

To: POLICY & RESOURCES (FINANCE) SUB COMMITTEE		Subject: TRADING OPERATIONS/PPP SUMMARY POSITION  TO 22 <sup>nd</sup> JULY 2005
From: DIRECTOR OF FINANCE		
Date: 10 <sup>th</sup> Aug 2005	Ref. AC/JH/P4	

## 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 1<sup>st</sup> April 2005 to 22<sup>nd</sup> July 2005.

## 2. Financial Summary

### 2.1 Cleansing

2.1.1 The Cleansing operation is projecting an overspend in employee costs and consumable materials due to increased demand for street cleaning and trade waste. However these overspends are offset by a corresponding over-recovery in income from both internal and external clients.

2.1.2 Additional activity and corresponding expenditure has also been incurred through enhancing the special uplift service. However this is offset through income from the Building Stronger Safer Attractive Communities fund.

### 2.2 Transport

2.2.1 The Transport operation is projecting a year-end surplus of £71,758, which is in line with budget. However discussions are taking place between Transport and Social Work department regarding a potential reduction of up to 7 bus routes (£174,000) in light of the new day opportunities programme. This may result in a reduction in the Transport surplus.

2.2.2 Within this projection there are also overspends due to increased demand and also increased fuel prices (average fuel price increase 13.65%) however these charges are passed back to customer departments. The Director of Finance has advised departments of their estimated charges for all trading account services for the current year.

### 2.3 Building Cleaning

2.3.1 The Building Cleaning operation is forecasting a £206,000 overspend in employee costs as a result of contract increases and additional work. This is offset by a corresponding increase 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 together with the expansion of day care for the elderly in Social Work as a result of the community care programme.

## **2.4 Sport & Leisure Management**

2.4.1 The Sport operation is showing a year-end deficit of £169,062 against a budgeted surplus of £34,420 a decrease of £203,482. This deficit is due to the increased cost of electricity and gas £203,482. The department are also currently investigating increase in water costs relating to drainage. Management action will be taken to offset the impact of these overspends.

2.4.2 This projection reflects the success of the Sport Strategy which invested in facilities and launched the Access NL scheme and has resulted in forecast overspends on employee costs and administration costs. These overspends are offset by corresponding income gains. This projection also allows for the fact that the Tryst Sports Centre swimming pool is closed for refurbishment. The department is anticipating that this loss of income will be offset by expenditure savings.

## **2.5 Parks**

2.5.1 The Parks operation is forecasting a year-end surplus of £362,542, which is in line with budget. Within this projection there are a number of compensating variances including an overspend on transport hires and fuel costs, which is offset by employee turnover savings and a reduction in sub-contracted work. There is also a forecast over-recovery of income mainly as a result of increased ad-hoc grounds maintenance work for the Housing department.

## **2.6 Catering**

2.6.1 The Catering operation is projecting a surplus of £191,088, which is in line with budget. At this early stage in the financial year and also school holidays there are no major variances to report at this point.

## **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 time.

## **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 22 JUL 2005 (04 ACCOUNTING PERIODS)**

TRADING ACCOUNT/PPP	ANNUAL BUDGETED SURPLUS	YEAR TO DATE BUDGETED SURPLUS	ACTUAL SURPLUS TO 22ND JUL (P4)	PROJECTED OUTTURN SURPLUS (P4)	PROJECTED OUTTURN VARIANCE (P4)
<b>COMMUNITY SERVICES TRADING ACCOUNTS</b>	£	£	£	£	£
CLEANSING TRADING ACCOUNT	128,205	437,573	344,919	128,205	0
TRANSPORT TRADING ACCOUNT	71,758	153,336	102,237	71,758	0
BUILDING CLEANING TRADING ACCOUNT	83,808	26,463	25,301	83,808	0
SPORT & LEISURE MGT TRADING ACCOUNT	34,420	10,591	(59,630)	(169,062)	(203,482)
PARKS TRADING ACCOUNT	362,542	125,733	129,629	362,542	0
CATERING TRADING ACCOUNT	191,088	18,886	(3,999)	191,088	0
<b>TOTAL TRADING ACCOUNT SURPLUS</b>	<b>871,821</b>	<b>772,582</b>	<b>538,457</b>	<b>668,339</b>	<b>(203,482)</b>
<b>PPP CONTRIBUTIONS</b>					
GENERAL FUND	1,519,000	301,165	301,165	1,519,000	0
CHIEF EXECUTIVE	418,000	82,875	82,875	418,000	0
HOUSING & PROPERTY	150,000	29,740	29,740	150,000	0
PLANNING & ENVIRONMENT	200,000	39,653	39,653	200,000	0
<b>TOTAL PPP CONTRIBUTIONS</b>	<b>2,287,000</b>	<b>453,433</b>	<b>453,433</b>	<b>2,287,000</b>	<b>0</b>
<b>TOTAL TRADING ACCOUNT/PPP SURPLUS</b>	<b>3,158,821</b>	<b>1,226,015</b>	<b>991,890</b>	<b>2,955,339</b>	<b>(203,482)</b>