

**NORTH LANARKSHIRE COUNCIL
REPORT**

To: ENVIRONMENTAL SERVICES COMMITTEE		Subject: REVENUE MONITORING REPORT ENVIRONMENTAL SERVICES 1 APRIL 2012 – 14 SEPTEMBER 2012 (PERIOD 6)
From: EXECUTIVE DIRECTOR OF ENVIRONMENTAL SERVICES		
Date: 30 OCTOBER 2012	Ref: PJ/RC/JM/P6	

1 Purpose of Report

- 1.1 This report advises the Environmental Services Committee on the overall financial position of the Service for the period 1st April 2012 to 14th September 2012. Variances are reported both for year-to-date and projected outturn, with major outturn variances highlighted.

2 Summary of Financial Position

- 2.1 The Service is projecting a year-end overspend of £209,437 from non-trading services. The main reasons for this are an overspend in Planning and Development of £932,000, mainly due to a shortfall in Planning and Building Warrant fee income and an overspend in Roads and Transportation of £127,000 which is primarily due to street lighting. These overspends are partially offset by an underspend in Land Services £623,000 mainly as a result of gate fee savings within Waste Management, and an underspend in Protective Services of £227,000, mainly due to employee cost savings. This forecast is an improvement of £154,000 since Period 5 mainly due to increased Roads PPP efficiency income and also minor savings on sub contractors and consumables across the Service. Further details in relation to these variances can be found in section 4 overleaf.
- 2.2 Waste Management Services are awaiting final approval of a grant award from the Scottish Government in respect of one off costs in relation to the roll out of the food waste scheme. The Council have applied for a £1.4m grant covering the current financial year until 2014/15. Once approved this grant will offset the current overall Environmental Services projected overspend.
- 2.3 The Trading Accounts are projecting surpluses in accordance with budget.

3 Risks and Uncertainty

- 3.1 The most significant risk the Service is facing is the potential for a severe winter similar to recent years. Following finalisation of the 2011/12 accounts the Council currently has a severe winter contingency fund of £1.096m however there is a risk that this might be insufficient depending on the extent of the weather this coming winter.
- 3.2 Within Waste Management Services the projections are based on the current economic climate in terms of the commodities market and waste arisings remaining stable. These factors are out-with Waste Management Services control and if they vary, could have a significant impact on the service's outturn position.
- 3.3 The Council has recently been served with a legal action relating to a Planning issue. Although the council is confident in its position to defend this action there is a risk of approximately £2m should the outcome of the action be found against the Council. There are also a number of other legal actions which the Service may face mainly relative to equal pay claims and judicial review petitions regarding planning decisions. These have resulted in projected unbudgeted legal costs, to date of £74,000, which could significantly increase further.

4 Major Variations from Budget

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

Service	Provisional Outturn Position (£s)	Analysis
Directorate & Support	0	On target – Employee savings £91k offset mainly by continued Truck simulator costs £49k and security costs £27k.
Land Services	622,677	Underspend – mainly due to income associated with recycling tonnage £327k, recycling centre tonnage changes £233k and changes in the food waste scheme roll out £99k. Employee savings £180k offset by additional transport costs.
Facility Support	0	On target – reduced employee costs and income in line with reduced service requirements £167k.
Planning and Development	(931,916)	Overspend – mainly decreased income from Planning and Building Warrant fees
Roads and Transportation	(126,727)	Overspend – Street Lighting £343k, legal fees £58k partly offset by employee savings £161k and increased income £109k
Protective Services	226,529	Underspend - Mainly due to savings in employee costs £144k and increased landlord registration income £32k and other income £27k
Regeneration and Infrastructure	0	On Target – No major variances.
Non Trading Sub	209,437	Overspend
Trading Accounts	0	On target
Totals	209,437	Overspend

Table 1

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

- 4.2.1 There is a forecast shortfall in Planning (£258,000) and Building Warrant fee (£786,000) income totalling £1,044,000. As previously reported consultation is taking place regarding proposed new Planning fees which could increase this income in the future to some degree but this is now unlikely to impact before April 2013.
- 4.2.2 There is a projected overspend of £343,000 in street lighting energy costs for this year mainly arising from the impact of a further 10.23% price increase effective from April 2012. This overspend is being partly offset by an over recovery in income of £196,000 related to efficiency returns on the roads contract.
- 4.2.3 In Waste management there is a projected underspend on gates fee due to a favourable tender return for recycling tonnage for the remainder of the year, which will result in an income per tonne for the Council instead of a gate fee cost £327,000, reduced costs for recycling centre tonnage £233,000 and also changes in the food waste scheme roll out £99,000. There is also a reduced payment to the Trading Account due to changes to Auchinlea Landfill closure assumptions of

£87,000. These underspends are partly offset by increased transport requirements of £123,000.

4.2.4 In Land Management there is a saving in the payment to the Trading Account of £289,000 mainly due to savings in materials and transport and plant required to remain on budget to reflect a reduced work programme. This also results in an under-recovery in income from Learning & Leisure Services of £200,000 and other services £275,000. This is offset by increased cemetery fee income of £155,000.

4.3 The service is currently operating with an establishment of 1394 FTEs and is projecting an underspend on employee costs of £905,000 (including overtime and other staff costs). This underspend is in addition to budgeted turnover savings of £1,143,000 (37 FTEs). These savings are primarily attributable to current vacant posts within the Service (118 FTE), which result in a potential full year saving of £1,957,000.

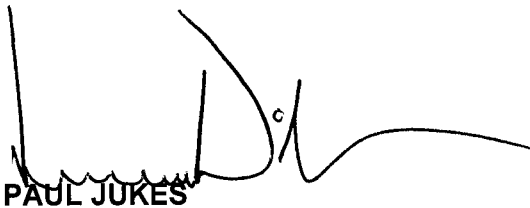
4.4 Payments to agencies and other bodies account for £20,596,000 of the annual budget, which is a movement of £273,000 since period 5. This is primarily to reflect the incorporation of Regeneration and Infrastructure grant funding budgets for Business Support Programmes, Revenue Leverage Fund and Sustainable Business Growth. This budget is forecast to be underspent by £173,000, mainly due to a reduction in payments to private contractors by Roads and Transportation which is being projected to offset additional roads design and advice fees of £125,000, and also an underspend in Pest Control sub contractor costs of £41,000. Appendix 3 highlights the range of payments that are made to other bodies.

5 Financial Concurrence

5.1 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.

6 Recommendations

6.1 It is recommended that the contents of this report be noted.



PAUL JUKES
EXECUTIVE DIRECTOR OF ENVIRONMENTAL SERVICES

Local Government Access to Information Act: for further information about this report, please contact Robert Colquhoun, Business Service Manager, Finance & Technology Solutions on 01236 6324

NORTH LANARKSHIRE COUNCIL
ENVIRONMENTAL SERVICES SUMMARY
FINANCIAL MONITORING REPORT - SUBJECTIVE ANALYSIS

Appendix 1

1st APRIL 2012 - 14th SEPTEMBER 2012 (PERIOD 6)

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)	PROVISIONAL OUTTURN VARIANCE (8)	% (9)	ANALYSIS (10)
		£	£	£	£	£	£	%	
1.	DIRECTORATE & SUPPORT	1,618,570	1,641,263	(22,693) Overspend	0	(0)	0 On Target	0.0%	Employee vacancy savings £91k, offset by overspends for additional equal pay legal fees £44k and Truck simulator £49k
2.	LAND SERVICES	20,581,058	20,161,474	419,584 Underspend	50,181,065	49,558,388	622,677 Underspend	1.2%	Gate Fees underspend due to income associated with recycling tonnage £327, reduced recycling centre tonnage costs £233k and changes to food waste roll out scheme £99k. Underspend on payment to trading accounts £289k due to reduced work requirements and changes in Auchinela Landfill closure £87k. Reduced grounds maintenance income £475k offset by increased cemetery fee income £155k. Employee cost savings £180k.
3.	FACILITY SUPPORT	194,796	8,554	186,242 Underspend	688,212	688,212	0 On Target	0.0%	Reduced employee costs £167k to meet service requirements offset by reduced income.
4.	PLANNING	1,423,449	1,835,546	(412,098) Overspend	4,683,989	5,615,905	(931,916) Overspend	-19.9%	Under recovery of Planning and Building Warrant fee income £1,044k offset by savings in employee costs £155k.
5.	ROADS & TRANSPORTATION	9,420,834	9,235,881	184,953 Underspend	31,942,337	32,069,064	(126,727) Overspend	-0.4%	Increase in Street Lighting costs £343k and legal fees £58k offset by employee cost savings £161k and increased income £109k
6.	PROTECTIVE SERVICES	2,670,337	2,639,245	31,092 Underspend	7,296,633	7,070,104	226,529 Underspend	3.1%	Employee vacancy savings £144k and increased income for Landlord Registrations £32k and other income £27k
7.	REGENERATION & INFRASTRUCTURE	3,259,873	3,223,700	36,173 Underspend	10,279,756	10,279,756	0 On Target		
8.	NET EXPENDITURE	39,168,917	38,745,663	423,253 Underspend	105,071,992	105,281,429	(209,437) Overspend	-0.2%	

NORTH LANARKSHIRE COUNCIL
ENVIRONMENTAL SERVICES SUMMARY
FINANCIAL MONITORING REPORT - SUBJECTIVE ANALYSIS
1st APRIL 2012 - 14th SEPTEMBER 2012 (PERIOD 6)

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)	PROVISIONAL OUTTURN VARIANCE (8)	% (9)	ANALYSIS (10)
		£	£	£	£	£	£	%	
1	EMPLOYEE COSTS	19,482,934	18,866,782	616,152 Underspend	43,941,988	43,037,158	904,830 Underspend	2.1%	Vacancies exceeding turnover savings.
2	PROPERTY COSTS	2,101,638	2,056,576	45,062 Underspend	5,559,447	5,810,372	(250,925) Overspend	-4.5%	Overspend on truck simulator costs £49k. Increased payment to Land Management trading operation £175k
3	SUPPLIES & SERVICES	16,367,781	16,021,865	345,916 Underspend	38,618,438	37,895,302	723,136 Underspend	1.9%	Increased Street Lighting costs £343k offset by savings in gate fees £659k and payment to trading accounts £551k
4	TRANSPORT & PLANT	1,593,944	1,479,907	114,037 Underspend	4,184,629	4,278,397	(93,768) Overspend	-2.2%	Increased transport requirements £164k, offset by reduced fuel costs £75k
5	ADMINISTRATION COSTS	2,115,969	2,244,899	(128,930) Overspend	12,583,573	12,858,700	(275,127) Overspend	-2.2%	Unbudgeted legal fees £74k and other minor admin costs. Increased Roads design and advice fees £125k
6	PAYMENTS TO OTHER BODIES (See Overleaf Appendix 3)	6,363,509	6,361,281	2,227 Underspend	20,596,541	20,423,941	172,600 Underspend	0.8%	Reduced Roads payments to private contractors to offset Roads design and advice fees increase £125k underspend on Pest control subcontractors £41k
7	CAPITAL FINANCING COSTS	5,905,640	5,905,640	0 On Target	16,766,669	16,766,669	0 On Target	0.0%	
8	REVENUE FINANCING COSTS	0	0	0	0	0	0	0.0%	
9	OTHER EXPENDITURE	747,677	748,917	(1,240) Overspend	3,306,686	3,311,689	(5,003) Overspend	-0.2%	
10	CFCR	0	0	0 On Target	0	0	0 On Target	0.0%	
11	TOTAL EXPENDITURE	54,679,092	53,685,868	993,224 Underspend	145,557,971	144,382,228	1,175,743 Underspend	0.8%	
12	INCOME	15,510,175	14,940,205	(569,971) Under-recovery	40,485,979	39,100,799	(1,385,180) Under-recovery	-3.4%	Reduction in Planning & Development fee income £1,044k. Reduced Land Management income from Learning & Leisure and other services £475k. Increased income cemetery fees £155k and Roads contract efficiencies £196k
13	NET EXPENDITURE	39,168,917	38,745,663	423,253 Underspend	105,071,992	105,281,429	(209,437) Overspend	-0.2%	

NORTH LANARKSHIRE COUNCIL
ENVIRONMENTAL SERVICES SUMMARY
FINANCIAL MONITORING REPORT - PAYMENTS TO AGENCIES & OTHER BODIES
1st APRIL 2012 - 14th SEPTEMBER 2012 (PERIOD 6)

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)	PROVISIONAL OUTTURN VARIANCE (8)	% (9)	ANALYSIS (10)	
		£	£	£	£	£	£	%		
1	PUBLIC ANALYST FEES	143,558	143,558	0 On Target	376,659	376,659	0 On Target	0.0%		
2	VOLUNTARY ORGANISATIONS	254,012	254,012	0 On Target	509,343	509,343	0 On Target	0.0%		
3	AMEY PUBLIC SERVICES	3,375,611	3,375,610	0 On Target	12,660,567	12,660,567	0 On Target	0.0%		
4	PAYMENTS TO CONTRACTORS - ROADS	509,540	509,540	0 On Target	2,132,000	2,006,918	125,082 Underspend	5.9%	Reduced spend on private contractors to offset internal Roads design and advice fees.	
5	TOWN CENTRE INITIATIVES	586,850	586,850	0 On Target	866,000	866,000	0 On Target	0.0%		
6	MEDICAL FEES	28,036	28,036	0 On Target	135,036	135,036	0 On Target	0.0%		
7	NL PARTNERSHIP FUNDING	714,684	714,684	0 Underspend	1,450,909	1,450,909	0 On Target	0.0%		
8	BUSINESS GATEWAY CONTRACT	502,604	502,604	0 On Target	1,450,000	1,450,000	0 On Target	0.0%		
9	COMMUNITY ENGAGEMENT	22,625	22,625	0 On Target	81,334	81,334	0 On Target	0.0%		
10	LOCAL DEVELOPMENT PROGRAMME	20,303	20,303	0 On Target	200,000	200,000	0 On Target	0.0%		
11	OTHER	205,686	203,459	2,227 Underspend	734,693	687,175	47,519 Underspend	6.5%		Underspend on Pest control subcontractors
12	TOTAL EXPENDITURE	6,363,509	6,361,281	2,228 Underspend	20,596,541	20,423,941	172,600 Underspend	0.8%		