

# North Lanarkshire Council Report

## Communities and Housing Committee

approval  noting

Ref RS/TO/JM Date 13/02/2019

## Revenue Monitoring Report (Trading)

**From** Robert Steenson, Executive Director (Enterprise & Communities)  
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### Executive Summary

This report provides a summary of the Council's Trading Account financial performance for the period 1 April 2018 to 4 January 2019 (Period 10). The report highlights the projected outturn as at 31 March 2019, with major outturn variances explained per the Council's approved Financial Regulations.

The Council's Trading Account is projected to achieve the budgeted surplus of £0.377m for 2018/19 based on performance to Period 10.

### Recommendations

It is recommended that Committee:

1. Notes the financial position of the 2018/19 Infrastructure Trading Account.

### Supporting Documents

#### Council business plan to 2020: Improve the Council's resource base

Appendix 1	Summary Subjective analysis
Appendix 2	Summary Building Cleaning analysis
Appendix 3	Summary Waste Management analysis
Appendix 4	Summary Fleet Operations analysis
Appendix 5	Payments to Other Bodies

#### 1. Background

- 1.1 The Council's approved Financial Regulations require Executive Directors to remain within their approved budgetary provision, and to report all significant deviations – defined as the higher of £100,000 or 5% - within their budget monitoring reports. Where significant deviations are identified, Executive Directors must provide explanatory commentary, outline the action required to rectify such deviations and where relevant, must also highlight the impact this has on other budget headings.

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## **2. Report**

### **2.1 Summary of Financial Position**

2.1.1 This report highlights the financial position of external trading activity in areas such as Building Cleaning, Waste Management, and Fleet Operations. The budgeted surplus is £0.377m for the Trading Account activities.

2.1.2 The service is currently projecting to achieve the budgeted surplus of £0.377m. The current financial position is detailed in Appendices 1 to 5 of this report per the requirements of the Council's approved Financial Regulations.

### **2.2 Analysis of Significant Variations**

2.2.1 There are no significant variations to report to date.

2.2.2 Payments to other bodies are detailed in Appendix 5. These account for £0.021m of Trading's annual budget and are projected to outturn on budget.

### **2.3 Management Actions**

2.3.1 The Service will take a range of corrective management action to ensure it contains expenditure within its approved 2018-19 budget provision. These actions include monitoring vacancy levels, monitoring sickness absence levels in accordance with the Council's policy and curtailment of non-essential expenditure.

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## **3. Equality and Diversity**

### **3.1 Fairer Scotland**

3.1.1 There are no specific impacts for Fairer Scotland.

### **3.2 Equality Impact Assessment**

3.2.1 There are no specific Equality Impact Assessments to Note.

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## **4. Implications**

### **4.1 Financial Impact**

4.1.1 There is no significant financial impact on the Service which has been identified at this stage in the financial year. Known burdens will be addressed through taking management action.

### **4.2 HR/Policy/Legislative Impact**

4.2.1 The Trading Account must comply with the statutory requirement to break-even for a rolling three year period. The combined surpluses achieved in 2016/17 and 2017/18 totalled £0.651m.

### **4.3 Environmental Impact**

4.3.1 There are no specific environmental impacts.

### **4.4 Risk Impact**

4.4.1 All activities undertaken by the Council are subject to risk, and in acknowledging the Council's approved Risk Management Strategy (September 2012), Services manage these as part of their overall corporate and service planning processes. There are no significant risks to note at present.

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## **5. Measures of success**

5.1 Compliance with Financial Regulations requirement to remain within approved budgetary provision and to report all significant deviations.

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**Robert Steenson**  
**Executive Director (Enterprise and Communities)**

Trading Summary  
Revenue Budget Monitoring Report - Subjective Analysis  
1st April 2018 - 4th January 2018 (PERIOD 10)

CATEGORY	BUDGET TO DATE	ACTUAL TO DATE	YEAR TO DATE VARIANCE	ANNUAL BUDGET	PROJECTED OUTTURN	PROJECTED OUTTURN VARIANCE	%	PERIOD MOVEMENT	ANALYSIS
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
EMPLOYEE COSTS	1,828,947	1,783,837	45,110 FAV	2,509,519	2,434,872	74,647 FAV	3.0%	773	Additional cleaning requests from Clients/ fleet requirements. Within Waste there are reduced employee costs off-setting reduced income.
PROPERTY COSTS	70,309	53,261	17,048 FAV	410,571	383,589	26,982 FAV	6.6%	720	Reduced waste gate fees £0.021m
SUPPLIES & SERVICES	40,639	22,916	17,723 FAV	866,218	663,611	202,607 FAV	23.4%	6,944	Reduction of lease vehicles per MEARS contract
TRANSPORT & PLANT	469,140	238,345	230,795 FAV	721,890	687,634	34,256 FAV	4.7%	(6,148)	Reduced vehicle repairs in Fleet. Within Waste there are reduced vehicle costs off-setting reduced income.
ADMINISTRATION COSTS	83,515	81,992	1,523 FAV	242,002	235,570	6,432 FAV	2.7%	2,671	Minor variance
PAYMENTS TO OTHER BODIES	14,541	4,342	10,199 FAV	21,000	5,645	15,355 FAV	73.1%	15,355	Minor variance
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	99	29	70 FAV	147	147	0	0.0%	0	
TOTAL EXPENDITURE	2,507,189	2,184,720	322,468 FAV	4,771,347	4,411,068	360,277 FAV	7.6%	20,316	
INCOME	4,317,825	3,852,899	(464,926) ADV	5,148,163	4,787,885	(360,278) ADV	-7.0%	(20,316)	Within Waste Services, there is reduced income from uplift of Waste (£0.144m). Reduced income as a result of reduction of leasing costs within Fleet Operations
SURPLUS/(DEFICIT)	1,810,636	1,668,178	(142,458) ADV	376,816	376,817	(1) ADV	0.0%	(0)	

Building Cleaning Trading  
Revenue Budget Monitoring Report - Subjective Analysis  
1st April 2018 - 4th January 2018 (PERIOD 10)

CATEGORY	BUDGET TO DATE	ACTUAL TO DATE	YEAR TO DATE VARIANCE		ANNUAL BUDGET	PROJECTED OUTTURN	PROJECTED OUTTURN VARIANCE	%	PERIOD MOVEMENT	ANALYSIS
(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	(10)
EMPLOYEE COSTS	1,254,779	1,276,484	(21,705) ADV		1,735,903	1,760,255	(24,351) ADV	-1.4%	771	Additional cleaning requests from Clients
PROPERTY COSTS	38,407	30,898	7,509 FAV		50,688	52,486	(1,798) ADV	-3.5%	(560)	Minor variance
SUPPLIES & SERVICES	23,023	12,705	10,318 FAV		36,840	38,855	(2,015) ADV	-5.5%	(770)	Minor variance
TRANSPORT & PLANT	523	10	513 FAV		763	763	0	0.0%	0	
ADMINISTRATION COSTS	0	0	0		95,736	95,736	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	
<b>TOTAL EXPENDITURE</b>	<b>1,316,732</b>	<b>1,320,097</b>	<b>(3,365) ADV</b>		<b>1,919,930</b>	<b>1,948,095</b>	<b>(28,165) ADV</b>	<b>-1.5%</b>	<b>(559)</b>	
<b>INCOME</b>	<b>1,881,611</b>	<b>1,583,433</b>	<b>(298,178) ADV</b>		<b>2,012,073</b>	<b>2,040,238</b>	<b>28,165 FAV</b>	<b>1.4%</b>	<b>560</b>	Additional cleaning request from clients
<b>SURPLUS/(DEFICIT)</b>	<b>564,879</b>	<b>263,336</b>	<b>(301,543) ADV</b>		<b>92,143</b>	<b>92,144</b>	<b>0</b>	<b>0.0%</b>	<b>1</b>	

Waste Management Trading  
Revenue Budget Monitoring Report - Subjective Analysis  
1st April 2018 - 4th January 2018 (PERIOD 10)

CATEGORY	BUDGET TO DATE	ACTUAL TO DATE	YEAR TO DATE VARIANCE	ANNUAL BUDGET	PROJECTED OUTTURN	PROJECTED OUTTURN VARIANCE	%	PERIOD MOVEMENT	ANALYSIS
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
EMPLOYEE COSTS	293,453	244,786	48,667 FAV	394,670	323,207	71,463 FAV	18.1%	(0)	Reduced employee costs
PROPERTY COSTS	0	0	0	315,849	288,349	27,500 FAV	8.7%	0	Reduced Gate Fees
SUPPLIES & SERVICES	2,080	2,080	0	20,828	29,464	(8,636) ADV	-41.5%	0	Bin costs off-set by income
TRANSPORT & PLANT	49,145	49,145	0	196,269	154,993	41,276	21.0%	0	Reduced Fleet costs
ADMINISTRATION COSTS	78,898	78,913	(15) ADV	110,045	106,284	3,761 FAV	3.4%	0	Minor variance
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	423,575	374,923	48,652 FAV	1,037,661	902,297	135,364	13.0%	(0)	
INCOME	1,012,083	1,017,580	5,497 FAV	1,270,177	1,134,813	(135,364) ADV	-10.7%	0	Reduced income from uplift of waste (£0.144m) off-set by reduced service costs
SURPLUS/(DEFICIT)	588,508	642,657	54,149 FAV	232,516	232,516	(0)	0.0%	(0)	

Fleet Operations Trading  
Revenue Budget Monitoring Report - Subjective Analysis  
1st April 2018 - 4th January 2018 (PERIOD 10)

CATEGORY	BUDGET TO DATE	ACTUAL TO DATE	YEAR TO DATE VARIANCE	ANNUAL BUDGET	PROJECTED OUTTURN	PROJECTED OUTTURN VARIANCE	%	PERIOD MOVEMENT	ANALYSIS
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
EMPLOYEE COSTS	280,715	262,567	18,148 FAV	378,946	351,411	27,535 FAV	7.3%	2	Additional vehicle hires/maintenance
PROPERTY COSTS	31,902	22,362	9,540 FAV	44,034	42,754	1,280 FAV	2.9%	1,280	Minor variance
SUPPLIES & SERVICES	15,536	8,131	7,405 FAV	808,550	595,291	213,259 FAV	26.4%	7,714	Reduction of lease vehicles per MEARS contract
TRANSPORT & PLANT	419,472	189,190	230,282 FAV	524,858	531,877	(7,019) ADV	-1.3%	(6,148)	Reduced vehicle repairs
ADMINISTRATION COSTS	4,617	3,079	1,538 FAV	36,221	33,550	2,671 FAV	7.4%	2,671	Minor variance
PAYMENTS TO OTHER BODIES	14,541	4,342	10,199 FAV	21,000	5,645	15,355 FAV	73.1%	15,355	Minor variance
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	99	29	70 FAV	147	147	0	0.0%	0	
TOTAL EXPENDITURE	766,882	489,700	277,182 FAV	1,813,756	1,560,675	253,081	14.0%	20,875	
INCOME	1,424,131	1,251,886	(172,245) ADV	1,865,913	1,612,831	(253,082) ADV	-13.6%	(20,876)	Reduced income as a result of reduction in leasing costs
SURPLUS/(DEFICIT)	657,249	762,186	104,937 FAV	52,157	52,157	0	0.0%	(1)	

Trading Summary  
 Revenue Budget Monitoring Report - Payments to Other Bodies  
 1st April 2018 - 4th January 2018 (PERIOD 10)

DESCRIPTION (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCE (4)	ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED OUTTURN VARIANCE (7)	%	TYPICAL AREAS OF EXPENDITURE / ANALYSIS OF VARIATIONS (10)
Fleet - End of lease charges	14,541	4,342	10,199 FAV	21,000	5,645	15,355 FAV	73.1%	
TOTAL EXPENDITURE	14,541	4,342	10,199 FAV	21,000	5,645	15,355 FAV	73.1%	