

EAST AYRSHIRE COUNCIL

EDUCATION COMMITTEE – 21 MARCH 2006

**BUDGETARY CONTROL SUMMARY STATEMENT
ONSITE SERVICES UNIT
TO 5 FEBRUARY 2006 (PERIOD 11)**

**Joint Report by Executive Head of Finance and
Executive Director of Educational and Social 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 the Onsite Services Business Unit 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, FRS 17 pensions accounting adjustments, and capital charges. The performance to date and the projected out-turn for each service is detailed separately within the report.

2.2 Projected Out-turn

The surpluses for the three Onsite Services are projected to be on target at the financial year end. The projected surpluses are Cleaning £90,000, Catering £71,000 and School Crossing Patrols £7,000, giving an overall projected surplus of £168,000 at 31 March 2006. These projections are based on all currently available information.

2.3 Cleaning Service Budget Performance to Period 11

At Period 11 there is a reported surplus of £198,000 compared to a budgeted surplus of £163,000, resulting in a favourable variance of £35,000. This arises mainly from additional income in respect of temporary continuation of several contracts. This additional income is offset by an overspend on wages costs which is directly attributable to the additional income.

2.4 Catering Service Budget Performance to Period 11

As at Period 11 there is a surplus of £98,000 compared to a budgeted surplus of £65,000, resulting in a favourable variance of £33,000. This arises mainly from additional income in respect of temporary continuation of several contracts. This additional income is offset by a corresponding overspend on wages and other direct costs.

2.5 School Crossing Patrol Service Budget Performance to Period 11

The position at Period 11 is a surplus of £13,000 compared to a budgeted surplus of £11,000 resulting in a favourable variance of £2,000. This mainly arises from an over recovery of income which is offset by a corresponding overspend on wages costs.

2.6 Summary of Subjective Costs - Cleaning Service

	Actual Expend to 05-Feb-06 Period 11	Planned Expend to 05-Feb-06 Period 11	Annual Estimate 2005-06	Projected Actual 2005-06	Variance (Favourable)/ Adverse
	£000	£000	£000	£000	£000
INCOME	(4,648)	(4,514)	(5,331)	(5,481)	(150)
EXPENDITURE					
Labour Costs	4,053	3,960	4,779	4,859	80
Sub Contractors	0	0	0	0	0
Other Direct Costs	137	148	175	245	70
Overheads	260	243	287	287	0
TOTAL EXPENDITURE	4,450	4,351	5,241	5,391	150
Pensions Accounting Adjustments	0	0	0	42	42
(SURPLUS)/DEFICIT	(198)	(163)	(90)	(48)	(42)

2.7 Summary of Subjective Costs - Catering Service

	Actual Expend to 05-Feb-06 Period 11	Planned Expend to 05-Feb-06 Period 11	Annual Estimate 2005-06	Projected Actual 2005-06	Variance (Favourable)/ Adverse
	£000	£000	£000	£000	£000
INCOME	(3,808)	(3,356)	(4,001)	(4,341)	(340)
EXPENDITURE					
Labour Costs	2,149	2,007	2,412	2,542	130
Sub Contractors	0	0	0	0	0
Other Direct Costs	1,332	1,084	1,281	1,491	210
Overheads	229	200	237	237	0
TOTAL EXPENDITURE	3,710	3,291	3,930	4,270	340
Pensions Accounting Adjustments	0	0	0	21	21
(SURPLUS)/DEFICIT	(98)	(65)	(71)	(50)	(21)

2.8 Summary of Subjective Costs - School Crossing Patrol Service

	Actual Expend to 05-Feb-06 Period 11	Planned Expend to 05-Feb-06 Period 11	Annual Estimate 2005-06	Projected Actual 2005-06	Variance (Favourable)/ Adverse
	£000	£000	£000	£000	£000
INCOME	(294)	(268)	(317)	(341)	(24)
EXPENDITURE					
Labour Costs	251	230	278	300	22
Sub Contractors	0	0	0	0	0
Other Direct Costs	7	6	7	7	0
Overheads	23	21	25	27	2
TOTAL EXPENDITURE	281	257	310	334	24
Pensions Accounting Adjustments	0	0	0	2	2
(SURPLUS)/DEFICIT	(13)	(11)	(7)	(5)	(2)

3. INCOME

Based on information from Onsite Services, it is anticipated that there will be an over recovery of income across the three contracts totalling £514,000 for the year. This consists of £150,000 relating to Cleaning contracts, £24,000 in respect of School Crossing Patrol Service and £340,000 relating to Catering contracts, after taking into account the Scottish Executive funded 'Hungry for Success' initiative. As highlighted in sections 2.3 to 2.5 of the report, this projected over recovery of income is largely due to temporary continuation of several contracts and is wholly offset by additional attributable expenditure on labour and other direct costs.

4. RECOMMENDATIONS

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

Alex McPhee
Executive Head of Finance

John Mulgrew
Executive Director of Educational and
Social Services

AMcP/AR
20 February 2006

LIST OF BACKGROUND PAPERS

NIL

Members wishing further information should contact Alex McPhee, Financial Services Manager, Tel: (01563) 576848 or Robin Gourlay, Contracts Manager, Tel: (01563) 555774.

Implementation Officer Robin Gourlay, Contracts Manager