

EAST AYRSHIRE COUNCIL

BUDGET SCRUTINY GROUP

NOTE OF MEETING HELD ON WEDNESDAY 15 MARCH 2006 AT 1000 HRS IN THE CHIEF EXECUTIVE'S CONFERENCE ROOM, COUNCIL HEADQUARTERS, LONDON ROAD, KILMARNOCK

PRESENT: Councillors Drew McIntyre, Douglas Reid, John Knapp, Stuart Finlayson, Neil McGhee; Fiona Lees, Chief Executive; 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 Robert Beaton, Administrative Officer.

APOLOGIES: Councillors Willie Coffey and Elaine Dinwoodie.

CHAIR: Councillor Drew McIntyre, Chair.

BUDGETARY SCRUTINY GROUP MEETING HELD ON 24 JANUARY 2006

1. There was submitted and noted a report of the meeting held on 24 January 2006 (circulated).

2005/06 REVENUE SERVICES AND CAPITAL PROGRAMME

2. There was submitted a report dated 8 March 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 5 February 2006 (Period 11) and information provided by Executive Directors.

2.1 GENERAL SERVICES REVENUE ACCOUNT

The Group noted that the report detailed a deficit for the year to 31 March 2006 of £2.121m. This takes into account a projection for compensation payments in respect of Equal Pay of £8.2m. This figure may change depending on the number of employees who decide to accept compensation payments currently offered.

2.2 GENERAL SERVICES CAPITAL

The Group noted that the 2005/06 projected out-turn included anticipated slippage of £16.848m which arose principally from Galston Primary School Scheme, Social Services Care/Children's Homes, Dalsalloch, Galston Flood Prevention, the Regeneration and Efficiency Fund 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 £0.225m under budget which arose from savings in employee costs, premises costs, transport costs, supplies and services and debt charges with this being used to offset additional pressure on demand repairs.

2.4 HOUSING CAPITAL

The Group noted that the Executive Director of Neighbourhood Services had indicated that whilst there was anticipated slippage of £0.535m in the Capital Programme at this stage in the financial year, it was intended that this would be managed to ensure that there was no material variance at the year end.

2.5 EDUCATIONAL SERVICES

The Group noted:

- (i) that there was a projected adverse variance of £0.360m at 31 March 2006 in respect of Education and that this included an anticipated variance of £0.396m attributed to as yet unidentified savings in energy costs of which £0.302m could be attributed to slippage in Energy Management Initiatives being undertaken by the Department of Development and Property Services;
- (ii) that there were budget pressures in respect of additional teaching costs, additional property costs, reduced school meals income and as yet unidentified savings pending Best Value Service Reviews;
- (iii) that the budget pressures were partly offset by a significant level of non-recurring savings including a favourable variance in relation to employee costs of £0.613m in respect of non-school staff vacancies and refunds from Scottish Water; and
- (iv) the Executive Director of Educational and Social Services has confirmed that he will continue to take opportunities as they arise to bring total Education expenditure into line with the Departmental resource allocation.

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 significant level of non-recurring savings and utilisation of previous years' balances and there continues to be concern over the sustainability of this in future financial years; and
- (ii) that the Executive Director of Educational and Social Services has indicated that he will continue to monitor and review the budget position and the cost pressures which will impact on the Service and proposals to resolve overall budget issues will be presented to the Social Work Committee in due course.

2.7 ON-SITE SERVICES

The Group noted that On-Site Services would out-turn on budget and that the Executive Director of Educational and Social Services was in the process of amending the status of On-Site Services to become an integrated facilities management service as opposed to being a separate trading operation and that this was anticipated to be completed by Summer 2006.

2.8 NEIGHBOURHOOD SERVICES

The Group noted:-

- (i) that the Executive Director anticipates a favourable variance of £0.078m at 31 March 2006:
- (ii) within the Waste Management service a projected adverse variance of £0.020m is projected to the year-end. This variance included £0.078m as a result of additional overtime costs on Waste Management and the Executive Director was in the process of reviewing costs to secure more efficient use of resources; and
- (ii) there was a projected favourable variance of £0.225m in respect of the Housing Revenue Account.

2.9 DEVELOPMENT AND PROPERTY SERVICES

The Group noted:-

- (i) that the Executive Director of Development and Property Services anticipated a favourable variance of £1.049m to 31 March 2006 and that anticipated adverse variances on premises costs, supplies and services and third party payments were offset by an underspend on employee costs and additional income; and
- (ii) that the Executive Director of Development and Property Services was examining the feasibility of Roads and Vehicle Maintenance transferring from being a separate Trading Service to becoming part of the Development and Property Services budget and that this would be completed by March 2007.

2.10 CORPORATE SUPPORT

The Group noted that a favourable variance of £0.538m was projected to the year end.

2.11 CENTRAL SERVICES

The Group noted that a favourable variance of £0.318m was projected to the year end.

The meeting terminated at 1045 hrs.