

EAST AYRSHIRE COUNCIL

BUDGET MONITORING GROUP

**REPORT OF MEETING HELD ON TUESDAY 20 MARCH 2001 AT 0900 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.

APOLOGY: Councillor Douglas Reid.

CHAIR: Councillor Drew McIntyre, Chair.

**REPORT OF BUDGET MONITORING GROUP MEETING
HELD ON 29 JANUARY 2001**

1. There was submitted and noted a report of the meeting held on 29 January 2001 (circulated).

**BUDGETARY CONTROL STATEMENT - GENERAL SERVICES REVENUE
ACCOUNT TO 9 FEBRUARY 2001 (PERIOD 11)**

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 9 February 2001 (Period 11).

The Director of Finance summarised the overall position in respect of the General Services Revenue Account and highlighted three main new issues affecting the overall financial position of the Council since the last meeting.

- (a) Additional expenditure of £0.079m had been incurred in respect of the extreme weather conditions experienced on 27 February 2001.
- (b) Roads DLO income had been significantly affected by a reduction in trunk roads work. However, the reduced surplus now projected by the Director of Development Services was still an improvement on the previous year's out-turn.
- (c) The Council may incur additional costs, not presently provided for within the budget position at 9 February 2001, arising from the Foot and Mouth Disease Outbreak. There was no indication that any such additional costs incurred by Local Authorities would be reimbursed by the Scottish Executive. Although the outbreak was presently contained, the Group was concerned that careful account be taken of all expenditure related to the Foot and Mouth emergency in the event that the situation deteriorated and a claim to the Scottish Executive for reimbursement of costs was required. It was noted that the issue of compensation had already been raised in general terms with the Scottish Executive.

It was noted that the Solicitor to the Council had been advised that income for the sale of the Council's interest in King Street shops would be received on 22 March 2001.

2.1 EDUCATIONAL SERVICES

It was noted that the Financial Management System indicated an underspend of £2.2m against the phased budget to Period 11. The Director of Educational and Social Services had advised, however, that much of this was delegated to schools and on the basis of previous years' experience, that he expected Head Teachers to spend the remaining part of their budgets before 31 March and anticipated a year-end underspend of £0.062m.

2.2 SOCIAL SERVICES

The Director of Educational and Social Services was anticipating that Social Services would out-turn on budget. The budget was being aligned with service priorities for 2001/02 in order to address some of the variances identified in 2000/01.

2.3 COMMUNITY SERVICES

Community Services was anticipated to out-turn £61,000 under budget. The Group noted that currently no significant additional costs for the Foot and Mouth Disease Outbreak had been incurred as yet.

The Director of Community Services was requested to provide Councillor Wilson with an explanation in respect of the favourable variance within Training Costs.

2.4 DEVELOPMENT SERVICES

The Director of Finance highlighted unfavourable variances within Roads and Transportation in respect of the snow emergency, the reduction in trunk roads income as a result of a reduction in A77 work awarded by the Scottish Executive due to the impending construction of the new motorway; and bus shelter income which would not be received in the current financial year due to the timing of the contractor's implementation of the contract. It was noted that the Director of Development Services was attempting to contain as far as possible the projected deficit arising from the above issues. However, uncertainty regarding extreme weather conditions at this time of year made final out-turn expenditure less predictable in related areas of the budget.

2.5 CENTRAL SERVICES

It was noted that the overall position within Central Services was similar to that reported previously.

2.6 CORPORATE SERVICES

It was noted that the overall position within Corporate Services was similar to that reported previously.

2.7 HOMES AND TECHNICAL SERVICES

It was noted in relation to Homes and Technical Services that an overall underspend of £40,000 was anticipated.

HOUSING REVENUE ACCOUNT TO 9 FEBRUARY 2001 (PERIOD 11)

3. There was submitted a joint report dated 17 January 2001 (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 9 February 2001 (Period 11).

It was noted

- (i) that a surplus position was anticipated. Property costs were currently over budget; this arose from the average job commitment value in use being significantly lower than actual charges. The introduction of the new costing system would now enable the use of software to predict values more accurately for commitment purposes;
- (ii) that there was a modest improvement in relation to voids; and
- (iii) that the possible advancing of the inclusion of bad debt provision into this year which in 2000/01 might not be required, would affect the overall bottom line position for the Housing Revenue Account, although this issue had been budgeted for in 2001/02, and the effect over the two years would be neutral.

TRADING SERVICES TO 9 FEBRUARY 2001 (PERIOD 11)

4. There was submitted a report dated 19 January 2001 (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 9 February 2001 (Period 11).

4.1 ROADS DLO

The Director of Finance reiterated his difficulties in relation to reduced income within the Roads DLO arising from the reduction in trunk roads work. Alternative work had been sought and a surplus was still anticipated.

4.2 REFUSE COLLECTION

The Group noted the improved projection resulting from a recently received rebate in relation to vehicle licences.

4.3 BUILDING AND WORKS DLO

The Group noted that the projected surplus within the Building and Works DLO was a further improvement on the previous year's surplus.

4.4 GENERAL SERVICES CAPITAL PROGRAMME TO PERIOD 11

There was submitted a report dated 27 February 2001 (circulated) by the Director of Finance which updated on the projected out-turn of the General Services Capital Programme for the current financial year.

It was noted that Technical Services had confirmed that expenditure was on target as projected.

It was noted that some uncertainty remained in relation to the final capital receipts position but action would be taken to try to ensure that the overall position remained within Government guidelines.

It was confirmed that income available from the Kay Park Trust for a related project would be taken account of within the General Services Capital Programme.

HOUSING CAPITAL PROGRAMME TO PERIOD 11

5. There was submitted a report dated 5 March 2001 (circulated) by the Director of Finance which updated on the current position regarding the Housing Capital Programme 2000/2001.

The Group noted slippage within the Housing Capital Programme which was beneficial to the current year while the work would carry forward to next year.

DATE OF NEXT MEETING

6. It was agreed to arrange a meeting during June to review the final out-turn budget for 2000/2001 and to receive an early indication of progress in 2001/02.

The meeting terminated at 0930 hrs.

AGENDA