

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

**1. PURPOSE OF REPORT**

1.1. This report advises Committee on the overall financial position of the Parks Trading account 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 £407,028, which is £28,481 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 control of the Grounds Maintenance & Estates Manager and cannot be spent. Details regarding additional 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 Parks 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>
Parks Trading	408,028	£28,481 over budget

- 4.2 The Parks Trading operation is currently experiencing several cost pressures and operational issues. These include:
- 4.2.1 Additional employer's superannuation contributions of £111,000 arising from recognition of superannuation changes implemented in April 2009, and the additional costs attributable to the Service for employee's who formerly paid the lower 5% contribution. This will be realigned across the whole service by period 5.
  - 4.2.2 Based on last year's volumes and current prices it is estimated that vehicle hires and fuel costs will be over budget by £117,000.
  - 4.2.3 There are a number of other cost increases as a result of projected additional regeneration, infrastructure, and other project work. These include overtime of £128,000, and materials of £139,000.
  - 4.2.4 The increased costs described in 4.2.1 through to 4.2.3 above are offset by increased income of £430,000 which is recovered through charges to Client Services across the council coupled with employee vacancy savings of £152,000.
- 4.3 The Parks Trading employee budget incorporates a staff turnover requirement of £138,000, equivalent to 7 FTE staff. There are currently 6 vacancies within the Service, all of which have arisen through the normal recruitment process. These accounts show an overspend in employee costs of £91,000 which arises from the overtime and superannuation variances described in 4.2.1 and 4.2.3 above totalling £239,000 together with severance costs of £3,000 offset by the additional vacancy savings of £152,000 which arise from initial delays in filling seasonal posts and other factors.

## **5. MANAGEMENT ACTIONS**

- 5.1. Liaison is taking place with council staff associated with the Local Development Programme 2009/10 in order to promote the delivery of appropriate projects via Grounds Maintenance and Estates. As indicated in paragraph 4.2.4 above further additional income of £430,000 is projected for the year from this and other inter-departmental sources.
- 5.2. Overtime expenditure is being closely monitored throughout the Service. This includes reviewing overtime working practices to rationalise/reduce the extent of overtime costs.
- 5.3. Management is continuing to monitor vacancy levels and assess the necessity for new appointments. Sickness absence levels are being monitored in accordance with the council's policy.
- 5.4. The following virements require Committee approval:
  - (i) Employee Costs: The staff turnover saving of £138,000 referred to in paragraph 4.3 above has been transferred to tipping fees, Landfill Tax and sweeping costs in order to remove the cost pressure in these areas with the balance of £32,000 being allocated to vehicle fuel to partially offset the cost pressure there.
  - (ii) Additional Work: The Service has now incorporated additional income budgets to reflect additional work amounting to £587,000. Corresponding expenditure budgets of £220,000 for materials and £183,000 for overtime working have been set up. The net saving of £184,000 has been allocated against vehicle fuel and hires, to alleviate the cost pressures in these areas.

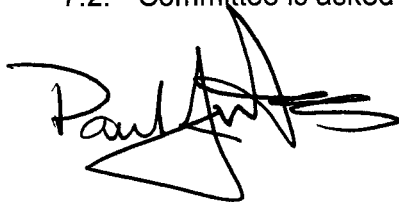
**6. FINANCIAL CONCURRENCE**

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 in section 5.4 above.

A handwritten signature in black ink, appearing to read 'Paul Jukes', with a large, 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, Business Service Manager – Finance and Technology Solutions, No. 0141-304-1921

**NORTH LANARKSHIRE COUNCIL**  
**PARKS - TRADING**  
**FINANCIAL MONITORING REPORT - SUBJECTIVE ANALYSIS**

Appendix 1

1 April 2009 to 17 July 2009 (Period 4)

**ENVIRONMENTAL SERVICES COMMITTEE**

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCE (5)	ANNUAL BUDGET (6)	PROJECTED OUTTURN (7)	PROJECTED OUTTURN VARIANCE (8)	(9)	ANALYSIS (10)
1.	EMPLOYEE COSTS	£ 4,866,191	£ 4,897,317	£ (31,127) Overspend	£ 15,103,098	£ 15,193,838	£ (90,740) Overspend	-1%	Additional overtime requirements and superannuation costs reduced by turnover savings.  Green waste gate fees less various savings.  Additional materials requirements for Regeneration and Infrastructure Improvement work partially offset by savings in subcontractor costs.  Additional vehicle hire costs and fuel costs.  Additional professional fees and telephone costs less saving in departmental overheads.  Additional Open Space & Cemeteries Section costs
2.	PROPERTY COSTS	225,064	237,692	(12,628) Overspend	730,105	756,930	(26,825) Overspend	-4%	
3.	SUPPLIES & SERVICES	578,660	606,635	(27,975) Overspend	1,625,231	1,695,877	(70,646) Overspend	-4%	
4.	TRANSPORT & PLANT	1,152,160	1,313,646	(161,486) Overspend	3,744,385	3,899,020	(154,635) Overspend	-4%	
5.	ADMINISTRATION COSTS	930,449	943,937	(13,487) Overspend	3,013,525	3,038,463	(24,938) Overspend	-1%	
6.	PAYMENTS TO OTHER BODIES	0	0	0	0	0	0	0%	
7.	CAPITAL FINANCING COSTS	70,403	70,403	0	228,808	228,808	0	0%	
8.	OTHER EXPENDITURE	3,093	2,886	207 Underspend	10,056	17,545	(7,489) Overspend	-74%	
9.	REVENUE FINANCING COSTS	949	949	0	3,088	3,088	0	0%	
10.	TOTAL EXPENDITURE	7,826,968	8,073,465	(246,497) Overspend	24,458,296	24,833,569	(375,273) Overspend	-2%	
11.	INCOME	7,954,882	8,202,616	247,734 Over-Recovered	24,836,843	25,240,597	403,754 Over-Recovered	2%	
12.	SURPLUS/(DEFICIT)	127,914	129,151	1,237 Increased Surplus	378,547	407,028	28,481 Increased Surplus	8%	