

To: POLICY & RESOURCES (FINANCE & CUSTOMER SERVICES) SUB-COMMITTEE		Subject: REVENUE MONITORING REPORT 01.04.13 – 03.01.14 TRADING ACCOUNTS AND PPP SUMMARY
From: HEAD OF FINANCIAL SERVICES		
Date: 31 January 2014	Ref: KH/KS/FR/RG	

1. Purpose of Report

1.1. This report advises members of the overall financial position of Environmental Services Trading Accounts plus the expected return from the Public Private Partnerships for the financial year to 3rd January 2014. 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 sum £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 10, Trading Accounts are projecting overall surpluses of £1.047m, a positive variance of £0.100m within the Building Cleaning account.

2.3. Corporate Services and Housing & Social Work Services are the key clients of the MSL contract. As at period 10, these Services anticipate that the minimum turnover (£26.3m) required, to achieve the budgeted income of £1.650m, will be realised.

2.4. As part of the Council's approved three-year savings package, trading accounts budget 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 2.2 above, a number of offsetting underspends and overspends across all Trading operations result in all activities achieving their budgeted surplus by the financial year-end. The exception to this is the Building Cleaning Trading Account which is currently projecting a combination of delayed recruitment and management of demand-led services will result in an increased year-end surplus of £0.191m. All other Trading Account variations 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. However, whilst the Council continues to seek to defend the Equal Pay Claims made against it and to minimise the potential impact these could have on its financial position, continuing uncertainties surrounding the Council's ability to achieve positive outcomes

from ongoing litigation results in the Council, and the Trading Accounts in particular, having an increased exposure to risk

4.3. Previous reports to Committee referenced the impact which the implementation of recent LASAAC guidance would have on the number of Statutory Trading Accounts held by the Council. Reflecting recent approvals by the Environmental Services Committee (28 January 2014), all existing Trading Account classifications will be removed and replaced with a single combined Trading Account which encompasses the external trading activity of Building Cleaning, Waste Management and Fleet Operations. It is anticipated these new arrangements will be implemented as part of 2014-2015 revenue budget setting process.

5. Recommendations

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



Head of Financial Services

Members seeking further information on the contents of this report are asked to contact Mrs. Katrina Hassell, Business Support Manager on telephone number 01698 302235

NORTH LANARKSHIRE COUNCIL
TRADING ACCOUNTS/PPP FINANCIAL POSITION STATEMENT
1 APRIL 2013 TO 3 JANUARY 2014 (10 ACCOUNTING PERIODS)

TRADING ACCOUNTS/PPP	ANNUAL BUDGETED SURPLUS	YEAR TO DATE BUDGETED SURPLUS	ACTUAL SURPLUS TO 3RD JAN (P10)	PROVISIONAL OUTTURN SURPLUS (P10)	PROVISIONAL OUTTURN VARIANCE (P10)
<u>ENVIRONMENTAL SERVICES TRADING ACCOUNTS</u>	£	£	£	£	£
WASTE MANAGEMENT SERVICES TRADING ACCOUNT	123,230	94,387	95,212	123,230	0
LAND MANAGEMENT TRADING ACCOUNT	378,547	123,586	138,574	378,547	0
FLEET OPERATIONS TRADING ACCOUNT	75,948	(86,624)	59,559	75,948	0
BUILDING CLEANING TRADING ACCOUNT	90,844	407,763	461,863	190,844	100,000
CATERING TRADING ACCOUNT	278,569	(1,013,925)	(1,107,131)	278,569	0
TOTAL TRADING ACCOUNT SURPLUS	947,138	(474,813)	(351,923)	1,047,138	100,000
<u>PPP CONTRIBUTIONS</u>					
GENERAL FUND	1,650,000	1,269,231	1,269,231	1,650,000	0
TOTAL PPP CONTRIBUTIONS	1,650,000	1,269,231	1,269,231	1,650,000	0
TOTAL TRADING ACCOUNT/PPP SURPLUS	2,597,138	794,418	917,308	2,697,138	100,000