

**NORTH LANARKSHIRE COUNCIL  
REPORT**

To: ENVIRONMENTAL SERVICES COMMITTEE		Subject: REVENUE MONITORING REPORT  01.04.09 – 17.07.09 (PERIOD 4)  CATERING TRADING
From: EXECUTIVE DIRECTOR OF ENVIRONMENTAL SERVICES		
Date: 19 AUGUST 2009	Ref: PJ/RC/JM/D W/P4	

**1. PURPOSE OF REPORT**

1.1. This report advises the Environmental Services Committee on the overall financial position of Catering Services for the period 1<sup>st</sup> April to 17<sup>th</sup> 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 £350,012, which is £30,229 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 the Catering manager's control. Additional 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 Catering 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>
Catering Services	350,012	£30,299 increased surplus.

Table 1

- 4.2. The Catering Service is experiencing the following cost pressures and operational issues:
- 4.2.1. The service was allocated £850,000 within the 2009/10 budget to assist with food price rises. Food prices continue to rise, with national statistics showing an annual rise at 5.5% on food groups as at June 2009. However, this is a significant decrease upon the 8% inflation assumed at budget-setting time. This fall has resulted in an excess in the region of £323,000 being currently projected at the year end. The full implications of this underspend will have to be considered across the Council, therefore this is not shown within the P4 Accounts. The service will continue to monitor expenditure on food purchases.
- 4.3. The Catering Trading Service has employee cost budgets which are aligned to the full staffing structure. As at period 4, the Service had identified 32 FTE vacancies with a total value of £372k, of which 29 FTE were outwith the natural recruitment process and can therefore be categorised as being part of the management action taken to ensure that the service remains within existing budgetary provision. However, this does not result in a significant underspend, as existing vacancies are being covered by other employees undertaking additional hours to fulfil ongoing resource requirements. 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.
- 4.4. The Catering Service is currently projecting income overall to be lower than budget by £695k. This is due to the fall in food price inflation compared to the additional budget given (see paragraph 4.2.1 above) and also due to school meal uptake and Social Work catering income being lower than levels budgeted for. This variance is offset by associated food expenditure reducing in line with the reduction in income. The variance of £323,000 due to food price inflation will continue to be monitored closely and the full implications of this will be considered across the Council.

## **5. MANAGEMENT ACTIONS**

- 5.1. Management are continuing to monitor vacancy levels and assess the necessity for new appointments. Sickness absence and overtime levels are also being monitored in accordance with the Council's policy. Catering has already introduced a policy of self cover for sickness absence in the majority of its premises and only essential overtime is authorised.
- 5.2. The following virements require Committee approval:
- 5.2.1. Social Work catering budget lines for Burngreen Lodge are not required due to the closure of this facility in 08/09. The expenditure budget of £154,346 has been offset against the income budget of £154,346 within the accounts to correct the position.

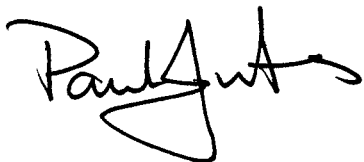
## **6. FINANCIAL CONCURRENCE**

- 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.

7.2. Committee is asked to approve virements noted in section 5 above.

A handwritten signature in black ink, appearing to read 'Paul Jukes', with a stylized flourish at the end.

**Paul Jukes**

**EXECUTIVE DIRECTOR OF ENVIRONMENTAL SERVICES**

Local Government Access to Information Act: for further information about this report, please contact Robert Colquhoun,  
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**NORTH LANARKSHIRE COUNCIL**

Appendix 1

**CATERING 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	2,748,306	2,692,290	56,016	Underspend	10,017,207	9,966,458	50,749	Underspend	0.5%	Vacancies / Turnover savings  Reduced spend on food supplies  Support Services Overheads lower - outwith control
2.	PROPERTY COSTS	67,070	64,813	2,257	Underspend	235,834	237,801	(1,967)	Overspend	-0.8%	
3.	SUPPLIES & SERVICES	1,402,855	1,142,689	260,166	Underspend	5,603,090	4,935,997	667,093	Underspend	11.9%	
4.	TRANSPORT & PLANT	190,876	191,355	(479)	Overspend	620,705	633,826	(13,121)	Overspend	-2.1%	
5.	ADMINISTRATION COSTS	800,125	774,556	25,569	Underspend	2,608,115	2,580,383	27,732	Underspend	1.1%	
6.	PAYMENTS TO OTHER BODIES	8,698	15,207	(6,509)	Overspend	34,445	38,655	(4,210)	Overspend	-12.2%	
7.	REVENUE FINANCING COSTS	2,217	2,217	0	On Target	7,205	7,205	0	On Target	0.0%	
8.	CAPITAL FINANCING COSTS	6,206	6,206	0	On Target	20,169	20,169	0	On Target	0.0%	
9.	OTHER EXPENDITURE	6,338	983	5,355	Underspend	20,598	21,581	(983)	Overspend	-4.8%	
10.	TOTAL EXPENDITURE	5,232,691	4,890,315	342,375	Underspend	19,167,368	18,442,074	725,293	Underspend	3.8%	
11.	INCOME	4,997,716	4,850,874	(146,842)	Under-Recovery	19,487,151	18,792,085	(695,066)	Under-Recovery	-3.6%	Lower income - mainly due to food price inflation and lower school meal uptake
12.	SURPLUS/(DEFICIT)	(234,975)	(39,441)	195,533	Underspend	319,783	350,012	30,227	Underspend	9.5%	