

## **EAST AYRSHIRE COUNCIL**

### **BUDGET SCRUTINY GROUP**

#### **REPORT OF MEETING HELD ON WEDNESDAY 3 SEPTEMBER 2003 AT 1225 HRS IN THE CHIEF EXECUTIVE'S CONFERENCE ROOM, COUNCIL HEADQUARTERS, LONDON ROAD, KILMARNOCK**

**PRESENT:** Councillors Drew McIntyre, Willie Coffey, John Knapp, Stuart Finlayson, Neil McGhee, Elaine Dinwoodie; David Montgomery, Chief Executive; and Alex McPhee, Director of Finance.

**ATTENDING:** Tom McHugh, Head of Accounting Services; Julie Jamieson, Financial Services Manager (Corporate Accounting); Jennifer Morrison and Sharon McHarg, Administrative Officers.

**APOLOGY:** Councillor Douglas Reid.

**CHAIR:** Councillor Drew McIntyre, Chair

#### **BUDGET SCRUTINY GROUP MEETING HELD ON 24 JUNE 2003**

1. There was submitted and noted a report of the meeting held on 24 June 2003 (circulated).

#### **BUDGETARY CONTROL STATEMENT - FINANCIAL MONITORING REPORT TO 27 JULY 2003 (PERIOD 4)**

2. There was submitted a report dated 27 August 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 27 July 2003 (Period 4).

It was noted that a copy of the Trading Services Operating Statement had been made available to Members between 9am and 10am on the day of the meeting 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 £0.402m;
- (ii) that the Education budget had been subject of extensive realignment and all outstanding budget issues had been addressed with the exception of demand led Special Education Outwith Area Placements;
- (iii) that the information technology work required for the SEEMIS/SAP translation tables had been delivered and subsequently education staff would be developing new procedures to streamline the processes and that this and relevant staff training would be completed prior to the next meeting of the Group; and
- (iv) that the Council's insurance portfolio was due for renewal from 1 October 2003 for the next year and that the recent fire at Grange Academy could impact on the renewal terms offered by the insurance company.

### **Trading Services**

The Group noted that there were no material variances to the report in respect of individual Trading Services with the exception of Building and Works which was anticipated to out-turn £0.147m better than budget.

### **General Services Capital**

The Group noted that the programme was over-committed at present, that the programme would be monitored as the year progressed and that it was anticipated that the over committed balance would be brought into line with estimate through a combination of slippage and rephasing expenditure.

### **Housing Revenue Account**

The Group noted:

- (i) that the Housing Revenue Account was anticipated to out-turn £0.239m over budget principally from an anticipated under-recovery in Rent Income due to an increase in house sales beyond forecast level; and
- (ii) that the Director of Homes and Technical Services had confirmed that all possible steps would be taken to ensure the overall expenditure was contained within existing resources.

### **Housing Capital**

The Group noted that the Director of Homes and Technical Services had indicated at this point in the financial year that there is an under-commitment of £0.203m in housing capital and that the programme will be reviewed regularly and appropriate management action taken in relation to the budget set.

### **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 additional funding of £0.538m to support demand led Special Education Outwith Area Placements required to be identified and that a report on the issue would be submitted to the next Budget Scrutiny Group by the Director of Educational and Social Services on this matter;
- (ii) that the Council's budget for 2003/2004 included a specific contingency of £0.100m which acknowledged the nature of this issue and that the Director of Educational and Social Services would be recommending that the Education Committee request allocation of this sum;
- (iii) that the Director of Educational and Social Services recognised the need to contain expenditure within the overall resource allocation and would make every effort to identify opportunities to offset the balance of the expense as the year progressed.

The meeting terminated at 1245 hrs.