

**NORTH LANARKSHIRE COUNCIL**

**REPORT**

To: ENVIRONMENTAL SERVICES COMMITTEE	Subject: CLEANSING 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/JM/CM/P3

**1. INTRODUCTION**

- 1.1 The purpose of this report is to advise committee of the provisional position of the Cleansing Trading Account as at the year end.
- 1.2 A year to date deficit of £158,268 is being reported against a budgeted surplus of £88,352. The projected outturn surplus is £123,229, 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 2007/08. 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 2007/08 budgets. However, all costs over and above this funding framework have to be considered by Committee through reviews of service priorities

For the Cleansing Trading operation the impact of job evaluation for 2007/08 is estimated to be £264,000. 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 The Cleansing Trading Account comprises domestic and trade refuse collection, refuse disposal and street sweeping. Initiatives such as the Streetsmart campaign and the Town Centres Projects has, over the years, increased the level of cleansing activity for both internal and external customers.

**3. FINANCIAL POSITION**

- 3.1 Employee costs are currently projected to be £221,000 over budget at the year end due to the impact of ongoing employee cost pressures (as outlined in paragraph 1.3 above). Budgets require to be realigned through the virement process during the year to offset this overspend as savings are identified.

- 3.2 Property costs are expected to be over budget by £191,000, due to overspends in tipping fees at Levenseat (£183,000) and water rates, including standpipe licences (£36,000). Waste processed through Levenseat provides guaranteed recycling rates and partly reduces the exposure to LATS penalties. These overspends are partly offset by anticipated landfill tax savings of £21,000 and other minor property cost savings of £7,000.
- 3.3 Supplies and services are expected to be over budget by £155,000. Of this total £140,000 relates to the application of SEPA guidelines that has resulted in an ongoing procedural change to the way in which waste collected by road sweeping machines is disposed, resulting in increased costs of £140,000.
- 3.4 Based on historical expenditure levels transport costs are anticipated to be £287,000 over budget. Projected overspends are anticipated within external hires (£76,000), Fuel (£88,000) and Vehicle maintenance (£52,000),
- 3.5 An overspend is projected within Other Expenditure totalling £645,000. This overspend refers to the potential Landfill Allowance Trading Scheme penalty that may be imposed on the service based on current tonnage and waste diversion projections. This penalty is at the discretion of the Scottish Executive, with the current forecast considered to be a prudent estimate of the charge. This overspend will be fully recovered via a management fee from Environmental Services client. This situation will be monitored closely and any changes to the position will be reported to Committee.
- 3.6 Additional income of £1,454,000 is anticipated. This incorporates the £645,000 management fee mentioned in paragraph 3.5. Projected over-recoveries are also expected in income categories such as uplift of trade waste and bin sales, based on previous year trends.

#### **4. MANAGEMENT ACTION**

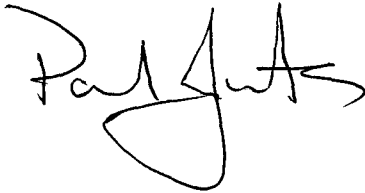
- 4.1 Management action is being targeted in the following areas to ensure that budget outturn is met:
- 4.2 Labour Costs reduced by changes in weekend and public holiday sweeping services, monitoring of vacancies to ensure filling of vacancies takes place with minimum cost to section, with review of establishments as vacancies arise
- 4.3 Transport Costs being reduced by procurement of 26 rather than 32 tonne vehicles with consequent route realignments, fuel reductions by introduction of tracker systems to monitor and improve performance, minimise the rate at which we use external hires to provide service.
- 4.4 Reduction in overnight security services at depots,
- 4.5 Reduction in levels of consumable items used by section, e.g. bins, equipment
- 4.6 Maximise income from paper and cardboard sales whilst at the same time minimising the commercial waste collected going to landfill which impinges on LATS rates Council has to meet

**5. FINANCIAL 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. RECOMMENDATIONS**

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

A handwritten signature in black ink, appearing to read "Paul Guts", 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: CLEANSING - TRADING**

LINE NO. (1)	DESCRIPTION (2)	ANNUAL BUDGET (3)	ACTUAL TO DATE (4)	VARIANCE (5)		(6)
		£	£	£		
1.	EMPLOYEE COSTS	2,144,501	2,113,648	30,853	Underspend	1%
2.	PROPERTY COSTS	908,520	893,256	15,264	Underspend	2%
3.	SUPPLIES & SERVICES	172,752	322,036	(149,284)	Overspend	-86%
4.	TRANSPORT & PLANT	934,854	865,030	69,824	Underspend	7%
5.	ADMINISTRATION COSTS	30,843	41,779	(10,936)	Overspend	-35%
6.	PAYMENTS TO OTHER BODIES	5,313	2,171	3,142	Underspend	59%
7.	CAPITAL FINANCING COSTS	0	0	0		0%
8.	OTHER EXPENDITURE	0	28	(28)	Overspend	#DIV/0!
9.	TOTAL EXPENDITURE	4,196,783	4,237,949	(41,166)	Overspend	-1%
10.	INCOME	4,285,135	4,079,681	(205,454)	Under-Recovery	-5%
11.	SURPLUS/(DEFICIT)	88,352	(158,268)	246,620	Decreased Surplus	279%

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0            0

ANNUAL BUDGET (7)	PROJECTED OUTTURN (8)	PROJECTED OUTTURN VARIANCE (9)		(10)
11,458,703	11,679,499	(220,796)	Overspend	-2%
4,271,241	4,462,650	(191,409)	Overspend	-4%
748,792	904,029	(155,237)	Overspend	-21%
4,775,419	5,062,721	(287,302)	Overspend	-6%
996,539	995,739	800	Underspend	0%
21,250	21,250	0		0%
782,219	782,219	0		0%
0	600,100	(600,100)	Overspend	#DIV/0!
23,054,163	24,508,207	(1,454,044)	Overspend	-6%
23,177,392	24,631,436	1,454,044	Over-Recovery	6%
123,229	123,229	0	Decreased Surplus	0%

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