

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE – 9 JANUARY 2007

BUDGETARY CONTROL SUMMARY STATEMENT DEVELOPMENT SERVICES TO 12 NOVEMBER 2006 (PERIOD 8)

Joint Report by Executive Head of Finance and Acting 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 Development and Property Services for the period ended 12 November 2006 (Period 8).

2. OVERALL POSITION

- 2.1 The following report relates to service costs and income directly controlled by the department, and excludes rechargeable costs for central services charges and debt charges.

2.2 Projected Out-turn

Based on available information, it is currently projected that the Department of Development and Property Services will out-turn at £16,147,658, which is £630,552 less than the annual estimate for the year.

The favourable variance primarily relates to additional income secured by the department as a result of increased activity with regard to Planning & Building Control applications, fee recoveries from rechargeable work undertaken by Technical Services, and the property management fee due to higher than anticipated capital receipts.

This variance is further augmented by anticipated savings on employee costs as a result of vacant posts and staff turnover, and supplies and services expenditure within the Corporate Office.

2.3 Summary of Objective Costs

Actual Exp. To 12/11/06	Actual Exp. To P8 as % of Annual Estimate	Service Division	Annual Estimate 2006/07	Projected Actual to 31/3/07	Variance (Favourable) / Adverse
1,593,165	57.8%	ECONOMIC DEVELOPMENT	2,756,171	2,822,171	66,000
405,943	40.9%	PLANNING & BUILDING CONTROL	993,207	848,207	(145,000)
(380,615)	64.3%	COMMERCIAL & INDUSTRIAL PROPERTY	(591,991)	(562,991)	29,000
(287,156)	-	ASSET MANAGEMENT	0	(218,552)	(218,552)
5,583,128	56.5%	ROADS & TRANSPORTATION	9,881,024	9,881,024	0
(489,044)	69.9%	TECHNICAL SERVICES	(700,033)	(867,033)	(167,000)
225,688	59.0%	PROPERTY ACCOUNT	382,613	387,613	5,000
1,698,722	58.1%	CENTRAL REPAIRS	2,926,011	2,926,011	0
834,732	54.4%	CORPORATE OFFICE ACCOMMODATION	1,533,308	1,333,308	(200,000)
(197,295)	49.1%	INCOME RECOVERED FROM OUTWITH GENERAL FUND	(402,100)	(402,100)	0
8,987,268	53.6%	TOTAL	16,778,210	16,147,658	(630,552)

2.4 Summary of Subjective Costs

Actual Exp. To 12/11/06	Actual Exp. To P8 as % of Annual Estimate	Detail	Annual Estimate 2006/07	Projected Actual to 31/3/07	Variance (Favourable) / Adverse
4,993,552	59.5%	EMPLOYEE COSTS	8,399,462	8,374,462	(25,000)
2,764,383	59.8%	PREMISES COSTS	4,619,525	4,679,635	60,110
260,728	59.1%	TRANSPORT COSTS	441,165	448,165	7,000
1,532,013	50.1%	SUPPLIES & SERVICES	3,057,885	2,912,075	(145,810)
4,659,842	57.7%	THIRD PARTY PAYMENTS	8,081,055	8,383,555	302,500
14,210,518	57.8%	TOTAL EXPENDITURE	24,599,092	24,797,892	198,800
(5,025,955)	67.7%	INCOME	(7,418,782)	(8,248,134)	(829,352)
9,184,563	53.5%	TOTAL	17,180,310	16,549,758	(630,552)
(197,295)	49.1%	INCOME RECOVERED FROM OUTWITH GENERAL FUND	(402,100)	(402,100)	0
8,987,268	53.6%	NET EXPENDITURE	16,778,210	16,147,658	(630,552)

3 ANALYSIS OF VARIANCES

3.1 Employee Costs

Current projections indicate that expenditure on employee costs will out-turn £25,000 less than budget for the year as a result of vacant posts and staff turnover within the Planning & Building Control, Roads & Transportation, and Technical Services Division's. However, these underspends are offset to some extent by an anticipated overspend within Economic Development in relation to the provision of early retirement costs for the former Executive Director.

3.2 Premises Costs

Premises costs are projected to out-turn £60,110 higher than the budgeted position as a direct result of the price increases in energy costs, allied to an increase in non-domestic rates, and water charges for vacant rental properties. Every effort will be made to manage these costs within budget.

3.3 Transport Related Costs

Transport Related Costs are anticipated to out-turn approximately £7,000 above budget primarily as a result of overspends on leases for winter maintenance vehicles.

3.4 Supplies & Services

The projected out-turn for the year is an underspend of £145,810, which primarily relates to unallocated resources included within the Corporate Office budget to fund the implementation of the Corporate Office Strategy, although a proportion of this has been used to fund start-up costs in relation to the North West Area Centre.

This is partially offset by additional costs anticipated for street lighting electricity as a result of energy price increases, consultancy costs in relation to professional advice.

3.5 Third Party Payments

Current projections indicate that third party payment costs will out-turn £302,500 above budget for the year. This overspend position primarily relates to additional payments to Roads Contracts (£300,000) as a result of work won in competition, and is offset by a corresponding and equal increase in income (see Paragraph 3.5 for details).

Additional payments of approximately £2,500 are also anticipated in relation to overspends on cleaning and maintenance costs at Kilmarnock and Cumnock bus stations.

3.6 Income

The projected favourable variance of £829,352 relates primarily to additional income in respect of Building Warrant and Planning Fees (£100,000) as a result of increased applications received during the year, higher than anticipated recharge recoveries for work undertaken by the Technical Services Division (£200,000), and additional income within the Roads & Transportation (£300,000) in relation to rechargeable work. However, it should be noted that the additional fees recovered within the Roads & Transportation Division relates to income directly payable to Roads Contracts.

Additional income is also anticipated to be recovered from the property management fee (£223,552) due to higher than expected capital receipts from the sale of land and buildings. This additional income will not be added to Development & Property Services departmental reserves, but will be earmarked specifically for surplus property activities.

4 RECOMMENDATIONS

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

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Executive Head of Finance

James Kane
**Acting Executive Director of
Development and Property Services**

4 December 2006

LIST OF BACKGROUND PAPERS NIL

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