

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE – 8 FEBRUARY 2007

BUDGETARY CONTROL STATEMENT GENERAL FUND SERVICES

Report by Executive Head of Finance

1 PURPOSE OF REPORT

1.1 To advise Members of the projected financial position for Revenue Services and the General Services Capital programme based on information provided by Executive Directors.

2 OVERALL POSITION

2.1 REVENUE

2.1.1 The budgetary position summarised at Period 9 is shown in the table below. The currently projected outturn for the year to 31 March 2007 is a surplus in excess of budget of £1.285m. The figures shown reflect the £4.550m budget reallocation approved at the Special Policy and Resources Committee on 16 October 2006. Funding for Single Status has been included in this projection, although actual costs will depend on the timing and final scheme outcomes.

Actual Exp. To 10/12/06 £m	Actual Exp. To P9 as % of Annual Estimate		Annual Estimate 2006/07 £m	Projected Actual to 31/3/07 £m	Variance (Favourable) / Adverse £m
62.766	61.4%	Educational Services	102.265	102.371	0.106
31.095	67.6%	Social Services	46.006	46.044	0.038
39.708	68.1%	Neighbourhood Services	58.341	58.302	(0.039)
10.153	60.5%	Development & Property Services	16.786	16.178	(0.608)
7.241	74.5%	Corporate Support	9.725	9.427	(0.298)
33.468	63.8%	Central Services - Other	52.426	52.615	0.189
-	-	Central Services - Debt Charges	13.100	13.100	0.000
-	-	Insurance Fund	3.211	3.211	0.000
(1.718)	-	Building & Works	(1.765)	(2.457)	(0.692)
(0.124)	-	Roads	(0.040)	(0.060)	(0.020)
(0.101)	-	Vehicle Maintenance	(0.010)	(0.018)	(0.008)
0.177		Street Lighting	(0.010)	(0.010)	0.000
182.665		NET EXPENDITURE	300.035	298.704	(1.332)
		Funded By			
(45.390)	100.8%	Council Tax	(45.049)	(45.550)	(0.501)
(139.542)	69.2%	Aggregated External Finance	(201.560)	(201.560)	0.000
(35.484)	70.0%	Other Income (Supporting People & Housing/Council Tax Benefit)	(50.686)	(50.989)	(0.303)
(220.416)	-	TOTAL INCOME	(297.295)	(298.099)	(0.804)
(37.751)	-	SURPLUS FOR YEAR	2.740	0.605	(2.136)
-	-	Utilisation of Previous Years Balances	(2.740)	(2.740)	0
-	-	Departmental Underspend / (Overspend) Carried Forward	0.000	0.737	0.737
-	-	Transfer to Repairs & Renewals	0.000	0.114	0.114
(37.751)	-	2006/07 SURPLUS	0.000	(1.284)	(1.285)
-	-	Contribution from Pension Reserve	(0.332)	(0.332)	0
(37.751)	-	2006/07 SURPLUS	(0.332)	(1.616)	(1.285)

2.1.2 As Members are aware, this Committee on 3 October 2002 agreed that departmental balances generated by managed savings could be carried forward for future use on non-recurring expenditure. Conversely departments overspending their allocation would carry this forward as a first charge against next year's budget. At period 9 £0.737m of departmental variances would be carried forward to 2007/08. This includes the deficit balances currently projected for Educational and Social Services.

2.2 CAPITAL

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

2.2.2 As Members are aware, arrangements are in place to monitor the physical and financial progress of the Capital Programme and any further underspends identified for 2006/07 will be retained by departments to allow projects to be completed. Any variations will be required to be contained within the three year budget allocations.

Service	2006/07 Allocation	Budget Revisions / Adjustments	Revised Budget 2006/07	Actual Expenditure to Date	Projected Expenditure 2006/07	Variance Projected / Revised Budget
Educational Services	7.050	(0.030)	7.020	3.300	6.581	(0.439)
Social Services	1.735	(1.005)	0.730	0.085	0.496	(0.234)
Neighbourhood Services	6.021	(2.760)	3.261	0.585	2.310	(0.951)
Development & Property Services	5.758	7.336	13.094	3.193	12.400	(0.694)
Corporate Support & Council Issues	2.387	3.684	6.071	3.484	6.167	0.096
Total Capital Expenditure	22.951	7.225	30.176	10.647	27.954	(2.222)

Source	2006/07 Allocation	Budget Revisions / Adjustments	Revised Budget 2006/07	Actual Funding to Date	Projected Funding 2006/07	Variance Projected / Revised Budget
Specific Grants						
Education School Fund	2.480	1.223	3.703	0.945	3.703	0.000
Roads & Transportation Grants	0.473	1.565	2.038	0.063	2.038	0.000
Public Sector Improvement Grants	0.972	(0.972)	0.000	0.000	0.000	0.000
Cultural Services Grants	2.154	(0.936)	1.218	0.000	0.677	(0.541)
Flood Prevention Grant	0.000	2.920	2.920	0.000	2.920	0.000
Other Income	0.960	2.954	3.914	1.236	3.755	(0.159)
Total External Funding	7.039	6.754	13.793	2.244	13.093	(0.700)
Spend to Save Projects						
Roads & Transportation Grants	0.210	0.000	0.210	0.000	0.125	(0.085)
Borrowing (excl Spend to Save)	15.702	0.471	16.173	8.403	14.736	(1.437)
Total Borrowing Requirement	15.912	0.471	16.383	8.403	14.861	(1.522)

3 SPECIFIC DEPARTMENTAL ISSUES

3.1 Education

3.1.1 The Executive Director of Educational and Social Services anticipates that based on current spending patterns, there will be an adverse variance within the Educational Services revenue budget of £0.106m at 31 March 2007 and confirms that he will be taking appropriate action to deal with this. This includes a favourable variance of £0.302m on devolved budgets.

3.1.2 Payroll savings of £1.079m arise from vacancies, the utilisation of probationary teachers and the estimated school carry forward balances. In addition there is a £0.101m underspend in Third Party Payments mainly due to lower than anticipated Early Years payments to external providers and a reduction in external training. These are offset by adverse variances on SEN Transport (£0.101m) and Supplies and Services (£0.197m) mainly due to additional Broadband and school equipment costs.

The projected deficit includes £0.180m of energy costs, together with the balance of the unallocated plan of £0.591m. In addition £0.191m of the Community Learning and Development savings target has been mainly offset by vacancies. A reduction in Quality Improvement income of £0.072m has been offset by reduced expenditure.

3.1.3 The Special Policy and Resources Committee of 16 October 2006 allocated an additional £2.000m to Educational Services on a non-recurring basis to address some of the issues noted above. This has been reflected within the Education budget.

3.1.4 In respect of the Educational Services Capital Programme, this is anticipated to outturn £0.439m under budget principally due to the timing of Muirkirk Primary window replacement, Dunlop Primary extension, Galston Primary construction and the Netherthird Community Campus schemes.

3.2 Social Services

3.2.1 The Director of Educational and Social Services has indicated that based on current trends, Social Services will outturn £0.038m in excess of budget at 31 March 2007. The projected adverse variance includes a number of long-standing budget pressures, as well as an outstanding balance of savings to be achieved of £0.158m in the current financial year. The main budget pressures are within Children and Families including Residential Schools and Secure Accommodation placements, Foster Care costs and Transport Costs. This position depends on a significant level of non-recurring funding and does not include anticipated savings from the ongoing review of older people's services which are currently forecast to result in an annual cost reduction of £1.000m from 2007/08.

3.2.2 The figures reflect the additional £1.200m allocated to Social Services on a non-recurring basis at the Special Policy and Resources Committee of 16 October 2006 to address some of the issues noted above.

3.2.3 The Social Services Capital Programme is anticipated to outturn £0.234m under budget at 31 March 2007 mainly due to the timing of the Children's Home schemes and Carrick View Care Home. Tenders have been received for these projects and evaluation is underway although there is some evidence generally that market conditions are pushing prices significantly above anticipated levels. The favourable variance is forecast to be partially offset by additional expenditure in relation to Older People's Services.

3.3 Neighbourhood Services

- 3.3.1** The Executive Director of Neighbourhood Services anticipates a favourable variance on the Neighbourhood Services revenue budget of £0.039m at 31 March 2007. This is mainly due to reduced costs in Waste Management arising from higher than anticipated recycling rates, lower than anticipated contract payments for the Chemist & Analyst and Employee Costs within Central Management Support. These are offset by adverse variances in Environmental Services and Licencing.
- 3.3.2** The Neighbourhood Services Capital Programme is anticipated to outturn £0.951m under budget at 31 March 2007 mainly due to the timing of the Risk Management Centre and the Burns Monument Centre schemes. Tenders have been returned for these projects and evaluation is underway, although there is some evidence that market conditions are pushing prices significantly above anticipated levels.

3.4 Development and Property Services

- 3.4.1** It is anticipated that the Development and Property Services budget will outturn £0.608m under budget at 31 March 2007. This is principally due to additional income in respect of Technical Services and Planning fees and favourable variances within the Corporate Office Accommodation budget.
- 3.4.2** In respect of the Development and Property Services Capital Programme, it is anticipated that £0.085m will be carried forward to fund the Cumnock parking strategy and in addition there will be £0.609m slippage on Economic Development projects.

3.5 Corporate Support

- 3.5.1** The projected underspend to 31 March 2007 of £0.298m is principally due to reduced Employee Costs as a result of the timing of filling of vacancies within Chief Executive office, Corporate Development and Communication and Finance. In addition there is a favourable variance on income arising from Scottish Water for improved collection rates and from the Department of Work and Pensions for benefits fraud prosecution. Delay in the implementation of e-Procurement is also anticipated to generate reduced costs in the current financial year.
- 3.5.2** The North West Area Centre is projected to overspend by £0.096m. Efforts are currently being made to contain this within the budget.

3.6 Central Services

- 3.6.1** There is an adverse variance of £0.189m projected to 31 March 2007 principally due to the redundancy and pension related costs associated with the closure of Cessnock Gardens and Rosebank Units for Older People partly offset by other savings including the sum retained against Energy Efficiency which has not been utilised.
- 3.6.2** It is anticipated that there will be a favourable variance of £0.501m on Council Tax partly due to higher than anticipated income being recovered on accounts for previous year and partly due to income received from penalties imposed for late payments, net of commission.

3.6.3 There is a projected favourable variance of £0.303m in respect of Housing Benefit Subsidy due to higher than anticipated subsidy income including more effective overpayment recovery arrangements.

3.7 Trading Services

3.7.1 Building and Works is anticipated to outturn £0.692m in excess of budget, mainly due to increased income and lower than anticipated Labour Costs, partially offset by additional Other Direct Costs.

3.8 Repairs and Renewals Fund

3.8.1 The Policy and Resources Committee of 3 October 2002 allowed Trading Operations to transfer sums to be ringfenced within the renewal and repairs fund for use in future years. Sums available for transfer are limited to the lower of £0.100m or 50% of any surplus in excess of the budgeted surplus. Accordingly as at period 9 £0.114m can be identified as being the maximum amount available for transfer.

3.8.2 The Acting Executive Director of Development and Property Services has indicated a requirement to utilise funds appropriated in this way and has requested the amount indicated below be transferred to the trading operation.

Trading Operation	Intended use of Fund	Transfer Required £m
Street Lighting	To obtain a Mobile Elevated Work Platform to overcome operational difficulties, whilst meeting Health and Safety requirements.	0.041
Total to be Transferred from R & R		0.041

4 UTILISATION OF BALANCES

4.1 The Special Policy and Resources Committee on 16 October 2006 approved the utilisation of £2.500m uncommitted General Fund Balances to address externally driven expenditure pressures and progress departmental priorities. In addition Corporate Support, Supporting People and Central Repairs have utilised earmarked reserves of £0.150m, £0.066m and £0.024m respectively in the current financial year.

5 RECOMMENDATIONS

5.1 It is recommended that Members:-

- (i) approve the transfer from the Renewals and Repairs Fund in Paragraph 3.8.2 and;
- (iii) otherwise note the contents of the Report.

Alex McPhee
Executive Head of Finance

JJ/JP
15 January 2007

LIST OF BACKGROUND PAPERS

NIL

Members wishing further information should contact Julie Jamieson, Chief Accountant, Tel: (01563) 576336.