

EAST AYRSHIRE COUNCIL

BUDGET SCRUTINY GROUP

NOTE OF MEETING HELD ON TUESDAY 17 OCTOBER 2006 AT 1000 HRS IN THE CHIEF EXECUTIVE'S CONFERENCE ROOM, COUNCIL HEADQUARTERS, LONDON ROAD, KILMARNOCK

PRESENT: Councillors Drew McIntyre, Douglas Reid, John Knapp, Stuart Finlayson Neil McGhee and Elaine Dinwoodie; and Alex McPhee, Executive Head of Finance.

ATTENDING: Elizabeth Morton, Depute Chief Executive/Executive Director of Corporate Support; Joseph McLachlan, Corporate Accounting Manager; Julie Jamieson, Chief Accountant; and Jennifer Morrison, Administrative Officer.

APOLOGIES: Councillor Willie Coffey and Fiona Lees, Chief Executive.

CHAIR: Councillor Drew McIntyre.

BUDGET SCRUTINY GROUP MEETING HELD ON 22 AUGUST 2006

1. There was submitted and noted a report of the meeting held on 22 August 2006 (circulated).

PRESENTATION

2. The group received and noted a presentation from the Executive Head of Finance on the Financial Overview as at Period 6 (17 September 2006).

The Departmental Variances were outlined as undernoted:-

Central Services	-	Miscellaneous	-	(£474,640)
	-	Debt Charges	-	(£400,000)
Council Tax	-			(£1,000,000)
Housing/Council Tax Benefit			-	(£400,000)
Trading Services			-	(£203,430)
Technical Services			-	(£68,890)
Total - 2006/2007 Projected Variance			-	(£2,546,960.00)

Information was then presented in bar graph and pie chart format breaking down the variances within the various Departments.

EXECUTIVE SUMMARY

3.1 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 £2.547m with Departmental variances as follows:

- (i) Educational Services was currently projected to out-turn £1.411m in excess of budget mainly due to additional Transport and Energy Costs and the withdrawal of Scottish Executive temporary funding, and as yet unidentified savings;
- (ii) Social Services forecasted an adverse variance of £1.212m which related to residential schools and secure accommodation costs, foster care and transport costs and changes in charging regime for personal care. There were also unachieved savings of £0.369m which had yet to be identified;
- (iii) Neighbourhood Services anticipated a favourable variance of £0.104m which arose mainly from higher than expected levels of recycling. The Housing Revenue Account was also anticipated to out-turn on budget;
- (iv) the Department of Development and Property Services was projected to out-turn £0.653m below the budgeted position;
- (v) a favourable variance of £0.378m existed within Corporate Support mainly as a result of underspends on employee costs and general efficiencies on Supplies and Services, and additional income;
- (vi) there was a favourable variance of £0.475m in respect of Central Services which was partly due to the pay award being settled at 2.5% rather than the 3% budgeted;
- (vii) it was anticipated that there would be a favourable variance of £1.0m on Council Tax which was 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 £0.4m in respect of Housing Benefit Subsidy. Debt charges were anticipated to out-turn £0.4m under budget at the year end.

3.2 TRADING SERVICES

The Group noted that Building and Works was anticipated to out-turn £0.301m in excess of budget which was mainly due to increased income and lower than anticipated labour costs, which were partly offset by other budget variances within expenditure.

3.3 GENERAL SERVICES CAPITAL

It was noted that the projected expenditure of £26.055m included an anticipated reduction of £1.258m which arose principally from variances in respect of the Kay Park, the Risk Management Centre and former Housing Improvement Grant schemes and that although the actual expenditure to date is £5.560m, Executive Directors anticipate expenditure of £26.055m to 31 March 2007.

3.4 HOUSING REVENUE ACCOUNT

The Housing Revenue Account was anticipated to out-turn on budget at 31 March 2007.

3.5 HOUSING CAPITAL

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

Councillor Douglas Reid joined the meeting at this point.

SERVICE SUMMARIES - OVERVIEW POSITION

4.1 EDUCATIONAL AND SOCIAL SERVICES

The Executive Director of Educational and Social Services and the Executive Head of Social Work joined the meeting.

The Executive Director of Educational and Social Services confirmed that:

4.1.1 Educational Services

- (i) in relation to the issue of allocating the £1.0m savings targets to Heads of Service he had since the last meeting met with the Heads of Service and had requested that they draw up appropriate Action Plans. He was also looking at areas where immediate and short term gains could be made. The Executive Director assured the meeting that he would do whatever he could to meet the savings targets;
- (ii) the downsizing of the water meter at Grange Academy had led to a refund of £0.089m from Scottish Water, and accordingly, he was investigating the viability of similar proposals for other schools;
- (iii) in relation to the £0.025m overspend highlighted within the Primary Schools supply pool work, that the schools themselves paid for these services. He outlined for the Group the discussions he had had with Head Teachers with regard to measures to be taken to contain this overspend;
- (iv) in relation to Special Educational Needs placements the system used to manage the authority's own assessed places was very highly controlled however two areas which were outwith the direct control of the authority were (a) placements as a result of decisions made through the Children's Hearing system which were increasing and (b) placing requests made by parents/guardians under the Placing Request legislation.

The Group then returned to an issue it had examined earlier in the meeting in relation to the devolved schools budgets where any unspent monies were not called in until late in the financial year. The Group indicated that it wished to receive at an earlier stage, information from schools to allow a more accurate picture of the total education budget, and wished to know whether the Executive Director could put in place any procedures to this end. The Executive Director advised that more information could be brought forward at an earlier stage but stressed that the school budgets were set against a 3 year planning process.

Notwithstanding the above, the group advised the Executive Director that it did require to have sight of this information at an earlier stage in the financial year.

Councillor Douglas Reid left the meeting at this point.

4.1.2 Social Services

The Executive Head of Social Work outlined the substantial progress to date towards securing the £1.0m per annum saving in Older People's services, with the group receiving updates on the progress at Cessnock Gardens and Rosebank.

The Group noted that external foster care costs had increased dramatically, and the Executive Head of Social Work agreed to draw up an Action Plan for submission to the Group.

The Executive Head of Social Work then outlined the reasons for the overspend on Direct Payments for Community Care fieldwork and for the Direct Payments under spend in Community Care Adult Services.

It was also noted that whilst at a Corporate level there remained a commitment to reducing transport costs, substantial works had already been carried out within Social Services and that there had been a reduction in the projected adverse variance within Children and Families of £0.196m since period 4 and further savings were anticipated by the Executive Head of Social Work in respect of the work being carried out on transport usage and service delivery throughout Social Services. The Executive Head of Social Work would ensure that the departmental Transport review would be compatible with the crosscutting Council Transport review undertaken by the Chief Executive to ensure consistency.

The Depute Chief Executive/Executive Director of Corporate Support left the meeting at this point.

A FINANCIAL SUSTAINABILITY PLAN FOR THE DEPARTMENT OF EDUCATIONAL AND SOCIAL SERVICES

5. There was submitted a report dated 13 October 2006 (circulated) by the Executive Director of Educational and Social Services providing Members of the Group with a summary of the progress being made towards the development of a financial sustainability plan for the Department of Educational and Social Services.

It was agreed:-

- (i) to request the Executive Director of Educational and Social Services to provide future reports to the Group on this matter; and
- (ii) otherwise to note the contents of the report.

The meeting terminated at 1110 hrs.