

THE AYRSHIRE SHARED SERVICE JOINT COMMITTEE

10th MARCH 2023

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 31st December 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 ADJUSTMENTS

- 6 The budget available to ARA has been increased from £12.521m to £13.234m since the last report. This increase of £0.713 relates entirely to ARA East. The movements are explained in the following table:

	Budget 30/9/22	Budget 31/12/22	Budget Movement	Explanation
Strategic Delivery	£3.822m	£3.915m	£0.093m	Additional budget in relation to additional pay award – ARA East
Local Delivery - East	£4.227m	£4.847m	£0.620m	Additional budget to offset shortfall in Off Street Parking income (£0.490m), and meet additional pay award (£0.130m).
Local Delivery - South	£4.472m	£4.472m	£0.000m	
ARA	£12.521m	£13.234m	£0.713m	

BUDGET MONITORING POSITION

- 7 The overall outturn for 2022-23 is anticipated to be £0.328m less than budget.
- 8 Strategic Delivery estimated out-turn is £0.693m less than budget.

Strategic Service Delivery	Combined (£m)
Initial Budget	3.915
Probable Outturn	3.222
Probable Variance	(0.693)

- 9 East Ayrshire Local Delivery projected out-turn is £0.065m greater than budget and South Ayrshire Local Delivery £0.300m greater than budget.
- 10 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	Projection to 31/3/23 £m	Variance (Favourable) / Adverse £m
STRATEGIC DELIVERY	3.915	3.222	(0.693)
LOCAL DELIVERY - EAST AYRSHIRE	4.847	4.912	0.065
LOCAL DELIVERY - SOUTH AYRSHIRE	4.472	4.772	0.300
AYRSHIRE ROADS ALLIANCE	13.234	12.906	(0.328)

CLASSIFICATION: PUBLIC

- 11 The position for each Council is shown below:

	EAC (£m)	SAC (£m)	TOTAL (£m)
Strategic Delivery	(0.393)	(0.300)	(0.693)
Local Delivery	0.065	0.300	0.365
2022-23 Variance	(0.328)	0.000	(0.328)

FINANCIAL IMPLICATIONS

- 12 The available revenue budget for the Ayrshire Roads Alliance for 2022-23 is £13.234m. The budget will continue to be monitored and reported to the Joint Committee.

TIMBER TRANSPORT

- 13 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	0.240	0.255
Timber Transport Contribution	0.138	0.182

LEGAL IMPLICATIONS

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

HUMAN RESOURCES IMPLICATIONS

- 15 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

- 16 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

- 17 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 ROADS ALLIANCE
FINANCIAL PERFORMANCE SUMMARY

SERVICE SUMMARY - OVERVIEW POSITION

It is anticipated that Ayrshire Roads Alliance will outturn £0.328m less than budget.

Actual Expenditure as at P9 £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
1.982	50.6%	STRATEGIC DELIVERY	3.915	3.222	(0.693)
3.637	75.0%	LOCAL DELIVERY - EAST AYRSHIRE	4.847	4.912	0.065
3.333	74.5%	LOCAL DELIVERY - SOUTH AYRSHIRE	4.472	4.772	0.300
8.952	67.6%	TOTAL	13.234	12.906	(0.328)
		PROPOSED REDUCTION FOLLOWING LINE BY LINE	0.000	0.000	0.000
		TOTAL FOLLOWING LINE BY LINE REVIEW	13.234	12.906	(0.328)
		EARMARKED FUNDS TO BE CARRIED FORWARD	0.000	0.000	0.000
8.952	67.6%	TOTAL INCLUDING EARMARKED FUNDS	13.234	12.906	(0.328)

STRATEGIC DELIVERY

This variance mainly reflects staff turnover savings due to vacant posts (£0.507m) and reduced insurance costs relating to ARA South (£0.087m), along with additional income (£0.157m). This is partly offset by additional expenditure on computing (£0.019m), and various other small variances (£0.039m).

LOCAL DELIVERY – EAST AYRSHIRE

This variance mainly reflects a shortfall in on-street parking (£0.095m) and roads maintenance (£0.372m) income, the latter as a result of the slowdown in programmes as a result of increased material prices, along with additional expenditure on Supplies & Services (£0.331m), additional use of sub-contractors (£0.098m) and additional transport costs (£0.122m). This is partly offset by vacancies and turnover (£0.627m) particularly within Roads Maintenance, employee recharges in respect of cross boundary working (£0.145m) and additional rechargeable traffic and flood prevention works (£0.194m).

LOCAL DELIVERY – SOUTH AYRSHIRE

This variance mainly reflects additional expenditure on supplies and services (£0.299m), along with fuel price increases (£0.077m), vehicle maintenance charges (£0.050m), vehicle lease charges within Roads Maintenance (£0.017m) and additional sub-contractor costs (£0.097m). This is partly offset by additional income (£0.229m).

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STRATEGIC DELIVERY

Actual Expenditure as at P9 £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
2.315	60.3%	EMPLOYEE COSTS	3.836	3.335	(0.501)
0.052	144.4%	PREMISES COSTS	0.036	0.038	0.002
0.017	77.3%	TRANSPORT COSTS	0.022	0.028	0.006
0.175	20.9%	SUPPLIES & SERVICES	0.836	0.793	(0.043)
0.000	0.0%	THIRD PARTY PAYMENTS	0.000	0.000	0.000
0.114	0.0%	DEBT CHARGES	0.015	0.015	0.000
2.673	56.3%	TOTAL EXPENDITURE	4.745	4.209	(0.536)
(0.691)	83.3%	INCOME	(0.830)	(0.987)	(0.157)
1.982	50.6%	NET EXPENDITURE	3.915	3.222	(0.693)
		PROPOSED REDUCTION FOLLOWING LINE BY LINE	0.000	0.000	0.000
		TOTAL FOLLOWING LINE BY LINE REVIEW	3.915	3.222	(0.693)
		EARMARKED FUNDS TO BE CARRIED FORWARD		0.000	0.000
1.982	50.6%	TOTAL INCLUDING EARMARKED FUNDS	3.915	3.222	(0.693)

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Projected Variance at 31 March 2021 (£m)	Strategic Delivery
(0.501)	Employee Costs This saving reflects turnover savings vacant posts and turnover savings (£0.507m), partly offset by additional training (£0.003m) and severance ((£0.002m) costs.
(0.043)	Supplies & Services This variance mainly reflects a saving on South Ayrshire insurance charges (£0.087m). This is partly offset by expenditure on computing (£0.019m), statutory advertising (£0.007m), Street Lighting electricity (£0.005m), and a number of small variances (£0.013m).
(0.157)	Income This variance reflects additional income from inspection fees, penalty notices and temporary road closures (£0.122m), capital programmes (£0.026m), and Cycling Scotland grant income (£0.009m).
0.008	Other Variances This represents other non-material variances within Strategic Delivery.
(0.693)	Total reported variance

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LOCAL DELIVERY – EAST AYRSHIRE

Actual Expenditure as at P9 £m	Actual Expenditure as % of Ann. Est. £m	Detail	Annual Estimate 2022/23 £m	Projection to 31/3/23 £m	Variance (Favourable) / Adverse £m
1.754	53.5%	EMPLOYEE COSTS	3.277	2.526	(0.751)
0.345	106.2%	PREMISES COSTS	0.325	0.332	0.007
0.697	105.1%	TRANSPORT COSTS	0.663	0.785	0.122
1.298	62.4%	SUPPLIES & SERVICES	2.080	2.411	0.331
1.285	98.7%	THIRD PARTY PAYMENTS	1.302	1.400	0.098
0.292	98.6%	DEBT CHARGES	0.296	0.292	(0.004)
5.671	71.4%	TOTAL EXPENDITURE	7.943	7.746	(0.197)
(2.034)	65.7%	INCOME	(3.096)	(2.834)	0.262
3.637	75.0%	NET EXPENDITURE	4.847	4.912	0.065
		PROPOSED REDUCTION FOLLOWING LINE BY LINE	0.000	0.000	0.000
		TOTAL FOLLOWING LINE BY LINE REVIEW	4.847	4.912	0.065
		EARMARKED FUNDS TO BE CARRIED FORWARD	0.000	0.000	0.000
3.637	75.0%	TOTAL INCLUDING EARMARKED FUNDS	4.847	4.912	0.065

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Projected Variance at 31 March 2021 (£m)	Local Delivery - East Ayrshire
(0.751)	<p><u>Employee Costs</u> This variance mainly reflects vacant posts (£0.627m), an employee recharge in respect of cross boundary working (£0.145m) partly offset by additional severance (£0.011m) and training costs (£0.008m).</p>
0.122	<p><u>Transport Costs</u> This variance mainly reflects increased expenditure on fuel as a result of price increases (£0.074m) and vehicle / plant hires (£0.045m).</p>
0.331	<p><u>Supplies & Services</u> This variance mainly reflects additional IT costs (£0.109m), particularly in relation to artificial intelligence surveying, additional expenditure on roads maintenance materials (£0.098m), additional security at Kilmarnock Bus Station as a result of recent anti-social behaviour (£0.031m), consultancy costs in relation to two car parks within Newmilns (£0.036m), along with additional expenditure on professional fees (0.020m) and various other small variances (£0.037m).</p>
0.098	<p><u>Third Party Payments</u> This variance mainly reflects additional sub-contractor costs within Traffic (£0.215m) and flood prevention works at Strathy Place (£0.029m), both being offset by additional income. This is partly offset by a reduction in Roads Maintenance contractors (£0.146m).</p>
0.262	<p><u>Income</u> This variance mainly reflects the loss of parking income (£0.095m) along with a reduction in maintenance and capital income (£0.372m) reflecting a slow down in programmes due to increased materials costs. This is partly offset by rechargeable traffic and flood prevention works (£0.194m).</p>
0.003	<p><u>Other Variances</u> This variance reflects non-material variances within Local Delivery – East Ayrshire.</p>
0.065	Total reported variance

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LOCAL DELIVERY – SOUTH AYRSHIRE

Actual Expenditure as at P9 £m	Actual Expenditure as % of Ann. Est. £m	Detail	Annual Estimate 2022/23 £m	Projection to 31/3/23 £m	Variance (Favourable) / Adverse £m
1.487	67.1%	EMPLOYEE COSTS	2.217	2.178	(0.039)
0.093	55.4%	PREMISES COSTS	0.168	0.186	0.018
0.918	100.3%	TRANSPORT COSTS	0.915	1.069	0.154
1.341	76.3%	SUPPLIES & SERVICES	1.758	2.057	0.299
1.413	101.1%	THIRD PARTY PAYMENTS	1.397	1.494	0.097
0.009	8.5%	DEBT CHARGES	0.106	0.106	0.000
5.261	80.2%	TOTAL EXPENDITURE	6.561	7.090	0.529
-1.928	92.3%	INCOME	-2.089	-2.318	(0.229)
3.333	74.5%	NET EXPENDITURE	4.472	4.772	0.300
		PROPOSED REDUCTION FOLLOWING LINE BY LINE	0.000	0.000	0.000
		TOTAL FOLLOWING LINE BY LINE REVIEW	4.472	4.772	0.300
		EARMARKED FUNDS TO BE CARRIED FORWARD	0.000	0.000	0.000
3.333	74.5%	TOTAL INCLUDING EARMARKED FUNDS	4.472	4.772	0.300

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Projected Variance at 31 March 2021 (£m)	Local Delivery - South Ayrshire
(0.039)	Employee Costs This variance mainly reflects staff turnover due to vacancies (£0.207m), partly offset by additional overtime costs (£0.124m) and employee recharges in respect of cross boundary working, including seasonal workers (£0.040m) , mainly within Roads Maintenance.
0.018	Premises Costs This variance mainly reflects non-domestic rates charges particularly in relation to bus shelters.
0.154	Transport Costs This variance mainly reflects increased expenditure on fuel as a result of price increases (£0.077m), vehicle maintenance charges (£0.050m), vehicle lease charges within Roads Maintenance (£0.017m) and the hire of campervans (£0.008m), the latter being offset by additional income.
0.299	Supplies & Services This variance mainly reflects additional roads maintenance materials (£0.071m), computing costs (£0.113m) particularly in relation to artificial intelligence surveying, additional consultancy costs in relation to Ayr to Prestwick LUF project and National Data collection (£0.016m), along with amounts held in contingency for inflation, price increases and inclement weather (£0.067m) and a number of small variances (£0.032m).
0.097	Third Party Payments This variance mainly reflects additional sub-contractor costs within Traffic (£0.138) and Design (£0.050m), which will mostly be offset by additional income, along with coastal protection works (£0.035m). This is partly offset by reduced use of sub-contractors within Roads Maintenance (£0.126m).
(0.229)	Income This variance mainly reflects additional design income (£0.066m) and Traffic income (£0.231m) – see Third Party Payments and Transport Costs along with additional Coastal Protection income (£0.052m). This is partly offset by an anticipated shortfall in roads maintenance income (£0.115m).
0.300	Total reported variance

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