

EAST AYRSHIRE COUNCIL

BUDGET SCRUTINY GROUP

NOTE OF MEETING HELD ON TUESDAY 24 JANUARY 2006 AT 1030 HOURS IN THE CHIEF EXECUTIVE'S CONFERENCE ROOM, COUNCIL HEADQUARTERS, LONDON ROAD, KILMARNOCK

PRESENT: Councillors Drew McIntyre, Douglas Reid, John Knapp, Stuart Finlayson and Neil McGhee; Fiona Lees, Chief Executive; and Alex McPhee, Executive Head of Finance.

ATTENDING: Jennifer Morrison, Administrative Officer.

APOLOGIES: Councillors Willie Coffey and Elaine Dinwoodie.

CHAIR: Councillor Drew McIntyre, Chair.

BUDGET SCRUTINY GROUP MEETING HELD ON 20 DECEMBER 2005

1. There was submitted and noted a report of the meeting held on 20 December 2005 (tabled).

2005/2006 REVENUE SERVICES AND CAPITAL PROGRAMME

2. There was submitted a report dated 17 January 2006 (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 11 December 2005 (Period 9) and information provided by Executive Directors.

2.1 General Services Revenue Account

The Group noted that: -

- (i) the report detailed a projected surplus in excess of budget of £3.430m for the year to 31 March 2006. This was before provision for compensation payments in relation to Equal Pay of £8.200m as committed by the Emergency Powers Committee of 17 January 2006. Taking this into account meant that there was a projected deficit of £3.925m for the year to 31 March 2006;
- (ii) there was a projected favourable variance of £0.600m in respect of Debt Charges;
- (iii) it was anticipated that there would be a favourable variance of £0.556m on Council Tax due in part to higher than anticipated income being recovered from former Community Charge debtors and partly to income received from penalties imposed for late payments; and
- (iv) there was a projected favourable variance of £0.126m in respect of Housing Benefits Subsidy due higher than budgeted fraud incentive subsidy and overpayment recoveries.

2.2 General Services Capital

The Group noted that the 2005/06 projected outturn included an anticipated underspend of £15.001m which arose principally due to slippage on Galston Primary

School, Social Services Care/Children's Homes/Dalsalloch replacement, Galston flood prevention and the CCTV monitoring station.

2.3 Housing Revenue Account

The Group noted that it was anticipated that the Housing Revenue Account would out-turn £0.150m under budget which arose from savings in debt charges due to a favourable cash flow profile which had resulted in additional investment income.

2.4 Housing Capital

The Group noted that the Executive Director of Neighbourhood Services had indicated that whilst there was an anticipated favourable variance of £0.334m in the capital programme at this stage in the financial year, this would be managed to ensure that there was no material variance at the year end.

2.5 Educational Services

The Group noted that:-

- (i) two main elements partly outwith the Department's control continued to cause budget pressures which amounted to £0.738m. These costs related to (a) a projected overspend on energy costs of £0.396m which included a projected saving of 5% from Departmental energy management; and (b) revised costs for main stream pupil transport of £0.342m which had arisen in respect of temporary and re-tendered contracts; and
- (ii) the service controllable element of the reported overspend was £0.161m. Budget pressures amounting to £0.667m which related to Outdoor Learning, teaching costs, SQA exam fees, lower than anticipated school meals income and additional property costs but these had been partially off-set by one-off refunds from Scottish Water, savings in staff costs and additional income. Concern was expressed over the ability of the Service to meet these additional costs in future years and it was noted that the Executive Director would be taking steps to align services with resources available once the allocation for 2006/07 had been determined by the Council.

2.6 Social Services

The Group noted:-

- (i) that although it was anticipated that Social Services would out-turn within budget, this position had been achieved partly through utilisation of non recurring funding in excess of £2.000m and included ear-marked balances brought forward from previous financial years as well as non recurring savings in the current year;
- (ii) that the Executive Director of Educational and Social Services continued to work on a long term financial sustainability plan for Social Work; and
- (iii) the difficulties with regard to foster care costs for agency staff and encouraged the Executive Director to ensure that fostering was promoted at a local level.

2.7 On Site-Services

There were no issues anticipated in respect of this Trading Service.

2.8 Neighbourhood Services

The Group noted: -

- (i) that there was a favourable variance of £0.080m projected to 31 March 2006;
- (ii) the projected out-turn for the Housing Revenue Account at 31 March was a favourable variance of £0.150m; and
- (iii) that there were no issues anticipated in respect of the Trading Services, other than for Building and Works where performance was well ahead of target.

2.9 Development and Property Services

The Group noted:-

- (i) that there was a favourable variance of £1.059m anticipated to 31 March 2006 and;
- (ii) that there were no issues anticipated in respect of the Trading Services.

2.10 Corporate Support

The Group noted a favourable variance of £0.672m was projected at the year end.

2.11 Central Services

The Group noted that a favourable variance of £0.288m was projected at the year end.

The meeting terminated at 1100 hours.