

To: POLICY & RESOURCES (FINANCE & CUSTOMER SERVICES) SUB-COMMITTEE	Subject: REVENUE MONITORING REPORT 01.04.12 – 13.09.13
From: HEAD OF FINANCIAL SERVICES	TRADING ACCOUNTS AND PPP SUMMARY (PERIOD 6)
Date: 18 <sup>th</sup> October 2013	Ref: KH/KS/FR/RG

### 1. Purpose of Report

1.1. This report advises members on the overall financial position of Environmental Services Trading Accounts plus the expected return from the Public Private Partnerships for the financial year to 13<sup>th</sup> September 2013. Major outturn variances are highlighted and explained.

### 2. Summary of Financial Position

- 2.1. The Council approved its General Fund Revenue Budget on 14 February 2013. This budget includes some £0.947m of approved surpluses for the Trading Accounts, and £1.650m income relating to turnover within the Housing & Non-Housing Repairs and Maintenance contract with MSL.
- 2.2. At Period 6, all Trading Accounts are reporting delivery of their approved surpluses by the financial year end.
- 2.3. Corporate Services and Housing & Social Work Services are the key clients of the MSL contract. As at period 6, these Services anticipate that the minimum turnover (£26.3m) required to realise the budgeted income of £1.650m will be achieved.
- 2.4. As part of the Council's approved three-year savings package, trading accounts budgets incorporate £0.245m of savings. Services currently envisage 100% of these approved savings will be achievable by the financial year-end.

### 3. Analysis of Significant Variations

- 3.1. Per paragraph 3.2 above, all Trading operations envisage achieving their budgeted surplus by the financial year-end. There are a number of offsetting underspends and overspends contributing to this, all of which are highlighted within individual Trading reports per the Financial Regulations.
- 3.2. There are presently no variations identified regards the budgeted PPP income (£1.650m).

### 4. Trading Accounts – Statutory Position

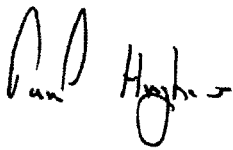
- 4.1. Given the statutory requirement under the Local Government Scotland Act (2003) for trading accounts to achieve at least break-even on a rolling three-year basis, current year projections must be considered alongside performance in each of the last two financial years. In doing so, all the Trading Accounts are currently on target to achieve at least a break-even position on a rolling three-year basis.
- 4.2. Committee is aware that in concluding 2011/12 year-end, the Council's auditors Scott Moncrieff requested a review of the parameters used to identify trading operations. The Council completed this internal review in 2012/13, but delayed presenting its findings in order to incorporate the LASAAC recommendations being considered at the CIPFA Directors of Finance meeting in May 2013.

4.3. In presenting its findings to CIPFA Directors of Finance, LASAAC recommended; "***The identification of an STO should focus only on those services or activities which are external to the 'single entity' local authority and which are not statutory in nature. Externally provided services should be separated out and any cross-subsidisation identified.***"

4.4. Taking this new LASAAC guidance – which was formally endorsed by CIPFA Directors of Finance - at face value, it appears the Council will no longer have to maintain the same number of Statutory Trading Accounts. However, given the Council will continue for example to provide fleet services to external organisations, some trading operations may still be required. Regeneration & Environmental Services will assess requirements with a view to advising Committee of the future strategic direction of significant trading accounts.

## **5. Recommendations**

5.1. Members are requested to note the contents of the report, and the future implication for the Council's trading activities.

A handwritten signature in black ink, appearing to read "Paul Hughes". The signature is written in a cursive style with a large initial "P" and "H".

**Head of Financial Services**

**NORTH LANARKSHIRE COUNCIL**  
**TRADING ACCOUNTS/PPP FINANCIAL POSITION STATEMENT**  
**1 APRIL 2013 TO 13 SEPTEMBER 2013 (6 ACCOUNTING PERIODS)**

TRADING ACCOUNTS/PPP	ANNUAL BUDGETED SURPLUS	YEAR TO DATE BUDGETED SURPLUS	ACTUAL SURPLUS TO 13TH SEP (P6)	PROVISIONAL OUTTURN SURPLUS (P6)	PROVISIONAL OUTTURN VARIANCE (P6)
<b><u>ENVIRONMENTAL SERVICES TRADING ACCOUNTS</u></b>	£	£	£	£	£
WASTE MANAGEMENT SERVICES TRADING ACCOUNT	123,230	56,196	56,723	123,230	0
LAND MANAGEMENT TRADING ACCOUNT	378,547	621,950	(22,501)	378,547	0
FLEET OPERATIONS TRADING ACCOUNT	75,948	(286,090)	(235,311)	75,948	0
BUILDING CLEANING TRADING ACCOUNT	90,844	328,388	638,492	90,844	0
CLEANING TRADING ACCOUNT	278,569	(1,327,426)	(1,321,414)	278,569	0
<b>TOTAL TRADING ACCOUNT SURPLUS</b>	<b>947,138</b>	<b>(606,982)</b>	<b>(884,011)</b>	<b>947,138</b>	<b>0</b>
<b><u>PPP CONTRIBUTIONS</u></b>					
GENERAL FUND	1,650,000	761,538	761,538	1,650,000	0
<b>TOTAL PPP CONTRIBUTIONS</b>	<b>1,650,000</b>	<b>761,538</b>	<b>761,538</b>	<b>1,650,000</b>	<b>0</b>
<b>TOTAL TRADING ACCOUNT/PPP SURPLUS</b>	<b>2,597,138</b>	<b>154,556</b>	<b>(122,473)</b>	<b>2,597,138</b>	<b>0</b>