

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

1. PURPOSE OF REPORT

1.1. This report advises the Environmental Services Committee on the overall financial position of Transport 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 £92,244 which is £16,296 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 Transport Manager and cannot be spent. 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 Transport 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>
Transport Trading	92,244	£16,296 increased surplus

Table 1

4.2. The Transport trading operation is experiencing several significant cost pressures and operational issues. These include:

4.2.1. Materials, tyres and fuel show an overspend totalling £778,000, external hires show an overspend of £316,000. All of this expenditure is incurred on behalf of other services. These overspends are recoverable from the Services Customers and as a result an over recovery in income of £1.079m is shown for this. 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 transport services

4.3. The Transport Trading Service has employee budgets which are aligned to the full staffing structure. As at period 4, the service has 5 F.T.E. vacancies of which 4 F.T.E. were posts created as a result of delays in implementing the Transport restructure. It is anticipated that all of these vacancies will be filled by 14th September therefore these vacancies represent a saving of £57,000 towards the overall outturn position. This saving is partially offset by posts which have been deleted from the structure where there is a delay in employees leaving the service at a cost of £34,000. Overall employee costs are projected to be underspent by £4,000

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.

5.2 Management are continuing to maximise income sources and minimise non essential expenditure to ensure spend remains within budget.

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

TRANSPORT 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	1,146,872	1,160,032	(13,160)	Overspend	4,092,047	4,088,252	3,795	Underspend	0.1%	
2.	PROPERTY COSTS	75,952	96,474	(20,522)	Overspend	381,803	438,788	(56,985)	Overspend	-14.9%	Oil (17k) security (£4k) metered water (£12k) electricity (£17k) gas (£6k) and uplift of waste (£1k).
3.	SUPPLIES & SERVICES	1,572,231	1,696,565	(124,334)	Overspend	5,170,405	5,497,857	(327,452)	Overspend	-6.3%	Increased external hire payments which are recovered in income from customers.
4.	TRANSPORT & PLANT	2,173,528	2,421,909	(248,381)	Overspend	5,777,516	6,635,388	(857,872)	Overspend	-14.8%	Increase in prices for materials, tyres and fuel supplied to customers recovered as income.
5.	ADMINISTRATION COSTS	237,170	241,975	(4,805)	Overspend	776,680	763,740	12,940	Underspend	1.7%	
6.	PAYMENTS TO OTHER BODIES	0	11,058	(11,058)	Overspend	0	11,058	(11,058)	Overspend	0.0%	
7.	REVENUE FINANCING COSTS	2,769	2,769	0	On Target	9,000	9,000	0	On Target	0.0%	
8.	CAPITAL FINANCING COSTS	32,171	32,171	0	On Target	104,556	104,556	0	On Target	0.0%	
9.	OTHER EXPENDITURE	1,677	674	1,003	Underspend	5,450	5,470	(20)	Overspend	-0.4%	
10.	TOTAL EXPENDITURE	5,242,370	5,663,627	(421,257)	Overspend	16,317,457	17,554,108	(1,236,652)	Overspend	-7.6%	
11.	INCOME	4,978,094	5,243,498	265,404	Over-Recovery	16,393,405	17,646,352	1,252,947	Over-Recovery	7.6%	Over-recovery of income relating to external hires (£348k), Fuel (£435k), additional work (£296k), insurance claims (£54k) bus routes (£63k) and miscellaneous income (£57k).
12.	SURPLUS/(DEFICIT)	(264,276)	(420,130)	(155,853)	Overspend	75,948	92,244	16,295	Underspend	21.5%	