

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE – 9 JANUARY 2007

BUDGETARY CONTROL SUMMARY STATEMENT ROADS CONTRACTS, VEHICLE MAINTENANCE AND STREET LIGHTING 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 Roads Contracts, Vehicle Maintenance and Street Lighting for the period ended 12 November 2006 (Period 8).

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 £60,000, Vehicle Maintenance a surplus of £15,000, and Street Lighting a surplus of £10,000.

2.4 Roads Contracts Budget Performance to Period 8

Roads Contracts is reporting a surplus to Period 8 of £55,472 against a phased budgeted surplus position of £60,790. The variance to date is primarily due to the timing of overhead cost recoveries on routine maintenance and winter programmes.

It is anticipated that Roads Contracts will achieve additional turnover of approximately £946,000, financed from additional capital works and work won in competition relating to North Ayrshire Council, Strathclyde Partnership for Transport, and Building and Works. As a result, Roads Contracts is anticipated to achieve a surplus of £60,000 for the year, which represents an increase of £20,000 on its targeted surplus of £40,000.

2.5 Summary of Subjective Costs – Roads Contracts

Phased Budget to 15/10/06	Actual Exp. To 12/11/06	Detail	Annual Estimate 2006/07	Projected Actual to 31/3/07	Variance (Favourable) / Adverse
(3,821,779)	(4,466,279)	INCOME	(6,210,385)	(7,156,635)	(946,250)
1,396,978	1,474,753	LABOUR COSTS	2,330,649	2,659,599	328,950
516,777	623,466	SUB CONTRACTORS	839,762	825,062	(14,700)
1,642,898	2,107,773	OTHER DIRECT COSTS	2,681,658	3,278,658	597,000
204,336	204,815	OVERHEADS	223,316	238,316	15,000
(60,790)	(55,472)	SURPLUS	(135,000)	(155,000)	(20,000)
0	0	PENSION ACCOUNTING ADJUSTMENT	95,000	95,000	0
(60,790)	(55,472)	SURPLUS INCLUDING PENSION ACCOUNTING ADJUSTMENT	(40,000)	(60,000)	(20,000)

2.6 Vehicle Maintenance Budget Performance to Period 8

As at Period 8, the Vehicle Maintenance Unit is reporting a surplus of £84,173 as against a budgeted surplus of £79,333. The current favourable variance primarily relates to income recovery in relation to non-routine repairs which is higher than expected, and underspends on labour costs as a result of a vacancy within the business unit

As a result, the Vehicle Maintenance Unit is anticipated to achieve a surplus of £15,000 for the year, which represents an increase of £5,000 on its targeted surplus of £10,000.

2.7 Summary of Subjective Costs – Vehicle Maintenance

Phased Budget to 15/10/06	Actual Exp. To 12/11/06	Detail	Annual Estimate 2006/07	Projected Actual to 31/3/07	Variance (Favourable) / Adverse
(961,886)	(970,330)	INCOME	(1,390,395)	(1,434,854)	(44,459)
379,802	372,435	LABOUR COSTS	642,935	642,935	0
76,540	79,279	SUB CONTRACTORS	100,000	100,000	0
277,174	294,542	OTHER DIRECT COSTS	390,176	429,635	39,459
149,037	139,901	OVERHEADS	232,284	232,284	0
(79,333)	(84,173)	SURPLUS	(25,000)	(30,000)	(5,000)
0	0	PENSION ACCOUNTING ADJUSTMENT	15,000	15,000	0
(79,333)	(84,173)	SURPLUS INCLUDING PENSION ACCOUNTING ADJUSTMENT	(10,000)	(15,000)	(5,000)

2.8 Street Lighting Unit Budget Performance to Period 8

As at Period 8, the Street Lighting Unit is reporting a deficit of £164,857 against a budgeted deficit position of £130,616. This is primarily due to an under-recovery of income to date, which the Executive Director of Development & Property Services expects to recover fully during the year.

A deficit position is expected at Period 8, 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. Variances are projected at this stage of the year in relation to income, other direct costs and overheads as a result of the additional work undertaken by the Street Lighting Unit. The Acting 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 15/10/06	Actual Exp. To 12/11/06	Detail	Annual Estimate 2006/07	Projected Actual to 31/3/07	Variance (Favourable) / Adverse
(308,284)	(320,870)	INCOME	(705,240)	(725,240)	(20,000)
153,134	138,658	LABOUR COSTS	254,327	254,327	0
61,543	75,668	SUB CONTRACTORS	100,000	100,000	0
179,512	227,505	OTHER DIRECT COSTS	273,570	293,320	19,750
44,711	43,896	OVERHEADS	57,343	57,593	250
130,616	164,857	SURPLUS	(20,000)	(20,000)	0
0	0	PENSION ACCOUNTING ADJUSTMENT	10,000	10,000	0
130,616	164,857	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.

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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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