

THE AYRSHIRE SHARED SERVICE JOINT COMMITTEE

2nd DECEMBER 2022

AYRSHIRE ROADS ALLIANCE REVENUE FINANCIAL MONITORING REPORT

Report by Chief Financial Officer & Head of Finance & ICT

PURPOSE OF REPORT

- 1 The purpose of this Report is to update the Joint Committee on the revenue budget monitoring position for the year to 30th September 2022, for the Ayrshire Roads Alliance.
- 2 It is recommended that the Joint Committee
 - (i) Note the financial management position of the Ayrshire Roads Alliance.
 - (ii) Requests a further financial update at the next meeting of the Joint Committee.
 - (iii) Otherwise, notes the content of this Report

REVIEW OF FUNDING MECHANISM

- 3 The Joint Committee approved a Report on 23 May 2014 describing the budget monitoring arrangements for the Ayrshire Roads Alliance.
- 4 As part of the Detailed Business Case the service budget is split between strategic service delivery and local service delivery. This separates out the core/recurring costs of service delivery from the local service costs at a single Council level. This ensures that decisions on the level of local spend remain with local Members, and ensures that the local Members retain control of their local roads budgets. Appendix 1 provides a breakdown of this split.
- 5 At its meeting of 19th February 2016, Committee agreed a change to how Strategic Service Delivery would be allocated between the two Councils. A smaller group of core Strategic Delivery staff have been identified and their costs continue to be split equally. The remaining Strategic Delivery costs would be apportioned in line with Local Delivery budget inputs plus actual capital expenditure in-year.

BUDGET MONITORING POSITION

6 The overall outturn for 2022-23 is anticipated to be £0.220m less than budget.

7 Strategic Delivery estimated out-turn is £0.393m less than budget.

Strategic Service Delivery	Combined (£m)
Initial Budget	3.822
Probable Outturn	3.429
Probable Variance	(0.393)

8 East Ayrshire Local Delivery projected out-turn is £0.040m less than budget and South Ayrshire Local Delivery £0.213m greater than budget.

9 Summary information is provided in the table below. A full budget monitoring statement, including reasons for major variances is attached at Appendix 2.

Service Division	Annual Estimate 2022/23 £m	Projected Actual to 31/3/23 £m	Variance (Favourable) / Adverse £m
STRATEGIC DELIVERY	3.822	3.429	(0.393)
LOCAL DELIVERY - EAST AYRSHIRE	4.227	4.187	(0.040)
LOCAL DELIVERY - SOUTH AYRSHIRE	4.472	4.685	0.213
TOTAL	12.521	12.301	(0.220)

10 The position for each Council is shown below:

	EAC (£m)	SAC (£m)	TOTAL (£m)
Strategic Delivery	(0.250)	(0.143)	(0.393)
Local Delivery	(0.040)	0.213	0.173
2022-23 Variance	(0.290)	0.070	(0.220)

FINANCIAL IMPLICATIONS

11 The available revenue budget for the Ayrshire Roads Alliance for 2022-23 is £12.521m. The budget will continue to be monitored and reported to the Joint Committee.

TIMBER TRANSPORT

12 At the meeting of the Joint Committee on 23rd June 2017, further information was requested in relation to timber transport funding. The undernoted table

provides an analysis of relevant project and Timber Transport contributions for 2022-23 to date.

	2022-23 Actual to date (£m)	2022-23 Probable Outturn (£m)
South Ayrshire		
Expenditure on Projects	0.100	0.255
Timber Transport Contribution	0.148	0.148

LEGAL IMPLICATIONS

- 13 The work of the Ayrshire Roads Alliance is undertaken in accordance with relevant legislation.

HUMAN RESOURCES IMPLICATIONS

- 14 The establishment of the Ayrshire Roads Alliance is dependent on the available budget. Available budget and human resource requirements will be reviewed as part of budget monitoring.

COMMUNITY / COUNCIL PLAN IMPLICATIONS

- 15 The work undertaken by the Ayrshire Roads Alliance aligns with the Community Plan for East Ayrshire Council; and the Council Plan for South Ayrshire Council.

RISK MANAGEMENT IMPLICATIONS

- 16 Appropriate financial monitoring arrangements are in place to mitigate risk. This is included in the Ayrshire Roads Alliance Risk Register. Regular meetings are held between relevant finance staff and the Ayrshire Roads Alliance.

LIST OF APPENDICES

Appendix One - Split between Strategic and Local Service Delivery
Appendix Two - Financial Monitoring Report

BACKGROUND PAPERS

None

For further information on this report, please contact Kevin Braidwood, Head of Roads - Ayrshire Roads Alliance on 01563 503164

Implementation Officer: Kevin Braidwood, Head of Roads - Ayrshire Roads Alliance
on 01563 503164

Appendix 1 – Split Between Strategic and Local Service Delivery	
Strategic Service Delivery	Local Service Delivery
Transportation, Development Control and Road Safety Local Transport Strategy; Transportation Policy; Road Safety Plan; Travel Planning, Cycling Strategy; Planning Applications; Road Construction Consents; Development Planning, Council/Partner Liaison, Section 75 Agreements; Road Safety Schemes; Road Safety Audits; School Travel Plans; School Crossing Patrol; Road Safety Education.	Transportation, Development Control and Road Safety Maintenance of Bus Shelters; Split Cycle Offset Optimisation Technique (SCOOT) systems (an adaptive control system for controlled road crossings); Development Control; Bus Shelter Advertising; Shopmobility; Construction of Road Safety Schemes.
Asset, Traffic and Parking Asset Management Plan; Roads Improvement Plan; Infrastructure Surveys; Inventory Management; Scottish Roadworks Register; Issue of Permits; Performance Monitoring; Accident Investigation and Prevention; Traffic Orders; Traffic Counts; and Parking Strategy.	Asset, Traffic and Parking Maintenance of Traffic signals, traffic signs, Car Park Maintenance and Parking Enforcement.
Design and Environment Flood Risk Management Strategy; Flood Risk Management Plans; Watercourses; Flood Mitigation; Coastal Protection; Inspection of Piers & Harbours; Bridge Inspections and Maintenance; Structural Assessments; Technical Approval; Abnormal Load Routing; and Design of Major and Minor Road Schemes and Improvements.	Design and Environment Maintenance of Watercourses, Bridges, Retaining Walls, Piers and Harbours.
Operations Carriageway Inspections; Winter Service Planning; Programming of Proactive, Reactive and Cyclic Maintenance; Street Lighting Design and Management; and Festive Lighting.	Operations Proactive, Reactive, Cyclic Maintenance of Roads and Footways; Winter and Weather Emergency Service; Proactive and Reactive Maintenance of Streetlights; Electricity costs for streetlights.
Support Services HR, Finance, ICT, and Administrative Support.	

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AYRSHIRE SHARED SERVICES JOINT COMMITTEE
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2022/23 GENERAL SERVICES REVENUE BUDGET
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AYRSHIRE ROADS ALLIANCE
FINANCIAL PERFORMANCE SUMMARY

SERVICE SUMMARY - OVERVIEW POSITION

It is anticipated that Ayrshire Roads Alliance will outturn £0.220m less than budget.

Actual Expenditure as at P6 £m	Actual Expenditure as % of Ann. Est. £m	Service Division	Annual Estimate 2022/23 £m	Projection to 31/3/23 £m	Variance (Favourable) / Adverse £m
1.083	28.3%	STRATEGIC DELIVERY	3.822	3.429	(0.393)
2.421	57.3%	LOCAL DELIVERY - EAST AYRSHIRE	4.227	4.187	(0.040)
2.138	47.8%	LOCAL DELIVERY - SOUTH AYRSHIRE	4.472	4.685	0.213
5.642	45.1%	TOTAL	12.521	12.301	(0.220)
		PROPOSED REDUCTION FOLLOWING LINE BY LINE	0.000	0.000	0.000
		TOTAL FOLLOWING LINE BY LINE REVIEW	12.521	12.301	(0.220)
		EARMARKED FUNDS TO BE CARRIED FORWARD	0.000	0.000	0.000
5.642	45.1%	TOTAL INCLUDING EARMARKED FUNDS	12.521	12.301	(0.220)

STRATEGIC DELIVERY

This variance mainly reflects staff turnover savings due to vacant posts (£0.243m) and reduced insurance costs relating to ARA South (£0.087m), along with additional income (£0.119m). This is partly offset by additional expenditure on computing (£0.013m), statutory advertising (£0.017m), road safety training materials (£0.009m) and various other supplies and services (£0.012m).

LOCAL DELIVERY – EAST AYRSHIRE

This variance mainly reflects vacancies and turnover (£0.505m) particularly within Roads Maintenance and employee recharges in respect of cross boundary working (£0.045m). This is partly offset by a shortfall in on-street parking income (£0.103m), additional expenditure on Supplies & Services (£0.244m), additional use of sub-contractors net of related income (£0.096m) and additional fuel costs (£0.060m) reflecting price increases.

LOCAL DELIVERY – SOUTH AYRSHIRE

This variance mainly reflects additional expenditure on supplies and services (£0.180m), along with fuel price increases (£0.030m), vehicle maintenance charges (£0.045m), vehicle lease charges within Roads Maintenance (£0.017m). This is partly offset by a saving on sub-contractor costs (£0.077m).

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STRATEGIC DELIVERY

Actual Expenditure as at P6 £m	Actual Expenditure as % of Ann. Est. £m	Service Division	Annual Estimate 2022/23 £m	Projection to 31/3/23 £m	Variance (Favourable) / Adverse £m
1.464	39.1%	EMPLOYEE COSTS	3.742	3.501	(0.241)
0.036	100.0%	PREMISES COSTS	0.036	0.037	0.001
0.010	43.5%	TRANSPORT COSTS	0.023	0.025	0.002
0.158	18.9%	SUPPLIES & SERVICES	0.836	0.800	(0.036)
0.000	0.0%	THIRD PARTY PAYMENTS	0.000	0.000	0.000
0.000	0.0%	DEBT CHARGES	0.015	0.015	0.000
1.668	35.9%	TOTAL EXPENDITURE	4.652	4.378	(0.274)
(0.585)	70.5%	INCOME	(0.830)	(0.949)	(0.119)
1.083	28.3%	NET EXPENDITURE	3.822	3.429	(0.393)
		PROPOSED REDUCTION FOLLOWING LINE BY LINE	0.000	0.000	0.000
		TOTAL FOLLOWING LINE BY LINE REVIEW	3.822	3.429	(0.393)
		EARMARKED FUNDS TO BE CARRIED FORWARD		0.000	0.000
1.083	28.3%	TOTAL INCLUDING EARMARKED FUNDS	3.822	3.429	(0.393)

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Projected Variance at 31 March 2021 (£m)	Strategic Delivery
(0.241)	Employee Costs This saving reflects turnover savings vacant posts and turnover savings (£0.243m). This is partly offset by additional training costs (£0.002m).
(0.036)	Supplies & Services This variance mainly reflects a saving on South Ayrshire insurance charges (£0.087m). This is partly offset by expenditure on computing (£0.013m), statutory advertising (£0.017m), road safety training materials (£0.009m) and a number of small variances (£0.012m).
(0.119)	Income This variance reflects additional income from inspection fees, penalty notices and temporary road closures (£0.083m), capital programmes (£0.027m), and Cycling Scotland grant income (£0.009m).
0.003	Other Variances This represents other non-material variances within Strategic Delivery.
(0.393)	Total reported variance

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LOCAL DELIVERY – EAST AYRSHIRE

Actual Expenditure as at P6 £m	Actual Expenditure as % of Ann. Est. £m	Detail	Annual Estimate 2022/23 £m	Projection to 31/3/23 £m	Variance (Favourable) / Adverse £m
1.075	34.2%	EMPLOYEE COSTS	3.147	2.596	(0.551)
0.289	88.9%	PREMISES COSTS	0.325	0.330	0.005
0.481	72.5%	TRANSPORT COSTS	0.663	0.727	0.064
0.902	43.4%	SUPPLIES & SERVICES	2.080	2.324	0.244
0.910	69.9%	THIRD PARTY PAYMENTS	1.302	1.555	0.253
0.054	18.2%	DEBT CHARGES	0.296	0.296	0.000
3.711	47.5%	TOTAL EXPENDITURE	7.813	7.828	0.015
(1.290)	36.0%	INCOME	(3.586)	(3.641)	(0.055)
2.421	57.3%	NET EXPENDITURE	4.227	4.187	(0.040)
		PROPOSED REDUCTION FOLLOWING LINE BY LINE	0.000	0.000	0.000
		TOTAL FOLLOWING LINE BY LINE REVIEW	4.227	4.187	(0.040)
		EARMARKED FUNDS TO BE CARRIED FORWARD	0.000	0.000	0.000
2.421	57.3%	TOTAL INCLUDING EARMARKED FUNDS	4.227	4.187	(0.040)

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Projected Variance at 31 March 2021 (£m)	Local Delivery - East Ayrshire
(0.551)	<u>Employee Costs</u> This variance mainly reflects staff turnover due to vacant posts (£0.505m), an employee recharge in respect of cross boundary working (£0.045m) and the temporary removal of summer standby (£0.010m) partly offset by additional severance (£0.005m) and training costs (£0.002m).
0.064	<u>Transport Costs</u> This variance mainly reflects increased expenditure on fuel as a result of price increases (£0.060m) and vehicle / plant hires (£0.003m).
0.244	<u>Supplies & Services</u> This variance mainly reflects additional IT costs (£0.100m), particularly in relation to artificial intelligence surveying, additional expenditure on roads maintenance materials (£0.054m), additional security at Kilmarnock Bus Station as a result of recent anti-social behaviour (£0.030m), consultancy costs in relation to two car parks within Newmilns (£0.036m), along with a number of small variances across various headings (0.024m).
0.253	<u>Third Party Payments</u> This variance mainly reflects additional sub-contractor costs within Traffic (£0.216m) which will mostly be offset by additional income, Street Lighting (£0.007m) and Flood Prevention (£0.029m)
(0.055)	<u>Income</u> This variance mainly reflects additional Traffic income – see Third Party Payments above (£0.157m), partly offset by a shortfall in on-street parking income (£0.103m).
0.005	<u>Other Variances</u> This variance reflects non-material variances within Local Delivery – East Ayrshire
(0.040)	Total reported variance

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LOCAL DELIVERY – SOUTH AYRSHIRE

Actual Expenditure as at P6 £m	Actual Expenditure as % of Ann. Est. £m	Detail	Annual Estimate 2022/23 £m	Projection to 31/3/23 £m	Variance (Favourable) / Adverse £m
0.926	41.8%	EMPLOYEE COSTS	2.217	2.258	0.041
0.091	54.2%	PREMISES COSTS	0.168	0.189	0.021
0.664	72.6%	TRANSPORT COSTS	0.915	1.016	0.101
0.894	50.9%	SUPPLIES & SERVICES	1.758	1.938	0.180
0.927	66.4%	THIRD PARTY PAYMENTS	1.397	1.320	(0.077)
0.000	0.0%	DEBT CHARGES	0.106	0.106	0.000
3.502	53.4%	TOTAL EXPENDITURE	6.561	6.827	0.266
-1.364	65.3%	INCOME	-2.089	-2.142	(0.053)
2.138	47.8%	NET EXPENDITURE	4.472	4.685	0.213
		PROPOSED REDUCTION FOLLOWING LINE BY LINE	0.000	0.000	0.000
		TOTAL FOLLOWING LINE BY LINE REVIEW	4.472	4.685	0.213
		EARMARKED FUNDS TO BE CARRIED FORWARD	0.000	0.000	0.000
2.138	47.8%	TOTAL INCLUDING EARMARKED FUNDS	4.472	4.685	0.213

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Projected Variance at 31 March 2021 (£m)	Local Delivery - South Ayrshire
0.041	Employee Costs This variance mainly reflects employee recharges in respect of cross boundary working, including seasonal workers (£0.057m) and additional overtime costs (£0.096m) partly offset by staff turnover due to vacancies (£0.112m), mainly within Roads Maintenance.
0.021	Premises Costs This variance mainly reflects non-domestic rates charges (£0.016m) particularly in relation to bus shelters and a wall reconstruction at Blackburn car park (£0.004m).
0.101	Transport Costs This variance mainly reflects increased expenditure on fuel as a result of price increases (£0.030m), vehicle maintenance charges (£0.045m), vehicle lease charges within Roads Maintenance (£0.017m) and the hire of campervans (£0.008m), the latter being offset by additional income.
0.180	Supplies & Services This variance mainly reflects additional roads maintenance materials (£0.043m), computing costs (£0.104m) particularly in relation to artificial intelligence surveying, additional consultancy costs in relation to Ayr to Prestwick LUF project and National Data collection (£0.016m).
(0.077)	Third Party Payments This variance mainly reflects reduced use of sub-contractors within Roads Maintenance (£0.177m). This is partly offset by additional sub-contractor costs within Traffic (£0.074) and Design (£0.006m), which will mostly be offset by additional income, along with coastal protection works (£0.019m).
(0.053)	Income This variance mainly reflects additional design income (£0.066m) and Traffic income (£0.213m) – see Third Party Payments and Transport Costs. This is partly offset by an anticipated shortfall in rods maintenance income (£0.226m).
0.213	Total reported variance

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