

**NORTH LANARKSHIRE COUNCIL
REPORT**

To: ENVIRONMENTAL SERVICES COMMITTEE		Subject: BUILDING CLEANING TRADING ACCOUNTS FOR THE PERIOD 1 APRIL 2007 TO 22 JUNE 2007
From: EXECUTIVE DIRECTOR OF ENVIRONMENTAL SERVICES		
Date: 22 AUGUST 2007	Ref: KW/RC/IB/AMcF/P3	

1. INTRODUCTION

- 1.1 The purpose of this report is to advise Committee of the provisional year end position of the Building Cleaning Trading Account and to outline the management action required to control income and expenditure levels.
- 1.2 A year to date surplus of £85,574 is being reported against a budgeted surplus of £95,839. A year-end surplus of £85,905 is being projected, which is in line with budget.
- 1.3 Previous reports to Policy & Resources Committee identified that implementing job evaluation would cost approximately £13.4 million by 2007/2008. The Council previously agreed a funding framework amounting to £9.4 million to assist Services in part-funding the early years' job evaluation costs and this is reflected within 2007/2008 budget.
- 1.4 For the Building Cleaning Trading operation the impact of job evaluation for 2007/2008 is estimated to be £157,000. The service is currently progressing measures to align costs with current budget provisions. Committee will be provided with regular updates on this issue through this report in the future. At this early stage in the year these accounts have been prepared on the basis that the required efficiencies will be delivered.

2. BACKGROUND

- 2.1 The Building Cleaning Trading Account currently operates five contracts won in competitive tender, including the recent PPP contract.

3. FINANCIAL POSITION

- 3.1 Employee costs are projected to exceed budget by £50,000 which is mainly due to the effect of additional properties added to the contracts by user departments coupled with requests from user departments for additional work. Job Evaluation costs amount to £157,000. These costs are partially offset by increased income.
- 3.2 There are projected savings of £14,000 in Supplies & Services arising from savings on payments to subcontractors.

3.3 Income is currently projected to be over-recovered by £36,000. This is mainly from the following sources:

3.3.1 It is projected that there will be an over recovery of £50,000 from Learning & Leisure Services. This is a net increase with the loss of income from pre-PPP school closures being more than offset by income from additional properties added to the contract. Requests for additional cleaning (above contracted work) within nurseries, primary and secondary schools has also resulted in an increase in income received from Learning & Leisure Services. Learning and Leisure Services have been advised of the current projected recharge.

3.3.2 A number of property closures over the past several years within the former Social Work department have resulted in a reduction of £71,000 on projected income for day cleaners, etc. This is partially offset by an increase in income of £62,000 due to additional Housing and Social Work properties being added to the contract. Housing & Social Work Services have been advised of the current projected recharge.

3.3.3 It is projected that several smaller income sources will result in an under recovery of £5,000 approximately.

4. MANAGEMENT ACTION

4.1 The management action taken to address the financial pressures arising from Job Evaluation is as follows:

4.1.1 Review of the annual periodic cleaning specification giving a reduction in the working year by five days for all new, NLC school based, term time cleaning employees appointed from August 2007

4.1.2 Reduction in day cleaning from three hours to two hours per day in Secondary Schools, where a vacant post arises after August 2007.

4.1.3 The introduction of self cover for sickness for the first five days of absence in all premises with four or more employees.

4.1.4 A review of current cleaning productivity levels in all premises and adjustment of cleaning hours as vacant post arise.

4.1.5 Removal of annual periodic clean in offices/ depots, where applicable.

5. CONCLUSION

5.1 The position at the year end is expected to be on budget.

6. FINANCE CONCURRENCE STATEMENT

6.1 The Executive Director of Finance and Customer Services concurs with the financial information in this report and has been fully involved in its preparation.

7. RECOMMENDATION

7.1 The Committee is asked to note the content of this report.

NORTH LANARKSHIRE COUNCIL

FINANCIAL MONITORING REPORT

1st April 2007 to 22nd June 2007

COMMITTEE : ENVIRONMENTAL SERVICES

SERVICE: BUILDING CLEANING - TRADING

LINE NO. (1)	DESCRIPTION (2)	ANNUAL BUDGET (3)	ACTUAL TO DATE (4)	VARIANCE (5)		(6)
		£	£	£		
1.	EMPLOYEE COSTS	1,525,327	1,577,192	(51,865)	Overspend	-3%
2.	PROPERTY COSTS	7,674	8,026	(352)	Overspend	-5%
3.	SUPPLIES & SERVICES	23,876	8,169	15,707	Underspend	66%
4.	TRANSPORT & PLANT	372	1,219	(847)	Overspend	-228%
5.	ADMINISTRATION COSTS	181,201	175,876	5,325	Underspend	3%
6.	PAYMENTS TO OTHER BODIES	0	0	0		0%
7.	CAPITAL FINANCING COSTS	0	0	0		0%
9.	OTHER EXPENDITURE	0	0	0		0%
9.	REVENUE FINANCING COSTS	0	0	0		0%
10.	TOTAL EXPENDITURE	1,738,450	1,770,481	(32,032)	Overspend	-2%
11.	INCOME	1,834,289	1,856,055	21,766	Over-Recovery	1%
12.	SURPLUS/(DEFICIT)	95,839	85,574	10,266	Decreased Surplus	11%

ANNUAL BUDGET (7)	PROJECTED OUTTURN (8)	PROJECTED OUTTURN VARIANCE (9)		(10)
£	£	£		
6,899,624	6,949,689	(50,065)	Overspend	-1%
127,528	127,880	(352)	Overspend	0%
204,511	190,342	14,169	Underspend	7%
2,416	2,416	0		0%
834,879	834,879	0		0%
0	0	0		0%
285	285	0		0%
0	0	0		0%
0	0	0		0%
8,069,243	8,105,491	(36,248)	Overspend	0%
8,155,148	8,191,396	36,248	Over-Recovery	0%
85,905	85,905	0		0%

95839

85574

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