

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE – 6 MARCH 2007

BUDGETARY CONTROL SUMMARY STATEMENT ROADS CONTRACTS, VEHICLE MAINTENANCE AND STREET LIGHTING TO 4 FEBRUARY 2007 (PERIOD 11)

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 4 February 2007 (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 £60,000, Vehicle Maintenance a surplus of £30,000, and Street Lighting a surplus of £10,000.

2.4 Roads Contracts Budget Performance to Period 11

Roads Contracts is reporting a surplus to Period 11 of £105,759 against a phased budgeted surplus position of £78,389, which is representative of the extent of the work programme completed to date.

It is anticipated that Roads Contracts will achieve additional turnover of approximately £946,000, financed from additional capital works and work won in competition from North Ayrshire Council, Strathclyde Partnership for Transport, Building and Works and other various external contractors. 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 4/2/07	Actual Exp. To 4/2/07	Detail	Annual Estimate 2006/07	Projected Actual to 31/3/07	Variance (Favourable) / Adverse
(5,254,943)	(6,093,973)	INCOME	(6,210,385)	(7,156,635)	(946,250)
1,934,807	2,135,061	LABOUR COSTS	2,330,649	2,659,599	328,950
710,568	783,614	SUB CONTRACTORS	839,762	825,062	(14,700)
2,258,961	2,783,494	OTHER DIRECT COSTS	2,681,658	3,278,658	597,000
272,218	286,045	OVERHEADS	223,316	238,316	15,000
(78,389)	(105,759)	SURPLUS	(135,000)	(155,000)	(20,000)
0	0	PENSION ACCOUNTING ADJUSTMENT	95,000	95,000	0
(78,389)	(105,759)	SURPLUS INCLUDING PENSION ACCOUNTING ADJUSTMENT	(40,000)	(60,000)	(20,000)

2.6 Vehicle Maintenance Budget Performance to Period 11

As at Period 11, the Vehicle Maintenance Unit is reporting a surplus of £88,262 as against a budgeted surplus of £45,985. The current favourable variance primarily relates to income recovery in relation to non-routine repairs which is higher than expected, offset by additional materials required to undertake the increased workload and higher than anticipated sub-contractor costs in relation to vehicles requiring specialist repair.

As a result, the Vehicle Maintenance Unit is anticipated to achieve a surplus of £30,000 for the year, which represents an increase of £20,000 on its targeted surplus of £10,000.

2.7 Summary of Subjective Costs – Vehicle Maintenance

Phased Budget to 4/2/07	Actual Exp. To 4/2/07	Detail	Annual Estimate 2006/07	Projected Actual to 31/3/07	Variance (Favourable) / Adverse
(1,241,525)	(1,328,176)	INCOME	(1,390,395)	(1,504,256)	(113,861)
522,214	515,430	LABOUR COSTS	617,154	617,154	0
100,000	115,493	SUB CONTRACTORS	100,000	130,000	30,000
375,774	411,032	OTHER DIRECT COSTS	415,957	474,676	58,719
197,552	197,959	OVERHEADS	232,284	237,426	5,142
(45,985)	(88,262)	SURPLUS	(25,000)	(45,000)	(20,000)
0	0	PENSION ACCOUNTING ADJUSTMENT	15,000	15,000	0
(45,985)	(88,262)	SURPLUS INCLUDING PENSION ACCOUNTING ADJUSTMENT	(10,000)	(30,000)	(20,000)

2.8 Street Lighting Unit Budget Performance to Period 11

As at Period 11, the Street Lighting Unit is reporting a deficit of £114,909 against a budgeted deficit position of £77,456. This is primarily due to an under-recovery of income to date, which the Acting Executive Director of Development & Property Services expects to recover fully during the year.

A deficit position is expected at Period 11, 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 4/2/07	Actual Exp. To 4/2/07	Detail	Annual Estimate 2006/07	Projected Actual to 31/3/07	Variance (Favourable) / Adverse
(515,848)	(535,493)	INCOME	(705,240)	(758,783)	(53,543)
214,725	204,390	LABOUR COSTS	254,327	248,827	(5,500)
93,078	94,882	SUB CONTRACTORS	100,000	105,000	5,000
230,678	298,286	OTHER DIRECT COSTS	273,570	328,441	54,871
54,823	52,844	OVERHEADS	57,343	56,515	(828)
77,456	114,909	SURPLUS	(20,000)	(20,000)	0
0	0	PENSION ACCOUNTING ADJUSTMENT	10,000	10,000	0
77,456	114,909	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

James Kane
Acting Executive Director of
Development and Property Services

23 February 2007

LIST OF BACKGROUND PAPERS NIL

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