

To: ENVIRONMENTAL SERVICES COMMITTEE		Subject: REVENUE MONITORING REPORT  01.04.14 – 05.12.14 (PERIOD 9)  REGENERATION & ENVIRONMENTAL SERVICES TRADING ACCOUNT
From: EXECUTIVE DIRECTOR OF REGENERATION AND ENVIRONMENTAL SERVICES		
Date: 19 <sup>th</sup> DECEMBER 2014	Ref:PJ/RC/JM/P9	

### **1. Purpose of Report**

1.1. This report provides a summary of Regeneration and Environmental Services Trading Account's financial performance for the period 1 April to 5 December 2014 (period 9). The report forecasts the outturn as at 31 March 2015, with major outturn variances highlighted and explained as per the Council's approved Financial Regulations.

### **2. Summary of Financial Position**

2.1. The creation of a single combined Trading Account was approved in January 2014 to monitor and report the external trading activity of the Council (Building Cleaning, Waste Management, and Fleet Operations). The Council approved its General Fund Revenue Budget on 13 February 2014, of which £90,205 was the approved surplus for the Regeneration and Environmental Services Trading Account.

2.2. The Service is currently projecting that an additional surplus of £80,000 above budget will be achieved. Details of significant budget variations within this projection are outlined in paragraph 3 below and in the appendices to this report. The current overall financial position is detailed in Appendix 1 and there is a summary of each of the individual activities within the Service in Appendices 2 – 4.

### **3. Analysis of Significant Variations**

3.1. The Trading Account operates with an establishment of 99.99 FTEs and a budgeted turnover requirement of £58,000 (3 FTEs). As at period 9, the Service has 4.99 FTE vacant posts, equating to projected net full-year savings of £79,000. The Service is currently achieving its turnover requirement and is in the process of recruiting for essential posts.

3.2. Building Cleaning are projecting a surplus of £85,000 against a budget of £5k; an increase of £80,000. This is as a result of income from janitorial services to external clients now being reflected through the Trading Account. This service was previously provided within Building Cleaning non-trading and the income budget requires realignment.

3.3. Payments to other bodies are detailed in Appendix 5.

### **4. Management Actions**

4.1. The service is taking a range of corrective management actions to ensure it contains expenditure within its approved budget. These actions include; monitoring vacancy levels and assessing the necessity for new appointments; monitoring sickness absence levels in accordance with Council policy and monitoring overtime expenditure throughout

the Service, including reviewing overtime working practices, to rationalise/reduce the extent of overtime costs.

## **5. Risks and Uncertainty**

5.1. The Council's Risk Management Strategy, approved September 2012, recognises that there are risks involved in everything the Council does, in particular, in the current economic climate these risks have the potential to impact upon the Council's ability to provide quality services within its existing budgetary provision.

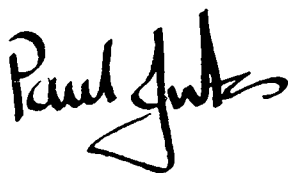
5.2. Risks are a combination of probability and impact of particular events, which Regeneration and Environmental Services manage as part of their overall corporate and service planning processes. Reflecting the risk analysis matrix included within the Council's approved Risk Management Strategy, there are currently notable risks associated with two partnership LLP organisations which the Council is currently assessing and which may impact on the financial outcome of the Service.

## **6. Trading Accounts – Statutory Position**

6.1. This new Trading Account has to comply with the statutory requirement to break-even over a rolling three year period. The financial year 2014/15 is year 1.

## **7. Recommendations**

7.1. It is recommended that the contents of this report be noted.

A handwritten signature in black ink, appearing to read 'Paul Jukes', with a stylized flourish at the end.

**PAUL JUKES**  
**EXECUTIVE DIRECTOR OF REGENERATION AND ENVIRONMENTAL SERVICES**

Local Government Access to Information Act: for further information about this report, please contact Robert Colquhoun, Business Service Manager, Finance & Technology Solutions 01236 632444

Regeneration and Environmental Services  
 Trading Summary  
 Revenue Budget Monitoring Report - Subjective Analysis  
 1 April 2014 - 5 December 2014  
 Period 09

Appendix 1

CATEGORY (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCE (4)	ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED OUTTURN VARIANCE (7)	% (8)	PERIOD MOVEMENT (9)	ANALYSIS (10)
EMPLOYEE COSTS	1,283,666	1,261,962	21,704 FAV	1,910,191	1,937,514	(27,323) ADV	-1.4%	(8,384)	Additional Cleaning and Transport staff costs in line with service demand recovered through income £27k  Minor variance.
PROPERTY COSTS	337,697	338,726	(1,029) ADV	496,970	496,970	0	0.0%	2,442	
SUPPLIES & SERVICES	606,470	597,926	8,544 FAV	903,040	903,040	0	0.0%	234	
TRANSPORT & PLANT	574,206	568,896	5,310 FAV	826,337	817,496	8,841 FAV	1.1%	12,430	
ADMINISTRATION COSTS	19,975	18,398	1,578 FAV	296,365	296,365	0	0.0%	183	
PAYMENTS TO OTHER BODIES	0	0	0	23,580	23,580	0	0.0%	0	
CAPITAL FINANCING COSTS	0	0	0	1,665	1,665	0	0.0%	0	
REVENUE FINANCING COSTS	0	0	0	0	0	0	0.0%	0	
OTHER EXPENDITURE	34	8,434	(8,400) ADV	593	8,993	(8,400) ADV	-1416.5%	0	
TOTAL EXPENDITURE	2,822,048	2,794,341	27,707 FAV	4,458,741	4,485,623	(26,882) ADV	-0.6%	6,905	
INCOME	3,363,681	3,369,730	6,049 FAV	4,548,946	4,655,695	106,749 FAV	2.3%	(6,905)	Additional Fleet income £25k. Additional income reflected from janitor cleaning services provided to NLP as a result of budgets remaining within Building Cleaning Non Trading £80k. Additional cleaning activity £14k directly related to additional costs.
SURPLUS/(DEFICIT)	541,633	575,389	33,756 FAV	90,205	170,072	79,867 FAV	88.5%	0	

Regeneration and Environmental Services  
 Building Cleaning Trading  
 Revenue Budget Monitoring Report - Subjective Analysis  
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 Period 09

Appendix 2

CATEGORY (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCE (4)	ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED OUTTURN VARIANCE (7)	% (8)	PERIOD MOVEMENT (9)	ANALYSIS (10)
EMPLOYEE COSTS	810,440	802,748	7,692 FAV	1,209,538	1,223,526	(13,988) ADV	-1.2%	(5,075)	Minor variances
PROPERTY COSTS	14,702	15,731	(1,029) ADV	20,122	20,122	0	0.0%	0	
SUPPLIES & SERVICES	26,965	18,617	8,348 FAV	50,183	50,183	0	0.0%	0	
TRANSPORT & PLANT	0	0	0	762	762	0	0.0%	0	
ADMINISTRATION COSTS	14,972	13,396	1,576 FAV	80,011	80,011	0	0.0%	0	
PAYMENTS TO OTHER BODIES	0	0	0	0	0	0	0.0%	0	
CAPITAL FINANCING COSTS	0	0	0	1,665	1,665	0	0.0%	0	
REVENUE FINANCING COSTS	0	0	0	0	0	0	0.0%	0	
OTHER EXPENDITURE	0	0	0	0	0	0	0.0%	0	
TOTAL EXPENDITURE	867,080	850,493	16,587 FAV	1,362,281	1,376,269	(13,988) ADV	-1.0%	(5,075)	
INCOME	1,134,341	1,144,632	10,291 FAV	1,367,762	1,461,617	93,855 FAV	6.9%	5,075	Additional income reflected from janitor cleaning services provided to NLP as a result of budgets remaining within Building Cleaning Non Trading £80k. Additional cleaning activity £14k directly related to additional costs.
SURPLUS/(DEFICIT)	267,262	294,140	26,878 FAV	5,481	85,348	79,867 FAV	1457.2%	0	

Regeneration and Environmental Services  
Waste Management Trading  
Revenue Budget Monitoring Report - Subjective Analysis  
1 April 2014 - 5 December 2014  
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CATEGORY (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCE (4)	ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED OUTTURN VARIANCE (7)	% (8)	PERIOD MOVEMENT (9)	ANALYSIS (10)
EMPLOYEE COSTS	243,744	222,000	21,744 FAV	360,004	360,004	0	0.0%	0	
PROPERTY COSTS	284,446	284,446	0	410,867	410,867	0	0.0%	0	
SUPPLIES & SERVICES	0	0	0	20,336	20,336	0	0.0%	0	
TRANSPORT & PLANT	108,580	108,580	0	228,751	228,751	0	0.0%	0	
ADMINISTRATION COSTS	0	0	0	97,759	97,759	0	0.0%	0	
PAYMENTS TO OTHER BODIES	0	0	0	0	0	0	0.0%	0	
CAPITAL FINANCING COSTS	0	0	0	0	0	0	0.0%	0	
REVENUE FINANCING COSTS	0	0	0	0	0	0	0.0%	0	
OTHER EXPENDITURE	0	0	0	0	0	0	0.0%	0	
TOTAL EXPENDITURE	636,770	615,026	21,744 FAV	1,117,717	1,117,717	0	0.0%	0	
INCOME	844,039	844,039	0	1,180,177	1,180,177	0	0.0%	0	
SURPLUS/(DEFICIT)	207,269	229,013	21,744 FAV	62,460	62,460	0	0.0%	0	

Regeneration and Environmental Services  
 Fleet Operations Trading  
 Revenue Budget Monitoring Report - Subjective Analysis  
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 Period 09

Appendix 4

CATEGORY (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCE (4)		ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED OUTTURN VARIANCE (7)		% (8)	PERIOD MOVEMENT (9)	ANALYSIS (10)
EMPLOYEE COSTS	229,482	237,214	(7,732)	ADV	340,649	353,984	(13,335)	ADV	-3.9%	(3,309)	Additional staff costs recovered through income recharges £13k.
PROPERTY COSTS	38,548	38,548	0		65,981	65,981	0		0.0%	2,442	
SUPPLIES & SERVICES	579,504	579,308	196	FAV	832,521	832,521	0		0.0%	234	Minor variance
TRANSPORT & PLANT	465,626	460,316	5,310	FAV	596,824	587,983	8,841	FAV	1.5%	12,430	
ADMINISTRATION COSTS	5,004	5,002	2	FAV	118,595	118,595	0		0.0%	183	
PAYMENTS TO OTHER BODIES	0	0	0		23,580	23,580	0		0.0%	0	
CAPITAL FINANCING COSTS	0	0	0		0	0	0		0.0%	0	Vehicle adaptations offset by additional income.
REVENUE FINANCING COSTS	0	0	0		0	0	0		0.0%	0	
OTHER EXPENDITURE	34	8,434	(8,400)	ADV	593	8,993	(8,400)	ADV	-1416.5%	0	
TOTAL EXPENDITURE	1,318,198	1,328,823	(10,624)	ADV	1,978,743	1,991,637	(12,894)	ADV	-0.7%	11,980	
INCOME	1,385,300	1,381,059	(4,241)	ADV	2,001,007	2,013,901	12,894	FAV	0.6%	(11,980)	Minor variance
SURPLUS/(DEFICIT)	67,102	52,236	(14,865)	ADV	22,264	22,264	0		0.0%	0	

Regeneration and Environmental Services  
 Trading Summary  
 Financial Monitoring Report - PTOB  
 1 April 2014 - 5 December 2014  
 Period 09

DESCRIPTION (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCES (4)	ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED OUTTURN VARIANCE (7)	% (8)	PERIOD MOVEMENT (9)	TYPICAL AREAS OF EXPENDITURE / ANALYSIS OF VARIATIONS (10)
Payments Other Bodies - General	0	0	0	23,580	23,580	0	0.0%	0	
TOTAL EXPENDITURE	0	0	0	23,580	23,580	0	0.0%	0	