

**THE AYRSHIRE SHARED SERVICES JOINT COMMITTEE -  
6 DECEMBER 2024**

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

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**AYRSHIRE ROADS ALLIANCE  
REVENUE FINANCIAL MONITORING REPORT**

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**Purpose of report**

1. The purpose of this Report is to update the Joint Committee on the revenue budget monitoring position as at 30 September 2024, for the Ayrshire Roads Alliance.

**Recommendations**

2. It is recommended that the Joint Committee
  - (i) Note the financial management position of the Ayrshire Roads Alliance for 2024-25.
  - (ii) Requests a further financial update at the next meeting of the Joint Committee.
  - (iii) 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 19<sup>th</sup> 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 2024-25 is anticipated to be £1.325m greater than budget.
7. Strategic Delivery out-turn is anticipated to be £0.267m less than budget.

Strategic Service Delivery	Combined (£m)
Initial Budget	3.336
Probable Outturn	3.069
Probable Variance	(0.267)

8. East Ayrshire Local Delivery anticipated out-turn is £0.453m greater than budget and South Ayrshire Local Delivery £1.139m 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 2024/25 £m	Projected Actual to 31/3/25 £m	Variance (Favourable) / Adverse £m
STRATEGIC DELIVERY	3.336	3.069	(0.267)
LOCAL DELIVERY - EAST AYRSHIRE	4.101	4.554	0.453
LOCAL DELIVERY - SOUTH AYRSHIRE	4.221	5.360	1.139
<b>TOTAL</b>	<b>11.658</b>	<b>12.983</b>	<b>1.325</b>

10. The position for each Council is shown below:

	EAC (£m)	SAC (£m)	TOTAL (£m)
Strategic Delivery	(0.085)	(0.182)	(0.267)
Local Delivery	0.453	1.139	1.592
2024-25 Variance	0.368	0.957	1.325

11. To address the financial position, interventions have been put in place across ARA to apply financial restraint. These interventions will be challenging and will require an increased level of financial control and monitoring to ensure that their implementation has the desired impact. It is proposed that going forward and until further notice:

- A freeze is placed on the filling of all non-essential vacancies;
- Head of ARA is required to undertake detailed monthly monitoring of

expenditure to ensure robust review of essential spend.

- All contracts currently being tendered or appraised are to be reconsidered by Head of ARA regarding continued need and availability of resources.
- A review of Service and Central balances

Progress will be reported to future meetings of Joint Committee.

## Timber Transport

12. At the meeting of the Joint Committee on 23<sup>rd</sup> 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 2024-25.

	2024-25 Actual to 26/11/24 (£m)	2024-25 Probable Outturn (£m)
South Ayrshire		
Expenditure on Projects	0.220	0.334
Timber Transport Contribution	0.110	0.167

## Implications

- 13.

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

14. 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**

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

## **Human resources implications**

16. 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**

17. The available revenue budget for the Ayrshire Roads Alliance for 2024-25 is £11.658m. The budget will continue to be monitored and reported to the Joint Committee.

## **Risk implications**

18. 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

## **Background papers**

None

## **Person to contact**

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## **Implementation Officer**

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<b>Appendix 1 – Split Between Strategic and Local Service Delivery</b>	
<b>Strategic Service Delivery</b>	<b>Local Service Delivery</b>
<p><b>Transportation, Development Control and Road Safety</b>  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><b>Transportation, Development Control and Road Safety</b>  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><b>Asset, Traffic and Parking</b>  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><b>Asset, Traffic and Parking</b>  Maintenance of Traffic Signals, Traffic Signs; Car Park Maintenance and Parking Enforcement.</p>
<p><b>Design and Environment</b>  Flood Risk Management Strategy; Flood Risk Management Plans; Watercourses; Flood Mitigation; Coastal Protection; Inspection of Piers &amp; Harbours; Bridge Inspections and Maintenance; Structural Assessments; Technical Approval; Abnormal Load Routing; and Design of Major and Minor Road Schemes and Improvements.</p>	<p><b>Design and Environment</b>  Maintenance of Watercourses, Bridges, Retaining Walls, Piers and Harbours.</p>
<p><b>Operations</b>  Carriageway Inspections; Winter Service Planning; Programming of Proactive, Reactive and Cyclic Maintenance; Street Lighting Design and Management; and Festive Lighting.</p>	<p><b>Operations</b>  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><b>Support Services</b>  HR, Finance, ICT, and Administrative Support.</p>	

**APPENDIX 2**  
**AYRSHIRE SHARED SERVICES JOINT COMMITTEE**  
**6<sup>th</sup> DECEMBER 2024**  
**2024/25 GENERAL SERVICES REVENUE BUDGET**  
**AS AT 30 SEPTEMBER 2024 – PERIOD 6**

**AYRSHIRE ROADS ALLIANCE**

**FINANCIAL PERFORMANCE SUMMARY**

**SERVICE SUMMARY - OVERVIEW POSITION**

It is anticipated that Ayrshire Roads Alliance will outturn £1.325m greater than budget at 31<sup>st</sup> March 2025

Actual Expenditure as at P6 £m	Actual Expenditure as % of Ann. Est. £m	Service Division	Annual Estimate 2024/25 £m	Projection to 31/3/25 £m	Variance (Favourable) / Adverse £m
1.346	40.3%	STRATEGIC DELIVERY	3.336	3.069	(0.267)
3.529	86.1%	LOCAL DELIVERY - EAST AYRSHIRE	4.101	4.554	0.453
2.766	65.5%	LOCAL DELIVERY - SOUTH AYRSHIRE	4.221	5.360	1.139
<b>7.641</b>	<b>65.5%</b>	<b>TOTAL</b>	<b>11.658</b>	<b>12.983</b>	<b>1.325</b>
		EARMARKED FUNDS TO BE CARRIED FORWARD			
<b>7.641</b>	<b>65.5%</b>	<b>TOTAL INCLUDING EARMARKED FUNDS</b>	<b>11.658</b>	<b>12.983</b>	<b>1.325</b>

**STRATEGIC DELIVERY**

This variance reflects a number of employee vacancies and turnover within the service (£0.122m), a budget for unfunded superannuation costs within ARA – South which will not be required (£0.100m), along with a saving on ARA – South insurance costs (£0.099m).

This is partly offset by a shortfall in income (£0.053m) and additional external hires £(0.017m)

**LOCAL DELIVERY – EAST AYRSHIRE**

This variance mainly reflects shortfalls in income particularly in roads maintenance (£0.630m) and parking (£0.134m) income along with street lighting electricity (£0.412m), winter maintenance costs (£0.193m), additional security at Kilmarnock Bus Station (£0.048m) and consultancy costs for new computer systems (£0.115m)

This is partly offset by vacancies, particularly within Roads Maintenance (£0.666m) and non –recurring draws following a review of Service and Central balances.

**LOCAL DELIVERY – SOUTH AYRSHIRE**

This variance mainly reflects a shortfalls in parking income (£0.601m), loss of festive lighting (£0.060m) income and pier dues (£0.024m). along with street lighting electricity (£0.374m), subcontractors (£0.318m), seasonal income for festive lights (£0.060m), pier dues (£0.024m), additional overtime costs (£0.090m) and consultancy costs for new computer systems (£0.115m)

This is partly offset by vacancies/turnover (£0.407m), EV electricity (£0.098m) and roads maintenance materials (£0.100m).

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**STRATEGIC DELIVERY**

Actual Expenditure as at P6 £m	Actual Expenditure as % of Ann. Est. £m	Service Division	Annual Estimate 2024/25 £m	Projection to 31/3/25 £m	Variance (Favourable) / Adverse £m
1.571	43.8%	EMPLOYEE COSTS	3.583	3.262	(0.321)
0.031	73.8%	PREMISES COSTS	0.042	0.046	0.004
0.029	116.0%	TRANSPORT COSTS	0.025	0.042	0.017
0.171	22.8%	SUPPLIES & SERVICES	0.749	0.724	(0.025)
0.000	0.0%	THIRD PARTY PAYMENTS	0.000	0.000	0.000
0.005	0.0%	DEBT CHARGES	0.000	0.005	0.005
<b>1.807</b>	<b>41.1%</b>	<b>TOTAL EXPENDITURE</b>	<b>4.399</b>	<b>4.079</b>	<b>(0.320)</b>
(0.461)	43.4%	INCOME	(1.063)	(1.010)	0.053
<b>1.346</b>	<b>40.3%</b>	<b>NET EXPENDITURE</b>	<b>3.336</b>	<b>3.069</b>	<b>(0.267)</b>
		EARMARKED FUNDS TO BE CARRIED FORWARD			
<b>1.346</b>	<b>40.3%</b>	<b>TOTAL INCLUDING EARMARKED FUNDS</b>	<b>3.336</b>	<b>3.069</b>	<b>(0.267)</b>

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Projected Variance at 31 March 2025 (£m)	Strategic Delivery
(0.321)	<p><b>Employee Costs</b>  This variance reflects a number of vacant posts (£0.227m) and a budget for severance costs within ARA – South which will not be required (£0.100m) offset by lieu of notice payments (£0.005m)</p>
0.017	<p><b>Transport Costs</b>  This variance reflects external hires (£0.012m) along with a number of smaller variances (£0.005m).</p>
(0.025)	<p><b>Supplies &amp; Services</b>  This variance reflects a saving on ARA South Insurance premiums (£0.99m), partly offset by computer related expenditure (£0.054m) and subscriptions (£0.011m)</p>
0.053	<p><b>Income</b>  This variance mainly reflects a shortfall in ad-hoc income (£0.030m) and recharges to capital programme (£0.023m)</p>
0.009	<p><b>Other Variances</b>  This represents other non-material variances within Strategic Delivery.</p>
(0.267)	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 2024/25 £m	Projection to 31/3/25 £m	Variance (Favourable) / Adverse £m
1.207	36.1%	EMPLOYEE COSTS	3.341	2.583	(0.758)
0.389	120.4%	PREMISES COSTS	0.323	0.326	0.003
0.745	89.0%	TRANSPORT COSTS	0.837	0.941	0.104
1.627	86.0%	SUPPLIES & SERVICES	1.891	2.806	0.915
0.969	78.9%	THIRD PARTY PAYMENTS	1.228	1.209	(0.019)
0.332	103.4%	DEBT CHARGES	0.321	0.332	0.011
<b>5.269</b>	<b>66.4%</b>	<b>TOTAL EXPENDITURE</b>	<b>7.941</b>	<b>8.197</b>	<b>0.256</b>
(1.740)	45.3%	INCOME	(3.840)	(3.643)	0.197
<b>3.529</b>	<b>86.1%</b>	<b>NET EXPENDITURE</b>	<b>4.101</b>	<b>4.554</b>	<b>0.453</b>
		EARMARKED FUNDS TO BE CARRIED FORWARD			
<b>3.529</b>	<b>86.1%</b>	<b>TOTAL INCLUDING EARMARKED FUNDS</b>	<b>4.101</b>	<b>4.554</b>	<b>0.453</b>

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Projected Variance at 31 March 2025 (£m)	Local Delivery - East Ayrshire
(0.758)	<p><b>Employee Costs</b>  This variance represents vacant posts (£0.666m), particularly within Roads Maintenance Unit, modern apprentices (£0.089m) and employee recharges in respect of cross boundary working (£0.058m) This is partly offset by additional overtime (£0.026m) and standby (£0.030m).</p>
0.104	<p><b>Transport Costs</b>  This variance mainly reflects additional Maintenance external hires (£0.099m)</p>
0.915	<p><b>Supplies &amp; Services</b>  This variance mainly reflects additional expenditure on EV electricity (£0.500m) which is rechargeable to users, street lighting electricity (£0.412m), winter maintenance materials (£0.193m) and security at Kilmarnock Bus Station (£0.155m), a portion of which is rechargeable, along with additional expenditure on new systems (£0.115m). This is mainly offset by a favourable bad debt provision in respect of Campbell Fuels (£0.091m) and non-recurring draws following a review of Service and Central balances (£0.423m).</p>
(0.019)	<p><b>Third Party Payments</b>  This variance reflects a reduction in maintenance contractors (£0.061m) offset by Lighting and Flood (£0.021m) along with bus station and shelter cleaning (£0.021m)</p>
0.011	<p><b>Debt Charges</b>  This variance reflects higher debt charges for LED replacement projects (£0.047m) offset by lower vehicle charges (£0.036m)</p>
0.197	<p><b>Income</b>  This variance reflects shortfalls in roads maintenance (£0.630m) and parking (£0.134m) income. Offset by EV charging income (£0.448m) and rechargeable income (£0.090m) particularly in relation to Kilmarnock Bus Station and income from the sale of online roads maintenance modules (£0.020m).</p>
0.003	<p><b>Other Variances</b>  This represents other non-material variances within Local Delivery</p>
0.453	<p>Total reported variance</p>

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**LOCAL DELIVERY – SOUTH AYRSHIRE**

Actual Expenditure as at P6 £m	Actual Expenditure as % of Ann. Est. £m	Service Division	Annual Estimate 2024/25 £m	Projection to 31/3/25 £m	Variance (Favourable) / Adverse £m
1.009	39.3%	EMPLOYEE COSTS	2.570	2.280	(0.290)
0.150	72.8%	PREMISES COSTS	0.206	0.228	0.022
0.781	69.9%	TRANSPORT COSTS	1.117	1.138	0.021
1.102	52.7%	SUPPLIES & SERVICES	2.093	2.839	0.746
1.222	101.7%	THIRD PARTY PAYMENTS	1.201	1.519	0.318
0.197	92.5%	DEBT CHARGES	0.213	0.206	(0.007)
<b>4.461</b>	<b>42.5%</b>	<b>TOTAL EXPENDITURE</b>	<b>7.400</b>	<b>8.210</b>	<b>0.810</b>
(1.695)	53.3%	INCOME	(3.179)	(2.850)	0.329
<b>2.766</b>	<b>65.5%</b>	<b>NET EXPENDITURE</b>	<b>4.221</b>	<b>5.360</b>	<b>1.139</b>
		EARMARKED FUNDS TO BE CARRIED FORWARD			
<b>2.766</b>	<b>65.5%</b>	<b>TOTAL INCLUDING EARMARKED FUNDS</b>	<b>4.221</b>	<b>5.360</b>	<b>1.139</b>

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Projected Variance at 31 March 2025 (£m)	Local Delivery - South Ayrshire
(0.290)	<p><b>Employee Costs</b>  This variance mainly reflects staff turnover due to vacancies (£0.407m), partly offset by additional overtime (£0.090m) and employee recharges in respect of cross boundary working (£0.025m)</p>
0.022	<p><b>Premises Costs</b>  This variance reflects non-domestic rates charges (£0.014m), trade refuse collection (£0.004m) and rent (£0.004m)</p>
0.021	<p><b>Transport Costs</b>  This variance mainly reflects additional Maintenance external hires (£0.019m)</p>
0.746	<p><b>Supplies &amp; Services</b>  This variance mainly reflects street lighting electricity charges (£0.374m), EV charging costs (£0.150m) which are rechargeable to users, consultancy costs (£0.294m) which are partly offset by additional income, additional expenditure on new computer systems (£0.115m) along with a number of small variances (£0.056m). This is partly offset by savings on roads maintenance and lighting materials (£0.111m) and licences (£0.020m).</p>
0.318	<p><b>Third Party Payments</b>  This variance reflects additional roads maintenance (£0.273m) and Design (£0.035m) contractors, along with the servicing of waste containers in car parks (£0.010m)</p>
(0.007)	<p><b>Debt Charges</b>  This variance reflects a reduction in debt charges for new vehicles within Roads Maintenance</p>
0.329	<p><b>Income</b>  This variance reflects the continuing loss of parking income (£0.601m) including the 2 hour free parking initiative, loss of festive lighting income (£0.060m) and reduced pier dues (£0.024m). This is partly offset by additional income in relation to EV charging (£0.248m), additional Traffic income for the LDP2 Transport Assessment (£0.049m) and design fees in relation to Dundonald Recreational Park drainage (£0.027m) along with various small over-recoveries (£0.032m).</p>
1.139	Total reported variance

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