

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE – 30 SEPTEMBER 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 budgetary position summarised at Period 4 is shown in Appendix 1. The budgeted outturn position at 31 March 2005 is a break-even position. The currently projected outturn for the year to 31 March 2005 is a deficit of £0.399m.
- 2.2** Members will recall that the 2003/04 uncommitted balance brought forward is £3.689m. It should be noted that this figure may be subject to amendment during the remainder of the audit process.
- 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 4, £0.070m of departmental underspends would be eligible for carry forward.
- 2.4** 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 £0.100m in respect of General Services.
- 2.5** The Council's insurance portfolio is due for renewal from 1 October 2004 for the next year. At this time no indication has been given of the renewal terms and discussions will continue to take place with the insurers to ensure the best position for the Council is maintained.

3 SPECIFIC DEPARTMENTAL ISSUES

3.1 Education

The Executive Director of Educational and Social Services anticipates that there will be an adverse variance of £0.456m 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. However 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 anticipates an adverse variance of £0.032m at 31 March 2005. However he has confirmed that he will take action to bring total expenditure into line with the departmental resource allocation.

3.4 Development and Property Services

The projected overspend to 31 March 2005 of £0.056m 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 expenditure into line with the resource allocation where opportunity arises.

3.5 Corporate Support

The projected underspend to 31 March 2005 of £0.070m is principally due to reduced Employee Costs as a result of the timing of filling of vacancies throughout the Department.

3.9 Building and Works

Building and Works is anticipated to outturn £0.090m better than budget.

3.10 Renewals and Repairs Fund

The Policy and Resources Committee of 3 October 2002 allowed Trading Operations to transfer sums to be ringfenced within the renewal and repairs fund for use in future years. Accordingly the Executive Director of Neighbourhood Services has indicated a requirement to utilise these funds and has requested the amounts as indicated below be transferred to the respective trading unit. As noted in paragraph 2.2 the release of the monies will be subject to the completion of the 2003/04 audit.

Trading Operation	Intended Use of Fund	Transfer required £
Leisure Management	Essential refurbishment of Catrine gym for the continuous improvement of service.	11,000
Outdoor Amenities	To replace 3 ride-on mowers for cemeteries to maintain required standards within service level agreements	7,300
Total to be transferred from R&R		18,300

4 CAPITAL

4.1 The 2004/05 programme has been revised to incorporate schemes carried forward from the previous financial year. As the table below shows £14.835m is the required borrowing to finance total schemes to date. No significant variances have been identified at this stage of the financial year and it is anticipated the programme will outturn in line with the revised estimate.

SERVICE	Revised Budget 2004/05	Actual Expenditure to Date	Projected Expenditure 2004/05	Variance Actual / Revised Budget
	£	£	£	£
Education	6,377,000	258,234	6,377,000	0
Social Services	1,545,000	5,444	1,545,000	0
Neighbourhood Services	2,465,000	404,133	2,465,000	0
Development & Property Services	11,149,000	270,514	11,149,000	0
Corporate Support & Council Issues	2,380,000	195,957	2,380,000	0
Total Capital Expenditure	23,916,000	1,134,282	23,916,000	0
Funded By				
<u>SPECIFIC GRANTS</u>				
Education School Fund	1,877,000	0	1,877,000	0
Roads & Transportation Grants	1,889,000	0	1,889,000	0
Public Sector Improvement Grants	470,000	0	470,000	0
Cultural Services Grants	875,000	0	875,000	0
Flood Prevention Grant	2,550,000	0	2,550,000	0
<u>SPEND TO SAVE PROJECTS</u>				
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	9,081,000	378	9,081,000	0
Required Borrowing	14,835,000	1,133,904	14,835,000	0

5 RECOMMENDATIONS

- 5.1** It is recommended that Members agree to the transfer from the Renewal and Repairs Fund as proposed in paragraph 3.10 above and otherwise note the contents of this report.

Alex McPhee
Executive Head of Finance

JJ/JP
13 September 2004
ENC (1)

LIST OF BACKGROUND PAPERS

NIL

Members wishing further information should contact Julie Jamieson, Financial Services Manager - Corporate, Tel: (01563) 576336.

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APPENDIX 1

GENERAL SERVICES REVENUE ACCOUNT SUMMARY 2004/2005
TO 25 JULY 2004 (PERIOD 4)

Actual Expenditure to Period 4 £	Act Exp to P4 as % of Ann Est		Annual Estimate 2004/05 £	Projected Actual 2004/05 £	Movement Proj. Actual / Annual Estimate £
29,499,024	33.1%	Education	89,044,930	89,501,070	456,140
7,487,731	19.5%	Social Services	38,469,380	38,469,380	-
10,780,896	23.7%	Neighbourhood Services	45,466,000	45,498,209	32,209
5,948,954	34.8%	Development & Property Services	17,092,620	17,148,620	56,000
2,282,454	25.4%	Corporate Support	8,998,260	8,928,260	(70,000)
1,260,662	18.4%	Central Services	6,865,890	6,865,890	-
-	-	Insurance Fund	2,569,960	2,569,960	-
-	-	Contingency Fund	650,000	650,000	-
86,732	-	Leisure	(12,000)	(12,000)	-
17,348	-	Roads	(30,000)	(30,000)	-
31,065	-	Street Lighting	-	-	-
479,145	-	Refuse Collection	(25,000)	(25,000)	-
313,328	-	Street Cleansing	(20,000)	(20,000)	-
(38,494)	-	Outdoor Amenities	(29,000)	(29,000)	-
(188,709)	-	OnSite Services	(268,630)	(268,630)	-
(393,780)	-	Building and Works	(600,230)	(690,230)	(90,000)
16,572	-	Vehicle Maintenance	(10,000)	(10,000)	-
-	-	Trading Services Capital Adjustment	(32,980)	(32,980)	-
-	-	Transfer to Repairs and Renewals	-	45,000	45,000
-	-	Departmental underspend Carried Forward	-	70,000	70,000
-	-			-	-
57,582,928	27.7%	NET EXPENDITURE	208,129,200	208,628,549	499,349
-	-	DEBT CHARGES	13,000,000	12,900,000	(100,000)
-	-	Building and Works earmarked Commitment	(200,000)	(200,000)	-
57,582,928	26.1%	TOTAL EXPENDITURE	220,929,200	221,328,549	399,349
		Funded By			
12,058,200	30.5%	Council Tax	39,600,000	39,600,000	-
49,963,094	30.1%	Aggregated External Finance (AEF)	165,961,750	165,961,750	-
170,430	1.1%	Specific Grants	15,367,450	15,367,450	-
62,191,724	28.2%	TOTAL INCOME	220,929,200	220,929,200	-
(4,608,796)		(SURPLUS)/DEFICIT FOR YEAR	-	399,349	399,349