

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE – 25 NOVEMBER 2004

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 programmes based on information provided by Executive Directors.

2 OVERALL POSITION

REVENUE

- 2.1 The audit of the 2003/04 Accounts has now been completed. In previous years the Housing Benefit Subsidy claim was due for submission after the end of the audit. This year the date was brought forward and as a result the prudent estimate of subsidy made in May was able to be updated in line with the actual return before the end of the audit. The actual figure was 1.9% higher than estimated which adds £0.644m to the year end surplus. Whilst this reflects improving benefits performance it is essentially a timing issue.
- 2.2 The budgetary position summarised at Period 6 is shown in Appendix 1. The budget for 2004/05 is a break-even position. The currently projected outturn for the year to 31 March 2005 is a surplus of £0.051m

The cumulative balance brought forward is revised to £7.910m which is comprised as follows;

Component	£m	£m
Committed		
Departmental Balances	2.384	
Departmental Commitments	0.854	
Quality of Life Commitments	0.339	
Total Committed Balance		3.577
Uncommitted Balance		4.333
Total Balance Brought Forward		7.910

- 2.3 As members are aware, the Policy and Resources Committee of 3 October 2002 agreed that in order to promote better long term planning departmental balances generated by managed savings should be carried forward for future use by the department concerned. Conversely departments overspending their allocation would carry this forward as a first charge against next year's budget. At period 6, £0.340m of departmental underspends would be eligible for carry forward.

3 SPECIFIC DEPARTMENTAL ISSUES

3.1 Education

The Executive Director of Educational and Social Services anticipates that there will be an adverse variance of £0.354m at 31 March 2005. This is principally due to the fact that work is continuing within the department on the identification of efficiency options. The Executive Director will take opportunities as they arise to bring total expenditure into line with the departmental resource allocation without cutting across existing Council policies.

3.2 Social Services

The Director of Educational and Social Services has indicated that the Social Services Department will outturn on budget at 31 March 2005. As previously reported, members should note that this break even position takes account of a significant level of non-recurring savings and there is some concern over the sustainability of this in future years.

3.3 Neighbourhood Services

The Executive Director of Neighbourhood Services does not anticipate any variances at 31 March 2005.

3.4 Development and Property Services

The projected overspend to 31 March 2005 of £0.054m is principally due to the inability to achieve allocated efficiency savings within Corporate Office Accommodation due to the fixed nature of the costs, for example, rates and security. The Executive Director of Development and Property Services has confirmed that he will take action to bring total departmental expenditure into line with the resource allocation where opportunity arises.

3.5 Corporate Support

The projected underspend to 31 March 2005 of £0.340m is principally due to reduced Employee Costs as a result of the timing of filling of vacancies throughout the Department.

It is anticipated that savings arising from a favourable cash flow profile resulting in additional investment income will result in a reduction in anticipated debt charges of £0.300m in respect of General Services.

Members will recall that the Council's insurance portfolio was due for renewal from 1 October 2004 for the next year. This process has been concluded and the terms offered can be contained within the existing budgetary provision, with existing levels of policy excess being preserved.

3.6 Building and Works

Building and Works is anticipated to outturn £0.276m better than budget.

3.7 Renewals and Repairs Fund

The Policy and Resources Committee of 3 October 2002 agreed that Trading Operations should be able to transfer sums to be ringfenced within the renewal and repairs fund for use in future years. Sums available for transfer would be limited to the lower of £0.100m or 50% of any surplus in excess of the budgeted surplus. Accordingly as at period 6 £0.100m can be identified as being the maximum amount available for transfer.

4 CAPITAL

- 4.1 The programmed expenditure of £22.178m includes an anticipated reduction of £2.250m which arises principally due to unavoidable delays on Galston Primary School Scheme, Adult Care Homes and Dalsalloch Replacement. Additional anticipated costs in 2004/05 will arise in respect of the Public Transport Fund and the London Road Emergency Generator. The funding for all of these projects will be reprogrammed in line with the requirements of the Prudential Code.

SERVICE	Revised Budget 2004/05	Actual Expenditure to Date	Projected Expenditure 2004/05	Variance Actual / Revised Budget
	£	£	£	£
Education	6,377,000	740,496	4,827,000	-1,550,000
Social Services	1,545,000	17,334	680,000	-865,000
Neighbourhood Services	3,068,000	556,033	3,068,000	0
Development & Property Services	11,058,056	3,852,184	11,182,440	124,384
Corporate Support & Council Issues	2,380,000	498,512	2,421,000	41,000
Total Capital Expenditure	24,428,056	5,664,559	22,178,440	-2,249,616
Funded By				
SPECIFIC GRANTS				
Education School Fund	1,877,000	0	1,877,000	0
Roads & Transportation Grants	1,798,056	0	1,798,056	0
Public Sector Improvement Grants	860,000	0	860,000	0
Cultural Services Grants	1,088,000	0	1,088,000	0
Flood Prevention Grant	2,550,000	0	2,550,000	0
SPEND TO SAVE PROJECTS				
Roads & Transportation	470,000	0	470,000	0
Education	50,000	0	50,000	0
Council Issues	900,000	378	900,000	0
Total Capital Funding	9,593,056	378	9,593,056	0
Required Borrowing	14,835,000	5,664,181	12,585,384	-2,249,616

5 RECOMMENDATIONS

5.1 It is recommended that Members note the contents of this report.

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Executive Head of Finance

JJ/JP
1 November 2004
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LIST OF BACKGROUND PAPERS NIL

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