

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

1 Purpose of Report

- 1.1 This report advises the Environmental Services Committee on the overall financial position of the Land Management Trading Account for the period 1st April 2012 to 14th 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 £378,547, 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 high-risk areas identified which would 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.

4 Major Variations from Budget

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

Service	Outturn Position (£s)	Analysis
Land Management Trading	378,547	On budget

Table 1

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

- 4.2.1 Significant savings were budgeted through the implementation of alternative working practices which resulted in 7 day working. Implementation started this year, but as a result there has been additional expenditure incurred to date on overtime working and vehicle hires in assimilating the changes involved. Steps are being taken by management to recover the adverse position in these areas of expenditure as noted in 5.2 and 5.4 below.
- 4.2.2 Employee costs are projected to overspend £123,000. This is due to a shortfall in turnover savings of £108,000 as noted in 4.3.1 below and a projected overspend in Estates Maintenance employee costs of £166,000. The latter arises from delays in the restructuring of this function. These cost pressures have been partially offset by savings in seasonal employee costs and national insurance payments of £151,000.
- 4.2.3 Supplies and services are projected to underspend by £162,000 comprising of savings in sub-contracting costs of £132,000, and in machinery leasing of £67,000 (see 5.3 below). These savings are partially offset by projected increased protective clothing purchases of £35,000, as a result of increased staffing levels in street cleaning.

4.2.4 Transport and Plant is projected to underspend by £182,000, comprising savings of £181,000 in plant machinery purchases, internal hires of £84,000, fuel of £33,000, and car allowances of £44,000. These savings are partially offset by projected overspends in external hires of £134,000 and additional work of £29,000.

4.2.5 There is a projected over recovery of Street Cleaning and other rechargeable income of £49,000, due to increased demand. This, in addition to the overall expenditure savings of £240,000 results in reduced income of £289,000 from the client.

4.3 The budget incorporates a staff turnover requirement of £320,000, equivalent to 17 FTE staff. There are currently 13 FTE vacant posts within the Service, with an associated gross saving of £212,000. Therefore, at this stage, turnover savings fall short of those budgeted by £108,000.

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 Overtime expenditure is being closely monitored throughout the service. This includes reviewing overtime working practices to rationalise/reduce the extent of overtime costs.

5.3 Consumable materials, sub-contracting costs, machinery purchases and leases are being carefully rationed, in order to recover shortfalls in other areas.

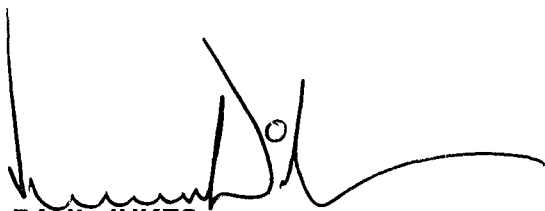
5.4 Vehicle hires continue to be reviewed in order to replace expired long term leases by short term hires to allow future flexibility and cost savings.

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
LAND MANAGEMENT - TRADING
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 VARIANCE (5)	ANNUAL BUDGET (6)	PROJECTED OUTTURN (7)	PROJECTED OUTTURN VARIANCE (8)	(9)	ANALYSIS (10)
		£	£	£	£	£	£		
1.	EMPLOYEE COSTS	5,759,137	5,841,357	(82,220) Overspend	11,505,783	11,628,477	(122,694) Overspend	-1%	Shortfall in turnover savings £108k and additional Estates costs £166k, less savings in seasonal posts £151k. Savings in subcontracting £132k and machinery leasing £67k offset by increase in protective clothing £35k. Savings in plant machinery purchase £181k; internal hires £84k; fuel £33k; car allowances £44k; offset by external hires overspend £134k, and additional work overspend of £29k. Various minor savings.
2.	PROPERTY COSTS	260,377	253,121	7,256 Underspend	564,209	563,800	409 Underspend	0%	
3.	SUPPLIES & SERVICES	693,243	649,726	43,517 Underspend	1,502,067	1,340,028	162,039 Underspend	11%	
4.	TRANSPORT & PLANT	1,453,502	1,470,664	(17,162) Overspend	3,018,485	2,836,734	181,751 Underspend	6%	
5.	ADMINISTRATION COSTS	1,136,034	1,136,010	25 Underspend	2,461,496	2,447,229	14,267 Underspend	1%	
6.	PAYMENTS TO OTHER BODIES	0	0	0	0	0	0	0%	
7.	CAPITAL FINANCING COSTS	125,257	125,257	0 On Target	271,391	271,391	0 On Target	0%	
8.	OTHER EXPENDITURE	4,639	4,462	177 Underspend	10,056	5,513	4,543 Underspend	45%	
9.	REVENUE FINANCING COSTS	1,425	1,425	0 On Target	3,088	3,088	0 On Target	0%	
10.	TOTAL EXPENDITURE	9,433,615	9,482,022	(48,407) Overspend	19,336,575	19,096,260	240,315 Underspend	1%	
11.	INCOME	9,570,100	9,505,797	(64,303) Under-Recovered	19,715,119	19,474,803	(240,316) Under-Recovered	-1%	
12.	SURPLUS/(DEFICIT)	136,485	23,775	(112,710) Reduced Surplus	378,544	378,544	(0) On Target	0%	