

## **EAST AYRSHIRE COUNCIL**

### **BUDGET SCRUTINY GROUP**

#### **REPORT OF MEETING HELD ON THURSDAY 17 JUNE 2004 AT 0900 HRS IN THE CHIEF EXECUTIVE'S CONFERENCE ROOM, COUNCIL HEADQUARTERS, LONDON ROAD, KILMARNOCK**

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

**ATTENDING:** John Mulgrew, Acting Depute Chief Executive; Robin Baker, Financial Controller; Julie Jamieson, Financial Services Manager (Corporate Accounting); and Jennifer Morrison, Administrative Officer.

**APOLOGY:** Fiona Lees, Chief Executive.

**CHAIR:** Councillor Drew McIntyre, Chair.

#### **BUDGET SCRUTINY GROUP MEETING HELD ON 25 MARCH 2004**

1. There was submitted and noted a report of the meeting held on 25 March 2004 (circulated).

#### **BUDGETARY CONTROL STATEMENT - FINANCIAL MONITORING REPORT - DRAFT OUT-TURN TO 31 MARCH 2004**

2. There was submitted a report dated 2 June 2004 (circulated) by the Executive Head of Finance which advised Members of the draft out-turn position of the General Services Revenue Account, Trading Services Account, General Services Capital Programme, Housing Revenue Account and Housing Capital Programme for the year ended 31 March 2004 and which commented on specific issues for 2004/05 which had arisen since the budget had been set on 12 February 2004.

It was noted that a copy of the Trading Services Operating Statement had been made available to Members from 1600 hrs to 1700 hrs the previous day and also at the meeting.

#### **GENERAL SERVICES REVENUE ACCOUNT**

3. The Group noted the report by the Executive Head of Finance that
  - (i) the draft out-turn for the year ended 31 March 2004 was a surplus of £4.223m;
  - (ii) from this surplus £1.600m would be carried forward by Service Departments; £0.258m would be transferred to the Renewal and Repairs Fund for future use by the DLO/DSOs and £0.200m had been earmarked for Building and Works for 2004/05;
  - (iii) an uncommitted balance of £2.165m remained for 2003/04 which, when added to the uncommitted balance brought forward from 2002/03 of £1.524m, gave a cumulative uncommitted surplus of £3.689m.

### **3.1 EDUCATION**

The Group noted that the Education out-turn position was £0.094m over budget as at 31 March 2004, and that the Executive Director of Educational and Social Services had retrieved this position from a £0.633m overspend which had been projected at one stage, and clarification was provided as to how that projected overspend had been reduced. It was noted that there were a number of pressures on the 2004/05 Education budget but that the Executive Director was taking steps to ensure out-turn within the Departmental resource allocation.

### **3.2 SOCIAL WORK**

The Group noted that the Social Services out-turn position was £0.499m under budget at 31 March 2004, due partly to significant staff turnover savings in respect of the timing of filling of vacancies. It was noted that this was unlikely to be repeated in 2004/05 due to an increase in success of appointing suitably qualified staff to existing vacancies. Pressures on the Social Work budget for 2004/05 were noted and the Executive Director indicated his intention to out-turn on budget.

### **3.3 NEIGHBOURHOOD SERVICES**

The Group noted that for 2004/05 the Executive Director of Neighbourhood Services had indicated that there were no significant variances to report which would prevent an out-turn on budget.

### **3.4 (I) DEVELOPMENT AND PROPERTY SERVICES, (II) CORPORATE SUPPORT, (III) CENTRAL SERVICES AND (IV) HOUSING REVENUE ACCOUNT**

The respective Executive Directors of the Departments had indicated that there were no material variances to report to date for 2004/05 and that they anticipated to out-turn on budget.

### **3.5 TRADING SERVICES**

The Group noted that for 2004/05 other than the issues covered under paragraph 3.3 of the report in respect of the Building and Works Service, no material variances had been highlighted to date by Executive Directors.

The Group noted that Building and Works had been successful in their tender for the property maintenance contract and that the business plan was currently under review and should be completed in the near future.

It was noted that certain Service reviews might impact on On-site services and that the Executive Director of Educational and Social Services would monitor these and review the Business Plan accordingly once the outcomes were known.

## **GENERAL SERVICES CAPITAL PROGRAMME**

4. The Group noted for 2003/04 that the draft out-turn capital expenditure of £16.965m was £2.034m less than the revised budget.

It was noted that additional borrowing consent of £2.3m had been received in the final quarter of the financial year in respect of the Northwest Neighbourhood Centre Project and in order to manage the expected phasing of this scheme within Section 94 controls it had been necessary to revise the overall funding assumptions for the

year which had resulted in a favourable variance of £0.120m. The 2004/05 Programme would be revised accordingly to reflect the anticipated spending pattern.

#### **HOUSING REVENUE ACCOUNT**

5. The Group noted that the Housing Revenue Account 2003/04 out-turn position was £0.215m under budget principally arising from savings in employee costs, supplies and services and debt charges which were partially offset by adverse variances in premises costs and income.

#### **HOUSING CAPITAL PROGRAMME**

6. The Group noted that the 2003/04 draft capital expenditure of £10.037m was £0.045m more than the available funding, however, this was still within the overall Section 94 limits and would be carried forward against the 2004/05 funding assumptions.

The meeting terminated at 0930 hrs.