

EAST AYRSHIRE COUNCIL

BUDGET SCRUTINY GROUP

REPORT OF MEETING HELD ON WEDNESDAY 29 OCTOBER 2003 AT 1000 HRS IN THE CHIEF EXECUTIVE'S CONFERENCE ROOM, COUNCIL HEADQUARTERS, LONDON ROAD, KILMARNOCK

PRESENT: Councillors Drew McIntyre, John Knapp and Stuart Finlayson; David Montgomery, Chief Executive; and Alex McPhee, Director of Finance.

ATTENDING: Ian Arnott, Corporate Accounting Manager; Julie Jamieson, Financial Services Manager (Corporate Accounting); and Sharon McHarg, Administrative Officer.

APOLOGIES: Councillors Willie Coffey, Douglas Reid and Elaine Dinwoodie.

CHAIR: Councillor Drew McIntyre, Chair.

BUDGET SCRUTINY GROUP MEETING HELD ON 3 SEPTEMBER 2003

1. There was submitted and noted a report of the meeting held on 3 September 2003 (circulated).

BUDGETARY CONTROL STATEMENT - FINANCIAL MONITORING REPORT TO 21 SEPTEMBER 2003 (PERIOD 6)

2. There was submitted a report dated 16 October 2003 (circulated) by the Director of Finance which advised Members of the current budgetary control position of the General Services Revenue Account, Trading Services Account, General Services Capital Programme, Housing Revenue Account and Housing Capital Programme for the period ended 21 September 2003 (Period 6).

It was noted that a copy of the Trading Services Operating Statement had been made available to Members for one hour before and also at the meeting.

2.1 GENERAL SERVICES REVENUE ACCOUNT

The Group noted the report by the Director of Finance:

- (i) that the current projected out-turn for the year ended 31 March 2004 was a deficit of £0.343m;
- (ii) that expenditure in respect of special educational outplacement costs continued to increase and the current projected out-turn for the Education Department was a deficit of £0.473m, after accounting for the £0.100m ringfenced contingency budget which had been released by the Policy and Resources Committee;
- (iii) that in addition to the deficit detailed in (ii) above, the Nursery Nurses pay dispute would further impact on the projected out-turn with additional costs estimated at £0.160m on the basis of the rejected national guidelines increasing the projected year end position to an overspend of £0.633m;
- (iv) that additional costs of £0.096m had been incurred in respect of exam fees arising from the Education Maintenance Allowance Scheme and discussions

were currently ongoing with the Scottish Executive to obtain increased funding to cover this cost;

- (v) that discussions with the Performing Rights Society on licensing arrangements had resulted in an initial request for a one-off payment of £0.052m to cover the preceding four year period with future annual costs being projected at £0.013m;
- (vi) that the potential additional costs to the 2003/04 Education budget arising from exam fees and Performing Rights were not included in the projected overspend of £0.633m due to the current ongoing discussions in respect of these issues being undertaken by the Education Department;
- (vii) that the Council's Insurance position was not at this stage anticipated to raise any significant budget issues, albeit it was highlighted that the level of excess for Grange Academy had been increased due to the recent fire. It was noted that a report would be submitted to the Policy and Resources Committee once finalised;
- (viii) that the Development Services budget current projected out-turn, which the Director would be taking steps to offset by the year end, was a deficit of £36,212 and a significant proportion of the overspend was in respect of additional costs relating to mid year adjustments to the distribution of the SPT levy; and
- (ix) it was noted that the Building and Works budget projected out-turn for the year end was an increased surplus of £0.222m.

2.2 HOUSING REVENUE ACCOUNT

The Group noted:

- (i) that the Housing Revenue Account was anticipated to out-turn £0.139m over budget principally from an under-recovery of rent income due to the increase in house sales beyond forecast level and was partly offset by a reduction in the CFCR requirement; and
- (ii) that the Director of Homes and Technical Services had confirmed that he would take all possible steps to ensure that the overall expenditure was contained within existing resources.

2.3 GENERAL SERVICES CAPITAL PROGRAMME

The Group noted:

- (i) that the projected out-turn for 2003/2004 was under the maximum Section 94 funding by £0.199m and had been amended to reflect the anticipated phasing of the Dalsalloch replacement, together with the anticipated scheme preparation costs relating to flood prevention and essential remedial works arising from Disability Discrimination Audits; and
- (ii) that it was anticipated by the Director of Development Services that the costs relating to flood prevention would be recoverable from the Scottish Executive.

2.4 HOUSING CAPITAL PROGRAMME

It was noted that there was a current projected overspend of £0.121m but that the programme would continue to be reviewed on a regular basis and appropriate management action taken to remain within the set budget.

2.5 TRADING SERVICES

It was noted that there were no major variances to report in respect of individual Trading Services with the exception of Building and Works which is anticipated to out-turn a surplus £0.222m in excess of that budgeted.

It was noted that street lighting contract projected out-turn for 2003/2004 was on target.

2.6 EDUCATIONAL AND SOCIAL SERVICES

The Director of Educational and Social Services joined the meeting for discussion of the Education budget position and the Group further noted:

- (i) that the Director of Educational and Social Services had raised the issue of £0.096m additional costs for school exam fees arising from EMA with the Scottish Executive and was currently awaiting a response;
- (ii) the Director of Educational and Social Services oral report on the issues arising and the action being taken in respect of special educational out-placement costs; and
- (iii) the Director of Educational and Social Services assurance that active steps would continue to be taken to seek to contain overall expenditure within the total Education budget without affecting current levels of front line service.

The meeting terminated at 1050 hrs.