

## **EAST AYRSHIRE COUNCIL**

### **DEVELOPMENT SERVICES COMMITTEE – 8 MARCH 2006**

#### **BUDGETARY CONTROL SUMMARY STATEMENT ROADS CONTRACTS, VEHICLE MAINTENANCE AND STREET LIGHTING TO 5 FEBRUARY 2006 (PERIOD 11)**

##### **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 5 February 2006 (Period 11).

### **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 £33,560, Vehicle Maintenance a surplus of £47,230, and Street Lighting a surplus of £26,915 for the year to the 31st March 2006.

#### **2.4 Roads Contracts Budget Performance to Period 11**

Roads Contracts is reporting a surplus to Period 11 of £12,848 against a phased budgeted surplus position of £95,824. The variance to date is due to the timing of the recovery of overhead costs on routine maintenance and winter programmes.

It is anticipated that Roads Contracts will achieve additional turnover of approximately £1.5m, financed from funding packages such as Quality of Life, Community Regeneration / Better Neighbourhood Services and Passenger Transport Funding, and additional work won in competition relating to Crosshouse Roundabout (contract value £170,000), and Land Improvements Holdings for Mount House (contract value £100,000). The projected surplus at 31 March 2006 is £33,560.

## 2.5 Summary of Subjective Costs – Roads Contracts

Phased Budget to 5/2/06	Actual Exp. To 5/2/06	Detail	Annual Estimate 2005/06	Projected Actual to 31/3/06	Variance (Favourable) / Adverse
(4,557,597)	(5,095,030)	INCOME	(5,386,250)	(6,900,427)	(1,514,177)
1,807,384	2,007,776	LABOUR COSTS	2,174,682	2,582,075	407,393
650,828	530,324	SUB CONTRACTORS	769,160	739,000	(30,160)
1,820,737	2,354,982	OTHER DIRECT COSTS	2,188,753	3,283,601	1,094,848
182,824	189,100	OVERHEADS	213,655	235,751	22,096
<b>(95,824)</b>	<b>(12,848)</b>	<b>TOTAL</b>	<b>(40,000)</b>	<b>(60,000)</b>	<b>(20,000)</b>
0	0	PENSION ACCOUNTING ADJUSTMENT	0	26,440	26,440
<b>(95,824)</b>	<b>(12,848)</b>	<b>SURPLUS INCLUDING PENSION ACCOUNTING ADJUSTMENT</b>	<b>(40,000)</b>	<b>(33,560)</b>	<b>6,440</b>

## 2.6 Vehicle Maintenance Budget Performance to Period 11

The Vehicle Maintenance Unit is reporting a surplus of £130,515 as at Period 11 against a phased budgeted surplus of £67,783. The current favourable variance primarily relates to income recovery in relation to non-routine repairs which is higher than expected.

As a result, the Vehicle Maintenance Unit is anticipated to achieve a surplus of £47,230 for the year, which represents an increase of £37,230 on its targeted surplus of £10,000.

## 2.7 Summary of Subjective Costs – Vehicle Maintenance

Phased Budget to 5/2/06	Actual Exp. To 5/2/06	Detail	Annual Estimate 2005/06	Projected Actual to 31/3/06	Variance (Favourable) / Adverse
(1,145,209)	(1,275,132)	INCOME	(1,290,097)	(1,440,130)	(150,033)
505,356	505,430	LABOUR COSTS	596,808	602,926	6,118
84,616	113,762	SUB CONTRACTORS	100,000	135,000	35,000
316,260	348,485	OTHER DIRECT COSTS	380,811	402,914	22,103
171,194	176,940	OVERHEADS	202,478	244,290	41,812
<b>(67,783)</b>	<b>(130,515)</b>	<b>TOTAL</b>	<b>(10,000)</b>	<b>(55,000)</b>	<b>(45,000)</b>
0	0	PENSION ACCOUNTING ADJUSTMENT	0	7,770	7,770
<b>(67,783)</b>	<b>(130,515)</b>	<b>SURPLUS INCLUDING PENSION ACCOUNTING ADJUSTMENT</b>	<b>(10,000)</b>	<b>(47,230)</b>	<b>(37,230)</b>

## 2.8 Street Lighting Unit Budget Performance to Period 11

The Street Lighting Unit is reporting a surplus of £54,434 as at Period 11 against a phased budgeted surplus of £6,715. The current favourable position reflects the additional work won by the Street Lighting Unit in relation to Christmas Light installations and other external works, and of the level of routine maintenance work completed to date.

Consequently, the Street Lighting Unit is projected to achieve a surplus of £26,915 for the year, which represents an increase of £16,915 on the budgeted surplus of £10,000.

## **2.9 Summary of Subjective Costs – Street Lighting**

Phased Budget to 5/2/06	Actual Exp. To 5/2/06	Detail	Annual Estimate 2005/06	Projected Actual to 31/3/06	Variance (Favourable) / Adverse
(528,052)	(611,912)	INCOME	(617,000)	(821,679)	(204,679)
190,407	175,968	LABOUR COSTS	220,703	228,381	7,678
90,384	88,395	SUB CONTRACTORS	95,000	110,000	15,000
197,891	253,499	OTHER DIRECT COSTS	229,546	389,262	159,716
42,655	39,616	OVERHEADS	61,751	64,036	2,285
<b>(6,715)</b>	<b>(54,434)</b>	<b>TOTAL</b>	<b>(10,000)</b>	<b>(30,000)</b>	<b>(20,000)</b>
0	0	PENSION ACCOUNTING ADJUSTMENT	0	3,085	3,085
<b>(6,715)</b>	<b>(54,434)</b>	<b>SURPLUS INCLUDING PENSION ACCOUNTING ADJUSTMENT</b>	<b>(10,000)</b>	<b>(26,915)</b>	<b>(16,915)</b>

## **3. RECOMMENDATIONS**

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

Alex McPhee  
**Executive Head of Finance**

1 March 2006

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

### **LIST OF BACKGROUND PAPERS NIL**

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