

To: POLICY & RESOURCES (FINANCE) SUB COMMITTEE	Subject: TRADING OPERATIONS/PPP SUMMARY POSITION TO 12th NOVEMBER 2004
From: DIRECTOR OF FINANCE	
Date: 01 ST DEC 2004	Ref. AC/JH/P8

1. Introduction

1.1 This report summarises the financial position of the Trading Account's and the expected return from the Public Private Partnerships, for the period 1st April 2004 to 12th November 2004.

2. Financial Summary

2.1 Cleansing

2.1.1 The Cleansing operation is projecting a surplus of £128,205, which is in line with budget. However, there are a number of issues being managed within the section. For example, the £108,000 overspend due to maintaining the site at Auchinlea e.g repairing roads and gully emptying which are affected by weather conditions. Also the £113,000 overspend in Transport and Plant due to additional work and increased fuel prices.

2.1.2 These overspends are offset by an underspend in Employee costs due to vacancies which are in the process of being filled and in addition further savings have accrued as a result of harmonising the bonus scheme. Income is also projected to over-recover mainly due to increased street cleaning £169,000 for example in town centres and a night shift squad that responds to out of hour emergencies and also sale of paper for recycling £60,000.

2.2 Transport

2.2.1 The Transport operation is projecting a surplus of £47,758, which is in line with budget. However within this Property costs are projected to be £138,000 overspent due to anticipated expenditure for improved security arrangements at Bellshill Complex e.g CCTV and boundary fencing. Supplies and Services and Transport and Plant costs are also projected to be overspent due to increased demand for external hires and therefore a corresponding increase in fuel and repairs to external hires. Fuel prices have also increased.

2.2.2 These overspends are fully recovered through income which is being recharged to the Cleansing operation as outlined above (para 2.1).

2.3 Building Cleaning

- 2.3.1 The Building Cleaning operation is projecting a surplus of £33,808, which is in line with budget. Employee Costs are projected to be £229,000 overspent as a result of increased demand for the service.
- 2.3.2 This will be offset by a corresponding over-recovery in income mainly from Education and Social Work departments. This is primarily due to the expansion of nursery premises and additional cleaning requirements due to the extensive buildings works currently in progress in Education. Also the expansion of day care for the elderly in Social Work as a result of the community care programme.

2.4 Sport

- 2.4.1 The Sport operation is projecting a surplus of £34,420, which is in line with budget. This projection allows for the fact that the Aquatec and Tryst Sports Centre will be closed for significant periods throughout the year for refurbishment. Within this operation employee costs are currently overspent as a result of additional gym instructors for gym inductions and additional receptionists to cover the extra volume of customers. It is anticipated that this will be brought in line by the year-end as a result of a range of management action to include a review of existing staff deployment and additional staff cover.
- 2.4.2 Ongoing discussions are also taking place to address a 19.63% increase in gas prices implemented by Scottish Power estimated at £56,000 and also a £63,000 back dated electricity bill that Sport are currently contesting.

2.5 Parks

- 2.5.1 The Parks operation is projecting a surplus of £386,540, which is in line with budget. However, there are a number of issues being managed within the section. For example, the overspend due to increased landfill tax for tipping at Auchinlea is currently being absorbed through turnover savings in employee costs. Transport and plant costs are also projected to be £129,000 overspent due to additional work and increase in fuel prices.
- 2.5.2 In addition the section has experienced a rise in non-routine and project work within Grounds Maintenance as a result of the Commercial Development Officers proactive efforts to generate new business. This has increased the costs of the operation but is recovered through income from the relevant departments and external parties such as bowling clubs etc.

2.6 Catering

- 2.6.1 The Catering operation is projecting a surplus of £191,088, which is in line with budget. An underspend of £86,000 is expected within Employee Costs, this is due to vacancies and delays in appointments as each employee has to be vetted by Disclosure Scotland. The underspend will be offset by a number of overspends within various headings. This includes vending royalty payments to secondary schools and the plan to form a computerised network across 102 schools, which will allow financial data to be processed more efficiently.

2.6.2 Income is projected to be £32,000 under-recovered, this is partly due to the Aquatec and the Tryst sports centres having areas closed for significant periods throughout the year for refurbishment.

2.7 PPP's

2.7.1 At this point in the financial year, the performance of the PPP companies is in line with budget forecasts. There are no major variances to report at this point.

2.8 Summary

2.8.1 The actual position and projections for each area of operation are attached.

3 Recommendation

3.1 The Committee is asked to note the content of this report.



Director of Finance

For further information, please contact Janet Haugh on tel. ext. 2092

NORTH LANARKSHIRE COUNCIL
TRADING ACCOUNT/PPP FINANCIAL POSITION STATEMENT
1 APRIL 2004 TO 12 NOV 2004 (8 ACCOUNTING PERIODS)

TRADING ACCOUNT/PPP	ANNUAL BUDGETED SURPLUS	YEAR TO DATE BUDGETED SURPLUS	ACTUAL SURPLUS TO 12TH NOV (P8)	PROJECTED OUTTURN SURPLUS (P8)	PROJECTED OUTTURN VARIANCE (P8)
COMMUNITY SERVICES TRADING ACCOUNT	£	£	£	£	£
CLEANSING TRADING ACCOUNT	128,205	78,895	83,145	128,205	0
TRANSPORT TRADING ACCOUNT	47,758	188,152	287,908	47,758	0
BUILDING CLEANING TRADING ACCOUNT	33,808	22,954	24,128	33,808	0
SPORT & LEISURE MGT TRADING ACCOUNT	34,420	21,186	(55,150)	34,420	0
PARKS TRADING ACCOUNT	386,540	257,269	245,432	386,540	0
CATERING TRADING ACCOUNT	191,088	(150,811)	(122,694)	191,088	0
TOTAL TRADING ACCOUNT SURPLUS	821,819	417,645	462,769	821,819	0
PPP CONTRIBUTIONS					
GENERAL FUND	1,519,000				
CHIEF EXECUTIVE	218,000				
HOUSING & PROPERTY	150,000				
PLANNING & ENVIRONMENT	200,000				
TOTAL PPP CONTRIBUTIONS	2,087,000	917,783	917,783	2,087,000	0
TOTAL TRADING ACCOUNT/PPP SURPLUS	2,908,819	1,335,428	1,380,552	2,908,819	0