

EAST AYRSHIRE COUNCIL

BUDGET SCRUTINY GROUP

NOTE OF MEETING HELD ON TUESDAY 6 MARCH 2007 AT 1130 HOURS IN MEETING ROOM 1, 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 Director 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.

APOLOGIES: Councillors Willie Coffey and Elaine Dinwoodie.

CHAIR: Councillor Drew McIntyre.

BUDGET SCRUTINY GROUP MEETING HELD ON 17 JANUARY 2007

1. There was submitted and noted a report of the meeting held on 17 January 2007 (circulated).

MATTERS ARISING

2.1 Social Services - Update on the Budget Sustainability Plan

It was noted that major progress had been made and that the deficit had been reduced from £3m to just over £1m.

2.2 Social Services - Update on the Community Alarms System

It was noted that the reduction in income from Community Alarm users was mainly as a result of an outstanding payment in respect of ASBOs and that the financial position had now turned around.

PRESENTATION

3. The Group received and noted a presentation from the Executive Head of Finance on the financial overview as at Period 11 ended 4 February 2007.

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

Central Services - Miscellaneous	£79,470
Council Tax	(£500,630)
Housing/Council Tax Benefit	(£335,000)
Trading Services	(£1,038,320)
Technical Services	(£222,630)
2006/07 Projected Surplus	(£2,017,110)

FINANCIAL MONITORING REPORT TO PERIOD 11 ENDED 4 FEBRUARY 2007 - OVERALL POSITION

4.1 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 £2.017m which included funding for Single Status in the projection although the actual costs would depend on the timing and the final scheme outcomes. Departmental variances were as follows:-

- (i) Educational Services was currently projected to out-turn a favourable variance of £0.384m which included a ring-fenced balance of £0.200m for Early Years Surestart;
- (ii) Social Services forecasted a favourable variance of £0.010m;
- (iii) Neighbourhood Services projected a favourable variance of £0.117m;
- (iv) Department of Development and Property Services projected a favourable variance of £0.604m;
- (v) Corporate Support projected a favourable variance of £0.347m mainly due to underspend in employee costs and additional income;
- (vi) Central Services forecasted an adverse variance of £0.079m; and
- (vii) it was anticipated that there would be a favourable variance of £0.501m on Council Tax, partly due to higher than anticipated income being recovered on previous years accounts and income received from penalties imposed for late payments. There was also a favourable variance of £0.335m in respect of Housing Benefit Subsidy.

4.2 TRADING SERVICES

The Group noted that Building and Works was anticipated to out-turn £1.118m in excess of budget mainly due to increased income and reduced labour costs, which were partly offset by other budget variances within expenditure.

4.3 GENERAL SERVICES CAPITAL

The Group noted that the projected expenditure of £27.714m included an anticipated reduction of £2.281m.

4.4 HOUSING REVENUE ACCOUNT

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

4.5 HOUSING CAPITAL

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

SERVICE SUMMARIES - OVERVIEW POSITION

5.1 EDUCATIONAL AND SOCIAL SERVICES

5.1.1 Educational Services

The Group noted that the major variances included:-

- (i) Employee Cost Savings of £1.388m which arose from vacancies and utilisation of probationer teachers;
- (ii) reduced Transport Costs of £0.063m were for the main SPT contract offset by additional costs in Special Needs; and
- (iii) additional Supplies and Services costs of £0.606m were mainly due to Broadband costs and replacement of school equipment together with planned expenditure by Onsite Services.

5.1.2 Social Services

The Group noted that the projected out-turn position included:-

- (i) the additional £1.2m non-recurring funding allocated to the service to offset existing budget pressures, as part of the 2006/2007 revenue budget review; and
- (ii) the additional funding allocated offsets 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.

The Chief Executive further informed the Group that the recruitment process for external foster placements was working effectively and the campaign to promote the recruitment process was being stepped up.

5.2 NEIGHBOURHOOD SERVICES

The Group noted that:-

- (i) the anticipated favourable variance was due to anticipated underspends within Central Management Support, Waste Management, Chemist and Analyst, Emergency Planning and Anti-Social Behaviour, partially offset by additional expenditure from Leisure Services, Environmental Services and Licensing; and
- (ii) the current projected out-turn at 31 March 2007 for Building and Works was a surplus of £2.883m which was £1.12m better than budget.

5.3 DEVELOPMENT AND PROPERTY SERVICES

The Group noted:-

- (i) the forecasted favourable out-turn of £0.604m was primarily due to the anticipated underspends within the Planning and Building Standards, Roads and Transportations, Technical Services and Corporate Office Divisions;
- (ii) employee costs were anticipated to out-turn higher than budgeted as a result of the payment of redundancy and early retirement costs for Chief Officers following the Council reorganisation, these costs had been spread across all areas they managed and were offset to some extent by anticipated savings elsewhere within the employee budget due to vacant posts and staff turnover;
- (iii) a favourable variance of £0.323m for Technical Services; and
- (iv) a favourable variance of £0.217m was reported for Corporate Office accommodation.

The Depute Chief Executive reassured the Group that measures were in place for recruiting new Planning Officers.

5.4 CORPORATE SUPPORT

The Group noted that a favourable variance of £0.347m existed.

5.5 CENTRAL SERVICES

The Group noted that an adverse variance of £0.079m was anticipated due to a number of variances within Miscellaneous Services and general efficiencies within Democratic Process.

The meeting terminated at 1200 hours.