs	0.545	0.545	0.000
Property 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
Gross Expenditure	0.569	0.569	0.000
Income	(0.007)	(0.007)	0.000
Net Expenditure	0.562	0.562	0.000

FTE STAFFING ANALYSIS

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

MISCELLANEOUS SERVICES

There are no material variances to report at this time.

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