

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE – 28 MARCH 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 11 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 £2.017m. 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 4/2/07 £m	Actual Exp. To P11 as % of Annual Estimate		Annual Estimate 2006/07 £m	Projected Actual to 31/3/07 £m	Variance (Favourable) / Adverse £m
62.766	61.8%	Educational Services	101.578	101.195	(0.383)
31.095	66.8%	Social Services	46.579	46.569	(0.010)
48.750	83.5%	Neighbourhood Services	58.408	58.291	(0.117)
10.153	60.5%	Development & Property Services	16.781	16.177	(0.604)
9.491	92.5%	Corporate Support	10.265	9.918	(0.347)
38.108	72.4%	Central Services - Other	52.659	52.738	0.079
-	-	Central Services - Debt Charges	13.100	13.100	0.000
-	-	Insurance Fund	3.284	3.284	0.000
(1.641)	-	Building & Works	(1.765)	(2.883)	(1.118)
(0.078)	-	Roads	(0.040)	(0.060)	(0.020)
(0.046)	-	Vehicle Maintenance	(0.010)	(0.030)	(0.020)
0.077	-	Street Lighting	(0.010)	(0.010)	0.000
198.675		NET EXPENDITURE	300.829	298.289	(2.540)
		<u>Funded By</u>			
(45.390)	100.8%	Council Tax	(45.050)	(45.550)	(0.500)
(139.879)	69.2%	Aggregated External Finance	(202.048)	(202.048)	0.000
(40.729)	80.4%	Other Income (Supporting People & Housing/Council Tax Benefit)	(50.686)	(51.021)	(0.335)
(225.998)	-	TOTAL INCOME	(297.784)	(298.619)	(0.835)
(27.323)	-	DEFICIT / (SURPLUS) FOR YEAR	3.0450	(0.330)	(3.375)
-	-	Utilisation of Previous Years Balances	(3.045)	(3.045)	0
-	-	Departmental Underspend / (Overspend) Carried Forward	0	1.238	1.238
-	-	Transfer to Repairs & Renewals	0	0.120	0.120
(27.323)	-	2006/07 SURPLUS	0	(2.017)	(2.017)
-	-	Contribution from Pension Reserve	(0.332)	(0.332)	0.000
(27.323)	-	2006/07 SURPLUS	(0.332)	(2.349)	(2.017)

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 11 £1.239m of departmental variances would be carried forward to 2007/08.

2.2 CAPITAL

2.2.1 The projected expenditure of £25.214m is £4.781m less than the capital allocation for the year. This arises principally from slippage in respect of the Burns Monument Centre, the Risk Management Centre, Galston Flood Prevention and Primary School Schemes and Economic Development schemes.

2.2.2 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 £m	Budget Revisions / Adjustments £m	Revised Budget 2006/07 £m	Actual Expenditure to Date £m	Projected Expenditure 2006/07 £m	Variance Projected / Revised Budget £m
Educational Services	7.050	0.020	7.070	3.759	6.736	(0.334)
Social Services	1.735	(1.005)	0.730	0.143	0.386	(0.344)
Neighbourhood Services	6.021	(2.991)	3.030	0.745	2.179	(0.851)
Development & Property Services	5.758	7.336	13.094	4.500	9.500	(3.594)
Corporate Support & Council Issues	2.387	3.684	6.071	4.430	6.413	0.342
Total Capital Expenditure	22.951	7.044	29.995	13.577	25.214	(4.781)

Source	2006/07 Allocation £m	Budget Revisions / Adjustments £m	Revised Budget 2006/07 £m	Actual Expenditure to Date £m	Projected Expenditure 2006/07 £m	Variance Projected / Revised Budget £m
Specific Grants						
Education School Fund	2.480	1.273	3.753	0.945	3.753	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	(1.167)	0.987	0.000	0.355	(0.632)
Flood Prevention Grant	0.000	2.920	2.920	0.000	0.920	(2.000)
Other Income	0.960	2.954	3.914	1.490	3.755	(0.159)
Total External Funding	7.039	6.573	13.612	2.498	10.821	(2.791)
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	11.079	14.268	(1.905)
Total Borrowing Requirement	15.912	0.471	16.383	11.079	14.393	(1.990)

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 a favourable variance within the Educational Services revenue budget of £0.384m at 31 March 2007 which includes a ring fenced £0.200m balance for Early Years Surestart.

The main variances include Employee Cost savings of £1.388m arising from vacancies and the utilisation of probationary teachers. Additional Supplies and Services costs of £0.606m are anticipated mainly as a result of additional Broadband costs, additional equipment and the utilisation of schools devolved resource balances from the previous year. There is a residual balance of £0.180m in relation to energy costs, together with the balance of unallocated budget of £0.401m and £0.161m of unachieved Community Learning and Development savings. These are offset by savings elsewhere in the department.

- 3.1.3** In respect of the Educational Services Capital Programme, this is anticipated to outturn £0.334m under budget principally due to the timing of Dunlop Primary extension, Galston Primary construction and the Netherthird Community Campus schemes. An additional £0.489m for Schools Fund projects was announced by the Scottish Executive in November which is anticipated to be fully spent by 31 March 2007.

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 £0.010m below budget at 31 March 2007. This position includes the additional £1.200m non-recurring funding allocated to the service and a significant level of non-recurring funding but 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. The service pressures continue to be within Children and Families including Residential Schools, Secure Accommodation placements and Foster Care Costs.

- 3.2.2** The Social Services Capital Programme is anticipated to outturn £0.344m under budget at 31 March 2007 mainly due to slippage on the Children's Home schemes and Carrick View Care Home, 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 £0.117m at 31 March 2007. This is mainly due to reduced expenditure on Anti-Social Behaviour and reduced costs in Waste Management arising from higher than anticipated recycling rates. These variances are offset by additional expenditure in Environmental Services, Leisure Services and Licencing.

- 3.3.2** The Neighbourhood Services Capital Programme is anticipated to outturn £0.851m under budget at 31 March 2007 mainly due to the timing of the Risk Management Centre and the Burns Monument Centre schemes. This variance is partially offset by additional expenditure on the Palace Theatre, Grand Hall and Western Road Depot.

3.4 Development and Property Services

3.4.1 It is anticipated that the Development and Property Services budget will outturn £0.604m 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 £2.500m will be carried forward for the Galston Flood Prevention Scheme, £0.200m for the Lugar Bridge Project, £0.085m for Cumnock parking strategy, £0.609m slippage on Economic Development projects and £0.200m on Corporate Office Accommodation.

3.5 Corporate Support

3.5.1 The projected underspend to 31 March 2007 of £0.347m is principally due to reduced Employee Costs in Chief Executive office, Corporate Development and Communication and Finance. There is additional income from Scottish Water, the Department for Work and Pensions, Legal Fees, Court Fines and Licencing Board Permits/Licences. Delay in the implementation of e-Procurement is also anticipated to result in reduced costs in the current financial year.

3.5.2 The North West Area Centre is projected to overspend by £0.342m with a further £0.202m being discussed with the contractor. Efforts are currently being made to identify areas for savings.

3.6 Central Services

3.6.1 There is an adverse variance of £0.079m 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 savings which has not been required.

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 £0.335m 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 £1.118m 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 11 £0.120m can be identified as being the maximum amount available for transfer.

4 UTILISATION OF BALANCES

4.1 In respect of uncommitted General Fund Balances, £2.500m has been utilised in 2006/07 to fund departmental pressures and priorities and £0.070m has been used for Leisure Trusts. Corporate Support, Neighbourhood Services, Development and Property Services and Central Services have utilised earmarked reserves and balances of £0.285m, £0.066m, £0.024m and £0.100m respectively in the current financial year.

5 RECOMMENDATIONS

5.1 It is recommended that Members note the contents of the Report.

Alex McPhee
Executive Head of Finance
JJ/JP
7 March 2007

LIST OF BACKGROUND PAPERS

NIL

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