

To: POLICY & RESOURCES (FINANCE) SUB COMMITTEE		Subject: TRADING OPERATIONS/PPP SUMMARY POSITION	
From: DIRECTOR OF FINANCE		TO 16th SEPTEMBER 2005	
Date: 05 th Oct 2005	Ref. AC/JH/P6		

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 2005 to 16th September 2005.

2. Financial Summary

2.1 Cleansing

2.1.1 The Cleansing operation is projecting a year-end surplus of £128,468, which is in line with budget. However, there are a number of fluctuations which reflect changes in operational circumstances as follows:

2.1.2 Additional costs of £113,000 in relation to disposal of waste collected by the road sweeping machines, which is being offset by income from street cleaning activities.

2.1.3 Also expenditure of £95,000 is being incurred for activities under the banner of the "Building Stronger Safer Attractive Communities Fund", which is enhancing the special uplift services however this is fully offset by additional income.

2.2 Transport

2.2.1 The Transport operation is projecting a year-end surplus of £71,964, which is in line with budget. However discussions are ongoing with the Social Work Department and Design Services regarding potential reduced future requirement for vehicles. At present there are no financial implications for the Transport Trading account but this will be monitored closely as more detailed plans become available.

2.2.2 External hires are projected to be £225,000 overspent due to increased customer demand from both internal and external customers. Fuel is also forecast to be £400,000 overspent as a result of this and also the fact that average fuel price increases have increased by 13.65%. Payments to sub-contractors are also expected to be overspent by £120,000 due to increased ah hoc additional work requests.

2.2.3 These overspends are offset by increased income of £912,000, of which £720,000 relates to internal customers. This current projection is higher than that previously notified to Departments in the memorandums issued in July of this year. Departments are routinely notified of their Transport department charges to allow them to monitor their service. However, Community Services are currently collating their records to provide a summary of the impact of this for each department.

2.3 Building Cleaning

2.3.1 The Building Cleaning operation is continuing to project a year-end surplus of £83,808, which is in line with budget. However, there are a number of fluctuations, which reflect changes in operational circumstances as follows:

2.3.2 The Building Cleaning operation is forecasting a £220,269 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 building 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 £172,436 against a budgeted surplus of £36,527, which represents a decrease of £208,963. This deficit is predominantly due to the increased cost of electricity and gas, which is forecast to exceed the budget by £242,000. The department is also forecasting an increase of £55,000 in water costs as a result of drainage charges for sports facilities being levied by Scottish Water. Management action will be taken to offset the impact of these overspends.

2.4.2 This overall projection also 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, currently estimated at £194,061 over budget. 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 £363,739, which is in line with budget.

2.5.2 There are no significant operational issues to report however within this projection there are a number of compensating minor variances including additional costs associated with transport hires and fuel costs, which are 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.

2.6.2 Within this projection there is a £50,000 underspend in supplies and services forecast as a result of a decrease in meal uptake particularly within secondary schools. It is anticipated that this is a temporary issue caused by initial response to the implementation of healthier menus within secondary schools. The level of this will continue to be monitored throughout the year.

2.7 PPP's

2.7.1 It is anticipated that the PPPs will generate additional income to the Council of £130,000 within the current financial year. The increase in income is in anticipation of ordinary and preferential dividend income (primarily ARNL) that NLC will receive during the course of the financial year. Although the actual dividends are not declared until Feb/March 2006, it would be prudent to forecast the value of these payments given there is now a historic pattern of income received from the PPPs. This assumption is supported by the current ARNL management accounts that highlight profit levels similar to previous years.

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 16 SEP 2005 (06 ACCOUNTING PERIODS)

TRADING ACCOUNT/PPP	ANNUAL BUDGETED SURPLUS	YEAR TO DATE BUDGETED SURPLUS	ACTUAL SURPLUS TO 16TH AUG (P6)	PROJECTED OUTTURN SURPLUS (P6)	PROJECTED OUTTURN VARIANCE (P6)
COMMUNITY SERVICES TRADING ACCOUNTS	£	£	£	£	£
CLEANSING TRADING ACCOUNT	128,466	565,180	536,858	128,466	0
TRANSPORT TRADING ACCOUNT	71,964	72,167	214,431	71,964	0
BUILDING CLEANING TRADING ACCOUNT	83,808	37,051	37,666	83,808	0
SPORT & LEISURE MGT TRADING ACCOUNT	36,527	15,871	(126,131)	(172,436)	(208,963)
PARKS TRADING ACCOUNT	363,736	165,894	150,595	363,736	0
CATERING TRADING ACCOUNT	191,088	(370,543)	(407,810)	191,088	0
TOTAL TRADING ACCOUNT SURPLUS	875,589	485,620	405,609	666,626	(208,963)
PPP CONTRIBUTIONS					
GENERAL FUND	1,519,000	479,655	479,655	1,649,000	130,000
CHIEF EXECUTIVE	418,000	131,992	131,992	418,000	0
HOUSING & PROPERTY	150,000	47,366	47,366	150,000	0
PLANNING & ENVIRONMENT	200,000	63,154	63,154	200,000	0
TOTAL PPP CONTRIBUTIONS	2,287,000	722,167	722,167	2,417,000	130,000
TOTAL TRADING ACCOUNT/PPP SURPLUS	3,162,589	1,207,787	1,127,776	3,083,626	(78,963)