

EAST AYRSHIRE COUNCIL

BUDGET SCRUTINY GROUP

REPORT OF MEETING HELD ON TUESDAY 2 NOVEMBER 2004 AT 1130 HRS IN THE MEETING ROOM, COUNCIL HEADQUARTERS, LONDON ROAD, KILMARNOCK

PRESENT: Councillors Drew McIntyre (Chair), Willie Coffey, John Knapp, Stuart Finlayson, Neil McGhee and Elaine Dinwoodie; Fiona Lees, Chief Executive; and Alex McPhee, Executive Head of Finance.

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

APOLOGY: Councillor Douglas Reid.

CHAIR: Councillor Drew McIntyre, Chair.

BUDGET SCRUTINY GROUP MEETING HELD ON 1 SEPTEMBER 2004

1. There was submitted and noted a report of a meeting held on 1 September 2004 (circulated).

BUDGETARY CONTROL STATEMENT - FINANCIAL MONITORING REPORT TO 19 SEPTEMBER 2004 (PERIOD 6)

2. There was submitted a report dated 25 October 2004 (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 19 September 2004 (Period 6) and information provided by Executive Directors.

2.1 GENERAL SERVICES REVENUE ACCOUNT

The group noted that:

- (i) the cumulative balance brought forward from 2003/04 had been revised to £7.910m following the completion of the audit and that this was due to the actual figure for Housing Benefit Subsidy claim being 1.9% higher than initially estimated in the Accounts adding £0.644m to the year end surplus. However the Executive Head of Finance explained that this was principally a timing issue;
- (ii) the balance brought forward figure of £7.910m included an uncommitted balance of £4.333m;
- (iii) the budgeted outturn position at 31 March 2005 was a break-even position;
- (iv) the net expenditure for 2004/2005 was currently anticipated to out-turn £0.051m better than budget based on a number of prudent assumptions; and
- (v) the Housing Revenue Account was currently projected to out-turn £0.199m under budget.

2.2 GENERAL SERVICES CAPITAL PROGRAMME

The Group noted that slippage of £2.250m was anticipated principally due to unavoidable delays on Galston Primary School scheme, Adult Care Homes and Dalsalloch Replacement and that the funding assumptions for these schemes would be amended accordingly.

2.3 EDUCATIONAL SERVICES

The Group noted that:

- (i) based on current expenditure, there was a projected overspend of £0.354m;
- (ii) since Period 4 the level of reported overspend had reduced by £0.102m despite the inclusion of the Early Years pay settlement of £0.093m; and
- (iii) the Executive Director of Education is continuing to seek opportunities to reduce expenditure and identify the balance of unallocated savings to bring expenditure into line with the departmental resource allocation.

2.4 SOCIAL SERVICES

The Group noted that:

- (i) the one-off nature of efficiency savings achieved in 2003/2004 resulted in an effective budget shortfall of £0.625m being brought forward from 2003/2004;
- (ii) of the 2004/05 savings target of £1.236m a large proportion of this figure has yet to be identified by the Executive Director of Educational and Social Services;
- (iii) additional efficiency savings of £1.291m for 2005/2006 were required for Social Services;
- (iv) the 2004/05 position was anticipated to be break-even principally due to significant underspending in employee costs due to recruitment difficulties and in care packages where anticipated hospital discharges had not occurred or had been later than programmed.

The Executive Director of Educational and Social Services and the Executive Head of Social Work joined the meeting for discussion of the Educational and Social Services budgets and the Group noted:

- (v) the Executive Director of Educational and Social Services assured the Group that active steps were being taken to contain overall expenditure within the total Education budget and reduce the projected overspend of £0.353m without affecting current levels of frontline services and that the next financial management report on Educational Services would give details of any movements;
- (vi) the Budget Scrutiny Group and the Education Committee would continue to receive reports on the progress made on the management action taken to reduce expenditure as part of the standing reporting arrangements;
- (vii) The Executive Director of Education and Social Services noted the Group's concern over the 2004/05 break-even position for Social Services and the sustainability of current savings for the future; and

- (viii) the Executive Director of Education and Social Services agreed that he would report on his plans to ensure the long term sustainability of the Social Services budget to the next meeting of the Group.

2.5 NEIGHBOURHOOD SERVICES

The Group noted that:

- (i) The Executive Director of Neighbourhood Services had indicated that the department would outturn on budget with adverse variances in certain areas being offset by additional income;
- (ii) Refuse Collection and Street Cleaning Trading Operations were forecasting reduced surpluses due to issues surrounding the vehicle maintenance contracts and that meetings had been arranged with the contractor to discuss these.

2.6 HOUSING REVENUE ACCOUNT

- (i) the repairs budget was anticipated to outturn £0.160m above budget due to demand and this was offset by favourable variances of £0.050m in Void Properties, £0.159m on Employee Costs and £0.150m on Debt Charges due to the spending profile of the capital programme and improved investment returns.

2.6 DEVELOPMENT AND PROPERTY SERVICES

The Group noted that:

- (i) at Period 6, the Executive Director of Development and Property Services expected to out-turn £0.054m above budget and this was primarily due to efficiency savings attributed to Corporate Office Accommodation which could not be met due to the fixed nature of the expenditure. It was noted that the Executive Director intended to identify offsetting savings within the Department as a whole;
- (ii) in respect of Economic Development there is an adverse variance on third party payments due to additional payments to partnerships and projects being in excess of the budget and this is offset by additional income in other areas. Authority will be sought from the Scottish Executive to carry forward any underspend in respect of the £0.600m for Working for Families Fund included in the Economic Development budget;
- (iii) the Property Account includes £0.926m which represented the balance of funding allocated by the Scottish Executive in respect of the Top of the Town Development carried forward from 2003/2004 and that this will be carried forward as required; and
- (iv) East Ayrshire Woodlands reported a brought forward deficit of £0.135m which had arisen as a result of the cessation of ESF and Millennium Forest for Scotland funding and that further budgetary pressures had also been identified in 2004/2005 which would require to be addressed. The Group further noted the Executive Director was confident that work currently ongoing with partners to the Woodlands Project and other external organizations to establish funding

sources with which to address the current deficit position and to agree a balanced budget position for 2004/2005 would be successful.

The Executive Director of Development and Property Services joined the meeting for discussion of the Development and Property Services budget and gave the Group an assurance that

- (i) there were issues only of timing in respect of the Top of the Town Development and that he had authority to carry forward any unspent monies;
- (ii) in respect of Woodlands he is confident that the issues surrounding the budget deficit will be resolved and that the project will be in a healthier position at 31 March 2005; and
- (iii) there are no problems anticipated in respect of the Working for Families Fund and that a significant element of the £0.600m will be spent by the year end.

2.7 CORPORATE SUPPORT

The Group noted that:

- (i) an underspend of £0.340m was anticipated on Employee Costs principally through management action in respect of timing of filling of vacancies throughout the year as well as the receipt of additional grant income.

The meeting terminated at 1215 hrs.