

**THE AYRSHIRE SHARED SERVICES JOINT COMMITTEE -
24 SEPTEMBER 2024**

**Report by Chief Financial Officer & Head of
Finance & ICT**

**AYRSHIRE ROADS ALLIANCE
REVENUE FINANCIAL MONITORING REPORT**

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 31 March 2024, for the Ayrshire Roads Alliance and also the budget for 2024-25.

Recommendations

2. It is recommended that the Joint Committee
 - (i) Note the financial management position of the Ayrshire Roads Alliance for 2023-24.
 - (ii) Notes detail of the 2024-25 Ayrshire Roads Alliance Revenue Budget
 - (iii) Requests a further financial update at the next meeting of the Joint Committee.
 - (iv) Otherwise, notes the content of this report

Background

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 2023-24 is £0.794m greater than budget.
7. Strategic Delivery out-turn is £0.773m less than budget.

Strategic Service Delivery	Combined (£m)
Initial Budget	4.114
Probable Outturn	3.341
Probable Variance	(0.773)

8. East Ayrshire Local Delivery out-turn is £0.331m greater than budget and South Ayrshire Local Delivery £1.236m 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 2023/24 £m	Projected Actual to 31/3/24 £m	Variance (Favourable) / Adverse £m
STRATEGIC DELIVERY	4.114	3.341	(0.773)
LOCAL DELIVERY - EAST AYRSHIRE	5.721	6.052	0.331
LOCAL DELIVERY - SOUTH AYRSHIRE	4.254	5.490	1.236
TOTAL	14.089	14.883	0.794

10. The position for each Council is shown below:

	EAC (£m)	SAC (£m)	TOTAL (£m)
Strategic Delivery	(0.358)	(0.415)	(0.773)
Local Delivery	0.331	1.236	1.567
2023-24 Variance	(0.027)	0.821	0.794

Timber Transport

11. 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 2023-24.

	2023-24 Actual to 31/3/23 (£m)
East Ayrshire	
Expenditure on Projects	0.240
Timber Transport Contribution	0.138

BUDGET REALIGNMENT

12. In June 2017 South Ayrshire Council Internal Audit issued a report – ***“Ayrshire Roads Alliance: Review of South Ayrshire Council Monitoring Procedures”***.
13. The report contains a recommendation *“Executive Director (Economy, Neighbourhood and Environment) to request ARA management to present a budget statement showing any adjustments made between subjective budget headings to the ASSJC for information”*.
14. This relates to the setting of 2024-25 ARA budgets. The budget is created by adding inflation and savings targets to a base budget (the base budget being the 2023-24 budget). The budget is then discussed with ARA management who have the opportunity to move funds based on the anticipated spend in the forthcoming year. In order to facilitate this exercise ARA management also considered 2023-24 outturn figures. No changes were made to Strategic, Local Delivery – East or Local Delivery – South net expenditure budget allocations.
15. An analysis of budget movement between 2023-24 and 2024-25 budget allocations along with an explanation of those movements is provided at Appendix 3.

Implications

16.

Implications	Yes	No	Paragraph number in the report
1. Policy/Strategic Planning	Yes		13
2. Governance	Yes		14
3. Human Resources	Yes		15
4. Equality and Fairer Scotland Duty		No	
5. Financial	Yes		16
6. Risk	Yes		17
7. Community Wealth Building		No	
8. Net Zero		No	

Policy/strategic planning implications

17. 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.

Governance implications

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

Human resources implications

19. 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.

Financial implications

20. The available revenue budget for the Ayrshire Roads Alliance for 2023-24 was £14.089m. The baseline budget for 2024-25 is £11.658m. The budget will continue to be monitored and reported to the Joint Committee.

Risk 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.

Appendices (if applicable)

Appendix One - Split between Strategic and Local Service Delivery

Appendix Two - Financial Monitoring Report

Appendix Three – Analysis of Movements in Budgets 2022-23 to 2023-24

Background papers

None

Person to contact

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Appendix 1 – Split Between Strategic and Local Service Delivery	
Strategic Service Delivery	Local Service Delivery
<p>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.</p>	<p>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.</p>
<p>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.</p>	<p>Asset, Traffic and Parking Maintenance of Traffic Signals, Traffic Signs; Car Park Maintenance and Parking Enforcement.</p>
<p>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.</p>	<p>Design and Environment Maintenance of Watercourses, Bridges, Retaining Walls, Piers and Harbours.</p>
<p>Operations Carriageway Inspections; Winter Service Planning; Programming of Proactive, Reactive and Cyclic Maintenance; Street Lighting Design and Management; and Festive Lighting.</p>	<p>Operations Proactive, Reactive, Cyclic Maintenance of Roads and Footways; Winter and Weather Emergency Service; Proactive and Reactive Maintenance of Streetlights; Electricity costs for streetlights.</p>
<p>Support Services HR, Finance, ICT, and Administrative Support.</p>	

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AYRSHIRE SHARED SERVICES JOINT COMMITTEE
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AYRSHIRE ROADS ALLIANCE

FINANCIAL PERFORMANCE SUMMARY

SERVICE SUMMARY - OVERVIEW POSITION

The outturn for Ayrshire Roads Alliance at 31st March, 2024 was £0.794m greater than budget.

Actual Expenditure as at P12 £m	Actual Expenditure as % of Ann. Est. £m	Service Division	Annual Estimate 2023/24 £m	Actual to 31/03/24 £m	Variance (Favourable) / Adverse £m
2.181	53.0%	STRATEGIC DELIVERY	4.114	3.341	(0.773)
3.927	68.6%	LOCAL DELIVERY - EAST AYRSHIRE	5.721	6.052	0.331
4.519	106.2%	LOCAL DELIVERY - SOUTH AYRSHIRE	4.254	5.490	1.236
10.627	75.4%	TOTAL	14.089	14.883	0.794
		PROPOSED REDUCTION FOLLOWING LINE BY LINE			
		TOTAL FOLLOWING LINE BY LINE REVIEW	14.089	14.883	0.794
		EARMARKED FUNDS TO BE CARRIED FORWARD			
10.627	75.4%	TOTAL INCLUDING EARMARKED FUNDS	14.089	14.883	0.794

STRATEGIC DELIVERY

This variance reflects a number of vacancies within the service (£0.386m), a budget for unfunded superannuation costs within ARA – South which will not be required (£0.100m) and employee recharges (£0.063), along with additional income (£0.190m) and a saving on ARA – South insurance costs (£0.093m). This is partly offset by additional expenditure on supplies and services (£0.019m), particularly in relation to computing and contributions to Jobs and Training Programme (£0.019m).

LOCAL DELIVERY – EAST AYRSHIRE

This variance reflects shortfalls in car parking (£0.252m) and roads maintenance (£0.569m) income, along with additional overtime (£0.150m) and street lighting electricity charges (£0.302m). This is partly offset by vacancies, particularly within roads maintenance (£0.449m), modern apprentices (£0.066m) and employee recharges (£0.297m) in respect of cross boundary working and seasonal workers shared with Greener Communities.

LOCAL DELIVERY – SOUTH AYRSHIRE

This variance reflects shortfalls in parking (£0.320m) along with expenditure on overtime (£0.177m), street lighting electricity (£0.379m) and EV charging costs (£0.405m), debt charges for new vehicles (£0.042m), vehicle maintenance charges (£0.037m), electricity charges (£0.048m) and an employee recharge in respect of cross boundary working (£0.093m). This is partly offset by vacancies (£0.278m).

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STRATEGIC DELIVERY

Actual Expenditure as at P12 £m	Actual Expenditure as % of Ann. Est. £m	Service Division	Annual Estimate 2023/24 £m	Actual to 31/03/24 £m	Variance (Favourable) / Adverse £m
2.594	65.0%	EMPLOYEE COSTS	3.991	3.474	(0.517)
0.042	80.8%	PREMISES COSTS	0.052	0.053	0.001
0.025	89.3%	TRANSPORT COSTS	0.028	0.035	0.007
0.132	17.9%	SUPPLIES & SERVICES	0.736	0.662	(0.074)
0.000	0.0%	THIRD PARTY PAYMENTS	0.000	0.000	0.000
0.004	0.0%	DEBT CHARGES	0.004	0.004	0.000
2.797	58.1%	TOTAL EXPENDITURE	4.811	4.228	(0.583)
(0.616)	88.4%	INCOME	(0.697)	(0.887)	(0.190)
2.181	53.0%	NET EXPENDITURE	4.114	3.341	(0.773)
		PROPOSED REDUCTION FOLLOWING LINE BY LINE			
		TOTAL FOLLOWING LINE BY LINE REVIEW	4.114	3.341	(0.773)
		EARMARKED FUNDS TO BE CARRIED FORWARD			
2.181	53.0%	TOTAL INCLUDING EARMARKED FUNDS	4.114	3.341	(0.773)

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Projected Variance at 31 March 2024 (£m)	Strategic Delivery
(0.517)	<p>Employee Costs This variance reflects a number of vacant posts (£0.386m), employee recharges (£0.063m) and a budget for severance costs within ARA – South which will not be required (£0.100m). This is partly offset by a contribution towards a jobs and training programme (£0.019m).</p>
(0.074)	<p>Supplies & Services This variance mainly reflects insurance premiums (£0.093m), partly offset by additional computing costs (£0.015m).</p>
(0.190)	<p>Income This variance reflects additional income from inspection fees, penalty notices, temporary road closures and capital recharges</p>
0.008	<p>Other Variances This represents other non-material variances within Strategic Delivery.</p>
(0.773)	Total reported variance

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LOCAL DELIVERY – EAST AYRSHIRE

Actual Expenditure as at P12 £m	Actual Expenditure as % of Ann. Est. £m	Detail	Annual Estimate 2023/24 £m	Actual to 31/03/24 £m	Variance (Favourable) / Adverse £m
2.115	61.1%	EMPLOYEE COSTS	3.463	2.820	(0.643)
0.657	69.2%	PREMISES COSTS	0.950	0.967	0.017
0.445	50.8%	TRANSPORT COSTS	0.876	0.897	0.021
1.599	67.6%	SUPPLIES & SERVICES	2.367	3.157	0.790
1.260	102.9%	THIRD PARTY PAYMENTS	1.224	1.804	0.580
0.321	100.0%	DEBT CHARGES	0.321	0.321	0.000
6.397	69.5%	TOTAL EXPENDITURE	9.201	9.966	0.765
(2.470)	71.0%	INCOME	(3.480)	(3.914)	(0.434)
3.927	68.6%	NET EXPENDITURE	5.721	6.052	0.331
		PROPOSED REDUCTION FOLLOWING LINE BY LINE			
		TOTAL FOLLOWING LINE BY LINE REVIEW	5.721	6.052	0.331
		EARMARKED FUNDS TO BE CARRIED FORWARD			
3.927	68.6%	TOTAL INCLUDING EARMARKED FUNDS	5.721	6.052	0.331

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Projected Variance at 31 March 2024 (£m)	Local Delivery - East Ayrshire
(0.643)	<p><u>Employee Costs</u> This variance represents vacant posts (£0.449m), particularly within Roads Maintenance Unit, modern apprentices (£0.066m) and employee recharges in respect of cross boundary working and seasonal workers shared with Greener Communities (£0.297m), partly offset by an increase in overtime (£0.150m).</p>
0.017	<p><u>Premises Costs</u> This reflects non-domestic rates charges in respect of Multi Storey and Grange Street car parks.</p>
0.021	<p><u>Transport Costs</u> This variance reflects increased expenditure on fuel (£0.040m) and vehicle repairs (£0.034m), partly offset by a saving on vehicles / plant hires (£0.052m).</p>
0.790	<p><u>Supplies & Services</u> This variance mainly reflects additional expenditure on Street Lighting electricity (£0.302m), Doon Valley RIBA Study (£0.177m), Winter Materials (£0.048m), an increased bad debt provision (£0.087m) for Campbell Fuels, additional computing costs (£0.046m), partly in relation to artificial intelligence software, third party capital grant (£0.061m), weather forecasting service (£0.027m), pay by phone fees (£0.032m), additional security at Kilmarnock Bus Station (£0.066m). This is partly offset by reduced legal fees in relation to parking (£0.051m).</p>
0.580	<p><u>Third Party Payments</u> This variance mainly reflects expenditure on a car park at Newmilns (£0.286m) offset by income, Roads Maintenance (£0.210m) and Street Lighting (£0.073m) sub-contractor costs.</p>
(0.434)	<p><u>Income</u> This variance mainly reflects additional income relating to a car park at Newmilns (£0.310m), Doon Valley RIBA study (£0.199m), Roads capital fees (£0.269m), Smarter Choices Smarter Places (£0.111m), additional security at Kilmarnock Bus Station (£0.066m), Active Travel Grant funding (£0.144m) and third party capital grants (£0.180m). This is mainly offset by roads maintenance income (£0.569m) and a shortfall in parking charges (£0.256m)</p>
0.331	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 2023/24 £m	Projection to 31/3/24 £m	Variance (Favourable) / Adverse £m
1.609	65.7%	EMPLOYEE COSTS	2.450	2.471	0.021
0.206	98.1%	PREMISES COSTS	0.210	0.270	0.060
0.756	69.2%	TRANSPORT COSTS	1.092	1.132	0.040
1.905	94.0%	SUPPLIES & SERVICES	2.027	3.144	1.117
1.447	114.7%	THIRD PARTY PAYMENTS	1.262	2.574	1.312
0.213	124.6%	DEBT CHARGES	0.171	0.213	0.042
6.136	42.5%	TOTAL EXPENDITURE	7.212	9.804	2.592
(1.617)	54.7%	INCOME	(2.958)	(4.314)	(1.356)
4.519	106.2%	NET EXPENDITURE	4.254	5.490	1.236
		PROPOSED REDUCTION FOLLOWING LINE BY LINE			
		TOTAL FOLLOWING LINE BY LINE REVIEW	4.254	5.490	1.236
		EARMARKED FUNDS TO BE CARRIED FORWARD			
4.519	106.2%	TOTAL INCLUDING EARMARKED FUNDS	4.254	5.490	1.236

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Projected Variance at 31 March 2024 (£m)	Local Delivery - South Ayrshire
0.021	<p>Employee Costs This variance mainly reflects additional overtime (£0.177m), employee recharges in respect of cross boundary working (£0.093m), standby (£0.016m) and training (£0.008m). This is partly offset by staff turnover due to vacancies (£0.278m).</p>
0.060	<p>Premises Costs This variance reflects depot repairs (£0.023m) and additional electricity charges (£0.048m), partly offset by a saving on non-domestic rates charges (£0.004m)</p>
0.040	<p>Transport Costs This variance reflects additional vehicle maintenance and repair charges (£0.037m) along with increased fuel charges (£0.007m).</p>
1.117	<p>Supplies & Services This variance mainly reflects street lighting electricity charges (£0.379m), EV charging costs (£0.405m), consultancy costs, mainly in relation to Ayrshire Growth Deal (£0.107m) along with the purchase of 57 new parking terminals (£0.090m), additional expenditure on computing (£0.054m), equipment and materials (£0.080m).</p>
1.312	<p>Third Party Payments This variance reflects rechargeable work at Ayr Promenade (£0.361m), Ayr carriageway arterial routes (£0.448m) drainage at Monkton (£0.255m), Troon Esplanade (£0.085m), Ardstinchar Bridge (£0.050m) and resurfacing works at car parks (£0.135m).</p>
0.042	<p>Debt Charges This variance reflects additional debt charges for new vehicles within Roads Maintenance</p>
(1.356)	<p>Income This variance reflects additional Roads Maintenance income (£1.528m), particularly in relation to rechargeable subcontractor works mentioned above, additional Street Lighting income (£0.014m), traffic income (£0.032m) and funding for the purchase of parking terminals (£0.090m). This is partly offset by a shortfall in car parking income (£0.320m).</p>
1.236	Total reported variance

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Appendix 3

Ayrshire Roads Alliance

Analysis of Movements in Budgets 2023-24 to 2024-25

Strategic Delivery

Detail	Annual Estimate 2023/24 £m	Annual Estimate 2024/25 £m	Movement 2023-24 to 2024-25	Explanation of Movement
EMPLOYEE COSTS	3.860	3.577	(0.283)	Movement mainly reflects the impact of savings proposals as part of the 2024-25 budget setting process (£0.232m), a GAE adjustment resulting in reduced funding from Scottish Government (£0.019m), and a reduction in the superannuation rate from 19.3% to 6.5% (£0.296m). This is partly offset by payroll inflation (£0.169m) and a budget realignment based on 2023-24 outturn and discussion with the service (£0.095m).
PREMISES COSTS	0.040	0.042	0.002	Movement mainly reflects a budget realignment based on 2023-24 outturn and discussion with the service, particularly in relation to non-domestic rates
TRANSPORT COSTS	0.028	0.026	(0.002)	Movement mainly reflects a budget realignment based on 2023-24 outturn and discussion with the service, particularly in relation to fuel.
SUPPLIES & SERVICES	0.736	0.749	0.013	Movement mainly reflects a budget realignment based on 2023-24 outturn and discussion with the service, particularly in relation to EV Electricity charges.
THIRD PARTY PAYMENTS	0.000	0.000	0.000	
DEBT CHARGES	0.004	0.000	(0.004)	Movement mainly reflects a budget realignment based on 2023-24 outturn and discussion with the service.
TOTAL EXPENDITURE	4.668	4.394	(0.274)	
INCOME	(0.697)	(1.058)	(0.361)	Movement mainly reflects the impact of savings proposals as part of the 2024-25 budget setting process (£0.060m) and a budget realignment based on 2023-24 outturn and discussion with the service, particularly in relation to permits & notices (£0.301m).
NET EXPENDITURE	3.971	3.336	(0.635)	

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Ayrshire Roads Alliance

Analysis of Movements in Budgets 2023-24 to 2024-25

Local Delivery - East

Detail	Annual Estimate 2023/24 £m	Annual Estimate 2024/25 £m	Movement 2023-24 to 2024-25	Explanation of Movement
EMPLOYEE COSTS	3.353	3.361	0.008	Movement mainly reflects payroll inflation (£0.264m) and a budget realignment based on 2023-24 outturn and discussion with the service (£0.192m). This is partly offset by a reduction in the superannuation rate from 19.3% to 6.5% (£0.416m).
PREMISES COSTS	0.325	0.323	(0.002)	Movement mainly reflects a budget realignment based on 2023-24 outturn and discussion with the service, particularly in relation to water charges.
TRANSPORT COSTS	0.705	0.837	0.132	Movement mainly reflects a budget realignment based on 2023-24 outturn and discussion with the service, particularly in relation to non-contract repairs and vehicle / plant hire.
SUPPLIES & SERVICES	2.003	1.891	(0.112)	Movement mainly reflects a GAE reduction as part of the 2024-25 budget setting process (£0.039m), along with a budget realignment based on 2023-24 outturn and discussion with the service (£0.073m).
THIRD PARTY PAYMENTS	1.224	1.228	0.004	Movement mainly reflects a budget realignment based on 2023-24 outturn and discussion with the service (£0.154m). This is partly offset by reductions in GAE (£0.149m) and Demand Responsive Grant funding (£0.001m).
DEBT CHARGES	0.321	0.321	0.000	There are no movements to report
TOTAL EXPENDITURE	7.931	7.961	0.030	
INCOME	(3.586)	(3.860)	(0.274)	Movement mainly reflects a new budget for EV charging income (£0.052m) as part of 2024-25 budget setting process and a budget realignment based on 2023-24 outturn and discussion with the service (£0.222m).
NET EXPENDITURE	4.345	4.101	(0.244)	

Appendix 3

Ayrshire Roads Alliance

Analysis of Movements in Budgets 2023-24 to 2024-25

Local Delivery - South

Detail	Annual Estimate 2023/24 £m	Annual Estimate 2024/25 £m	Movement 2023-24 to 2024-25	Explanation of Movement
EMPLOYEE COSTS	2.450	2.570	0.120	Movement mainly reflects payroll inflation (£0.157m), additional resources in relation to the inspection and maintenance of off road cycle paths (£0.037m) and a budget realignment based on 2023-24 outturn and discussion with the service (£0.114m). This is partly offset by a reduction in the superannuation rate from 19.3% to 6.5% (£0.188m).
PREMISES COSTS	0.210	0.206	(0.004)	Movement mainly reflects a budget realignment based on 2023-24 outturn and discussion with the service, particularly in respect of Non-Domestic Rates and property rents, partly offset by electricity and water.
TRANSPORT COSTS	1.092	1.117	0.025	Movement mainly reflects a budget realignment based on 2023-24 outturn and discussion with the service, particularly in relation to vehicle maintenance.
SUPPLIES & SERVICES	2.026	2.093	0.067	Movement reflects additional resources in relation to coastal protection materials (£0.019m), along with a budget realignment based on 2023-24 outturn and discussion with the service (£0.048m).
THIRD PARTY PAYMENTS	1.262	1.201	(0.061)	This movement mainly reflects a budget realignment based on 2023-24 outturn and discussion with the service.
DEBT CHARGES	0.171	0.213	0.042	Movement mainly reflects a budget realignment based on 2023-24 outturn and discussion with the service.
TOTAL EXPENDITURE	7.211	7.400	0.189	
INCOME	(2.958)	(3.179)	(0.221)	Movement mainly reflects a new budget for EV charging income (£0.052m) and an 5% increase in Girvan Harbour income target (£0.006m) as part of 2024-25 budget setting process, along with a budget realignment based on 2023-24 outturn and discussion with the service (£0.163m).
NET EXPENDITURE	4.253	4.221	(0.032)	