

BUDGET SCRUTINY GROUP

REPORT OF MEETING HELD ON THURSDAY 24 MARCH 2005 AT 1130 HRS IN THE CHIEF EXECUTIVE'S CONFERENCE ROOM, COUNCIL HEADQUARTERS, LONDON ROAD, KILMARNOCK

PRESENT: Councillors John Knapp, Stuart Finlayson, Neil McGhee, Elaine Dinwoodie; and Elizabeth Morton, Depute Chief Executive/Executive Director of Corporate Support; and Alex McPhee, Executive Head of Finance.

ATTENDING: Joseph McLachlan, Finance Manager; Julie Jamieson, Strategic and Operational Accountant; and Sharon McHarg, Administrative Officer.

APOLOGIES: Councillors Drew McIntyre, Willie Coffey, Douglas Reid; and Fiona Lees, Chief Executive.

CHAIR: Councillor John Knapp.

APPOINTMENT OF CHAIR

1. In the absence of Councillor McIntyre, it was agreed that Councillor Knapp take the Chair.

BUDGET SCRUTINY GROUP HELD ON 27 JANUARY 2005

2. There was submitted and noted a report of the meeting held on 27 January 2005.

The Head of Economic Development and Property joined the meeting for discussion regarding the following item.

EAST AYRSHIRE WOODLANDS - FINANCE REPORT 2004/05

3. There was submitted a report dated 21 March 2005 (circulated) by the Head of Economic Development and Property for the Budget Scrutiny Group to consider the 2004/05 Finance Report in relation to East Ayrshire Woodlands.

Concern was expressed in respect of the accumulated operating deficit of £0.135m.

The Head of Economic Development and Property updated the Group further on the budget position of East Ayrshire Woodlands and confirmed that:

- the 2003-04 deficit brought forward was £0.110m being the original deficit of £0.135m less East Ayrshire Council contribution of £0.025m which was subject to approval by the Policy and Resources Committee;
- it was anticipated that £0.080m of the remaining £0.110m may be addressed from accumulated surpluses at Conduit being transferred back to the respective partners and then reallocated by them to East Ayrshire Woodlands. It was noted that this had been agreed at the Conduit Project Steering Group meeting of 23 March 2005;
- none of the Conduit surpluses were attributable to ESF Schemes;
- a balance of £0.030m on Woodlands would remain to be recouped in future years.

The Group agreed to note the position.

PARTNERSHIPS AND SOCIAL PROJECTS 2004/05

4. There was submitted a report dated 24 March 2005 (circulated) by the Head of Economic Development and Property for the Budget Scrutiny Group to consider the 2004/05 budget position in relation to partnerships and special projects.

The Head of Economic Development and Property updated the Group on the position in relation to partnerships and special projects for 2004/05.

The Group agreed to note the position.

BUDGETARY CONTROL STATEMENT - FINANCIAL MONITORING REPORT TO 6 FEBRUARY 2005 (PERIOD 11)

5. There was submitted a report dated 3 March 2005 (circulated) by the Executive Head of Finance which advised of the projected financial position for Revenue Services and Capital Programmes based on expenditure to 6 February 2005 (Period 11) and information provided by Executive Directors.

5.1 DEVELOPMENT AND PROPERTY SERVICES

The Group noted that

- the Executive Director of Development and Property Services had anticipated that there would be a favourable variance of £0.499m at 31 March 2005.
- The adverse variance of £0.052m for third party payments related to anticipated additional payments to partnerships and projects in excess of the budget provision and that work was ongoing under the direction of the Head of Economic Development and Property to address this for 2005/06 and beyond.
- The projected adverse variance on premises costs related primarily to higher than expected electricity charges at the Glaisnock Shopping Centre.
- Fee recharges for work undertaken by Technical Services had exceeded expectations to date due to increased workload and it was anticipated that income would out-turn in excess of budget.
- As at period 11, no material variances were projected within the Central Repairs Account and the Executive Director of Development and Property Services anticipated that expenditure would be contained within the overall budget for the year.

The Head of Economic Development left the meeting.

5.2 GENERAL SERVICES REVENUE ACCOUNT

The Group noted that:

- The overall position indicated Departmental underspends totalling £1.743m which could be carried forward. The Executive Head of Finance advised, however, that Executive Directors were aware of their resource allocations for the next three years and there was evidence that some non-essential spending was being reigned in to increase the underspends and create a buffer to allow services and resources to be matched over the three year budget period; and
- since the report had been prepared, further work had been done in a number of areas including Housing Benefit Subsidy, Council Tax Collection and Debt

Charges and all of these indicated significant gains. These together with no draw on contingency and no adverse conditions affecting trading services suggested that the uncommitted surplus for the year may be in excess of £4.000m.

5.3 EDUCATION

The Group noted:

- an adverse variance of £0.051m projected at 31 March 2005 and that this projection did not include £0.097m for ground condition surveys for the sites involved in the PPP Project;
- that the Executive Director of Educational and Social Services would prepare a report for the Policy and Resources Committee recommending that this expenditure be met from uncommitted revenue balances as this is the most cost effective option.

5.4 SOCIAL SERVICES

The Group noted that the Director of Educational and Social Services had indicated that the Social Services Department would out-turn £0.485m under budget at 31 March 2005 and that this included a provision for costs related to hospital discharge programmes for clients with learning disabilities and complex mental health needs which had been delayed but which were anticipated to occur in 2005/06 as well as slippage in relation to additional funding allocation for increased care home running costs.

5.5 NEIGHBOURHOOD SERVICES

The Group noted that the Executive Director of Neighbourhood Services had indicated that the Department would out-turn £0.395m under budget at 31 March 2005.

5.6 CORPORATE SUPPORT

The Group noted that it was anticipated that Corporate Support would out-turn £0.615m under budget at 31 March 2005, principally due to management action in respect of timing of filling of vacancies as well as receipt of additional grant income. This took account of planned expenditure on property issues at Greenholm Street and 2 The Cross and the procurement of asset management and debtors systems.

5.7 CENTRAL SERVICES

The Group noted that at Period 11 it was anticipated that Central Services would out-turn £0.490m under budget at 31 March 2005 and that there was a projected favourable variance of £0.500m in respect of debt charges.

5.8 TRADING SERVICES

The Group noted that Building and Works budget was anticipated to out-turn £0.859m better than budget and that this was a prudent estimate as the Executive Director was concerned that bad weather could affect the completion of capital works.

5.9 GENERAL SERVICES CAPITAL

The Group noted that at Period 11 the programmed expenditure of £19.971m included an anticipated reduction of £6.275m which arose principally due to unavoidable delays on Galston Primary School scheme, care homes, Dalsalloch replacement and the A70 Welltrees bridge project.

5.10 HOUSING REVENUE ACCOUNT

The Group noted that the Housing Revenue Account was anticipated to out-turn £0.297m under budget.

5.11 HOUSING CAPITAL

The Group noted that the Executive Director of Neighbourhood Services had indicated that at this point in the financial year there was slippage anticipated of £0.508m on the Housing Capital Programme.

The meeting terminated at 1210 hrs.