

EAST AYRSHIRE COUNCIL

BUDGET SCRUTINY GROUP

NOTE OF MEETING HELD ON TUESDAY 20 DECEMBER 2005 AT 1045 HRS IN THE CHIEF EXECUTIVE'S CONFERENCE ROOM, COUNCIL HEADQUARTERS, LONDON ROAD, KILMARNOCK

PRESENT: Councillors Drew McIntyre, Willie Coffey Douglas Reid, John Knapp, Stuart Finlayson, Neil McGhee and Elaine Dinwoodie; and Alex McPhee, Executive Head of Finance.

ATTENDING: Joseph McLachlan, Corporate Accounting Manager; Robin Baker, Financial Controller; Julie McGarry, Assistant Administration Manager; and Sharon McHarg, Administrative Officer.

APOLOGIES: Fiona Lees, Chief Executive.

CHAIR: Councillor Drew McIntyre, Chair.

BUDGET SCRUTINY GROUP MEETING HELD ON 1 NOVEMBER 2005

1. There was submitted and noted a report of the meeting held on 1 November 2005 (circulated).

2005/06 REVENUE SERVICES AND CAPITAL PROGRAMME

2. There was submitted a report dated 12 December 2005 (circulated) by the Executive Head of Finance which advised Members of the projected financial position for Revenue Services and Capital Programmes based on expenditure to 13 November 2005 (Period 8) and information provided by Executive Directors.

2.1 GENERAL SERVICES REVENUE ACCOUNT

The Group noted that:

- (i) the current projected out-turn for the year to 31 March 2006 was a surplus in excess of budget of £2.590m;
- (ii) the Executive Director of Educational and Social Services anticipated an adverse variance of £0.926m at 31 March 2006 in respect of Education. £0.463m of variance of this was attributed to as yet unidentified savings in energy costs and the concerns of the Executive Director of Educational and Social Services over the achievability of this was noted;
- (iii) The Group further noted the variances throughout the Department, the most material being in respect of additional costs associated with the termination of the SPT Pupil Transport Contract, additional teaching costs at St Josephs' Academy, reduced school meals income and as yet unidentified savings pending Best Value Service Reviews;
- (iv) the projected out-turn for Social Work Services was breakeven, which took account of a significant level of non-recurring savings and utilisation of previous years' balances and there was some concern over the sustainability of this in future financial years. The Executive Director of Educational and

Social Services will continue to monitor and review the budget and the cost pressures the Service currently faces;

- (v) the currently projected favourable variance of £0.600m in respect of Debt Charges arose principally from a favourable cash flow profile resulting in additional investment income; and
- (vi) it was anticipated that there would be a favourable variance of £0.296m on Council Tax, partly due to higher than anticipated income being recovered on former Community Charge debtors.

2.2 ENERGY EFFICIENCY MONITORING

The Group noted that:

- (i) whilst the Executive Directors of Neighbourhood Services and Development and Property Services would reduce energy usage as far as possible if the energy savings targets could not be achieved in 2005/06 they remain confident that they could live within the Departmental allocations;
- (ii) the Executive Director of Educational and Social Services had advised that he was concerned over the timing of efficiency works to achieve the target and may not be able to absorb the savings elsewhere if energy usage could not be reduced; and
- (iii) the Executive Director of Development and Property Services provided a forecast which indicated that savings of £0.349m should be achieved in the current financial year, leaving a balance of £0.495m.

2.3 TRADING SERVICES

The Group noted:

- (i) Building and Works was anticipated to out-turn £1.161m better than budgeted and that there were no other material variances to report in respect of individual Trading Services; and
- (ii) the projected surpluses for Trading Services included an estimate from the FRS17 Pension Accounting entries which were required to be included in the Council's year end Financial Statements. Whilst there was no overall effect for the Council there was an impact on individual Trading Services.

2.4 GENERAL SERVICES CAPITAL

The Group noted that the 2005/06 Programme had been revised to incorporate schemes brought forward from the previous financial year and that the programmed expenditure of £22.202m included an anticipated reduction of £15.001m which arose principally due to slippage on Galston Primary School (£1.733m), Social Services Care/Children's Home (£1.891m), Dalsalloch Replacement (£0.595m), Galston Flood Prevention (£5.900m) and the CCTV Monitoring Station (£1.941m). Various other schemes make up the balance (£2.941m).

2.5 HOUSING REVENUE ACCOUNT

The Group noted that it was anticipated that the Housing Revenue Account would out-turn £0.150m under budget. This arose from savings in Debt Charges due to a favourable cash flow profile resulting in additional investment income.

2.6 HOUSING CAPITAL

The Group noted that the Executive Director of Neighbourhood Services had indicated that whilst there was an anticipated favourable variance of £0.119m in the Capital Programme at this point in the financial year, this would be managed to ensure there is no material variance at the year end.

2.7 EDUCATIONAL SERVICES

The Group noted that

- (i) It was anticipated that Educational Services would outturn £0.926m over budget;
- (ii) £0.463m of this variance was attributable to as yet unidentified savings in energy costs. There were further variances throughout the Department, the most material being in respect of additional costs associated with the termination of the SPT Pupil Transport Contract, additional teaching costs at St Josephs' Academy, reduced school meals income and as yet unidentified savings pending Best Value Service Reviews. Councillor McIntyre requested a timetable in respect of the completion of Best Value Reviews within Educational Services. Councillor Coffey requested details of how savings identified from the Best Value Service Review of Community Learning & Development had been achieved.

2.8 SOCIAL SERVICES

The Group noted that

- (i) based on information provided by budget holders and senior management, it was currently projected that Social Work would out-turn online with the revised annual estimate for the year.;
- (ii) this projected breakeven position had been achieved partly through utilisation of non-recurring funding in excess of £2m. This included earmarked balances brought forward from previous financial years, as well as non-recurring savings in the current year;
- (iii) foster care expenditure would outturn over budget due to the use of external foster care providers however, action has been taken to increase the number of Council registered foster carers
- (iv) homecare expenditure was significantly higher than anticipated but is being offset by reduced expenditure in respect of the hospital retraction programme however, it was noted that there will be increased demand on this budget once the hospital retraction programme is complete;
- (v) the Executive Director of Educational and Social Services was preparing a report in respect of the fundamental review of the Social Work budget and a sustainability plan to include the issue of non-recurring savings and

- (vi) Councillor McIntyre asked that the Executive Head of Social Services consider whether spend to save options may assist in the review.

2.9 NEIGHBOURHOOD SERVICES

The Group noted that:

- (i) the projected out-turn at 31 March 2006 was a surplus of £0.115m;
- (ii) the total reported variance for environmental services was a deficit of £0.052m; and
- (iii) the total reported variance for **waste management** was a surplus of £0.065m.

2.10 HOUSING REVENUE ACCOUNT

The Group noted that the Housing Revenue Account was projected to out-turn a surplus of £0.150m at 31 March 2005 and that this was due to savings in debt charges.

2.11 BUILDING AND WORKS

The Group:

- (i) noted that the Building and Works Account was projecting a favourable variance of £1.161m and that this was mainly due to additional income from Technical Services and Housing; and

2.12 DEVELOPMENT AND PROPERTY SERVICES

The Group noted that the Department of Development and Property Services was projected to out-turn a surplus of £0.632m as at 31 March 2006. £0.350m of this related to increased fee income from Technical Services.

2.13 CORPORATE SUPPORT

The Group noted that the overall position was a surplus of £0.604m, £0.649m being the total reported variance for Finance and that the principal reason was the nature of the recruitment process following the Best Value Review of the Finance Service.

2.14 CENTRAL SERVICES

The Group noted that unfunded Pension costs, reduced expenditure on Supplies and Services and additional income within Miscellaneous Services was the main reason for the overall position for Central Services which was anticipated to out-turn a surplus of £0.288m.

The meeting terminated at 1125 hrs.