

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

**1. Purpose of Report**

1.1 This report advises the Environmental Services Committee on the overall financial position of the Fleet Operations 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 £75,948 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.

3.2 186 external leases (17.8% of total leases) are due to expire in September and December of this financial year and the PPP companies are considering whether to renew the lease. The leases that were due to expire in September have been extended for three months with the exception of 16 Morrisons and 16 Saltire vehicles that have been returned to the Council. Communication with the companies is ongoing and the impact of this will be closely monitored.

**4. Major Variations from Budget**

4.1 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>
Fleet Operations Trading	75,948	On budget

Table 1

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

4.2.1 Within Transport and Plant, materials, additional work and tyres are forecast to be overspent by £314,000 offset by an underspend in fuel of £384,000 and insurance £31,000.

- 4.2.2 Within Supplies & Services, hires are forecast to be overspent by £321,000 and leasing is forecast to be underspent by £234,000.
- 4.2.3 There is a projected overspend of £100,000 for end of lease charges and insurance write-offs. The majority of this expenditure is recovered in full as income.
- 4.2.4 As Fleet is a demand led service this leads to the overspends above. However there is an over recovery in income of £13,000 to offset this. Services are notified on a regular basis of their charges in order that they can take full recognition of the implications of their decisions.
- 4.3 Management have identified the following efficiencies and savings to ensure the service remains in a balanced budget position:
- 4.3.1 The budget incorporates a staff turnover requirement of £116,000, equivalent to 3.56 FTE staff. There are currently 4 FTE vacancies within the Service, with an associated gross saving of £126,000. There are also known vacancies for the rest of the financial year increasing the saving by £24,000. The service is currently forecasting an underspend of £33,000.

## **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 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 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 VARIANCE (5)		ANNUAL BUDGET (6)	PROVISIONAL OUTTURN (7)	PROJECTED OUTTURN VARIANCE (8)		% (9)	ANALYSIS (10)	
		£	£	£		£	£	£				
1.	EMPLOYEE COSTS	1,601,349	1,591,057	10,292	Underspend	3,518,235	3,485,094	33,141	Underspend	1%	Vacancies and overtime.	
2.	PROPERTY COSTS	132,557	120,741	11,816	Underspend	365,020	356,388	8,632	Underspend	2%		
3.	SUPPLIES & SERVICES	1,675,083	1,695,370	(20,287)	Overspend	3,637,338	3,723,761	(86,423)	Overspend	-2%		Overspend on external hires £321k partially offset by an underspend on leasing £234k.
4.	TRANSPORT & PLANT	3,357,458	3,371,902	(14,444)	Overspend	6,579,878	6,436,110	143,768	Underspend	2%		Underspend on inspections £18k, plant and machinery £13k, insurance £31k, fuel £384k, external hires £5k and travel costs £5k. Partially offset by an overspend on materials £237k and tyres £17k and additional work £59k.
5.	ADMINISTRATION COSTS	239,957	255,849	(15,892)	Overspend	525,986	537,803	(11,817)	Overspend	-2%		
6.	PAYMENTS TO OTHER BODIES	0	39,043	(39,043)	Overspend	0	100,000	(100,000)	Overspend	-100%		Overspend in insurance write offs and end of lease charges recovered as income.
7.	CAPITAL FINANCING COSTS	367,615	367,615	0		796,565	796,565	0		0%		
8.	INTEREST ON REVENUE BALANCES	0	0	0		0	0	0		0%		
9.	OTHER EXPENDITURE	1,902	2,820	(918)	Overspend	4,110	4,572	(462)	Overspend	-11%		Minor overspend in miscellaneous costs.
10.	TOTAL EXPENDITURE	7,375,921	7,444,397	(68,476)	Overspend	15,427,132	15,440,293	(13,161)	Overspend	0%		
11.	INCOME	7,154,670	7,097,240	(57,430)	Under-Recovery	15,503,080	15,516,241	13,161	Over-Recovery	0%	Over-recovery for additional work £270k, external hires £324k and miscellaneous income £73k. Partially offset by an under recovery on insurance £22k, fuel £390k, bus routes £37k and internal hires £206k.	
12.	SURPLUS/(DEFICIT)	(221,251)	(347,156)	(125,905)	Decreased Surplus	75,948	75,948	0	On Target	0%		