

EAST AYRSHIRE COUNCIL

BUDGET MONITORING GROUP

REPORT OF MEETING HELD ON MONDAY 27 NOVEMBER 2000 AT 1530 HRS IN THE CHIEF EXECUTIVE'S CONFERENCE ROOM, COUNCIL HEADQUARTERS, LONDON ROAD, KILMARNOCK

PRESENT: Councillors Drew McIntyre, Harry Wilson, John Knapp, Finlay MacLean, Eric Jackson and Jimmy Carmichael; David Montgomery, Chief Executive; and Alex McPhee, Director of Finance.

ATTENDING: Tom McHugh, Head of Accounting Services; Ian Arnott, Corporate Accounting Manager; Julie Jamieson, Financial Services Manager for Corporate Accounting; and Gillian Hamilton, Administrative Officer.

CHAIR: Councillor Drew McIntyre, Chair.

REPORT OF BUDGET MONITORING GROUP MEETING HELD ON 27 SEPTEMBER 2000

1. There was submitted and noted a report of the meeting held on 27 September 2000 (circulated).

It was noted that Service Level Agreements and Charging arrangements pertaining to vehicle maintenance had been finalised between the Departments of Community Services and Development Services.

BUDGETARY CONTROL STATEMENT - GENERAL SERVICES REVENUE ACCOUNT TO 20 OCTOBER 2000 (PERIOD 7)

2. There was submitted a report dated 6 November 2000 (circulated) by the Director of Finance which advised of the current budgetary control position of the General Services Revenue Account for the period ended 20 October 2000 (Period 7).

The Director of Finance summarised the position in respect of the General Services Revenue Account, highlighting the overall deficit of £0.094m and stating that currently projected areas of year-end overspend existed within Social Work, Development Services and P&R Miscellaneous. Issues would be raised with individual Directors during the meeting.

It was noted that the deficit identified did not include £0.281m more than budgeted to implement the final offer made to Trade Unions in respect of employees other than teachers. Management efficiency savings would be required to be made within Departments to fund the pay gap identified.

The Director of Finance also explained that the apparent current surplus in respect of the variance between budgeted/actual expenditure for Period 7 was due to expenditure timing issues which the service directors anticipated at present would out-turn on budget.

The Director of Finance advised that Departments should be encouraged to make further efficiency savings in order that a surplus could be generated as at 31 March 2001 to assist the position for the subsequent year.

2.1 COMMUNITY SERVICES

The Director of Community Services joined the meeting.

The Director of Finance reported that the budget for Community Services was on target and that minor variances were being monitored and compensatory action taken.

The Group noted the downturn in leisure income. This did not represent a reduction in direct leisure services to the public, but rather was as a result of an overly optimistic income target. Various offsets within the Department would compensate for this, together with a current increase in hall letting income being achieved.

The Director of Community Services was confident that the additional expenditure required to implement the final pay offer would in respect of his employees be offset within the Community Services budget and an overall zero out-turn achieved within the Department.

TRADING SERVICES TO 20 OCTOBER 2000 (PERIOD 7)

3. There was submitted a report dated 9 November 2000 (circulated) by the Director of Finance which advised of the current budgetary control position of the Trading Services of the Council for the period ended 20 October 2000 (Period 7).

3.1 REFUSE COLLECTION DSO/STREET CLEANSING DSO/LEISURE MANAGEMENT DSO/GROUNDS MAINTENANCE DSO

The Director of Finance reported that all four DSOs were performing on target. In some cases surpluses were projected.

The Director of Community Services confirmed that a winter allowance had been factored into the projections.

The Director of Community Services left the meeting.

BUDGETARY CONTROL STATEMENT - GENERAL SERVICES REVENUE ACCOUNT TO 20 OCTOBER 2000 (PERIOD 7)

4. The Group continued consideration of this report.

4.1 EDUCATIONAL SERVICES

The Director of Educational and Social Services and the Head of Resource Support joined the meeting.

The Director of Finance reported that Educational Services was on target and the Director of Educational and Social Services anticipated no difficulty with budgets decentralised to schools. Arrangements were being made to allow the Director of Finance to verify progress with delegated budgets on a routine basis.

The Director of Educational and Social Services noted that CoSLA had pursued with the Scottish Executive that any additional expenditure arising from the McCrone recommendations would be 100% funded by Central Government. The 2000/01 pay award to non-teaching staff would be accommodated within the Department's overall budget.

TRADING SERVICES TO 20 OCTOBER 2000 (PERIOD 7)

5. The Group continued consideration of this report.

5.1 ON SITE SERVICES

The Group noted that there were no issues of concern in respect of On Site Services.

GENERAL SERVICES CAPITAL PROGRAMME TO PERIOD 7

6. There was submitted a report dated 14 November 2000 (circulated) by the Director of Finance updating on the projected performance of the General Services Capital Programme for the current financial year.

6.1 EDUCATION

There were a number of variations within the Capital Programme for Education at this stage, with some adjustments to programme likely to be required to address pressing needs which had arisen at short notice. However, the Director of Education confirmed that expenditure would be contained within the overall allocation.

BUDGETARY CONTROL STATEMENT - GENERAL SERVICES REVENUE ACCOUNT TO 20 OCTOBER 2000 (PERIOD 7)

7. The Group continued consideration of this report.

7.1 SOCIAL SERVICES

It was reported that there was currently an overspend of £170,416 within Social Services.

The Director of Educational and Social Services confirmed that although the situation remained fluid, some action was already in hand and it was his aim to bring the Social Services budget in on target.

Further, an explanation was provided in respect of secure accommodation costs which were causing concern. It was generally accepted that there was a problem with budgeting for this provision which was needs driven. The future funding of such provision on a central basis had been raised with the Scottish Executive by CoSLA.

It was noted that the Director of Educational and Social Services would plan on the basis of the above secure accommodation issue continuing and seek compensatory action within the overall budget.

It was noted that action had been taken within the Department to tighten up on expenditure on travel expenses.

Regarding the filling of vacant posts, the Director would aim to fill these as soon as possible, without jeopardising the requirement to out-turn on budget.

The Director of Educational and Social Services and the Head of Resource Support left and the Director of Development Services joined the meeting.

7.2 DEVELOPMENT SERVICES

The Director of Finance reported an overall projected deficit of £129,000 within Development Services arising from Roads and Transportation issues as discussed at

the last meeting. There was currently an adverse variance of £33,000 for parking charges which was projected to be £45,000 in total for the financial year; a projected deficit of £132,000 on trunk roads income due to a reduction in longer term maintenance work on the A77 awarded by the Scottish Executive due to the impending construction of the M77 motorway; and uncertainty regarding the receipt of the bus shelter income of £175,000 due to the timing of the contractor's implementation of the contract.

The Director of Development Services confirmed his commitment to examine other areas of the budget with a view to offsetting the anticipated deficit.

The Director of Development Services confirmed the transfer of funds from revenue to capital budgets to offset the anticipated adverse variance within the Roads Winter Maintenance Programme.

An explanation was provided regarding the current favourable variances within the projected summary for Development Services, for which zero out-turn was projected. It was further noted that there was an opportunity to offset any underspend within the various expenditure headings.

TRADING SERVICES TO 20 OCTOBER 2000 (PERIOD 7)

8. The Group continued consideration of this report.

8.1 ROADS DLO

The Director of Finance highlighted ongoing problems relating to trunk road income issues. An £87,000 under-recovery of income within Roads was noted which was offset by an associated reduction in expenditure on contract materials. Income projections for next year's business plan were being reassessed accordingly.

8.2 VEHICLE MAINTENANCE DSO

The Director of Finance reported a slight improvement within Vehicle Maintenance DSO and reiterated the conclusion of an agreement with Community Services.

The Director of Development Services left the meeting.

BUDGETARY CONTROL STATEMENT - GENERAL SERVICES REVENUE ACCOUNT TO 20 OCTOBER 2000 (PERIOD 7)

9. The Group continued consideration of this report.

The Director of Homes and Technical Services joined the meeting.

9.1 HOMES AND TECHNICAL SERVICES

The Director of Finance reported a saving of £21,750 within employee costs due to superannuation and National Insurance costs being less than estimated.

The Director of Homes and Technical Services gave the Group an assurance that the Central Repairs will out-turn on budget at 31 March 2001.

It was anticipated that income would out-turn on budget although the position was being closely monitored.

HOUSING REVENUE ACCOUNT TO 20 OCTOBER 2000 (PERIOD 7)

10. There was submitted a joint report dated 9 November 2000 (circulated) by the Directors of Finance and of Homes and Technical Services which advised of the current budgetary control position of the Housing Revenue Account for the period ended 20 October 2000 (Period 7).

In relation to property costs, the Director of Finance was concerned that closer alignment be achieved between actual recharges and estimated committed expenditure. The Director of Homes and Technical Services reassured the Group that the recharging process allowed for dispute and that expenditure was reviewed on a regular basis. The Director of Homes and Technical Services gave the Budget Monitoring Group assurance that property costs will out-turn on budget.

The Director of Homes and Technical Services confirmed the position regarding void properties in that expenditure continued to run significantly ahead of budget. However, regular meetings were taking place with Area Housing Managers to ensure that where possible void properties were let promptly and some improvement was anticipated for the next meeting of the Budget Monitoring Group.

TRADING SERVICES TO 20 OCTOBER 2000 (PERIOD 7)

11. The Group continued consideration of this report.

11.1 BUILDING AND WORKS DLO

The Director of Finance reported the current position of the Building and Works DLO.

The Director of Homes and Technical Services confirmed that Building and Works was operating smoothly. It was intended to transfer to the new management IT system at the commencement of the new financial year when the old system would be closed, following a short period of parallel test working. It was confirmed that Finance had been fully involved in the development of the new system which should meet joint requirements.

HOUSING CAPITAL PROGRAMME TO PERIOD 7

12. There was submitted a report dated 6 November 2000 (circulated) by the Director of Finance which updated on the current position regarding the Housing Capital Programme 2000/01.

It was noted that no variance was anticipated in respect of the Housing Capital Programme.

The Director of Homes and Technical Services left the meeting.

BUDGETARY CONTROL STATEMENT - GENERAL SERVICES REVENUE ACCOUNT TO 20 OCTOBER 2000 (PERIOD 7)

13. The Group continued consideration of this report.

13.1 CORPORATE RESOURCES

The Depute Chief Executive/Director of Corporate Resources joined the meeting.

It was noted that there were no adverse variances to report in respect of Corporate Resources.

The Depute Chief Executive/Director of Corporate Resources reported anticipated out-turn on budget and that where there were variances there was a management response. An underspend in employee costs was due to a number of vacancies which were currently being filled.

13.2 POLICY AND RESOURCES MISCELLANEOUS SERVICES

The Director of Finance reported that a slight overspend in employee costs would result following the recent By-Election as previously reported. In respect of Corporate office accommodation it was noted that there was a projected overspend within Property Costs/Supplies and Services due to additional rates and water charges and an increase in the security costs for the Lugar offices which would be partly offset by the favourable variance in energy costs and telephone costs.

The meeting terminated at 1645 hrs.

AGENDA