

To: ENVIRONMENTAL SERVICES COMMITTEE		Subject: REVENUE MONITORING REPORT WASTE 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/CM/P6	

**1. Purpose of Report**

1.1 This report advises the Environmental Services Committee on the overall financial position of the Waste Management 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 £123,230, 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 Projections are based on the current economic climate in terms of the commodities market and waste arisings remaining stable. These factors are outwith Waste Management Services control and if they vary, could have a significant impact on the service's outturn position. 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.

<i>Service</i>	<i>Outturn Position (£s)</i>	<i>Analysis</i>
Waste Management Trading	123,230	On budget

Table 1

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

4.2.1 The Council will be aware of the plans to close Auchinlea landfill site. However as a result of a time delay in closing this site, there is an anticipated overspend in landfill Tax of £934,000, due to NLC continuing to landfill at Auchinlea. This is compensated by a saving in tipping fees of £1,236,000, as a result of not having to tip on a third party site as early as budgeted.

- 4.2.2 ICT costs are forecast to be £27,000 overspent due to ongoing support and maintenance for ICT systems. The current budgetary provision is insufficient to cover these costs. The service will work towards identifying a permanent budget virement to correct this.
  - 4.2.3 The delay in the closure of Auchinlea, and a management decision to extend the use of vehicles and plant to assist with the restoration work after the site closes, has resulted in overspends in various transport lines. It is forecast that plant and machinery hires will be £45,000 overspent and repairs and materials £35,000 overspent. Vehicle contract hires are anticipated to be £26,000 overspent and fuel £70,000 overspent. It is also forecast that additional work will be £84,000 overspent as a result of the increased cost of parts and tyres recharged from Fleet Operations.
  - 4.2.4 Training is anticipated to be £27,000 overspent mainly due to additional IOSH/CPC training requirements.
  - 4.2.5 Uplift of trade waste is forecast to be under-recovered by £130,000 which is mainly due to the loss of the external customer contracts and the effect of the credit crunch on local businesses. Royalties are anticipated to be under-recovered by £43,000 based on last year's receipts.
- 4.3 Management have identified the following efficiencies and savings to ensure the service remains in a balanced budget position:
- 4.3.1 External vehicle hires are forecast to be £24,000 underspent due to increased monitoring of vehicle requirements.
  - 4.3.2 Income from scrap, cardboard and textiles is forecast to be £83,000 over-recovered due to a combination of increased tonnage and increased rates.
  - 4.3.3 Income from tipping fees is projected to be £28,000 over-recovered due to the anticipated delay in the closure of Auchinlea Landfill Site.
  - 4.3.4 The Waste Management Trading Activity budget incorporates a staff turnover requirement of £110,000, equivalent to 4.71 FTE staff. There are currently 20 FTE vacancies within the Service with an associated gross saving of £445,000. However, taking into account the staff turnover saving, anticipated filling of vacancies, and other minor overspends, there is a net forecast underspend in employee costs of £193,000.

## **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.

A handwritten signature in black ink, appearing to read 'Paul Jukes', with a long horizontal flourish extending to the right.

**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**  
**WASTE MANAGEMENT SERVICES - TRADING**  
**FINANCIAL MONITORING REPORT - SUBJECTIVE ANALYSIS**  
**1st April 2012 to 14th September 2012 (Period 6)**

**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	1,791,194	1,683,215	107,979	Underspend	3,956,636	3,763,647	192,989	Underspend	5%	Vacancies.
2.	PROPERTY COSTS	3,042,127	2,549,282	492,845	Underspend	7,312,562	7,029,809	282,753	Underspend	4%	£934k overspend on Landfill Tax and £20k overspend on other property costs, off-set by £1,236k underspend on tipping fees.
3.	SUPPLIES & SERVICES	196,875	271,270	(74,395)	Overspend	441,321	500,839	(59,518)	Overspend	-13%	£27k overspend on ICT purchase & maintenance, £20k overspend on consumables & £8k on subcontractors.
4.	TRANSPORT & PLANT	955,117	1,069,042	(113,925)	Overspend	2,487,727	2,720,229	(232,502)	Overspend	-9%	Overspends of £70k on fuel, £26k on contract hires, £35k on repairs & materials, £45k on plant & machinery & £84k on additional work, partly off-set by £24k underspend on external hires.
5.	ADMINISTRATION COSTS	90,831	102,175	(11,344)	Overspend	634,079	666,266	(32,187)	Overspend	-5%	£27k overspend on training, £3k overspend on legal fees & £2k overspend on membership fees.
6.	PAYMENTS TO OTHER BODIES	17,501	17,501	0	On Target	28,000	30,000	(2,000)	Overspend	-7%	
7.	CAPITAL FINANCING COSTS	211,569	211,569	0	On Target	699,180	699,180	0	On Target	0%	
8.	TOTAL EXPENDITURE	6,305,214	5,904,055	401,159	Underspend	15,559,505	15,409,969	149,536	Underspend	1%	
9.	INCOME	6,358,783	5,958,755	(400,028)	Under-Recovery	15,682,735	15,533,199	(149,536)	Under-Recovery	-1%	Under-recovery of trade waste £130k, payment to contractor £87k, and Royalties £43k. Partly off-set by over-recovery of scrap/cardboard income £83k & tipping fees £28k.
10.	SURPLUS/(DEFICIT)	53,569	54,700	1,131	Increased Surplus	123,230	123,230	(0)	On Target	0%	