

**NORTH LANARKSHIRE COUNCIL  
REPORT**

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

**1. Purpose of Report**

1.1. This report advises Committee of the Fleet Operations Trading Account's approved revenue budget for 2011-2012 and projected performance against this from 1<sup>st</sup> April to 24<sup>th</sup> 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 £75,948 for this financial year. Whilst the 2011-2012 budget process recognised various budget pressures facing Services, it also resulted in the Fleet Operations Trading Account contributing around £33,000 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 24<sup>th</sup> June 2011, the Service is projecting a year-end surplus of £85,738, which is £9,790 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 Fleet Operations Service business managers' control and cannot be spent.

**4. Risks and Uncertainty**

4.1. As highlighted in the Revenue Budget 2011-2012 report of 10<sup>th</sup> 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 is a possibility that due to a decrease in the number of fleet vehicles, income from other services and external customers may be reduced. This could 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.

<b>Service</b>	<b>Outturn Position (£s)</b>	<b>Analysis</b>
Fleet Operations	85,738	£9,790 increased surplus

Table 1

- 5.2. The key points to note regarding the projected outturn position include:
- 5.2.1. Materials, tyres, fuel and additional work are forecast to be overspent by £657,000. Hires are forecast to be underspent by £54,000. This expenditure is incurred on behalf of other services.
  - 5.2.2. These increased costs are recoverable from customers and contribute towards an over recovery in income of £394,000. 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 Fleet Operations.
  - 5.2.3. The Fleet Operations Trading Account incorporates a staff turnover requirement of £128,000, equivalent to 4.08 FTE. As at period 3, there are currently 11.00 FTE vacancies within the Service, with an associated gross saving of £269,000. Nine of these posts have been identified as future workforce deployment savings in 2012/13. In addition there are other employees leaving the service in the near future which is contributing £50,000 towards the variance. The result is a net projected employee underspend of £210,000.
- 5.3. A budget increase of £400,000 to assist with the fuel price increase was provided to client departments through the budget setting process 2011/12. A budget virement is reflected in the period 3 fleet accounts to recognise this, pending approval by Committee.

## **6. Management Actions**

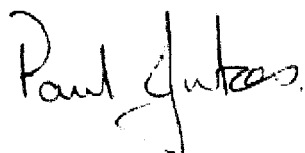
- 6.1. Management are continuing to monitor vacancy levels and assess the necessity for new appointments. Sickness absence levels are also being monitored in accordance with the Council's policy.
- 6.2. Management action is also being taken to ensure spend remains within budget, through maximising income 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 24<sup>th</sup> June 2011.
- 8.2. Members are asked to approve the above virement noted in 5.3.



**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**

**FLEET OPERATIONS - TRADING**

**FINANCIAL MONITORING REPORT - SUBJECTIVE ANALYSIS**

**1st April 2011 - 24th June 2011 (Period 3)**

**ENVIRONMENTAL SERVICES COMMITTEE**

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LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCE (5)		ANNUAL BUDGET (6)	PROVISIONAL OUTTURN (7)	PROVISIONAL OUTTURN VARIANCE (8)		% (9)	ANALYSIS (10)
		£	£	£		£	£	£			
1.	EMPLOYEE COSTS	891,268	864,844	26,424	Underspend	3,879,335	3,668,863	210,472	Underspend	5%	<p>There is an underspend of £237k for posts given up as Workforce Deployment savings. This is partially offset as the turnover saving of £128k is not being fully achieved.</p> <p>Increase in tyres (£112k), fuel (£281k) and external hires (£11k) supplied to customers recovered as income. There are overspends on additional work (£27k), materials (£237k) and vehicle insurance (£25k) partially offset by an underspend on plant and machinery (£19k) and inspections (£35k), internal hires (£35k) and some other minor variations.</p> <p>This overspend is for insurance write offs and end of lease charges which are recovered as income.</p> <p>Over-recovery of income relating to fuel (£323k) and additional work (£98k) partially offset by an under-recovery in external hires (£27k). The over-recovery of income is split between external customers (£39k) and internal customers (£355k).</p>
2.	PROPERTY COSTS	55,914	58,527	(2,613)	Overspend	331,258	340,268	(9,010)	Overspend	-3%	
3.	SUPPLIES & SERVICES	953,514	913,879	39,635	Underspend	4,142,142	4,126,391	15,751	Underspend	0%	
4.	TRANSPORT & PLANT	1,856,345	2,046,419	(190,074)	Overspend	6,407,770	7,007,725	(599,955)	Overspend	-9%	
5.	ADMINISTRATION COSTS	142,236	139,829	2,407	Underspend	622,573	604,776	17,797	Underspend	3%	
6.	PAYMENTS TO OTHER BODIES	0	19,123	(19,123)	Overspend	0	19,123	(19,123)	Overspend	-100%	
7.	CAPITAL FINANCING COSTS	292,248	292,248	0		1,266,796	1,266,796	0		0%	
8.	INTEREST ON REVENUE BALANCES	2,076	2,076	0		0	0	0		0%	
9.	OTHER EXPENDITURE	951	956	(5)	Overspend	4,110	4,115	(5)	Overspend	0%	
10.	TOTAL EXPENDITURE	4,194,552	4,337,901	(143,349)	Overspend	16,653,984	17,038,058	(384,074)	Overspend	-2%	
11.	INCOME	3,767,313	3,753,847	(13,466)	Under-Recovery	16,729,932	17,123,796	393,864	Over-Recovery	2%	
12.	SURPLUS/(DEFICIT)	(427,239)	(584,054)	(156,815)	Decreased Surplus	75,948	85,738	9,790	Increased Surplus	13%	