

# EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE – 11 OCTOBER 2006

## BUDGETARY CONTROL SUMMARY STATEMENT ROADS CONTRACTS, VEHICLE MAINTENANCE AND STREET LIGHTING TO 17 SEPTEMBER 2006 (PERIOD 6)

### 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 17 September 2006 (Period 6).

#### 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 £15,000, and Street Lighting a surplus of £10,000.

#### 2.4 Roads Contracts Budget Performance to Period 6

Roads Contracts is reporting a deficit to Period 6 of £27,441 as against a budgeted surplus of £47,380. Although an unfavourable variance as against budget is reported at Period 6, it is anticipated that this will be reversed as overheads costs are recovered from the remainder of the routine maintenance and winter programmes. 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 17/9/06	Actual Exp. To 17/9/06	Detail	Annual Estimate 2006/07	Projected Actual to 31/3/07	Variance (Favourable) / Adverse
(2,866,335)	(2,869,696)	INCOME	(6,210,385)	(6,210,385)	0
1,038,419	1,091,631	LABOUR COSTS	2,330,649	2,330,649	0
387,583	211,976	SUB CONTRACTORS	839,762	839,762	0
1,232,183	1,431,055	OTHER DIRECT COSTS	2,681,658	2,681,658	0
160,770	162,475	OVERHEADS	223,316	223,316	0
(47,380)	27,441	SURPLUS	(135,000)	(135,000)	0
0	0	PENSION ACCOUNTING ADJUSTMENT	95,000	95,000	0
(47,380)	27,441	SURPLUS INCLUDING PENSION ACCOUNTING ADJUSTMENT	(40,000)	(40,000)	0

## 2.6 Vehicle Maintenance Budget Performance to Period 6

As at Period 6, the Vehicle Maintenance Unit is reporting a surplus of £99,449 as against a budgeted surplus of £86,745. 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 17/9/06	Actual Exp. To 17/9/06	Detail	Annual Estimate 2006/07	Projected Actual to 31/3/07	Variance (Favourable) / Adverse
(708,205)	(717,302)	INCOME	(1,390,395)	(1,395,395)	(5,000)
284,854	275,073	LABOUR COSTS	642,935	642,935	0
46,156	57,059	SUB CONTRACTORS	100,000	100,000	0
182,674	186,131	OTHER DIRECT COSTS	390,176	390,176	0
107,776	99,590	OVERHEADS	232,284	232,284	0
(86,745)	(99,449)	SURPLUS	(25,000)	(30,000)	(5,000)
0	0	PENSION ACCOUNTING ADJUSTMENT	15,000	15,000	0
(86,745)	(99,449)	SURPLUS INCLUDING PENSION ACCOUNTING ADJUSTMENT	(10,000)	(15,000)	(5,000)

## 2.8 Street Lighting Unit Budget Performance to Period 6

As at Period 6, the Street Lighting Unit is reporting a deficit of £142,434 against a budgeted deficit position of £130,281. 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 6, 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 17/9/06	Actual Exp. To 17/9/06	Detail	Annual Estimate 2006/07	Projected Actual to 31/3/07	Variance (Favourable) / Adverse
(219,917)	(201,838)	INCOME	(705,240)	(705,240)	0
114,852	102,330	LABOUR COSTS	254,327	254,327	0
46,159	55,648	SUB CONTRACTORS	100,000	100,000	0
150,422	148,680	OTHER DIRECT COSTS	273,570	273,570	0
38,765	37,614	OVERHEADS	57,343	57,343	0
130,281	142,434	SURPLUS	(20,000)	(20,000)	0
0	0	PENSION ACCOUNTING ADJUSTMENT	10,000	10,000	0
130,281	142,434	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**

5 October 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