

Scrutiny Committee
27 February 2012

IRVINE, 27 February 2012 - At a Meeting of the Scrutiny Committee of North Ayrshire Council at 2.00 p.m.

Present

John Hunter, Anthea Dickson, Anthony Gurney, Jean Highgate, Margaret McDougall and Jim Montgomerie.

In Attendance

I. Mackay, Solicitor to the Council (Corporate Services); I. Colvin, Corporate Director and O. Clayton, Head of Community Care and Housing (Social Services and Health); L. Friel, Corporate Director and Y. Baulk, Head of Finance (Finance and Infrastructure); M. Armstrong, Head of Service (Logistics and Infrastructure) (Education and Skills); and K. Dyson, Communications Officer and A. Little, Committee Services Officer (Chief Executive's Service).

Also In Attendance

David O'Neill, A. Gallagher and J. Ferguson.

Chair

Councillor Hunter in the Chair.

Apologies for Absence

Matthew Brown, Pat McPhee and Alan Munro.

1. Declarations of Interest

There were no declarations of interest by Members in terms of Standing Order 16.

2. Minutes

The Minutes of the previous meeting of the Committee held on 13 February 2012 were signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973

3. Call In: Revenue Budget 2011/12: Budgetary Control Statement to 30 November 2011

Submitted report by the Chief Executive on a Call In, in relation to a decision taken by the Executive at its meeting held on 31 January 2012 in relation to the Revenue Budget 2011/12: Budgetary Control Statement to 30 November 2011, in respect of Largs RNLi Slipway and the proposed new Irvine Leisure Centre.

At its meeting on 31 January 2012, the Executive received a report by the Corporate Director (Finance and Infrastructure) on the revenue budgetary control position for the Council as at 30 November 2011. The Executive agreed to (a) note the financial position outlined in the report; (b) approve the budget virements referred to in Section 2.15 of the report; (c) approve the plans to reinvest a further £0.086m of the projected saving within Education and Skills in order to build capacity to support the raising of attainment; (d) approve the plans to reinvest £0.870m of the projected savings within Education and Skills to support the capital programme; (e) note the proposals outlined in Section 2.18 for the utilisation of the HRA balance of £2.016m; and (f) refer the report to the Scrutiny Committee for information.

At its meeting on 13 February 2012, the Committee considered a call in request in relation to the decision taken by the Executive. After a full discussion, the Committee agreed to scrutinise the decision of the Executive in relation to the reinvestment of revenue funds in capital projects and the process used to allocate funding to Largs RNLI Slipway and the proposed new Irvine Leisure Centre

Councillor Ferguson reiterated his support for the call in as outlined at the meeting of the Committee on 13 February 2012.

Councillor O'Neill, as Chair of the Executive, advised that it is appropriate to use revenue funding for capital projects and that the major repairs fund was in surplus by £559,000 and not nearly £2 million as stated in the call in request.

Discussion took place on:-

- the provision of information from the Capital Programme and Assets Group (CPAG) to all Members of the Council and Member representation on CPAG.

Members asked questions and were provided with information in relation to:-

- the use of revenue funding for capital projects and recognition of this practice by the Scottish Government;
- the work of CPAG in monitoring the progress of capital projects, considering new projects, accelerating or decelerating the prioritisation of projects and reviewing pressures on the capital programme;
- the timeline of the receipt of information in respect of Saltcoats Town Hall, Largs RNLI Slipway and the new Irvine Leisure Centre;
- works undertaken to maintain Saltcoats Town Hall and Largs RNLI Slipway;
- the progression of the design process of the new Irvine Leisure Centre that informed the budget requirement; and
- known costs pressures in respect of land acquisition and consultation and confirmation of the funding required for this purpose.

The Committee agreed not to scrutinise further the decision of the Executive on 31 January 2012.

Councillors Ferguson and Gallagher left the meeting.

4. Revenue Budgetary Control Statement at 30 November 2011

Submitted report by the Corporate Director (Finance and Infrastructure) on the revenue budgetary control position for the Council as at 30 November 2011.

At its meeting on 13 February 2012, the Committee considered the Revenue Budgetary Control Statement at 30 November 2011. At that time it was noted that the appendices attached to the report were for the wrong period. The correct appendices for the period to 30 November 2011 were circulated at the meeting. The Committee agreed to continue consideration of the report to a future meeting to allow further consideration of Appendices 1-10 to 30 November 2011.

An in-year underspend of £7.221m is forecast in terms of the General Services Revenue Budget of £335.5m. Sections 2.3-2.11 of the report commented on significant General Services variances and Appendices 1-8 provided further detail. Other adjustments and savings were set out at Sections 2.12-2.16 of the report.

A number of requests for budget transfer, or virements, have been identified since the previous report to the Executive. These were set out in Appendix 10 to the report. A summary of the year-end General Services revenue projections, based on variances at the end of November 2011, was shown in the table at Section 2.16 of the report.

Details of a projected underspend of £1.888m at 31 March 2012 on the Housing Revenue Account were contained in Appendix 9 to the report. In addition to the anticipated underspend shown, a further £0.128m has been identified as being available from the balance brought forward at 1 April 2011. Proposals for the total uncommitted balance of £2.016m were set out at Section 2.17 of the report.

Members asked questions and were provided with information in relation to:-

- the total costs of £490,000 for consultation and land acquisition for the new Irvine Leisure Centre;
- the provision of information to Members on the process used by CPAG to allocate funding to Saltcoats Town Hall, Largs RNLI Slipway and the new Irvine Leisure Centre;
- savings achieved in Older People's Services as a result of savings in Home Care staffing costs;

- savings in Mental Health as a result of management vacancies, reductions in community packages and residential accommodation costs; and
- savings resulting from the delay in the progression of the window tender and plans in place to avoid future delays.

The Committee agreed, Councillor Gurney dissenting, to note (a) the financial position outlined in the report; (b) the budget virements detailed at Appendix 10; (c) the plans to reinvest a further £0.086m of the projected saving within Education & Skills in order to build capacity to support the raising of attainment; (d) the plans to reinvest £0.870m of the projected saving in Education & Skills to support the capital programme; and (e) the proposals for the use of the projected unearmarked balance of £2.016m on the Housing Revenue Account.

Councillor O'Neill left the meeting.

5. Capital Budgetary Control Statement to 30 November 2011

Submitted report by the Corporate Director (Finance and Infrastructure) on the financial position of the Council's capital budgets as at 30 November 2011.

At its meeting on 13 February 2012, the Committee considered the Capital Budgetary Control Statement to 30 November 2011 and agreed to continue consideration of the report to a future meeting, pending the outcome of the Call In of the Revenue Budget report.

The table at Section 2.2 of the report summarised the movements in the General Services budget since the previous report to the Executive. Actual expenditure to 30 November 2011 (Period 8) amounted to £8.843m or 37.6% of the revised annual budget for 2011/12 of £25.543m, compared with 39.3% for the same period in 2010/11. Details of actual expenditure by project against the revised budget for 2011/12 alongside further anticipated expenditure to 31 March 2012 were set out at Appendix 1 to the report.

Section 2.5 of the report detailed a number of projects considered by the Capital Programme and Assets Group (CPAG) to be met from uncommitted funds totalling £0.252m at 30 November 2011. These related to the Kilmory Primary School toilet conversion, Pennyburn Primary School roof replacement, Montgomerie Park Multi-Use Games Area and the Transport Depot at Lamlash. The table at Section 2.7 of the report summarised the total adjustments of £0.323m recommended by the CPAG.

Section 2.6 of the report set out projects which might be funded from an underspend of £0.870m in connection with revenue funding for the Teacher Induction Scheme. The projects in question related to Saltcoats Town Hall, Largs RNLI slipway and Irvine Leisure Centre.

Actual expenditure on the HRA capital budget to 30 November 2011 (Period 8) amounted to £12.232m or 48.2% of the revised budget of £25.366m. This compares with an actual spend of 46.3% for the same period in 2010/11. Details of actual expenditure by project against the revised budget for 2011/12 were set out at Appendix 2 to the report, together with projected expenditure to 31 March 2012.

It is anticipated that the HRA capital programme will be underspent by £1.261m at 31 March 2012. Section 2.14 summarised proposals for the use of the projected underspend.

Members asked questions and received further information on the following:-

- "true underspend" that is achieved by efficiencies and not as a result of slippage; and
- the flexibility budget that had been amended as a result of further savings.

The Committee agreed, Councillor Gurney dissenting, to note (a) the actual expenditure to 30 November 2011 and the forecast of expenditure to 31 March 2012; and (b) the requested revisions to budgets and inclusion of the additional projects as outlined in the report for both General Services and HRA.

The meeting ended at 3.00 p.m.