

REPORT

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

1. INTRODUCTION

- 1.1 The purpose of this report is to advise Committee of the current position of the Catering Trading account and to outline the management action required to control income and expenditure levels.
- 1.2 A year to date surplus of £169,763 is being reported against a budgeted surplus of £304,092. A year end surplus of £319,788 is projected which is in line with budget.
- 1.3 Previous reports to Policy & Resources Committee identified that implementing Job Evaluation would cost approximately £13.4m by 2007/2008. The Council previously agreed a funding framework amounting to £9.4m to assist Services in part-funding the early years' job evaluation costs and this is reflected in the 2007/2008 budget. However all costs over and above this funding framework have to be considered by Committee through reviews of service priorities.

For the Catering Trading operation the impact of job evaluation for 2007/2008 is estimated to be £217,000. The service is currently progressing measures to align costs with current budget provisions. Committee will be provided with regular updates on this issue. 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 Catering Services carry out a range of work comprising catering for school meals, social work meals, functions, (civic and third party), leisure centres and staff restaurants.

The "Hungry for Success" initiative was fully implemented by December 2006. The uptake of meals in secondary schools has fallen since its implementation. A number of initiatives and developments have been launched to address this decrease but the position has not yet been fully recovered.

- 2.2 The key policy drivers in Hungry for success are:
 Social inclusion-reducing child poverty, closing the opportunity gap.
 Links between diet nutrition and educational attendance, achievement and attainment.
 Wider health promotion agenda within Scotland.

- 2.3 At period 3 the volume of paid meals is 6% less than budget across primary and secondary schools and free meals are 11% less than budget across primary and secondary schools.

3. FINANCIAL POSITION

- 3.1 Employee costs are projected to be £71,000 less than budget due to management control of vacancies and sickness absence.
- 3.2 Income is projected to be under-recovered by £177,000, mainly due to the reduced uptake in school meals in secondary schools. This has also resulted in an underspend within the Supplies and Services budget line (£116,000), as less food purchases are required.
- 3.3 All local authorities have had financial problems with the implementation of Hungry for Success in the secondary sector as the children have "voted with their feet". Although there has been an encouraging increase in the number of healthy options children have chosen, that increase has been more than outweighed by the loss of sales. The fact that children in secondary schools can leave the school to buy unhealthy products coupled by the accelerated implementation - healthy vending, healthy tuckshops etc – are significant factors.
- 3.4 In conclusion various measures will be implemented to minimise the financial shortfall posed by this difficult trading position.

4. MANAGEMENT ACTION

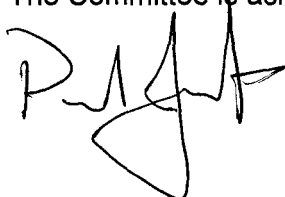
- 4.1 Management action to ensure the budgeted outcome will focus on these areas:
- 4.1.1 To market and promote the service for income growth e.g. reward points prizes and theme days.
 - 4.1.2 Monitor and control overtime expenditure.
 - 4.1.3 Monitor and control vacancies and recruitment.
 - 4.1.4 Monitor and control sickness absence
 - 4.1.5 Review of working year – reduction of 5 days as vacancies arise.
 - 4.1.7 Review of establishment level as vacancies arise.

5. FINANCE CONCURRENCE STATEMENT

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

6. RECOMMENDATION

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

A handwritten signature in black ink, appearing to be 'P. J. A.', is written below the text of item 6.1.

NORTH LANARKSHIRE COUNCIL

FINANCIAL MONITORING REPORT

1st April 2007 to 22nd June 2007

COMMITTEE : ENVIRONMENTAL SERVICES

SERVICE: CATERING - TRADING

LINE NO. (1)	DESCRIPTION (2)	ANNUAL BUDGET (3)	ACTUAL TO DATE (4)	VARIANCE (5)		(6)
		£	£	£		%
1.	EMPLOYEE COSTS	2,072,673	2,021,894	50,779	Underspend	2%
2.	PROPERTY COSTS	40,693	40,839	(146)	Overspend	0%
3.	SUPPLIES & SERVICES	860,300	833,881	26,420	Underspend	3%
4.	TRANSPORT & PLANT	87,985	91,609	(3,624)	Overspend	-4%
5.	ADMINISTRATION COSTS	29,993	27,413	2,580	Underspend	9%
7.	PAYMENTS TO OTHER BODIES	13,023	11,732	1,291	Underspend	10%
8.	REVENUE FINANCING COSTS	1,108	1,108	0		0%
9.	CAPITAL FINANCING COSTS	4,198	4,198	0		0%
10.	OTHER COSTS	3,168	6,272	(3,104)	Overspend	-98%
11.	TOTAL EXPENDITURE	3,113,141	3,038,946	74,195	Underspend	2%
12.	INCOME	3,417,234	3,208,709	(208,525)	Under-Recovery	-6%
13.	SURPLUS/(DEFICIT)	304,092	169,763	134,330	Decreased Surplus	44%

TOTAL BUDGET (7)	PROJECTED OUTTURN (8)	PROJECTED OUTTURN VARIANCE (9)		(10)
£	£	£		%
10,662,270	10,591,434	70,836	Underspend	1%
240,588	241,520	(932)	Overspend	0%
4,925,196	4,808,952	116,244	Underspend	2%
570,668	578,767	(8,099)	Overspend	-1%
1,348,176	1,346,174	2,002	Underspend	0%
68,394	68,394	0		0%
7,210	7,210	0		0%
27,291	27,291	0		0%
20,600	23,664	(3,064)	Overspend	-15%
17,870,393	17,693,406	176,987	Underspend	1%
18,190,181	18,013,194	(176,987)	Under-Recovery	-1%
319,788	319,788	0	Decreased Surplus	0%

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