

Audit and Standards Committee
26 October 2006

IRVINE, 26 October 2006 - At a Meeting of the Audit and Standards Committee of North Ayrshire Council at 2.00 p.m.

Present

Gordon Clarkson, Tom Barr, Ian Clarkson, Drew Duncan, Peter McNamara, Margaret Munn and Richard Wilkinson.

In Attendance

I. Snodgrass, Chief Executive; A. Herbert, Assistant Chief Executive (Finance); J. McKnight, Principal Officer CLD; M. Anderson and P. Shiach, Corporate and Democratic Support Officers (Chief Executive's).

Also In Attendance

M Mazzucco and R. Brown, PricewaterhouseCoopers.

Chair

Councillor G Clarkson in the Chair.

Apologies for Absence

Jean Highgate and Robert Rae.

1. Minutes

The Minutes of the Meeting of the Committee held on 17 May 2006, copies of which had previously been circulated, were confirmed.

2. Revenue Budget 2005/06: Final Outturn

Submitted report by the Assistant Chief Executive (Finance) on the final outturn position for the Council's Revenue Budget at the end of the financial year 2005/06.

As part of the approved monitoring procedures for budgetary control, reports are submitted on a regular basis to the Service Committees. The report submitted to the Corporate Policy Committee on 21 March 2006 was based on figures available to the end of January 2006. The accounts for 2005/2006 have now been audited and the report provided details of the Council's position at the end of financial year 2005/06, together with explanations on the more significant variances against budgeted expenditure.

The report submitted in March 2006 predicted a year-end surplus of £0.270m on the General Fund. The actual surplus achieved was £3.260m with a subsequent Council agreement to transfer £1.0m to the Repairs and Revenue Fund, and £0.811m refunded to the Housing Revenue Account.

The Council also provided for claims amounting to £7.459m arising from employees affected by Equal Pay legislation. This resulted in an overall deficit against budget for the year of £2.634.

The Housing Revenue Account carried forward an actual surplus of £2.919m, and an analysis balance was outlined in the report. The balance carried forward into 2006/07 will be required to meet the liabilities arising to achieve the outcomes within the previously agreed HRA business plan.

The report also contained figures for all Trading Operations within the Directorate of Property Services and indicated that deficits on the Catering and Building and Cleaning Operations arose as a result of provision made for payments of £1.206m and £1.146m respectively under Equal Pay legislation.

In addition, while Building Services generated a surplus of £2.1m, a total of £0.811m was subsequently refunded to the HRA under legislation which requires Trading Operations producing substantial surpluses to refund these to client departments.

The report concluded that the level of reserves and balances which had steadily been build up since 1996 have now been eroded and steps will require to be undertaken to reinstate these to a prudent level.

Noted.

3. Annual Accounts 2005/06 – Auditors' Report

Mr M Mazzucco of PricewaterhouseCoopers, the Councils External Auditors, reported that the Annual Accounts for 2005/06 will be signed shortly and are unqualified.

Following the introduction of SAS 610, the auditors are required to report all unadjusted differences and to invite management to adjust them.

One objection to the annual accounts had been received and had been addressed by the auditors.

PricewaterhouseCoopers will submit a detailed report on the accounts for 2005/06 to the Audit and Standards Committee later in the year.

Noted.

4. Following the Public Pound

4.1 West Kilbride Hall

Submitted report by the Corporate Director (Educational Services) on utilisation of the grant awarded to the West Kilbride Public Hall.

In April 2000 the West Kilbride Community Initiative (WKCI) Limited took over a 15 year lease of the facility. The terms of the lease have been extended to 30 years to enable WKCI Limited to apply for external funding in order to upgrade the Public Hall.

The building is well maintained and the Management Group and the Council work in partnership to ensure that external repairs are carried out as required. Recent phased developments have included the installation of a new sound system with induction loop and preparatory work is underway to upgrade the stage lighting.

West Kilbride Management Group was awarded a grant of £10,100 in financial year 2006/2007 from the Educational Services revenue account. Additional funding is generated through the letting of the Public Hall to community groups and organisations and through fundraising events.

At the 2006 Annual General Meeting a constitutional amendment was approved to rename the facility as a Village Hall and not a Public Hall.

The report summarised the range of activities and classes provided at the Public Hall and details of user groups were provided in an appendix to the report. The Educational Services Monitoring Officer has concluded that while the Council is receiving an appropriate return for its investment, the Group require to secure major external funding in order to complete the business plan to upgrade the facility.

Noted.

4.2 Fullarton Community Association

Submitted report by the Corporate Director (Educational Services) on the utilisation of grants awarded to the Fullarton Community Association during 2006/2007.

During the year, the Association received a grant of £26,984 from the grants budget within Educational Services revenue account. Additional funding has been generated through an increase in letting activity and charges to local groups and agencies using the facility, and a number of fundraising events. During the past 6 months, the Association has been working closely with other local groups and associations to secure Proceeds of Crime funding for the area, which, if successful, would result in an increase in usage, income and improved facilities for the centre.

The report summarised how the Association utilised the grant to deliver its aims and objectives i.e.

- To promote the benefits of the Association to the residents in the Fullarton area of Irvine;
- To co-operate with the local authority in the maintenance and management of Fullarton Community Centre;
- To work with voluntary organisations and the Community Learning and Development (CLD) Service to address the educational, social and recreational needs of the local community;
- To foster community spirit.

The report summarised the range of activities and community learning and development classes provided at the Community Centre. Community Learning and Development staff assist the Association by delivering youth work provision, adult learning opportunities and support. A development plan includes making better use of the existing facility to increase usage and income, with the long term objective to work towards securing a new purpose built facility. A CLD staff member also assists with arrangements for the Annual General Meeting and provides an Annual Monitoring Report on the use of the Educational Services Grant. The community centre remains the only venue in the area that can provide the necessary educational, social and recreational facilities for local residents.

The Monitoring Officer has concluded that the Council is receiving an appropriate return for its investment and recommends that the Association continues to work closely with Community Learning and Development staff in developing current opportunities and in developing a future long term option for a new facility.

Noted.

4.3 Redburn and Vineburgh Community Association

Submitted report by the Corporate Director (Educational Services) on the utilisation of grants awarded to the Redburn and Vineburgh Community Association in 2005/06.

During the year, Redburn and Vineburgh Community Association received a grant of £51875 from the Educational Services revenue account. Additional income is generated from lets and fundraising events organised by the Association.

The report summarised the how the grant was utilised to promote the Association's aims and objectives and to deliver a range of activities and community learning and development classes at the Redburn Community Centre.

The extended closure of the centre, to allow refurbishing works financed through Better Neighbourhood Services Fund investment, reduced both centre and group income, which impacted on the programme of activities. While the centre's internal refurbishment is of a high standard, the external condition of the building requires to be addressed in order to protect the building.

The centre's running costs continue to rise well in excess of the rate of inflation with utility costs and insurance premiums showing large increases. Payments for an alarm system represent almost 2% of the annual grant.

The Monitoring Officer has concluded that the Council is receiving an appropriate return for its investment. However the Association's financial stability is fragile given the increasing revenue costs which look set to continue in the short term. The Monitoring Officer recommends that the Association works with CLD staff and partners to develop a Sustainability Strategy, which incorporates securing additional capital funding to upgrade the external fabric of the building.

Noted.

The meeting ended at 3.40 p.m.