

## **EAST AYRSHIRE COUNCIL**

### **BUDGET SCRUTINY GROUP**

#### **NOTE OF MEETING HELD ON WEDNESDAY 17 JANUARY 2007 AT 1200 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:** Elizabeth Morton, Depute Chief Executive/Executive Director of Corporate Support; Joseph McLachlan, Corporate Accounting Manager; Julie Jamieson, Chief Accountant; and Sharon McHarg, Administrative Officer.

**APOLOGY:** Fiona Lees, Chief Executive.

**CHAIR:** Councillor Drew McIntyre.

#### **BUDGET SCRUTINY GROUP MEETING HELD ON 12 DECEMBER 2006**

1. There was submitted and noted a note of the meeting held on 12 December 2006 (circulated).

#### **PRESENTATION**

2. The Group received and noted a presentation from the Executive Head of Finance on the financial overview as at Period 9 (10 December 2006).

The analysis of the projected surplus was outlined as undernoted, viz:-

Central Services - Miscellaneous	£189,470
Council Tax	£500,630
Housing/Council Tax Benefit	£302,820
Trading Services	£605,620
Technical Services	£65,000
2006/07 Projected Surplus	£1,284,600

#### **FINANCIAL MONITORING REPORT TO PERIOD 9 ENDED 10 DECEMBER 2006 - OVERALL POSITION**

##### **3.1 GENERAL SERVICES REVENUE ACCOUNT**

The Group noted that the currently projected out-turn for the year to 31 March 2007 was an uncommitted surplus in excess of budget of £1.285m and that funding for Single Status had been included in the projection although actual costs would depend on the timing and final scheme outcomes.

The Group noted the Departmental variances as follows:-

- (i) Educational Services were currently projected to out-turn an adverse variance of £0.106m mainly due to unallocated savings offset by variances through the Department;
- (ii) Social Services were currently projected to out-turn an adverse variance of £0.038m which related to residential schools, secure accommodation costs, foster care payments and community care adult home care costs, offset by favourable variances elsewhere in the Service;
- (iii) Neighbourhood Services anticipated a favourable variance of £0.039m for the Department;
- (iv) Development and Property Services was projected to out-turn £0.608m below the budgeted position;
- (v) Corporate Support projected a favourable variance of £0.298m mainly due to underspends on employee costs and additional income;
- (vi) Central Services forecast an adverse variance of £0.189m; and
- (vii) Council Tax projected a favourable variance of £0.501m due to higher than anticipated income being recovered on previous years' accounts and income received from penalties imposed on late payments. There was also a favourable variance of £0.303m in respect of Housing Benefit subsidy.

### **3.2 TRADING SERVICES**

The Group noted that Building and Works was anticipated to out-turn £0.692m in excess of budget, mainly due to increased income and reduced labour costs, which were partly offset by the other budget variances within the expenditure.

### **3.3 GENERAL SERVICES CAPITAL**

The Group noted that the projected expenditure of £27.954m included an anticipated reduction of £2.222m which arose principally from variances in respect of the Burns Monument, the Risk Management Centre, Galston Primary School and Economic Development schemes.

### **3.4 HOUSING REVENUE ACCOUNT**

The Group noted that the Housing Revenue Account was anticipated to out-turn on budget.

### **3.5 HOUSING CAPITAL**

The Group noted that the Housing Capital Programme would be managed to ensure there was no significant slippage at 31 March 2007.

## **SERVICE SUMMARIES - OVERVIEW POSITION**

### **4.1 EDUCATIONAL AND SOCIAL SERVICES**

The Group noted that:-

- (i) the projected deficit for Education Services for 2006/07 included £0.180m in relation to energy costs, together with the balance of the unallocated budget amounting to £0.591m;

- (ii) the Scottish Executive had announced that additional current expenditure resources for schools in the financial year 2006/07 had been awarded and that the grant allocation to East Ayrshire Council was £0.991m;
- (iii) with regard to non-financial data and unit costs, the number of pupils was slightly down at Period 9;
- (iv) Early Years (Devolved) reported a total favourable variance of £0.036m;
- (v) Primary Schools (Devolved) reported a favourable variance of £0.149m mainly in relation to payroll savings;
- (vi) Early Years (Central) reported a favourable variance of £0.176m;
- (vii) Primary Schools (Central) reported an adverse variance of £0.075m mainly due to an under-recovery in recharges to schools arising from long-term absence and Maternity Leave;
- (ix) Secondary Schools (Central) reported a favourable variance of £0.216m;
- (x) Special Education (Central) reported an adverse variance of £0.139m. Included within this deficit is a deficit in Transport of £0.098m due to further demand for transport for pupils with additional support needs;
- (xi) Community Learning and Development reported an adverse variance of £0.032m. Included within this variance was a favourable variance of £0.176m for employee costs relating to projected savings from vacancies and the review of the administration staffing and an adverse variance of £0.191m under income.
- (xii) The PPP infrastructure reported a total adverse variance of £0.080m due to additional fees relating to the final completion of contracts;
- (xiii) Onsite Services reported a favourable variance of £0.122m which included an adverse variance of £0.025m being premises costs;
- (xiv) Educational Services Capital Programme included a favourable variance under projects of £0.336m, the fabrics upgrade and refurbishment reported a favourable variance of £0.192m which included the Muirkirk Primary School and the Lainshaw Primary window replacements being completed under budget.

## 4.2 SOCIAL SERVICES

The Group noted that:

- (i) it was anticipated that Social Work would out-turn £0.038m above the revised annual estimate for the year and that this out-turn position included the additional £1.2m non-recurring funding allocated to the Service to offset existing budget pressures, as part of the 2006/07 Revenue Budget review;
- (ii) the additional funding allocated offset the projected additional expenditure on Foster Care of £0.400m, External Children's Residential Placements (including Secure Accommodation) of £0.400m and additional transport costs of £0.150m;
- (iii) the reported variance for Children and Families was £0.378m which included an adverse variance of £0.352m for transfer payments, this projected overspend having taken account of non-recurring funding of £0.400m

allocated as part of the Revenue Budget review to offset projected additional externally provided Foster Care costs of £0.734m as well as additional payments under the various Sections of the Social Work (Scotland) Act 1968. Also included within this budget was a favourable variance for Third Party payments of £0.003m after taking account of non-recurring funding of £0.400m allocated as part of the Revenue Budget review to offset additional Secure Accommodation costs of £0.168m, additional Outwith Residential School costs of £0.207m as well as additional Flexi Home Care/Day Care costs and Stand-by costs;

- (iv) the Community Care Fieldwork projected a favourable variance of £0.105m which included an adverse variance in employee costs of £0.226m, a favourable variance in Third Party payments of £0.575m and an adverse variance in Transfer payments of £0.246m;
- (v) an adverse variance of £0.054m for Community Care (Adults) was projected and included an adverse variance within Third Party payments of £0.343m with this projected overspend mainly being due to Learning Disabilities, Care at Home costs of £0.301m, Mental Health Care at Home costs of £0.083m and Mental Health Respite costs of £0.163m;
- (vi) the Community Care (Older) budget projected an adverse variance in income of £0.132m mainly due to reduced income from residents in older people's units, partly due to the ongoing review of Older People's Services, as well as reduced income from Community Alarms users;
- (vii) the demolition of Cessnock Gardens and Rosebank, although anticipated to be carried out in the current year were dependent upon the resettlement of residents.

### **4.3 NEIGHBOURHOOD SERVICES**

The Group noted that:

- (i) a favourable variance of £0.031m for Waste Management included a favourable variance of £0.096m for Third Party payments and an adverse variance for income of £0.021m;
- (ii) the Capital Programme projected a favourable variance for Strategic Priorities of £0.828m. It was noted that the Risk Management Centre project was anticipated to start in February 2007 and incur expenditure of £0.166m this year and that works on the Burns Monument Centre were anticipated to commence within this financial year and incur expenditure of £0.157m;
- (iii) the Housing Revenue Account projected an adverse variance of £0.100m for expenditure offset by a favourable variance in income of £0.100m being a result of increased rent income due to lower than budgeted Right to Buy sales;
- (iv) the income for Building and Works projected a favourable variance of £1.396m due to additional income from Housing and Technical Services and included an adverse variance in overheads of £0.046m due to an increase in the level of Departmental support for Building and Works.

### **4.4 DEVELOPMENT AND PROPERTY SERVICES**

The Group noted that:

- (i) the Corporate Office Accommodation projected a favourable variance of £0.217m and primarily related to a proportion of the unallocated resources of £0.300m added to the Corporate Office budget.
- (II) in respect of Capital, there was some slippage anticipated on Town Centre Regeneration of £0.300m and Contaminated Land, Cumnock of £0.159m;
- (iii) in respect of Building Insulation, the time taken to identify projects which gave the best pay back period meant that £0.159m would be carried forward to 2007/08; and
- (iv) the adverse variance of £0.209m would not affect any future grants. Significant underspends for projects was often as a result of timing and often works took place in the latter four months of the financial year.

#### **4.5 CORPORATE SUPPORT**

The Group noted that:

- (i) a favourable variance of £0.298m which was mainly as a result of a favourable variance within employee costs of £0.195m;
- (ii) the Corporate Development and Communication budget projected a favourable variance of £0.060m; and
- (iii) within the Corporate Support Capital Programme, the Northwest Kilmarnock Area projected an overspend of £0.097m, however, efforts were being made to identify additional funding and if this was not possible then a report would be presented to the Emergency Powers Committee to consider an increased budget allocation.

#### **4.6 CENTRAL SERVICES**

The Group noted that Miscellaneous Services expenditure was by nature less predictable than other areas and this period an adverse variance of £0.189m was presented.

The Executive Director of Educational and Social Services and the Executive Head of Social Work joined the meeting.

### **EDUCATIONAL SERVICES**

5. The Executive Director of Educational and Social Services confirmed that;
- (i) with regard to the Water Charge for Crosshouse Nursery, discussions were currently taking place with Scottish Water with a view to the Council receiving a rebate;
  - (ii) Meters at Crosshouse Nursery were checked on a monthly basis, however, consideration should be given to checking the meters more regularly;
  - (iii) the programme to provide Broadband within all schools in East Ayrshire would cost in the region of £2m;
  - (iv) the adverse variance within SEN (Central) Transport of £0.098m was as a result of further demand for transport of pupils with additional needs and was

needs driven and recent trends indicated that budget costs would continue to rise;

- (v) a report would be submitted to the Education Committee regarding the distribution of the additional funding of £0.991m from the Scottish Executive for additional resources for schools in the financial year 2006/07;
- (vi) a report on Additional Support Needs and Factors of Deprivation would be submitted to the next meeting of the Education Committee.

### **SOCIAL SERVICES**

6. The Executive Director of Educational and Social Services and the Executive Head of Social Work confirmed that:

- (i) it was anticipated that an update on the progress of the Budget Sustainability Plan would be available at the next meeting of the Group; however, this was subject to approval by the Chairs of Social Work and Education Committees;
- (ii) expenditure involved in Home Care packages often included people who required 24 hour care and at times involved two care workers;
- (iii) a high number of people were utilising the Community Alarms system. The Executive Head of Social Work would report back on the reasons why there was a reduced income from Community Alarms users and thought it do with changes to charging arrangements;
- (iv) to manage the Home Care Service, given that 74 clients received more than 50 hours of care a week, there required to be appropriate staffing and good equipment to allow the supporting of people at home.

The meeting terminated 1310 hrs.