

**South Ayrshire Council
Report by Assistant Chief Executive
to Leadership Panel
of 1 April 2008**

**Subject: Miscellaneous Services' Revenue Budgetary Control
2007/08 – Position statement at 31 January 2008**

1. Purpose

1.1 The purpose of this report is to advise members of the performance of the Miscellaneous Services account against its profiled budget for the period to 31 January 2008 (Period 10).

2. Recommendations

2.1 Members are asked to approve the contents of this report.

3. Background

3.1 Members approved the Council's overall revenue budget for 2007/08 on 9 February 2007. The Miscellaneous Services budget encompasses areas of expenditure that, due to their corporate nature, are not included within individual services' budgetary control responsibilities.

3.2 The Miscellaneous Services period 9 monitoring report showed a year to date under-spend of £0.005m, with a projected under-spend of £0.079m at 31st March 2008.

4. Content

4.1 The undernoted table shows the main Miscellaneous Services expenditure areas, together with the 'full year' and 'year to date' budget position:

Miscellaneous Services	<i>'Full year' budget</i>	<i>'Year to date' budget</i>	<i>Actual 'year to date'</i>	<i>'Year to date' variance Fav/ (Adv) £'000</i>	<i>'Projected year-end variance' Fav/ (Adv) £'000</i>
	£'000	£'000	£'000		
Audit fees	280	100	100	0	0
Corporate subscriptions	106	104	104	0	0
Hand/ arm vibration syndrome testing	30	30	33	(3)	(3)
Insurance costs	1,142	1,057	1,057	0	0
Third party insurance payments	(55)	(55)	(52)	(3)	(3)
Home loan interest	(4)	0	0	0	0
Pensions Increase Act payments	866	729	729	0	0
Recharges to other services	(1,542)	0	0	0	0
Utilities costs	493	(12)	(12)	0	55
VAT consultancy	19	7	7	0	0
Bishops – Supernumerary posts	26	26	16	10	10
Mobile phones	19	16	0	16	19
Contribution to PPP	982	0	0	0	0
Legal fees	45	41	41	0	0
Other miscellaneous items	(6)	(6)	(8)	2	(1)
Other Income	0	0	0	0	17
Miscellaneous Services Total	2,403	2,037	2,015	22	94

4.2 As detailed in 4.1 above, Miscellaneous Services is currently under-spent by £0.022m. The main issues within the Miscellaneous Services account at this stage are as follows:

- **Insurance costs** – The approved 2007/08 revenue budget contained £1.342m to fund the cost of the council's Group Life insurance policy and insurance premiums payable. During 2006/07 the Council re-tendered for its insurance policies and premiums with the final approved contract being almost £0.300m less than the 2007/08 budget. The Leadership Panel of 9 October 2007 approved a £0.200m transfer to the Council's contingency fund, with the remaining saving, as in previous years, to be transferred to the Council's Insurance Fund at 31 March 2008.

In addition to this, £0.065m of costs have been identified within SWHH relating to legal fees linked to former Strathclyde Regional Council (SRC) Social Work insurance claims. These costs will be offset by a transfer from the insurance fund at the year-end.

It is anticipated that once the above transfers are completed the balance in the Insurance Fund will be circa £0.603m at 31 March 2008. On this basis no year-end variance is projected for insurance costs.

- **Pensions increase act payments** – The 2007/08 budget contains £0.812m to meet the annual inflation cost of pensions for employees of the former Kyle and Carrick and Strathclyde Regional Councils (SRC). The balance of funding, £0.054m, relates to those employees of the former department of Environment and Infrastructure that, after dissolution of the department, cannot be allocated to any particular service department. It is projected that the budget will be online at the 31 March 2008.
- **Recharges to other services** – This budget represents the element of central support staff costs recoverable from capital, the Housing Revenue Account and external sources and is based on historical information. An annual review of central support cost will now be undertaken at the year-end to accurately reflect departments' usage of central support services. The results of this review will potentially impact on the level of recharges recoverable by the Miscellaneous Services account. Members will be updated once this review is completed.
- **Utilities costs** – The 2007/08 Miscellaneous Services budget included £0.927m for additional council-wide utility costs expected to be incurred during the year because of significant price increases. Departmental budgets are analysed on a regular basis against actual utility costs to determine if additional resources require to be transferred to departments. At period 10 £0.434m has been transferred to departments to meet these increased costs leaving a balance on this account of £0.493m.

As detailed in the period 8 report to the Leadership Panel of 29 January 2008, an under-spend of £0.055m is projected within Non Domestic Rates (NDR) relating to the Town buildings. During the 2007-08 budget setting process for Common Good it was agreed that NDR costs for Ayr Town Hall should be met from Common Good. The budget within Development, Safety & Regulation for NDR costs has remained unchanged for 2007-08 therefore an under-spend of £0.055m is anticipated. Utility budgets will continue to be monitored throughout 2007/08 and any material excesses/ shortfalls in funding reported to Members as part of this monthly report.

- **VAT consultancy** – At the Leadership Panel of 26 January 2008 Members approved a temporary virement of £0.009m from mobile phones to VAT consultancy to meet the anticipated additional cost of providing essential VAT seminars for service departments on specific issues. It is anticipated that expenditure will be on line with the revised budget of £0.019m.
- **Bishops supernumerary costs** - Previous reports to Members have highlighted that, in implementing the Bishops proposals, 9 posts were deemed supernumerary to service departments and their costs were therefore allocated to Miscellaneous Services until the staff could be released or redeployed. All 9 of these posts have now been resolved.

As a consequence of the release of 1 member of staff deemed to be supernumerary, £0.010m was accrued as part of the 2006/07 year-end process to meet the anticipated strain on the fund pension costs due to be paid in 2007/08. It has recently been established that this payment is not due to the pension fund as the member of staff was released using the 'rule of 85' and therefore no strain on the fund costs are due. An under-spend of £0.010m is anticipated at the year-end.

- **Mobile phones** – As previously reported to Members, the 2007/08 Miscellaneous Services budget included £0.086m in relation to mobile phones that were previously held within the former department of Environment & Infrastructure. As part of the re-structure the budget was transferred to Miscellaneous Services pending an exercise to determine departmental requirements and establish revised budgets to be transferred to the service departments. This exercise has now been completed with £0.031m transferred to departments.

At the Leadership Panel of 26 January 2008 Members approved further temporary virements of £0.009m and £0.007 to VAT consultancy and Legal fees respectively, plus a permanent virement of £0.020m to ICT Services. The balance of funding left from the original budget transferred to Miscellaneous Services is not required therefore an under-spend of £0.019m is anticipated at the year-end.

- **Contribution to PPP** – As part of the 2007/08 approved budget, £0.519m (representing 1% Council Tax increase) was included towards the cost of the schools PPP unitary charge payment. In addition to this a further £0.463m has been set aside by Education, Culture & Lifelong Learning, as a result of earmarking of underspends in 2006/07 as a contribution to the schools PPP fund in 2007/08.
- **Legal Fees** – At the Leadership Panel of 26 January 2008 Members approved a temporary virement from mobile phones to Legal Fees of £0.007m to address the anticipated additional expenditure linked to the settlement of equal pay claims. It is anticipated that expenditure will now be in-line with the revised budget at the year-end.
- **Other Income** – South Ayrshire Council has recently been notified of a £0.017m rebate due to the Council from the Authorities Buying Consortium for the contracted supply of electricity. The rebate due to be received relates to the prior two year period from 1 April 2005 to 31 March 2007 and is not linked to any specific site. The rebate has been allocated to Miscellaneous Services in the absence of detailed data which would allow the rebate to be allocated to a specific service department.

5. Resource implications

5.1 It is currently projected that the Miscellaneous Services budget will be £0.094m under-spent at the year-end.

6. Results of public consultation

6.1 There has been no public consultation about this report.

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Background papers **2007/08 Revenue Budget**

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Date: 19 March 2008