

**LANARKSHIRE COUNCIL**  
**REPORT**

To: ENVIRONMENTAL SERVICES COMMITTEE		Subject: REVENUE MONITORING REPORT  01.04.14 – 27.02.15 (PERIOD 12)  REGENERATION & ENVIRONMENTAL SERVICES TRADING ACCOUNT
From: EXECUTIVE DIRECTOR OF REGENERATION AND ENVIRONMENTAL SERVICES		
Date: 21 APRIL 2015	Ref:PJ/RC/JM/P12	

### **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 27 February 2015 (period 12). 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 £100,577 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 12, the Service has 5.63 FTE vacant posts, equating to projected net full-year savings of £89,000. 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. Waste Management are projecting a surplus of £83,000 against a budget of £62,000; an increase of £21,000. This is as a result of vacancy and gate fee savings, partly off-set by reduced income from trade waste uplifts.
- 3.4. 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**

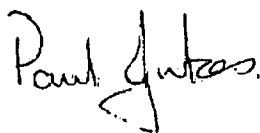
6.1. This new Trading Account has to comply with the statutory requirement to break-even over a rolling three year period. The financial year 2014/15 is year 1.

#### **7. Financial Concurrence**

7.1. Prepared in accordance with the Scheme of Financial Delegation, the financial information contained within this report has been agreed with the Head of Financial Services.

#### **8. Recommendations**

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



**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 - 27 February 2015  
Period 12

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	1,720,708	1,714,753	5,955 FAV		1,910,191	1,919,209	(9,018) ADV	-0.5%	(4,483)	Minor variance.
PROPERTY COSTS	329,872	335,373	(5,502) ADV		496,970	454,769	42,201 FAV	8.5%	8,581	Gate fee savings £55k, partly off-set by overspend on cleaning materials £10k.
SUPPLIES & SERVICES	816,857	809,263	7,594 FAV		903,040	903,889	(849) ADV	-0.1%	(1,414)	Minor variance.
TRANSPORT & PLANT	698,852	678,475	20,377 FAV		826,337	802,568	23,769 FAV	2.9%	871	Minor variance.
ADMINISTRATION COSTS	56,553	55,279	1,274 FAV		296,365	296,718	(353) ADV	-0.1%	200	Minor variance.
PAYMENTS TO OTHER BODIES	18,516	18,516	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	65	8,465	(8,400) ADV		593	8,993	(8,400) ADV	-1416.5%	0	Fleet - Vehicle adaptations offset by additional income.
<b>TOTAL EXPENDITURE</b>	<b>3,641,422</b>	<b>3,620,124</b>	<b>21,298 FAV</b>		<b>4,458,741</b>	<b>4,411,391</b>	<b>47,350 FAV</b>	<b>1.1%</b>	<b>3,755</b>	
<b>INCOME</b>	<b>4,300,086</b>	<b>4,333,780</b>	<b>33,694 FAV</b>		<b>4,548,946</b>	<b>4,602,173</b>	<b>53,227 FAV</b>	<b>1.2%</b>	<b>5,459</b>	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 £17k directly related to additional costs. Additional Fleet income £11k. Partly off-set by under-recovery of trade waste uplift £55k.
<b>SURPLUS/(DEFICIT)</b>	<b>658,664</b>	<b>713,656</b>	<b>54,992 FAV</b>		<b>90,205</b>	<b>190,782</b>	<b>100,577 FAV</b>	<b>111.5%</b>	<b>9,214</b>	

Regeneration and Environmental Services  
 Building Cleaning Trading  
 Revenue Budget Monitoring Report - Subjective Analysis  
 1 April 2014 - 27 February 2015  
 Period 12

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	1,087,260	1,087,362	(102) ADV	1,209,538	1,220,190	(10,652) ADV	-0.9%	(1,959)	Minor variance
PROPERTY COSTS	20,122	22,673	(2,551) ADV	20,122	29,797	(9,675) ADV	-48.1%	40	Increased expenditure on cleaning materials
SUPPLIES & SERVICES	37,459	27,393	10,066 FAV	50,183	48,363	1,820 FAV	3.6%	(410)	Minor variance
TRANSPORT & PLANT	0	0	0	762	0	762 FAV	0.0%	0	Travel costs lower than budget
ADMINISTRATION COSTS	19,489	17,913	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	
<b>TOTAL EXPENDITURE</b>	<b>1,164,330</b>	<b>1,155,341</b>	<b>8,989 FAV</b>	<b>1,362,281</b>	<b>1,380,026</b>	<b>(17,745) ADV</b>	<b>-1.3%</b>	<b>(2,329)</b>	
INCOME	1,367,762	1,395,030	27,268 FAV	1,367,762	1,465,374	97,612 FAV	7.1%	2,329	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 £17k directly related to additional costs.
<b>SURPLUS/(DEFICIT)</b>	<b>203,432</b>	<b>239,689</b>	<b>36,257 FAV</b>	<b>5,481</b>	<b>85,348</b>	<b>79,867 FAV</b>	<b>1457.2%</b>	<b>0</b>	

Regeneration and Environmental Services  
Waste Management Trading  
Revenue Budget Monitoring Report - Subjective Analysis  
1 April 2014 - 27 February 2015  
Period 12

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	326,355	308,478	17,877 FAV	360,004	343,136	16,868 FAV	4.7%	(1,092)	Vacancy savings
PROPERTY COSTS	253,591	253,591	0	410,867	356,272	54,595 FAV	13.3%	11,260	Gate fee savings
SUPPLIES & SERVICES	11,633	11,633	0	20,336	20,656	(320) ADV	-1.6%	0	Minor variance
TRANSPORT & PLANT	139,145	139,145	0	228,751	224,184	4,567 FAV	2.0%	(953)	Minor variance
ADMINISTRATION COSTS	30,119	30,119	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	760,842	742,965	17,877 FAV	1,117,717	1,042,007	75,710 FAV	6.8%	9,215	
INCOME	1,085,191	1,085,191	0	1,180,177	1,125,177	(55,000) ADV	-4.7%	0	Under-recovery on trade waste income
SURPLUS/(DEFICIT)	324,349	342,226	17,877 FAV	62,460	83,170	20,710 FAV	33.2%	9,215	

Regeneration and Environmental Services  
 Fleet Operations Trading  
 Revenue Budget Monitoring Report - Subjective Analysis  
 1 April 2014 - 27 February 2015  
 Period 12

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	307,093	318,913	(11,820) ADV	340,649	355,883	(15,234) ADV	-4.5%	(1,432)	Minor variance
PROPERTY COSTS	56,159	59,109	(2,951) ADV	65,981	68,700	(2,719) ADV	-4.1%	(2,719)	Minor variance
SUPPLIES & SERVICES	767,765	770,237	(2,472) ADV	832,521	834,870	(2,349) ADV	-0.3%	(1,004)	Minor variance
TRANSPORT & PLANT	559,707	539,330	20,377 FAV	596,824	578,384	18,440 FAV	3.1%	1,824	Minor variance
ADMINISTRATION COSTS	6,945	7,247	(302) ADV	118,595	118,948	(353) ADV	-0.3%	200	Minor variance
PAYMENTS TO OTHER BODIES	18,516	18,516	0	23,580	23,580	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	65	8,465	(8,400) ADV	593	8,993	(8,400) ADV	-1416.5%	0	Vehicle adaptations offset by additional income.
TOTAL EXPENDITURE	1,716,250	1,721,818	(5,568) ADV	1,978,743	1,989,358	(10,615) ADV	-0.5%	(3,131)	
INCOME	1,847,133	1,853,559	6,426 FAV	2,001,007	2,011,622	10,615 FAV	0.5%	3,130	Minor variance
SURPLUS/(DEFICIT)	130,883	131,741	858 FAV	22,264	22,264	0	0.0%	(1)	

Regeneration and Environmental Services  
 Trading Summary  
 Revenue Budget Monitoring Report - Payments to Other Bodies  
 1 April 2014 - 27 February 2015  
 Period 12

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	18,516	18,516	0	23,580	23,580	0	0.0%	0	
TOTAL EXPENDITURE	18,516	18,516	0	23,580	23,580	0	0.0%	0	