

AGENDA ITEM No. 14.....
NORTH LANARKSHIRE COUNCIL
REPORT

To: ENVIRONMENTAL SERVICES COMMITTEE	Subject: REVENUE MONITORING REPORT 01.04.09 – 17.07.09 (PERIOD 4) BUILDING CLEANING TRADING
From: EXECUTIVE DIRECTOR OF ENVIRONMENTAL SERVICES	
Date: 19 AUGUST 2009	Ref: PJ/RC/JMCG/AE/ P4

1. PURPOSE OF REPORT

1.1. This report advises the Environmental Services Committee on the overall financial position of Building Cleaning Services for the period 1st April to 17th July 2009. Variances are reported for both year-to-date and projected outturn, with major outturn variances being highlighted and explained.

2. SUMMARY OF FINANCIAL POSITION

2.1. The Service is currently projecting a year-end surplus of £99,057, which is £13,152 higher than budget. The reason for this increased surplus is the reallocation of the projected underspend of the services' support function. This underspend is deemed to be outwith control of the Building Cleaning Manager and cannot be spent. Details regarding budget variations are outlined in paragraph four below, and the appendices to this report.

3. RISKS AND UNCERTAINTY

3.1. Although risks are inherent in any financial planning and monitoring process, the current economic climate has the potential to impact upon the Council's ability to provide services within its existing budgetary provision.

3.2. There are currently no significant risks relating to the Building Cleaning Trading Activity which are likely to impact upon the overall financial position of the Service. This position will continue to be reviewed during the remainder of the financial year.

4. MAJOR VARIATIONS FROM BUDGET

4.1. A summary of the major variances projected at year-end within each division is outlined within table 1 below.

<i>Service Division</i>	<i>Outturn Position (£s)</i>	<i>Analysis</i>
Building Cleaning Trading	99,057	£13,152 Increased surplus

4.2. The Building Cleaning Trading operation is experiencing the following major variances and operational issues:

4.2.1. Employee costs are largely overspent due to provision for additional properties and ad hoc requests by clients, with no corresponding increase in budget. Services are notified on a regular basis of their charges in order that they can take full recognition of the implications of their decisions with regards to the use of Building Cleaning services. The above issues create an overspend within employee costs of approximately £198,000. This will be partially offset by an over recovery in income of £121,000 approximately. The balance of the overspend (£78,000) is described in para 4.3 below.

4.2.2. Savings of £77,000 in training, machine purchases, and PAT testing are anticipated, to keep the Service in a balanced budget position.

4.3. The Building Cleaning Trading employee budget incorporates a staff turnover requirement in excess of £700,000, equivalent to 56 FTE staff. There are currently 34 FTE vacancies within the Service of which 31 can be considered management action contributing £419,835 with the remaining 3 occurring through the natural recruitment process and contributing £46,648. However, taking into account the staff turnover threshold and the associated requirement for additional hours, overtime and additional work, there is a forecast overspend in employee costs of £198,000 (as described in paragraph 4.2.1). A workforce planning exercise is currently underway, and this resource analysis will be further refined as this progresses. Savings from vacancies will continue to be quantified throughout the year.

5. **MANAGEMENT ACTIONS**

5.1. Management are continuing to monitor vacancy levels and assess the necessity for new appointments. Sickness absence levels are also being monitored in accordance with the Council's policy (including self cover for the first five days of sickness in premises with four or more employees);

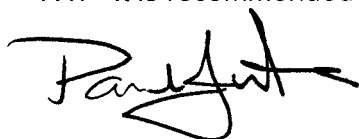
5.2. Management action is also being taken to ensure spend remains within budget, through maximising income sources and minimising non essential expenditure.

6. **FINANCIAL CONCURRENCE**

6.1 Prepared in accordance with the Scheme of Financial Delegation, the financial information contained within this report has been agreed with the Head of Financial Services.

7. **RECOMMENDATIONS**

7.1. It is recommended that the contents of this report be noted.



Paul Jukes
EXECUTIVE DIRECTOR OF ENVIRONMENTAL SERVICE

Local Government Access to Information Act: for further information about this report, please contact Robert Colquhoun, Business Service Manager – Finance and Technology Solutions, No. 0141-304-1921

NORTH LANARKSHIRE COUNCIL

Appendix 1

BUILDING CLEANING TRADING ACCOUNT

FINANCIAL MONITORING REPORT - SUBJECTIVE ANALYSIS

1st APRIL 2009 - 17th JULY 2009 (PERIOD 4)

ENVIRONMENTAL SERVICES COMMITTEE

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)		ANNUAL BUDGET (6)	PROVISIONAL OUTTURN (7)	PROJECTED OUTTURN VARIANCE (8)		% (9)	ANALYSIS (10)
		£	£	£		£	£	£		%	
1.	EMPLOYEE COSTS	2,164,644	2,191,101	(26,457)	Overspend	7,650,281	7,848,308	(198,026)	Overspend	-2.6%	Additional properties, significant fall in level of staff turnover and ad hoc overtime giving overspend Savings in machine repairs, PAT testing and sanitation charges Travel costs covering the operation exceed budget. This is due to difficulties in recruiting staff in areas with poor public transport links. Savings in training and general admin costs amount to £15,745. An uncontrollable departmental overhead underspend of £13,152 is included. Increased income due to increased demand for temporary variation orders and additional properties
2.	PROPERTY COSTS	35,258	36,804	(1,546)	Overspend	140,905	140,905	0	On Target	0.0%	
3.	SUPPLIES & SERVICES	35,834	9,666	26,168	Underspend	197,197	131,529	65,668	Underspend	33.3%	
4.	TRANSPORT & PLANT	636	1,366	(730)	Overspend	2,700	6,773	(4,073)	Overspend	-150.9%	
5.	ADMINISTRATION COSTS	238,442	230,771	7,671	Underspend	828,539	799,642	28,897	Underspend	3.5%	
6.	PAYMENTS TO OTHER BODIES	0	0	0	On Target	0	0	0	On Target	0.0%	
7.	REVENUE FINANCING COSTS	0	0	0	On Target	0	0	0	On Target	0.0%	
8.	CAPITAL FINANCING COSTS	0	0	0	On Target	285	285	0	On Target	0.0%	
9.	OTHER EXPENDITURE	0	0	0	On Target	0	0	0	On Target	0.0%	
10.	TOTAL EXPENDITURE	2,474,814	2,469,708	5,106	Underspend	8,819,907	8,927,442	(107,535)	Overspend	-1.2%	
11.	INCOME	3,006,935	3,048,852	41,917	Over-Recovery	8,905,812	9,026,499	120,687	Over-Recovery	1.4%	
12.	SURPLUS/(DEFICIT)	532,121	579,144	47,023	Underspend	85,905	99,057	13,152	Underspend	15.3%	