

EAST AYRSHIRE COUNCIL

BUDGET SCRUTINY GROUP

REPORT OF MEETING HELD ON THURSDAY 30 AUGUST 2001 AT 1000 HOURS IN THE CHIEF EXECUTIVE'S CONFERENCE ROOM, COUNCIL HEADQUARTERS, LONDON ROAD, KILMARNOCK

PRESENT: Councillors Drew McIntyre, Douglas Reid, 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 (Corporate Accounting); and Gillian Hamilton, Administrative Officer.

CHAIR: Councillor Drew McIntyre, Chair.

**REPORT OF BUDGET MONITORING GROUP MEETING
HELD ON 21 JUNE 2001**

1. There was submitted and noted report of meeting held on 21 June 2001 (circulated).

**BUDGETARY CONTROL STATEMENT - GENERAL SERVICES REVENUE
ACCOUNT TO 29 JULY 2001 (PERIOD 4)**

2. There was submitted a report dated 23 August 2001 (circulated) by the Director of Finance which advised of the current budgetary control position of the General Services Revenue Account for the period ended 29 July 2001 (Period 4).

The Director of Finance summarised the position in respect of the General Services Revenue Account, highlighting the main issues affecting the overall financial position of the Council, details of which were contained within the report.

Arising from a query, it was noted that the possibility of future additional expenditure on playparks remained to be quantified and set against timescales, work which would be carried out by the Member/Officer Group established on that issue. Only following that would this be expected to appear in Budget Scrutiny Group reports.

Councillor Reid joined the meeting at this point.

It was noted that the projected year to date deficit of £296,089 within the General Services Revenue Account would reduce the cumulative surplus brought forward from 2000-01 if compensatory action were not to be taken.

The Director of Finance highlighted that for the current financial year, Directors should be reminded that the management of services within their existing budget resources was expected.

2.1 EDUCATIONAL AND SOCIAL SERVICES

EDUCATIONAL SERVICES

The Director of Finance advised that the Director of Educational and Social Services had confirmed that Education spending would be contained within the overall budget. The Director of Finance advised that the Education budget was managed using two different systems, one relating to schools' devolved budgets. It was noted that work

was in hand to report to the Group separately in future on delegated and non-delegated budgetary progress.

It was noted that Educational Services, with assistance from Finance, were drafting a report on the financial implications arising from the McCrone Report for the current year.

In respect of the projected year end underspend on Community Halls, it was noted that any underspend was currently being offset elsewhere within Educational Services.

SOCIAL SERVICES

The Director of Finance reported that the Director of Educational and Social Services had been asked to complete the realignment of the Social Services budget as a matter of urgency.

The group noted unfavourable variances within Social Services resulting from increased expenditure on residential homes cover and secure accommodation placements. The issues associated with the unpredictability of the latter area of expenditure had been raised at national level.

It was noted that projected transport costs were over budget and that the original estimate required revision as part of the budget realignment exercise.

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

The Group was reassured by the Director of Educational and Social Services that expenditure on Social Services would come in on target.

The Director of Educational and Social Services reported on the ongoing work in conjunction with Finance to realign the Social Services budget. Additionally, an internal review of posts within the Social Services administrative structure would be undertaken with a view to freeing resources for investment in front line services.

It was agreed that year end projection issues relating to transport costs required resolution.

It was agreed that the Director of Educational and Social Services would set as a target the next meeting of the Budget Scrutiny Group for the preparation of an initial re-aligned Social Services budget.

The Director of Educational and Social Services, the Head of Resources Support and the Head of Social Work left the meeting.

2.2 COMMUNITY SERVICES

The Director of Finance highlighted a currently projected adverse year end variance of £14,527 within Community Services which related to anticipated overspends arising from temporary holiday cover within Local Offices. However, it was anticipated that the overall budget for Community Services would out-turn on budget.

It was noted that there were no known immediate general expenditure implications arising in relation to Local Offices following a recent incident in Newmilns.

2.3 DEVELOPMENT SERVICES

The Director of Finance highlighted (i) a potential £47,000 overspend within Development Services arising mainly from possible income reduction and local

enquiry costs within Planning and Building Control; (ii) an adverse variance within corporate office accommodation security costs for which offsetting action would be required; and (iii) that capital receipts were currently being projected as less than budget requiring identification of assets which were surplus to requirement for sale.

The Director of Development Services joined the meeting.

Arising from a query about maintenance of cycle tracks, the Director of Development Services anticipated that maintenance costs would be minimal and any expenditure would be absorbed as part of the Department's general commitment to roads maintenance. It was noted that the Director of Development Services would be carrying out an investigation of other Authorities experiences in this area.

The Group was reassured by the Director of Development Services that expenditure would come in on target at year end.

The Director of Development Services left the meeting.

2.4 POLICY AND RESOURCES - CENTRAL SERVICES

The Director of Finance highlighted additional expenditure on security at Lugar and greater than estimated IT data costs which would be offset elsewhere within the budget.

It was agreed to note the report.

BUDGETARY CONTROL STATEMENTS HOUSING REVENUE ACCOUNTS TO 29 JULY 2001 (PERIOD 4)

3. There was submitted a joint report dated 23 August 2001 (circulated) by the Director of Finance and of Homes and Technical Services advising of the current budgetary control position of the Housing Revenue Account for the period ended 29 July 2001 (Period 4).

The Director of Finance highlighted potential overspends within property costs relating to repairs which were currently projected to out-turn at £0.498M over budget and part of this arose from administration costs relating to void property security. The Group considered the possible financial benefits of accelerating demolition of void properties to avoid security costs for those properties which were not required in the longer term.

The Director of Homes and Technical Services joined the meeting.

The Director of Homes and Technical Services confirmed that the projected overspend on repairs was being managed to ensure that expenditure would come in on budget at year end. The current level of void property security was being reviewed, however, reduced expenditure on security could result in greater expenditure on repairs and vandalism.

The issue of accelerated demolition could be examined on a case by case basis. However, increased expenditure on demolition would result in reduced resources for other capital work as currently the capital programme was fully committed.

The Director of Homes and Technical Services clarified that in any event the bulk of expenditure on security was for properties which would be re-let.

The Director of Homes and Technical Services agreed to provide detailed costs of void property security to the next meeting of the Group.

The Director of Homes and Technical Services also reported a downward trend in void properties which was an improvement on the situation in previous years. The Director confirmed that this would be reflected in Period 6/7 projections.

In respect of the Central Repairs Account, the Director of Homes and Technical Services assured the Group that expenditure would be managed to come in on budget at year end.

It was agreed to note the report.

TRADING SERVICES TO 29 JULY 2001 (PERIOD 4)

4. There was submitted a report dated 23 August 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 29 July 2001 (Period 4).

4.1 BUILDING AND WORKS DLO

It was noted that the projected surplus for Building and Works DLO was £0.049m greater than budgeted for the current year. The new financial management system was proving beneficial in providing detailed management information.

The Director of Homes and Technical Services left the meeting.

GENERAL SERVICES CAPITAL PROGRAMME TO PERIOD 4

5. There was submitted a report dated 13 August 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.

The Director of Finance reported that as was usual at the start of a financial year the capital programme was over committed and that as in previous years slippage was required in departmental programmes to ensure that the capital programme outturned within consent levels, and progress towards an appropriate level would be monitored.

It was agreed to note the report.

TRADING SERVICES TO 29 JULY 2001

6. The Group resumed consideration of this report.

The Director of Finance reported that all Trading Services were on target with no adverse variances reported.

It was agreed to note the report.

The meeting terminated at 1110 hours.