

**NORTH LANARKSHIRE COUNCIL
REPORT**

To: ENVIRONMENTAL SERVICES COMMITTEE	Subject: REVENUE MONITORING REPORT BUILDING CLEANING TRADING ACCOUNT 1 APRIL – 24 JUNE 2011 (PERIOD 3)
From: EXECUTIVE DIRECTOR OF ENVIRONMENTAL SERVICES	
Date: 26 JULY 2011 Ref: PJ/RC/AE/P3	

1. Purpose of Report

This report advises Committee of the Building Cleaning Trading Account's approved revenue budget for 2011-2012 and projected performance against this from 1st April to 24th June 2011. In line with existing Financial Regulations, details of year-to-date and projected outturn variations are explained.

2. Approved Revenue Budget 2011-2012

2.1. The Trading Account has a net Revenue Budgeted Surplus of £85,905 for this financial year. Whilst the 2011-2012 budget process recognised various budget pressures facing Services, it also resulted in the Building Cleaning Trading Account contributing around £447,000 towards the Council's approved 2011-2012 efficiency savings. Further details regarding this year's budget are available from appendix 1.

3. Summary of Financial Position

3.1. As at period 3 ending 24th June 2011, the Service is projecting a year-end surplus of £94,503, which is £8,598 higher than budget. This increased surplus is the re-allocation of the projected underspend of the Services' Directorate and Support function. This underspend is deemed to be out-with the Facility Support Services business managers' control and cannot be spent.

4. Risks and Uncertainty

4.1. As highlighted in the Revenue Budget 2011-2012 report of 10th February 2011, unprecedented levels of savings combined with the uncertainty surrounding the current economic climate make it extremely challenging to provide Services within existing budgetary provision. At this early stage of the financial year, there are currently no significant risks relating to the Building Cleaning Trading Account 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.

5. Major Variations from Budget

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

<i>Service</i>	<i>Outturn Position (£s)</i>	<i>Analysis</i>
Building Cleaning	94,503	£8,598 increased surplus

Table 1

5.2. The key points to note regarding the projected outturn position include:

- 5.2.1. The Building Cleaning trading account incorporates a staff turnover requirement of £318,672, equivalent to 20.41 FTE. As at period 3, there are currently 18.21 FTE vacancies within the service, which can be considered management action, as stricter controls have been put on vacancies across the service. The potential gross saving associated with these vacancies for the year is £303,789 resulting in a shortfall of £14,883. However, taking into account additional savings in overtime the service is projecting a balanced position. It is anticipated that the service may be able to achieve an increased underspend against employee costs as the year progresses through the phased implementation of savings measures required to deliver upon 2012/13 budgeted targets. The service will continue to monitor projected employee expenditure to identify savings as they arise.

6. Management Actions

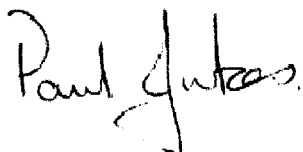
- 6.1. Management are continuing to monitor vacancy levels and assess the necessity for new appointments. Sickness absence levels are also being monitored in accordance with the Council's policy.
- 6.2. Management action is also being taken to ensure spend remains within budget, through maximising income and minimising non essential expenditure.

7. Financial Concurrence

- 7.1. 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.

8. Recommendations

- 8.1. Members are asked to note the Service's approved 2011-2012 budget and projected performance against this as at 24th June 2011.



PAUL JUKES
Executive Director of Environmental Service

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NORTH LANARKSHIRE COUNCIL

BUILDING CLEANING TRADING ACCOUNT

FINANCIAL MONITORING REPORT - SUBJECTIVE ANALYSIS

1st APRIL 2010 - 24th JUNE 2011 (PERIOD 3)

ENVIRONMENTAL SERVICES COMMITTEE

70

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)		ANNUAL BUDGET (6)	PROJECTED OUTTURN (7)	PROJECTED OUTTURN VARIANCE (8)		% (9)	ANALYSIS (10)
		£	£	£		£	£	£		%	
1.	EMPLOYEE COSTS	1,758,927	1,630,180	128,747	Underspend	7,575,485	7,575,485	0	On Target	0.0%	Reduction in Support Services overheads of (£8,598)
2.	PROPERTY COSTS	0	1,812	(1,812)	Overspend	167,466	167,466	0	On Target	0.0%	
3.	SUPPLIES & SERVICES	33,191	12,203	20,988	Underspend	156,633	156,633	0	On Target	0.0%	
4.	TRANSPORT & PLANT	432	1,322	(890)	Overspend	2,709	2,709	0	On Target	0.0%	
5.	ADMINISTRATION COSTS	181,595	177,049	4,546	Underspend	841,728	833,130	8,598	Underspend	1.0%	
6.	PAYMENTS TO OTHER BODIES	0	0	0	On Target	0	0	0			
7.	CAPITAL FINANCING COSTS	0	0	0	On Target	8,127	8,127	0			
8.	REVENUE FINANCING COSTS	0	0	0	On Target	0	0	0			
9.	OTHER COSTS	0	0	0	On Target	0	0	0			
10.	TOTAL EXPENDITURE	1,974,145	1,822,566	151,579	Underspend	8,752,148	8,743,550	8,598	Underspend	0.1%	
11.	INCOME	2,028,744	2,023,733	(5,011)	Under-Recovery	8,838,053	8,838,053	0	On Target	0.0%	
12.	NET SURPLUS/(DEFICIT)	54,599	201,167	146,568	Increased surplus	85,905	94,503	8,598	Increased Surplus	10.0%	