

THE AYRSHIRE SHARED SERVICE JOINT COMMITTEE

11th MARCH 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 2nd January 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 2021-22 is anticipated to be £0.429m less than budget.
- 7 This is largely the result of discretionary Covid funding provided by East (£0.589m) and South (£0.654m) Ayrshire, mainly to offset the impact of shortfalls in parking income on local delivery budgets.
- 8 Strategic Delivery estimated out-turn is £0.396m less than budget.

Strategic Service Delivery	Combined (£m)
Initial Budget	3.821
Probable Outturn	3.425
Probable Variance	(0.396)

- 9 East Ayrshire Local Delivery projected out-turn is £0.506m greater than budget and South Ayrshire Local Delivery £0.704m greater than budget. These overspends are offset by discretionary Covid funding provided by East (£0.589m) and South (£0.654m) Ayrshire as referenced in paragraph 7.
- 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 2021/22 £m	Projected Actual to 31/3/22 £m	Variance (Favourable) / Adverse £m
STRATEGIC DELIVERY	3.821	3.425	(0.396)
LOCAL DELIVERY - EAST AYRSHIRE	4.106	4.612	0.506
LOCAL DELIVERY - SOUTH AYRSHIRE	4.057	4.761	0.704
DISCRETIONARY COVID FUNDING	1.243	0.000	(1.243)
TOTAL	13.227	12.798	(0.429)

- 11 The position for each Council is shown below:

	EAC (£m)	SAC (£m)	TOTAL (£m)
Strategic Delivery	(0.183)	(0.213)	(0.396)
Local Delivery	0.506	0.704	1.210
Disc Covid Funding	(0.589)	(0.654)	(1.243)
2021-22 Variance	(0.266)	(0.163)	(0.429)

FINANCIAL IMPLICATIONS

- 12 The available revenue budget for the Ayrshire Roads Alliance for 2021-22 is £11.984m. In additional discretionary funding has been provided by East

Ayrshire (£0.589m) and South Ayrshire (£0.654m) increasing the total budget to £13.227m. 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 2021-22 to date.

	2021-22 PO (£m)	2021-22 Actual to date (£m)
East Ayrshire		
Expenditure on Projects	0.271	0.236
Timber Transport Contribution	0.136	0.114

	2021-22 PO (£m)	2021-22 Actual to date (£m)
South Ayrshire		
Expenditure on Projects	0.689	0.701
Timber Transport Contribution	0.482	0.490

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
<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>	

APPENDIX 2
AYRSHIRE SHARED SERVICES JOINT COMMITTEE
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2021/22 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 £0.429m less than budget.

Actual Expenditure as at P10 £m	Actual Expenditure as % of Ann. Est. £m	Service Division	Annual Estimate 2021/22 £m	Projection to 31/3/22 £m	Variance (Favourable) / Adverse £m
1.975	51.7%	STRATEGIC DELIVERY	3.821	3.425	(0.396)
3.681	89.6%	LOCAL DELIVERY - EAST AYRSHIRE	4.106	4.612	0.506
3.388	83.5%	LOCAL DELIVERY - SOUTH AYRSHIRE	4.057	4.761	0.704
9.044	75.5%	TOTAL	11.984	12.798	0.814
		DISCRETIONARY COVID-19 FUNDING	1.243	0.000	(1.243)
		TOTAL FOLLOWING LINE BY LINE REVIEW	13.227	12.798	(0.429)
		EARMARKED FUNDS TO BE CARRIED FORWARD	0.000	0.000	0.000
9.044	68.4%	TOTAL INCLUDING EARMARKED FUNDS	13.227	12.798	(0.429)

STRATEGIC DELIVERY

This variance mainly reflects staff turnover savings due to vacant posts (£0.260m) and reduced insurance costs relating to ARA South (£0.125m), along with additional income (£0.094m). This is partly offset by additional expenditure on modern apprentices (£0.010m), supplies & services (£0.033m), training (£0.019m) and debt charges in respect of purchased vehicles (£0.010m).

LOCAL DELIVERY – EAST AYRSHIRE

This mainly reflects vacancies and turnover (£0.485m), Covid discretionary funding in relation to shortfalls in car parking and Bus Shelter advertising income (£0.589m) and a saving on fuel costs (£0.030m). This is partly offset by shortfalls in parking (£0.538m) and roads maintenance income (£0.156m), along with the hire of Street Lighting platforms (£0.070m), debt charges in respect of purchased vehicles (£0.184m), supplies & services (£0.030m), bus station cleaning (£0.014m) and sub-contractors net of related income (£0.030m).

LOCAL DELIVERY – SOUTH AYRSHIRE

This variance mainly reflects a sum of £0.301m held in contingency for further shortfalls in parking income, winter maintenance and planned depot improvements, along with a shortfall in income (£0.499m) particularly in relation to car parking, roads maintenance and pier dues. Additional expenditure will be incurred on supplies & services (£0.118m) and debt charges in respect of purchased vehicles (£0.087m). This is partly offset by a saving on Employee Costs (£0.300m), mainly in relation to vacancies and turnover along with additional Covid funding provided by South Ayrshire Council in respect of shortfalls in parking and pier due income (£0.654m)

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STRATEGIC DELIVERY

Actual Expenditure as at P10 £m	Actual Expenditure as % of Ann. Est. £m	Service Division	Annual Estimate 2021/22 £m	Projection to 31/3/22 £m	Variance (Favourable) / Adverse £m
2.431	66.8%	EMPLOYEE COSTS	3.638	3.414	(0.224)
0.021	58.3%	PREMISES COSTS	0.036	0.036	0.000
0.014	53.8%	TRANSPORT COSTS	0.026	0.030	0.004
0.169	18.2%	SUPPLIES & SERVICES	0.927	0.835	(0.092)
0.000	0.0%	THIRD PARTY PAYMENTS	0.000	0.000	0.000
0.015	0.0%	DEBT CHARGES	0.008	0.018	0.010
2.650	57.2%	TOTAL EXPENDITURE	4.635	4.333	(0.302)
-0.675	82.9%	INCOME	-0.814	-0.908	(0.094)
1.975	51.7%	NET EXPENDITURE	3.821	3.425	(0.396)
		DISCRETIONARY COVID-19 FUNDING	0.000	0.000	0.000
		TOTAL FOLLOWING LINE BY LINE REVIEW	3.821	3.425	(0.396)
		EARMARKED FUNDS TO BE CARRIED FORWARD		0.000	0.000
1.975	51.7%	TOTAL INCLUDING EARMARKED FUNDS	3.821	3.425	(0.396)

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Projected Variance at 31 March 2021 (£m)	Strategic Delivery
(0.224)	<p>Employee Costs This saving reflects vacant posts and turnover savings (£0.260m). This is partly offset by additional modern apprentice (£0.010m), severance (£0.005m) and training (£0.019m) costs.</p>
(0.092)	<p>Supplies & Services This variance mainly reflects a saving on South Ayrshire insurance charges (£0.125m). This is partly offset by expenditure on computing (£0.018m) advertising (£0.006m) and various small items (£0.009m).</p>
0.010	<p>Debt Charges This variance reflects the purchase of new vehicles.</p>
(0.094)	<p>Income This variance reflects additional income from capital programme (£0.060m), Cycling Scotland grant income (£0.012m), and other fees and charges (£0.022m).</p>
0.004	<p>Other Variances This represents other non-material variances within Strategic Delivery.</p>
(0.396)	Total reported variance

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LOCAL DELIVERY – EAST AYRSHIRE

Actual Expenditure as at P10 £m	Actual Expenditure as % of Ann. Est. £m	Detail	Annual Estimate 2021/22 £m	Projection to 31/3/22 £m	Variance (Favourable) / Adverse £m
1.784	60.2%	EMPLOYEE COSTS	2.962	2.443	(0.519)
0.316	97.5%	PREMISES COSTS	0.324	0.327	0.003
0.581	91.5%	TRANSPORT COSTS	0.635	0.679	0.044
1.288	59.0%	SUPPLIES & SERVICES	2.182	2.212	0.030
1.434	100.7%	THIRD PARTY PAYMENTS	1.424	1.655	0.231
0.370	175.4%	DEBT CHARGES	0.211	0.395	0.184
5.773	74.6%	TOTAL EXPENDITURE	7.738	7.711	(0.027)
(2.092)	57.6%	INCOME	(3.632)	(3.099)	0.533
3.681	89.6%	NET EXPENDITURE	4.106	4.612	0.506
		DISCRETIONARY COVID-19 FUNDING	0.589	0.000	(0.589)
		TOTAL FOLLOWING LINE BY LINE REVIEW	4.695	4.612	(0.083)
		EARMARKED FUNDS TO BE CARRIED FORWARD	0.000	0.000	0.000
3.681	78.4%	TOTAL INCLUDING EARMARKED FUNDS	4.695	4.612	(0.083)

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Projected Variance at 31 March 2021 (£m)	Local Delivery - East Ayrshire
(0.519)	<p><u>Employee Costs</u> This variance mainly reflects staff turnover due to vacant posts (£0.485m), a saving on modern apprentice costs (£0.009m) and employee recharges in respect of cross boundary working (£0.032m), partly offset by additional training costs (£0.010m).</p>
0.044	<p><u>Transport Costs</u> This variance mainly reflects the hire of Street Lighting platforms (£0.070m), partly offset by a saving on fuel costs (£0.030m).</p>
0.030	<p><u>Supplies & Services</u> This variance mainly reflects additional IT costs (£0.048m), particularly in relation to the migration of WDM System (£0.030m), along with consultancy costs in relation to bridge inspections (£0.016m). This is partly offset by a reduction in roads maintenance materials (£0.018m) and reduced security costs resulting from the closure of multi-storey car park (£0.010m).</p>
0.231	<p><u>Third Party Payments</u> This variance mainly reflects Bus Station cleaning (£0.014m). and additional sub-contractor costs within Traffic (£0.203m) – mainly offset by additional income in relation to the former Mothercare site in Kilmarnock and a new car park in Newmilns.</p>
0.184	<p><u>Finance Costs</u> This variance reflects the purchase of new vehicles, particularly within Roads Maintenance</p>
0.533	<p><u>Income</u> This variance mainly reflects Covid-related shortfalls in car parking (£0.448m) and bus shelter advertising (£0.010m) income, along with the provision of free parking during December (£0.090m) and a shortfall in Roads Maintenance income (£0.156m). This is offset by recharges within Traffic (£0.187m), in relation to the former Mothercare site in Kilmarnock and a new car park in Newmilns.</p>
0.003	<p><u>Other Variances</u> This variance reflects non-material variances within Local Delivery – East Ayrshire</p>
(0.589)	<p><u>Discretionary Covid 19 Funding</u> This reflects additional funding in respect of shortfalls in parking (£0.575m) and bus shelter advertising (£0.014m) income.</p>
(0.083)	Total reported variance

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LOCAL DELIVERY – SOUTH AYRSHIRE

Actual Expenditure as at P10 £m	Actual Expenditure as % of Ann. Est. £m	Detail	Annual Estimate 2021/22 £m	Projection to 31/3/22 £m	Variance (Favourable) / Adverse £m
1.358	62.5%	EMPLOYEE COSTS	2.174	1.874	(0.300)
0.118	77.6%	PREMISES COSTS	0.152	0.164	0.012
0.815	85.1%	TRANSPORT COSTS	0.958	0.903	(0.055)
1.171	72.3%	SUPPLIES & SERVICES	1.620	2.039	0.419
1.248	90.3%	THIRD PARTY PAYMENTS	1.382	1.424	0.042
0.098	515.8%	DEBT CHARGES	0.019	0.106	0.087
4.808	76.3%	TOTAL EXPENDITURE	6.305	6.510	0.205
-1.420	63.2%	INCOME	-2.248	-1.749	0.499
3.388	83.5%	NET EXPENDITURE	4.057	4.761	0.704
		PROPOSED REDUCTION FOLLOWING LINE BY LINE	0.654	0.000	(0.654)
		TOTAL FOLLOWING LINE BY LINE REVIEW	4.711	4.761	0.050
		EARMARKED FUNDS TO BE CARRIED FORWARD	0.000	0.000	0.000
3.388	71.9%	TOTAL INCLUDING EARMARKED FUNDS	4.711	4.761	0.050

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Projected Variance at 31 March 2021 (£m)	Local Delivery - South Ayrshire
(0.300)	Employee Costs This variance mainly reflects staff turnover due to vacancies (£0.368m), partly offset by employee recharges in relation to cross boundary working (£0.027m), overtime (£0.014m) and training costs (£0.023m).
0.012	Premises Costs This variance reflects water charges (£0.008m) And property rents (£0.003m)
(0.055)	Transport Costs This variance reflects an anticipated reduction on vehicles leases as more vehicles are being bought (£0.157m) and a saving on fuel charges (£0.015m). This is partly offset by additional vehicle and plant hires (£0.069m) and maintenance costs (£0.047m).
0.419	Supplies & Services This variance mainly reflects additional computing costs (£0.052m) particularly in relation to the migration of WDM System (£0.030m) along with additional expenditure on equipment and materials (£0.038m) and consultancy costs relating to new junctions at Troon and Barassie. In addition £0.301m is being held as contingency for further shortfalls in parking income and winter maintenance along with planned depot improvements.
0.042	Third Party Payments This variance reflects additional sub-contractor costs within Design and Traffic (£0.029m) along with car park cleaning costs (£0.010m).
0.087	Debt Charges This variance reflects the purchase of new vehicles, particularly within Roads Maintenance
0.499	Income This variance mainly reflects shortfalls in parking (£0.230m) and roads maintenance (£0.326m) income along with reduced pier dues at Girvan Harbour (£0.026m). This is partly offset by additional Traffic recharge income in relation to A70 junction improvements and economic impact appraisals for A75 and A77 (£0.070m).
(0.654)	<u>Discretionary Covid 19 Funding</u> This reflects additional funding in respect of shortfalls in parking income (£0.623m) and pier dues (£0.031m).
0.050	Total reported variance

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