

**NORTH LANARKSHIRE COUNCIL
REPORT**

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

1. Purpose of Report

1.1. This report advises Committee of the Waste Management 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 £123,230 for this financial year. Whilst the 2011-2012 budget process recognised various budget pressures facing Services, it also resulted in the Waste Management Trading Account contributing around £1.2 million 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 £149,015, which is £25,785 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 Waste Management 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 Waste Management 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> |
|------------------|------------------------------|---------------------------|
| Waste Management | 149,015 | £25,785 increased surplus |

Table 1

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

- 5.2.1. Within Supplies & Services a £50,000 overspend on materials/subcontractors is expected. This overspend includes the cost of pest control and other day to day items.
- 5.2.2. Within Transport, plant and machinery repairs are anticipated to be £30,000 overspent.
- 5.2.3. The Waste Management Trading Activity budget incorporates a staff turnover requirement of £127,200, equivalent to 4.75 FTE staff. At period 3 there are currently 11 vacancies within the Service with an associated gross saving of £264,103. However, taking into account the staff turnover saving, the cost of funding staff as they work their redundancy notice period (£20,000), and other minor overspends, there is a forecast underspend in employee costs of £96,729

6. Management Actions

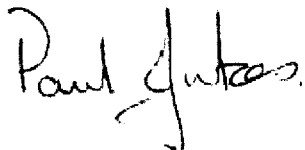
- 6.1. Management are continuing to monitor vacancy levels and assess the necessity for new appointments. Sickness absence levels are also being monitored in accordance with the Council's policy.
- 6.2. Management action is also being taken to ensure spend remains within budget, through maximising income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

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

WASTE MANAGEMENT SERVICES - TRADINGFINANCIAL MONITORING REPORT - SUBJECTIVE ANALYSIS1 April 2011 to 24 Jun 2011 (Period 3)

ENVIRONMENTAL SERVICES COMMITTEE

| LINE NO. (1) | DESCRIPTION (2) | BUDGET TO DATE (3) | ACTUAL TO DATE (4) | VARIANCE TO DATE (5) | | ANNUAL BUDGET (6) | PROVISIONAL OUTTURN (7) | PROVISIONAL OUTTURN VARIANCE (8) | | (9) | ANALYSIS (10) |
|-----------------|--------------------------|-----------------------|-----------------------|-------------------------|-------------------|----------------------|----------------------------|-------------------------------------|-------------------|------|--|
| | | £ | £ | £ | | £ | £ | £ | | | |
| 1. | EMPLOYEE COSTS | 940,390 | 934,841 | 5,549 | Underspend | 3,985,628 | 3,888,899 | 96,729 | Underspend | 2% | Vacancies freeze/Turnover savings |
| 2. | PROPERTY COSTS | 1,292,341 | 1,305,541 | (13,200) | Overspend | 5,881,446 | 5,896,446 | (15,000) | Overspend | 0% | Overspends on metered water (£10k) and contract cleaning (£5k) |
| 3. | SUPPLIES & SERVICES | 69,272 | 76,875 | (7,603) | Overspend | 397,317 | 446,423 | (49,106) | Overspend | -12% | Overspend on subcontractors (£50k) |
| 4. | TRANSPORT & PLANT | 435,551 | 436,343 | (792) | Overspend | 2,413,116 | 2,442,879 | (29,763) | Overspend | -1% | Overspends on plant and machinery hires (£30k). |
| 5. | ADMINISTRATION COSTS | 35,422 | 41,312 | (5,890) | Overspend | 1,531,107 | 1,508,182 | 22,925 | Underspend | 1% | Underspend on departmental overheads (£26k) |
| 6. | PAYMENTS TO OTHER BODIES | 7,406 | 7,406 | 0 | On Target | 28,000 | 28,000 | 0 | On Target | 0% | |
| 7. | CAPITAL FINANCING COSTS | 0 | 0 | 0 | On Target | 612,416 | 612,416 | 0 | On Target | 0% | |
| 8. | OTHER EXPENDITURE | 0 | 0 | 0 | On Target | 0 | 0 | 0 | On Target | 0% | |
| 9. | TOTAL EXPENDITURE | 2,780,382 | 2,802,318 | (21,936) | Overspend | 14,849,030 | 14,823,245 | 25,785 | Underspend | 0% | |
| 10. | INCOME | 393,863 | 375,948 | (17,915) | Under-Recovery | 14,972,260 | 14,972,260 | 0 | | 0% | |
| 11. | SURPLUS/(DEFICIT) | (2,386,519) | (2,426,370) | (39,851) | Decreased Surplus | 123,230 | 149,015 | 25,785 | Increased Surplus | 21% | |