

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

1. Purpose of Report

1.1. This report advises Committee of the Parks 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 £378,547 for this financial year. Whilst the 2011-2012 budget process recognised various budget pressures facing Services, it also resulted in the Parks Trading Account contributing around £454,000 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 £398,819, which is £20,272 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 Parks Trading Service 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, no high-risk areas have been identified which would have an adverse 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>
Parks Trading	£398,819	£20,272 increased surplus

Table 1

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

- 5.2.1. Based on the previous years expenditure and this year's actuals to date external vehicle hires and vehicle repairs are forecast to be over budget by £199,000.
- 5.2.2. Based on the previous years expenditure and this year's actuals to date protective clothing purchases are forecast to be over budget by £36,000.
- 5.2.3. Materials costs are projected to be £142,000 under budget. This is due to reduced work being carried out for Regeneration Services together with a forecast reduction in the purchase of litter bins.
- 5.2.4. External plant hire costs are projected to be £25,000 under budget.
- 5.2.5. There is a forecast net saving of £52,000 in other areas of expenditure. Tipping fees, landfill tax, property rates, and car allowances/leasing are projected to be under budget whereas metered water, energy costs, contract cleaning, subcontractors costs, ICT costs, and professional fees are projected to be over budget.
- 5.2.6. The Parks Trading Account incorporates a staff turnover requirement of £344,000, equivalent to 14 FTE staff. As at period 3, there are currently 12 FTE vacancies within the Service, with an associated saving of £132,000. This figure is calculated on the assumption that these vacant posts will be filled midway through 2011/12. In addition 9 posts have been vacated in 2011/12 as part of a workforce deployment saving for 2012/13. These posts have also been classified as turnover savings in 2011/12 providing a further saving of £325,000. The total saving of £457,000 exceeds the turnover savings requirement by £113,000. There are also savings arising from unfilled seasonal posts amounting to £123,000 and savings in national insurance of £58,000 resulting in a forecast underspend in employee costs of £300,000.
- 5.2.7. There is a projected under recovery in income of £284,000. This arises from the net reduction in expenditure as detailed above.

6. Management Actions

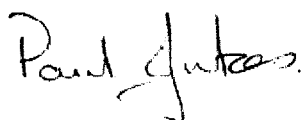
- 6.1. Management are continuing to monitor vacancy levels and assess the necessity for new appointments. Sickness absence levels are also being monitored in accordance with the Council's policy.
- 6.2. Overtime expenditure is being closely monitored throughout the service. This includes reviewing overtime working practices to rationalise/reduce the extent of overtime costs.
- 6.3. Vehicle hires continue to be reviewed in order to replace long term leases by short term hires to allow future flexibility and cost savings. Budgets for internal hires will be realigned in period 4 to take into account the effect of previous cost reductions.

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

Local Government Access to Information Act: for further information about this report, please contact Robert Colquhoun, Business Service Manager, Finance & Technology Solutions 01236 632444.

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

Appendix 1

1 April 2011 to 24 June 2011 (Period 3)

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	3,199,420	3,272,400	(72,980) Overspend	13,330,129	13,030,288	299,841 Underspend	2%	Excess turnover savings (£113k), savings in seasonal posts (£123k), and savings in national insurance (£58k)
2.	PROPERTY COSTS	167,244	161,109	6,135 Underspend	724,992	690,012	34,980 Underspend	5%	Savings in rates (£28k), tipping fees (£39k), landfill tax (£24k) and upkeep of grounds (£16k) offset by additional metered water (£14k), contract cleaning (£23k) and energy costs (£27k).
3.	SUPPLIES & SERVICES	415,530	569,910	(154,380) Overspend	1,744,512	1,684,072	60,440 Underspend	3%	Savings in materials requirements (£142k) and operational leasing costs (£14k), offset by additional ICT (£38k), protective clothing (£36k), and subcontractors costs (£15k).
4.	TRANSPORT & PLANT	792,405	941,230	(148,825) Overspend	3,765,795	3,888,274	(122,479) Overspend	-3%	Additional external vehicle hire costs and repairs (£199k) offset by savings in car mileage/leasing costs (£36k) and plant hire (£25k).
5.	ADMINISTRATION COSTS	628,763	619,706	9,057 Underspend	2,716,235	2,692,239	23,996 Underspend	1%	
6.	PAYMENTS TO OTHER BODIES	0	0	0	0	0	0	0%	
7.	CAPITAL FINANCING COSTS	39,912	39,912	0	173,001	173,001	0	0%	
8.	OTHER EXPENDITURE	2,319	1,342	977 Underspend	10,056	2,998	7,058 Underspend	70%	Additional Open Space & Cemeteries Section costs.
9.	REVENUE FINANCING COSTS	711	711	0	3,088	3,088	0	0%	
10.	TOTAL EXPENDITURE	5,246,304	5,606,320	(360,016) Overspend	22,467,808	22,163,974	303,834 Underspend	1%	
11.	INCOME	5,373,301	5,738,990	365,688 Over-Recovered	22,846,355	22,562,793	(283,562) Under-Recovered	-1%	Reduction in payment to contractor income (£438k) offset by additional Street Cleaning and other rechargeable income (£154k).
12.	SURPLUS/(DEFICIT)	126,998	132,670	5,672 Increased Surplus	378,547	398,819	20,272 Increased Surplus	5%	