

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

**1 Purpose of Report**

1.1 This report advises the Environmental Services Committee on the overall financial position of the Catering Trading Account for the period 1<sup>st</sup> April 2012 to 14<sup>th</sup> September 2012. Variances are reported for both year-to-date and projected outturn, with major outturn variances being highlighted and explained.

**2 Summary of Financial Position**

2.1 The Service is projecting a year-end surplus of £319,789, which is in line with budget.

**3 Risks and Uncertainty**

3.1 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 stage in the year, there are no significant risks relating to the Catering 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.

**4 Major Variations from Budget**

4.1 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>
Catering Trading	319,789	On budget

Table 1

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

4.2.1 Overall school meal uptake during periods 1 to 6 was down by 1.04% from 35.46% to 34.42% compared to last year. Paid meal numbers are down 7.73%, however free meal numbers continue to increase and are up 5.36%. It should be noted that with the introduction of a 5p per meal price increase in April 2012, the meal selling price is now 3% higher than 2011/12. This means that cash receipts equate to fewer meal numbers than 2011/12 and uptake is lower as a result. Overall, school meal cash income is projected to be lower than budget by £422,000. Of this projected cash shortfall, £273,000 is as a result of increased free meal entitlement causing migration from paid meal income and is recovered through additional free meal subsidy charges.

4.2.2 Civic and Leisure catering is currently projecting a trading loss of £41,000. This is mainly as a result of income being lower than budget however management action is in progress to return this activity to budget.

4.2.3 For the 2012/13 budget, provision was made for food inflation. National statistics show an annual rise of 2.2% on food groups as at August 2012. However, expenditure on food ingredients is lower than budget by £221,000, in line with projected income being lower than budgeted for.

4.3 Management identified the following efficiencies and savings to ensure the service remains in a balanced budget position:

4.3.1 The Catering Trading Activity budget incorporates a staff turnover requirement of £254,000, equivalent to 13.55 FTE. There are currently 20.20 FTE vacancies within the service, which can be considered management action, as stricter controls have been put on vacancies across the service. The gross annual saving associated with these vacancies is £289,000. The actual projected employee underspend, in line with service delivery requirements, is £258,000.

## **5 Management Actions**

5.1 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.

5.2 Management action is also being taken to ensure spend remains within budget, through maximising income and minimising non essential expenditure.

## **6 Financial Concurrence**

6.1 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.

## **7 Recommendations**

7.1 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 01236 632444.

NORTH LANARKSHIRE COUNCIL

CATERING TRADING ACCOUNT

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)	PROJECTED OUTTURN (7)	PROJECTED OUTTURN VARIANCE (8)		% (9)	ANALYSIS (10)
		£	£	£		£	£	£		%	
1.	EMPLOYEE COSTS	3,976,270	3,886,142	90,128	Underspend	8,970,383	8,712,700	257,683	Underspend	3%	Employee costs managed in line with service demand. Underspends within Social Work catering £30k, Civic and Leisure catering £30k, and education catering £198k.  Underspends within Civic and Leisure catering £99k, Social Work catering £145k, and education catering £26k in line with service demand.
2.	PROPERTY COSTS	70,448	66,381	4,067	Underspend	166,794	168,395	(1,601)	Overspend	-1%	
3.	SUPPLIES & SERVICES	1,603,256	1,398,245	205,011	Underspend	4,674,629	4,404,897	269,732	Underspend	6%	
4.	TRANSPORT & PLANT	300,529	308,609	(8,080)	Overspend	665,503	680,611	(15,108)	Overspend	-2%	
5.	ADMINISTRATION COSTS	891,297	891,837	(540)	Overspend	2,084,424	2,088,952	(4,528)	Overspend	0%	
6.	PAYMENTS TO OTHER BODIES	0	0	0	On Target	0	0	0	On Target	0%	
7.	REVENUE FINANCING COSTS	0	0	0		7,205	7,205	0	On Target	0%	
8.	CAPITAL FINANCING COSTS	0	0	0	On Target	20,313	20,313	0	On Target	0%	
9.	OTHER COSTS	18,736	15,380	3,356	Underspend	40,598	40,606	(8)	Overspend	0%	
10.	TOTAL EXPENDITURE	6,860,536	6,566,594	293,942	Underspend	16,629,849	16,123,680	506,169	Underspend	3%	
11.	INCOME	5,650,690	5,473,074	(177,616)	Under-Recovery	16,949,638	16,443,469	(506,169)	Under-Recovery	-3%	School income lower £142k due to a fall in paid meal uptake following price rise and increase in free meal entitlement. Social Work recharges lower due to reduced expenditure £169k. Civic and Leisure income lower £195k.
12.	NET SURPLUS/(DEFICIT)	(1,209,846)	(1,093,519)	116,327	Increased Surplus	319,789	319,789	0	On Target	0%	