

# EAST AYRSHIRE COUNCIL

## POLICY AND RESOURCES COMMITTEE – 8 FEBRUARY 2005

### 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 programmes based on information provided by Executive Directors.

## 2 OVERALL POSITION

### REVENUE

- 2.1 The budgetary position summarised at Period 9 is shown in Appendix 1. The budget for 2004/05 is a break-even position. The currently projected outturn for the year to 31 March 2005 is a surplus of £0.749m
- 2.2 As members are aware, the Policy and Resources Committee of 3 October 2002 agreed that in order to promote better long term planning departmental balances generated by managed savings should be carried forward for future use by the department concerned. The External Auditor has highlighted the fact that revenue balances should not be used to fund recurring expenditure. Conversely departments overspending their allocation would carry this forward as a first charge against next year's budget. At period 9, £1.132m of departmental underspends would be eligible for carry forward.
- 2.3 During the 2004/05 budget setting process £0.200m was earmarked from the 2003/04 General Fund surplus brought forward for Building and Works. It is currently anticipated that the £0.200m will be met from the current year's surplus and the draw on the previous years balance will not be required.

## 3 SPECIFIC DEPARTMENTAL ISSUES

### 3.1 Education

The Executive Director of Educational and Social Services anticipates that there will be an adverse variance of £0.206m at 31 March 2005. However he has confirmed that he will continue to take opportunities as they arise to bring total expenditure into line with the departmental resource allocation without cutting across existing Council policies and he is confident that he can do so.

### **3.2 Social Services**

The Director of Educational and Social Services has indicated that the Social Services Department will outturn £0.387m under budget at 31 March 2005. This is principally due to unavoidable delays in hospital discharge programmes for clients with learning disabilities and complex mental health needs as well as recurring revenue costs in relation to the ongoing refurbishment of the Council's older people's units, further to the Best Value review of this service.

In addition, savings in staffing costs are being achieved due to the current national shortage of qualified Social Work staff, as well as savings on secure accommodation costs in the current year. The unpredictable nature of these budget headings means that there is no guarantee that the same level of savings will be achievable in future financial years.

### **3.3 Neighbourhood Services**

The Executive Director of Neighbourhood Services anticipates a favourable variance of £0.195m at 31 March 2005. This is made up of a number of variances throughout the Department, the most significant of which is an underspend due to the timing of the commencement of the Anti-Social Behaviour Initiative.

### **3.4 Development and Property Services**

The favourable variance projected at 31 March 2005 of £0.106m is principally due to additional fee income offset by additional expenditure on supplies and services and payments to partnerships and projects.

The Executive Director of Development and Property Services is responsible for a number of partnerships and special projects, including East Ayrshire Woodlands. At 31 March 2004 this Project reported a cumulative deficit of £0.135m which had arisen as a result of the cessation of ESF and Millennium Forest for Scotland funding. The 2004/05 budget depends on the delivery of a number of income generating schemes to ensure a breakeven position. A significant proportion of this income has yet to be secured. The Executive Director of Development and Property Services has indicated that action is being taken to address both the cumulative deficit brought forward and the current years income position.

### **3.5 Corporate Support**

The projected underspend to 31 March 2005 of £0.490m is principally due to reduced Employee Costs as a result of the timing of filling of vacancies throughout the Department.

### **3.6 Central Services**

Central Services is anticipated to outturn £0.237m under budget at 31 March 2005. This arises from Strathclyde Pension fund payments being lower than anticipated and the successful conclusion of negotiations between Finance Service and Land Securities to recover previous years VAT.

It is anticipated that savings arising from a favourable cash flow profile resulting in additional investment income will result in a reduction in anticipated debt charges of £0.350m in respect of General Services.

### 3.6 Building and Works

Building and Works is anticipated to outturn £0.613m better than budget at £1.213m surplus. This projection includes a provision for the reduction in income as a result of bad weather as estimated by the Executive Director of Neighbourhood Services.

### 3.7 Renewals and Repairs Fund

The Policy and Resources Committee of 3 October 2002 agreed that Trading Operations should be able to transfer sums to be ringfenced within the renewal and repairs fund for use in future years. Sums available for transfer would be limited to the lower of £0.100m or 50% of any surplus in excess of the budgeted surplus. Accordingly as at period 9 £0.110m can be identified as being the maximum amount available for transfer.

The Executive Director of Development and Property Services has indicated a requirement to utilise funds appropriated in this way in 2003/04 and has requested the amount indicated below be transferred to the respective trading unit.

Trading Operation	Intended Use of Fund	Transfer required £
Roads	To upgrade Gauchalland Depot, Galston to create improved working facilities and improved service to clients	40,000
<b>Total to be transferred from R&amp;R</b>		<b>40,000</b>

## 4 CAPITAL

- 4.1 The programmed expenditure of £20.361m includes an anticipated reduction of £4.045m which arises principally due to unavoidable delays on Galston Primary School Scheme, Adult Care Homes, Dalsalloch Replacement and the A70 Welltrees Bridge Project. The only current year costs anticipated in relation to the CCTV centre will be in respect of the London Road Emergency Generator. The funding for all of these projects will be reprogrammed in line with the requirements of the Prudential Code.

SERVICE	Revised Budget 2004/05	Actual Expenditure to Date	Projected Expenditure 2004/05	Variance Actual / Revised Budget
	£	£	£	£
Education	6,377,000	1,742,782	4,412,000	-1,965,000
Social Services	1,545,000	58,437	700,000	-845,000
Neighbourhood Services	3,038,000	884,266	3,038,000	0
Development & Property Services	11,066,056	4,936,271	10,606,056	-460,000
Corporate Support & Council Issues	2,380,000	703,854	1,605,016	-774,984
<b>Total Capital Expenditure</b>	<b>24,406,056</b>	<b>8,325,610</b>	<b>20,361,072</b>	<b>-4,044,984</b>
<b><u>Funded By</u></b>				
<b><u>SPECIFIC GRANTS</u></b>				
Education School Fund	1,877,000	0	1,877,000	0
Roads & Transportation Grants	1,806,056	43,820	1,806,056	0
Public Sector Improvement Grants	860,000	0	860,000	0
Cultural Services Grants	1,058,000	197,057	1,058,000	0
Flood Prevention Grant	2,550,000	0	2,550,000	0
<b><u>SPEND TO SAVE PROJECTS</u></b>				
Roads & Transportation	470,000	0	470,000	0
Education	50,000	0	50,000	0
Council Issues	900,000	0	900,000	0
<b>Total Capital Funding</b>	<b>9,571,056</b>	<b>240,877</b>	<b>9,571,056</b>	<b>0</b>
<b>Required Borrowing</b>	<b>14,835,000</b>	<b>8,084,733</b>	<b>10,790,016</b>	<b>-4,044,984</b>

## 5 RECOMMENDATIONS

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

Alex McPhee  
**Executive Head of Finance**

JJ/JP  
 27 January 2005  
 ENC (1)

### LIST OF BACKGROUND PAPERS NIL

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

**EAST AYRSHIRE COUNCIL**  
**POLICY AND RESOURCES COMMITTEE - 8 FEBRUARY 2005**

APPENDIX 1

**GENERAL SERVICES REVENUE ACCOUNT SUMMARY 2004/2005**  
**TO 12 DECEMBER 2004 (PERIOD 9)**

Actual Expenditure to Period 9 £	Act Exp to P9 as % of Ann Est		Annual Estimate 2004/05 £	Projected Actual 2004/05 £	Movement Proj. Actual / Annual Estimate £
58,492,204	65.0%	Education	89,995,860	90,201,510	205,650
21,488,513	55.4%	Social Services	38,794,165	38,407,310	(386,855)
32,229,289	68.9%	Neighbourhood Services	46,755,980	46,561,269	(194,711)
10,697,777	61.9%	Development & Property Services	17,281,290	17,175,290	(106,000)
6,047,304	67.2%	Corporate Support	8,998,260	8,508,260	(490,000)
-	-	Central Services - Debt Charges	13,000,000	12,650,000	(350,000)
2,673,079	39.2%	Central Services - Other	6,810,500	6,573,500	(237,000)
-	-	Insurance Fund	2,569,960	2,569,960	-
-	-	Contingency Fund	650,000	650,000	-
(38,147)	-	Leisure	(12,000)	(12,000)	-
6,467	-	Roads	(30,000)	(40,000)	(10,000)
(7,580)	-	Street Lighting	-	(5,000)	(5,000)
70,231	-	Refuse Collection	(25,000)	(25,000)	-
30,827	-	Street Cleansing	(20,000)	(20,000)	-
(746,451)	-	Outdoor Amenities	(29,000)	(29,000)	-
(342,770)	-	OnSite Services	(268,630)	(268,630)	-
(1,884,520)	-	Building and Works	(600,230)	(1,213,160)	(612,930)
(41,055)	-	Vehicle Maintenance	(10,000)	(15,000)	(5,000)
-	-	Trading Services Capital Adjustment	(32,980)	(32,980)	-
-	-	Transfer to Repairs and Renewals	-	110,000	110,000
-	-	Departmental underspend Carried Forward	-	1,132,566	1,132,566
<b>128,675,168</b>	<b>57.5%</b>	<b>NET EXPENDITURE</b>	<b>223,828,175</b>	<b>222,878,895</b>	<b>(949,280)</b>
-	-	<b>Use of Balances Brought Forward</b>	(291,555)	(291,555)	-
-	-	<b>Building and Works earmarked Commitment</b>	(200,000)	-	200,000
<b>128,675,168</b>	<b>57.6%</b>	<b>TOTAL EXPENDITURE</b>	<b>223,336,620</b>	<b>222,587,340</b>	<b>(749,280)</b>
		<b>Funded By</b>			
29,205,000	73.8%	Council Tax	39,600,000	39,600,000	-
112,414,628	67.1%	Aggregated External Finance (AEF)	167,468,550	167,468,550	-
2,927,163	18.0%	Specific Grants	16,268,070	16,268,070	-
<b>144,546,791</b>	<b>64.7%</b>	<b>TOTAL INCOME</b>	<b>223,336,620</b>	<b>223,336,620</b>	<b>-</b>
<b>(15,871,623)</b>		<b>(SURPLUS)/DEFICIT FOR YEAR</b>	<b>-</b>	<b>(749,280)</b>	<b>(749,280)</b>