

# EAST AYRSHIRE COUNCIL

## POLICY AND RESOURCES COMMITTEE – 20 SEPTEMBER 2005

### 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 currently projected outturn for the year to 31 March 2006 is a surplus in excess of budget of £1.178m.
- 2.2 Members will recall that the 2004/05 uncommitted balance brought forward is £9.510m. It should be noted that this figure may be subject to amendment during the remainder of the audit process. The Policy and Resources Committee of 31 May 2005 agreed that the option to utilise part of this balance should be considered during the 2006/07 budget 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 could be carried forward for future use on non-recurring expenditure by the departments. Conversely departments overspending their allocation would carry this forward as a first charge against next year's budget. At period 4, £0.113m 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 £0.300m in respect of General Services.
- 2.5 The Council's insurance portfolio is due for renewal from 1 October 2005 for the next year. At this time it is anticipated that this will be contained within the existing budgetary provision. The outcome of the discussions with the Insurers will be reported to the next Committee.

### 3 ENERGY EFFICIENCY MEASURES

- 3.1 The Council meeting of 10 February 2005 approved the Council budget for 2005/06 which included an energy efficiency target for departments totalling £0.845m. Departments are required to improve energy efficiency and reduce usage to live within existing budget resources with assistance to achieve this available from the Technical Services section of Development and Property Services. The targets for each department are shown in the table below:

Service	2005/06 Allocated Efficiency Target £
Educational Services	442,000
Social Services	66,130
Neighbourhood Services	112,200
Development & Property Services	224,800
<b>EFFICIENCY TARGET</b>	<b>845,130</b>

### 4 SPECIFIC DEPARTMENTAL ISSUES

#### 4.1 Education

The Executive Director of Educational and Social Services anticipates that there will be an adverse variance of £0.641m at 31 March 2006. This includes £0.453m in respect of as yet unidentified savings in energy costs and £0.188m elsewhere within the Education budget. Action on energy savings is being co-ordinated by the Executive Director of Development and Property Services. The Executive Director has confirmed that he will continue to take opportunities as they arise to bring total expenditure into line with the departmental resource allocation without cutting across existing Council policies.

#### 4.2 Social Services

The Director of Educational and Social Services has indicated that the Social Services Department will outturn on budget at 31 March 2006. However members should note that this break even position takes account of a significant level of non-recurring savings and utilisation of previous years balances and there is some concern over the sustainability of this in future financial years. The Executive Director of Educational and Social Services has indicated that he will be taking action to address this.

#### 4.3 Neighbourhood Services

The Executive Director of Neighbourhood Services anticipates a favourable variance of £0.100m at 31 March 2006. This is due to variances throughout the Department.

#### **4.4 Development and Property Services**

The Executive Director of Development and Property Services anticipates a favourable variance of £0.444m at 31 March 2006. This is principally due additional income in respect of Technical Services, reduced Employee Costs due to the timing of filling of vacancies throughout the Department and savings on Supplies and Services within the Corporate Office budget.

#### **4.5 Corporate Support**

The projected underspend to 31 March 2006 of £0.410m is principally due to reduced Employee Costs as a result of the timing of filling of vacancies within Corporate Development and Communication and Finance. Additional income has been received from Scottish water for improved collection rates and from the Department of Work and Pensions through fraud incentive income.

#### **4.6 Central Services**

There is a favourable variance of £0.170m projected to 31 March 2006 principally due to the non-utilisation of previous years provisions.

#### **4.7 Building and Works**

Building and Works is anticipated to outturn £0.782m better than budget due to additional work being awarded.

#### **4.8 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. Sums available for transfer are limited to the lower of £0.100m or 50% of any surplus in excess of the budgeted surplus. Accordingly as at period 4 £0.125m can be identified as being the maximum amount available for transfer.

## 5 CAPITAL

- 5.1 The 2005/06 programme has been revised to incorporate schemes brought forward from the previous financial year. The programmed expenditure of £29.382m in the table below includes an anticipated reduction of £4.475m which arises principally due to slippage on Galston Primary School Scheme (£1.733m), Dalsalloch Replacement (£0.595m), and the CCTV Centre (£1.747m). Other Education Project Schemes make up the balance (£0.400m).

SERVICE	Revised Budget 2005/06	Actual Expenditure to Date	Projected Expenditure 2005/06	Variance Actual / Revised Budget
	£	£	£	£
Education	7,833,475	284,33	5,700,134	(2,133,341)
Social Services	3,085,256	242,581	2,490,256	(595,000)
Neighbourhood Services	3,140,455	532,675	3,140,455	0
Development & Property Services	13,933,656	956,846	13,933,656	0
Corporate Support & Council Issues	5,864,348	469,639	4,1170,348	(1,747,000)
<b>Total Capital Expenditure</b>	<b>33,857,190</b>	<b>2,486,074</b>	<b>29,381,849</b>	<b>(4,475,341)</b>
<b>Funded By</b>				
<b>SPECIFIC GRANTS</b>				
Education School Fund	2,366,000	0	2,366,000	0
Roads & Transportation Grants	1,962,392	78,571	1,962,392	0
Public Sector Improvement Grants	860,000	376,508	860,000	0
Cultural Services Grants	671,000	0	671,000	0
Flood Prevention Grant	4,860,000	276,576	4,860,000	0
Other Income	2,596,000	276,761	2,596,000	
<b>SPEND TO SAVE PROJECTS</b>				
Roads & Transportation	210,000	0	210,000	0
Education	0	0	0	0
Council Issues	1,947,000	0	200,000	(1,747,000)
<b>Total Capital Funding</b>	<b>15,472,392</b>	<b>1,008,416</b>	<b>9,081,000</b>	<b>(1,747,000)</b>
<b>Required Borrowing</b>	<b>18,384,798</b>	<b>1,477,658</b>	<b>14,835,000</b>	<b>(2,728,341)</b>

- 5.2 The Head of Roads & Transportation has confirmed that further to discussion with the Scottish Executive it has been decided to retrospectively increase the level of grant support for the Crookedholm Flood Scheme from 50% to 80%, on expenditure incurred after 1 April 2004, which would result in additional grant support of approximately £0.650m being received.

- 5.3 As a result of this increase in grant support the Head of Roads & Transportation has identified an opportunity to accelerate the planned design and installation of safety barriers along the A71 dual carriageway within the current financial year, without impacting on either the affordability or deliverability of the Development and Property Services Capital Programme. In view of this, and the high priority to complete this road safety work Members are asked to approve the transfer of this funding within the departmental capital programme.

## **6 REGENERATION & EFFICIENCY FUND**

- 6.1 The General Services Capital Programme for 2005/06 to 2007/08 includes annual provision of £2.000m, the purpose of which is to provide capital funding in respect of key regeneration and efficiency improvement objectives identified by the Council.
- 6.2 Initial work carried out by Development & Property Services has identified a comprehensive list of establishments that will benefit from basic energy saving measures, and as a result contribute towards achieving the overall corporate efficiency target of £0.845m.
- 6.3 The Executive Director of Development & Property Services has identified expenditure within the current financial year of approximately £0.800m in relation to energy efficiency schemes, which have an associated annual payback or saving in the region of £0.384m. It is expected that the remaining balance within the fund will be utilized for regeneration schemes and further efficiency schemes as they are identified.

## **7 RECOMMENDATIONS**

- 7.1 It is recommended that Members agree to the transfer proposed in paragraph 5.3 above and otherwise note the contents of this report.

Alex McPhee

**Executive Head of Finance**

JJ/JP

23 August 2005

ENC (1)

### **LIST OF BACKGROUND PAPERS**

**NIL**

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

**EAST AYRSHIRE COUNCIL  
POLICY AND RESOURCES COMMITTEE - 20 SEPTEMBER 2005**

**GENERAL SERVICES REVENUE ACCOUNT SUMMARY 2005/2006  
TO 24 JULY 2005 (PERIOD 4)**

Actual Exp. to 24/07/05 Period 4	Actual Exp. to P4 as % of Annual Estimate		Annual Estimate 2005/06	Projected Actual to 31/3/06	Variance (Favourable) / Adverse
30,938,727	33.3%	Educational Services	93,048,580	93,689,880	641,300
8,523,480	21.0%	Social Services	40,638,900	40,638,900	0
15,399,037	31.0%	Neighbourhood Services	49,736,380	49,636,380	(100,000)
5,277,453	29.8%	Development & Property Services	17,716,240	17,272,240	(444,000)
3,527,477	39.6%	Corporate Support	8,906,550	8,496,550	(410,000)
-	-	Central Services - Debt Charges	13,982,020	13,682,020	(300,000)
1,225,077	25.5%	Central Services - Other	4,799,270	4,629,270	(170,000)
-	-	Insurance Fund	2,829,960	2,829,960	0
-	-	Contingency Fund	650,000	650,000	0
8,396	-	Leisure Management	(12,000)	(12,000)	0
(27,171)	-	Roads	(40,000)	(40,000)	0
41,081	-	Street Lighting	(10,000)	(10,000)	0
424,221	-	Refuse Collection	(25,000)	(25,000)	0
262,778	-	Street Cleansing	(20,000)	(60,500)	(40,500)
(263,360)	-	Outdoor Amenities	(29,000)	(29,000)	0
(182,931)	-	On-Site Services	(168,630)	(168,630)	0
(572,540)	-	Building & Works	(690,230)	(1,472,630)	(782,400)
(53,154)	-	Vehicle Maintenance	(10,000)	(20,000)	(10,000)
64,528,571		<b>NET EXPENDITURE</b>	<b>231,303,040</b>	<b>229,687,440</b>	<b>(1,615,600)</b>
		<b>Funded By</b>			
(12,916,200)	30.9%	Council Tax	(41,800,000)	(41,800,000)	0
(58,507,191)	30.8%	Aggregated External Finance	(190,148,370)	(190,148,370)	0
(71,423,391)		<b>TOTAL INCOME</b>	<b>(231,948,370)</b>	<b>(231,948,370)</b>	<b>0</b>
(6,894,820)		<b>SURPLUS FOR YEAR</b>	<b>(645,330)</b>	<b>(2,260,930)</b>	<b>(1,615,600)</b>
0	-	Departmental Underspend Carried Forward	0	112,700	112,700
0	-	Transfer to Repairs & Renewals	0	125,250	125,250
0	-	Building & Works Earmarked Commitment	(200,000)	0	200,000
(6,894,820)		<b>2005/06 SURPLUS</b>	<b>(845,330)</b>	<b>(2,022,980)</b>	<b>(1,177,650)</b>