

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE – 22 AUGUST 2006

**BUDGETARY CONTROL SUMMARY STATEMENT
ROADS CONTRACTS, VEHICLE MAINTENANCE AND STREET LIGHTING
TO 23 JULY 2006 (PERIOD 4)**

**Joint Report by Executive Head of Finance and
Executive Director of Development and Property Services**

1. PURPOSE OF REPORT

- 1.1 To advise Members of the current budgetary control position and the projected out-turn for the year for Roads Contracts, Vehicle Maintenance and Street Lighting for the period ended 23 July 2006 (Period 4).

2 OVERALL POSITION

- 2.1 The following report relates to service costs and income controlled by the department and includes rechargeable costs for central service charges, FRS17 pension accounting adjustments, and capital charges. The performance to date and projected out-turn for each service is detailed separately within this report.

2.3 Projected Out-turn

The projected out-turn for Trading Units are; Roads Contracts is a surplus of £40,000, Vehicle Maintenance a surplus of £10,000, and Street Lighting a surplus of £10,000.

2.4 Roads Contracts Budget Performance to Period 4

Roads Contracts is reporting a surplus to Period 4 of £86,584 as against a budgeted surplus of £37,531. The current favourable variance primarily relates to current underpends on sub-contractor and materials costs although this is offset by increased overtime costs incurred to complete the work programme to date. No significant variances are projected at this stage of the year, and the Executive Director of Development & Property Services expects that Roads Contracts will meet its targeted surplus of £40,000.

2.5 Summary of Subjective Costs – Roads Contracts

Phased Budget to 23/07/06	Actual Exp. To 23/07/06	Detail	Annual Estimate 2006/07	Projected Actual to 31/3/07	Variance (Favourable) / Adverse
(1,910,891)	(1,870,936)	INCOME	(6,210,385)	(6,210,385)	0
679,850	720,809	LABOUR COSTS	2,330,649	2,330,649	0
258,389	150,735	SUB CONTRACTORS	839,762	839,762	0
821,460	788,088	OTHER DIRECT COSTS	2,681,658	2,681,658	0
113,661	124,720	OVERHEADS	223,316	223,316	0
(37,531)	(86,584)	SURPLUS	(135,000)	(135,000)	0
0	0	PENSION ACCOUNTING ADJUSTMENT	95,000	95,000	0
(37,531)	(86,584)	SURPLUS INCLUDING PENSION ACCOUNTING ADJUSTMENT	(40,000)	(40,000)	0

2.6 Vehicle Maintenance Budget Performance to Period 4

As at Period 4, the Vehicle Maintenance Unit is reporting a surplus of £49,698 as against a budgeted surplus of £36,961. The current favourable variance primarily relates to underspends on labour costs as a result of a vacancy within the business unit. No significant variances are projected at this stage of the year, and the Executive Director of Development & Property Services expects that Vehicle Maintenance Unit will meet its targeted surplus of £10,000.

2.7 Summary of Subjective Costs – Vehicle Maintenance

Phased Budget to 23/07/06	Actual Exp. To 23/07/06	Detail	Annual Estimate 2006/07	Projected Actual to 31/3/07	Variance (Favourable) / Adverse
(464,181)	(464,616)	INCOME	(1,390,395)	(1,390,395)	0
197,838	183,949	LABOUR COSTS	642,935	642,935	0
30,772	34,356	SUB CONTRACTORS	100,000	100,000	0
117,601	118,873	OTHER DIRECT COSTS	390,176	390,176	0
81,009	77,740	OVERHEADS	232,284	232,284	0
(36,961)	(49,698)	SURPLUS	(25,000)	(25,000)	0
0	0	PENSION ACCOUNTING ADJUSTMENT	15,000	15,000	0
(36,961)	(49,698)	SURPLUS INCLUDING PENSION ACCOUNTING ADJUSTMENT	(10,000)	(10,000)	0

2.8 Street Lighting Unit Budget Performance to Period 4

As at Period 4, the Street Lighting Unit is reporting a deficit of £92,897 against a budgeted deficit position of £88,081. This is primarily due to an under-recovery of income to date, which the Executive Director of Development & Property Services fully expects to recover during the year.

A deficit position is expected at Period 4, and it is anticipated that this will be reversed during the year as the planned programme of work is completed and overhead contributions are realised. No significant variances are projected at this stage of the year, and the Executive Director of Development & Property Services expects that the Street Lighting Unit will meet its targeted surplus of £10,000.

2.9 Summary of Subjective Costs – Street Lighting

Phased Budget to 23/07/06	Actual Exp. To 23/07/06	Detail	Annual Estimate 2006/07	Projected Actual to 31/3/07	Variance (Favourable) / Adverse
(143,545)	(126,496)	INCOME	(705,240)	(705,240)	0
76,570	68,503	LABOUR COSTS	254,327	254,327	0
37,050	37,050	SUB CONTRACTORS	100,000	100,000	0
85,365	82,770	OTHER DIRECT COSTS	273,570	273,570	0
32,641	31,070	OVERHEADS	57,343	57,343	0
88,081	92,897	SURPLUS	(20,000)	(20,000)	0
0	0	PENSION ACCOUNTING ADJUSTMENT	10,000	10,000	0
88,081	92,897	SURPLUS INCLUDING PENSION ACCOUNTING ADJUSTMENT	(10,000)	(10,000)	0

3. RECOMMENDATIONS

3.1 It is recommended that Members note the contents of this report.

Alex McPhee
Executive Head of Finance

14 August 2006

James Lavery
**Executive Director of Development
and Property Services**

LIST OF BACKGROUND PAPERS NIL

For further information please contact: Alistair Kidd on 01563-576308

Implementation Officer: Alistair Kidd