

NORTH LANARKSHIRE COUNCIL

REPORT

To: ENVIRONMENTAL SERVICES COMMITTEE		Subject: TRANSPORT 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/AJ/P3	

**1. INTRODUCTION**

- 1.1 The purpose of this report is to advise Committee of the current position of the transport trading account and to outline the management action required to control income and expenditure levels.
- 1.2 A year to date surplus of £140,753 is being reported against a budgeted surplus of £73,107. A year-end surplus is being projected of £76,951 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 £9.4 million to assist Services in part funding the early years' job evaluation costs and this is reflected within 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 Transport Trading operation the impact of job evaluation for 2007/2008 is estimated to be £103,000. 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 the accounts have been prepared on the basis that the required efficiencies will be delivered.

**2. BACKGROUND**

- 2.1 The transport trading account encompasses vehicle maintenance, fleet management, buses, external hires and fuel. The service deals with approximately 1150 vehicles ranging from small vans through to 26 tonne refuse collection vehicles.

**3. FINANCIAL POSITION**

- 3.1 Employee costs are forecast to be over budget by £77,000, primarily due to essential overtime required to meet additional workload and service requirements.
- 3.2 Within property costs a total of £27,000 additional expenditure is anticipated in respect of increased in water charges and utility costs.
- 3.3 Supplies and services are projected to be over budget by £264,000 at year-end. This primarily relates to an increase in external hires payments resulting from increased customer demand. This overspend is fully recoverable from customers.

- 3.4** Transport and plant expenditure is forecast to be £776,000 over budget. The main contributors to this overspend are fuel (£497,000 historic price increases coupled with a rise in customer demand) and materials/tyres (£238,000 due to increased maintenance activity).
- 3.5** The increased transport activities and costs summarised above are fully recoverable from customers, resulting in a projected income over-recovery of £1,142,547. External income is over recovered by £375,000, which includes £253,000 from Amey Roads for the supply of fuel, and additional income of £87,000 in respect of new business from Saltire Facilities Management Ltd. The remaining over-recovery of £767,000 relates to internal Council services, primarily Environmental Services, Learning & Leisure and Housing & Social Work.

**4. MANAGEMENT ACTION**

**4.1** Management action to ensure the budgeted outcome will focus on these areas:

**4.1.1** Monitor and control vacancies and recruitment

**4.1.2** Monitor and control overtime expenditure

**4.1.3** Monitor and control sickness absence

**4.1.4** Review of workshop resources – to ensure more efficient and productive use.

**5. SUMMARY**

**5.1** The Transport Accounts indicate a projected year end surplus of £76,951 which is in line with budget.

**6. FINANCIAL CONCURRENCE STATEMENT**

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

**7. RECOMMENDATIONS**

**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: TRANSPORT - TRADING**

LINE NO. (1)	DESCRIPTION (2)	ANNUAL BUDGET (3)	ACTUAL TO DATE (4)	VARIANCE (5)		(6)
		£	£	£		
1.	EMPLOYEE COSTS	855,585	864,400	(8,816)	Overspend	-1%
2.	PROPERTY COSTS	79,937	81,761	(1,824)	Overspend	-2%
3.	SUPPLIES & SERVICES	1,094,213	1,117,495	(23,282)	Overspend	-2%
4.	TRANSPORT & PLANT	1,247,108	1,420,192	(173,084)	Overspend	-14%
5.	ADMINISTRATION COSTS	166,936	166,628	308	Underspend	0%
6.	PAYMENTS TO OTHER BODIES	0	0	0		0%
7.	CAPITAL FINANCING COSTS	27,159	27,159	0		0%
8.	REVENUE FINANCING COSTS	2,076	2,076	0		0%
9.	OTHER EXPENDITURE	1,415	1,308	107	Underspend	8%
10	TOTAL EXPENDITURE	3,474,429	3,681,019	(206,591)	Overspend	-6%
11	INCOME	3,615,182	3,754,127	138,945	Over-Recovery	4%
11	SURPLUS/(DEFICIT)	140,753	73,107	67,646	Decreased Surplus	48%

140753

73107

ANNUAL BUDGET (7)	PROJECTED OUTTURN (8)	PROJECTED OUTTURN VARIANCE (9)		(10)
£	£	£		
4,251,391	4,328,886	(77,495)	Overspend	-2%
346,509	373,401	(26,892)	Overspend	-8%
4,734,624	4,998,465	(263,841)	Overspend	-6%
5,388,183	6,164,614	(776,431)	Overspend	-14%
705,422	703,848	1,574	Underspend	0%
0	0	0		0%
117,721	117,721	0		0%
9,000	9,000	0		
6,010	5,472	538	Underspend	9%
15,558,860	16,701,407	(1,142,547)	Overspend	-7%
15,635,811	16,778,358	1,142,547	Over-Recovery	7%
76,951	76,951	0	Decreased Surplus	0%

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