

# North Lanarkshire Council Report

## Enterprise and Growth Committee

approval  noting

Ref KH/CM/KS

Date 09/05/19

## North Lanarkshire Properties LLP – 2018/19 Performance Indicators: 13 October 2018 – 4 January 2019 and Financial Performance as at 4 January 2019 (Period 10)

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### Executive Summary

This report provides details of North Lanarkshire Properties LLP's performance from 13 October 2018 – 4 January 2019 and provides an update on achievements the organisation has delivered in 2018/19. Financial performance is considered within the context of the company's approved activities and budget for financial year 2018/19. The report also advises Committee of recent discussion with Barclays Bank plc resulting in a reduction to the bank covenant ratio and seeks approval for this change to the Loan Facility Agreement.

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### Recommendations

Members are asked to:

1. Note NLP LLP's operational performance against its 2018/19 targets for the period 13 October 2018 to 4 January 2019;
2. Note NLP LLP's financial performance as at Period 10 ending on 4 January 2019;
3. Approve the change in the Loan Facility Agreement with Barclays Bank plc to reduce the bank covenant ratio from 1.15:1 to 1:1;
4. Identify areas of activity for further detailed reporting and consideration by the Council; and,
5. Otherwise note the contents of this report.

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### Supporting Documents

<b>The plan for North Lanarkshire</b>	NLP LLP primarily supports the "Improve economic opportunities and outcomes" and "Improve North Lanarkshire's Resource Base" priorities within the Council's Plan for North Lanarkshire.
<b>Appendix 1</b>	2018/19 Performance Update – Quarter 3, 13 October 2018 to 4 January 2019
<b>Appendix 2</b>	Financial Performance to 4 January 2019
<b>Appendix 3</b>	Overall Financial Standing – Balance Sheet as at 4 January 2019
<b>Appendix 4</b>	NLP LLP Cash Flow Forecast to January 2020
<b>Appendix 5</b>	NLP LLP Approved Budget 2019/20

## 1. Background

- 1.1 NLP LLP is a limited liability partnership established in 2013 between the Council and its wholly owned company, North Lanarkshire Property Investments Ltd. It undertakes the marketing, leasing and management of the Council's commercial property portfolio (shop units, office accommodation, business centres, industrial yards and storage units) and, on behalf of the Council, manages legacy properties which remain in the Council's investment property portfolio. It also delivers services in relation to externally owned properties that the Council leases for its own operational use and provides general advice on lease transactions.
- 1.2 Governance, strategic direction and oversight of the limited liability partnership is provided by the Management Committee which comprises four elected members and one senior Council officer (Executive Director of Enterprise and Communities) appointed by the Council and one member appointed by the limited company, NL Property Investments Ltd. Members to the Board of Directors of the limited company, NL Property Investments Ltd, are also appointed by the Council with five elected members and one senior officer appointed. The Management Committee meets quarterly and is responsible for ensuring NLP LLP's services are delivered in accordance with the approved Service Level Agreement and company objectives. The position of General Manager is also a Director of NL Property Investments Ltd for the purpose of fulfilling an authorised signatory function on behalf of the LLP, enabling the post holder to sign lease and other day to day agreements under delegated authority.
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## 2. Report

### Performance Indicators

- 2.1 2018/19 performance indicators were agreed at the former ALEOs and External Bodies Monitoring Sub Committee meeting on 29 August 2018 and are listed in Appendix 1, along with performance during the period 13 October 2018 – 4 January 2019. Members should note that within Indicator Number 3: "*Number of jobs maintained or created by companies leasing from NLP LLP;*" the Actual and Year to Date figures have been revised downwards in Quarter 2 (21 July to 12 October 2018) because preparation of this report identified a previous double counting error. Appendix 1 now shows correct figures for both Quarters 2 and 3 and these reflect the similar position reported to NLP's Management Committee.

### ALEO Service Review

- 2.2 As previously advised NLP was subject to a service review in 2017/18 which recommended retaining the company whilst also addressing identified operational and performance issues, including the potential to enhance the staffing establishment. Work to support these recommendations is at an advanced stage with Business Solutions staff co-ordinating activity. A three year improvement plan has been developed to deliver the review's recommendations with a number of short life working groups pursuing specific actions.
- 2.3 A revised organisational structure was approved by the LLP's Management Committee at its meeting on 21 February 2019. The agreed establishment changes create a permanent position of Strategic Business Manager to develop the company's business objectives while also ensuring closer alignment with "We aspire – A Shared Ambition for North Lanarkshire." The existing General Manager

post, temporarily re-graded to NL16 in June 2015 for a period of two years and subsequently extended to 31 March 2019, will revert to the substantive Grade NL 14 with the remit reconfigured and redesignated to focus on surveying and technical management responsibilities. The temporary post of Operations Manager is deleted, while previously identified capacity issues in the surveying team will be addressed through the creation of an additional Surveyor post at Grade NL 10/12 and the reconfiguration and redesignation of an existing Surveyor post to Senior Surveyor at Grade NL 13. The post of Senior Debtor Officer will be redesignated to Office Manager with the remit expanded to include management responsibility for the Clerical Team, promoting greater synergies and providing greater support, direction and guidance for the clerical staff. The company's marketing activity will be enhanced through the creation of two Sales and Tenant Liaison Officer posts at Grade NL 6.

- 2.4 The LLP currently occupies premises on the fifth floor of Fleming House, however, work is now underway to examine the feasibility of the company relocating to the Dalziel Building in Motherwell. This will improve accessibility, create more of a "high street" presence and improve operating efficiency since nearly 40% of the LLP's property portfolio is located in the southern division of North Lanarkshire with only 9.5% situated in Cumbernauld.

### **Complaints, Comments and Compliments**

- 2.5 NLP's complaints process is based on the Council's "Lagan" system. From 13 October 2018 to 4 January 2019 NLP received one complaint which was partially upheld. NLP participates in the Council's complaints network to improve its quality assurance procedures in relation to complaints handling.

### **Service Delivery Highlights**

- 2.6 NLP and the Council will create 14 modern, start-up business units on an area of derelict land in Orbiston Street, Motherwell after recently being awarded a grant of £1.74 million from the Scottish Government's Regeneration Capital Grant Fund. NLP and the Council will provide £611,724 to augment this funding.

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## **3. Equality and Diversity**

### **3.1 Fairer Scotland**

There are no considerations which require to be addressed at this time.

### **3.2 Equality Impact Assessment**

There is no requirement for an Equality Impact Assessment at this time.

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## **4. Implications**

### **4.1 Financial Impact**

### **Public Accountability Obligations – Financial year 2018/19**

- 4.1.1 To satisfy the Council's duty to ensure the organisation delivering property management services on its behalf is financially sound, the Council's Section 95

Officer maintains appropriate and proportionate processes and procedures for scrutinising NLP LLP's financial performance.

- 4.1.2 The Council's Legal Agreements with NLP LLP specify the financial information which NLP must submit to the Council including an annual business plan, quarterly management accounts, audited financial statements etc, to enable Financial Solutions to assess and report any financial risk likely to arise as a result of the Council using NLP LLP to deliver these services.
- 4.1.3 The Council expends limited revenue resources annually with NLP LLP to deliver services which assist the Council in achieving its priority outcomes. For financial year 2018-19, the Council's approved revenue spend is £0.445m, equating to property management services (£0.198m) and rental charges for properties utilised by the Council (£0.247m). The Council has a duty to continue to ensure this money is being properly used to deliver both the Council's and NLP LLP's key objectives.
- 4.1.4 Members will wish to note the Council's 2018-19 contributions represent 6.70% of the organisation's budgeted income of £6.642m, with the balance of income of £6.197m being generated through external rental income and interest on investments.

#### **Financial Performance 1 April 2018 to 4 January 2019**

- 4.1.5 Based on their financial statements to 4 January 2019, a projected year end accounting profit of £1.286m is anticipated. After adjusting for £1.227m loan principal repayments there will be a £0.059m profit transfer to reserves, which is an under recovery of £0.180m against budget. This is primarily due to reduced rental income.

Further details regarding the operating budget to 4 January 2019 are provided at Appendix 2.

As previously advised the sales of 22 to 24 Earn Avenue, Bellshill, 9 -15 Napier Place, Cumbernauld and Newhut Road, Motherwell, with proceeds achieved used to make an early repayment of the loan, was determined to be the most favourable course of action when assessing the future utilisation of these properties. Approval for sales has been granted by NLP, the Council and Barclays Bank. Acceptable offers have been received and estimated dates of the completion of sales have been provided by NLC Estates. These transactions have been incorporated in to the 2019/20 budget - on which further details are given in Section 4.1.8 to 4.1.10 below.

#### **Overall Financial Standing – Balance Sheet as at 4 January 2019**

- 4.1.6 Appendix 3 provides key balances to give members an update on the overall financial standing of the company, as at 4 January 2019, along with the previous year's comparator figures and commentary on key balances and indicators worthy of note.

#### **Cash Flow Forecast to January 2020**

- 4.1.7 A cash flow forecast for 12 months to January 2020 is provided at Appendix 4, which shows the balance projected to total between £5.710m and £6.884m

throughout the next 12 months. This indicates the company has sufficient cash to meet its commitments over the forecast period.

### **2019/20 Budget**

4.1.8 NLP LLP's Management Committee has approved a budget with a profit anticipated of £0.314m which is an increase of £0.075m on the prior year. The budget has been set to meet the operational needs of NLP LLP and the bank covenant requirements.

4.1.9 The budget assumes Earn Avenue, Napier Place and Newhut Road are sold during the year and proceeds received are used for early repayment of loan giving rise to interest savings, reduction on principal repayments and also saving in non-domestic rates, security and insurance. In addition the budget incorporates the new approved staffing structure and pay rises of 3.5% and 3% for 2018/19 and 2019/20.

4.1.10 Further information on the 2019/20 budget is provided at Appendix 5.

### **Bank Covenant Ratio**

4.1.11 Subsequent to setting and approving the 2019/20 NLP LLP Budget, and following negotiations by NLP LLP and its financial advisors, Barclays Bank has agreed to relax the bank covenant ratio noted in Appendix 5, from 1.15:1 to 1:1. This reduction is an acknowledgement of the profitable trading history of NLP LLP since inception, and affords NLP LLP greater flexibility in planning investment in its portfolio whilst ensuring financial sustainability.

4.1.12 Changes to provision in the Loan Facility Agreement with Barclays requires approval by both NLP LLP Management Committee and the Council. Therefore Committee is asked to approve the change in the Loan Facility Agreement to reduce the bank covenant ratio from 1.15:1 to 1:1.

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

4.2.1 There are no policy, legislative or Human Resource impacts for the Council arising from this report although members are advised that officers from the Council's People and Organisational Development team are supporting the Management Committee in implementing the aforementioned staffing changes

### **4.3 Environmental Impact**

4.3.1 There are no environmental implications to the report at this point.

### **4.4 Risk Impact**

4.4.1 NLP LLP's risks were considered at its Management Committee on 6 September 2018 and an annual review of its risk register was undertaken on 16 November 2018 when it was also reconfigured in preparation for upload onto the Council's Fig Tree Risk Management System. The General Manager attended a Fig Tree training event on 17<sup>th</sup> January 2019 to support the process.

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## **5. Measures of success**

- 5.1 The percentage of historic debt continues to fall with levels in Quarter 3 lower than in the equivalent quarter in 2017/18, however, total outstanding rent due as a percentage of turnover has increased in Quarter 3 and is higher than in the equivalent quarter last year.
  - 5.2 The percentage of vacant properties across the full portfolio has risen slightly in the Quarter 3, however, it is lower than the equivalent quarter last year.
  - 5.3 In 2018/19 to date NLP have maintained or created 141 jobs compared to 122 for the same period last year – this figure includes 63 new jobs so far in 2018/19 compared to 46 in for the same period in 2017/18.
  - 5.4 NLP participated in Braidhurst High School's careers fair held on 18<sup>th</sup> February 2019 – this was the third year in a row that NLP have participated in the event and NLP continues to support the school's Developing the Young Workforce activities.
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*Katrina M Howell*

**Head of Business Solutions**

North Lanarkshire Properties LLP: 2018/19 Performance Indicators Progress Update

Ref No.	Indicator and Frequency	Target Outcome/Purpose	2018/19 Target (where applicable)	2018/19 Actual	2018/19 YTD	Comments	2017/18 YTD Comparison (where applicable)				
<b>Improved Economic opportunities and outcomes</b>											
1	Total number of property transactions (lease, renewal, assigned) in period since last report	<ul style="list-style-type: none"> <li>• Maximise use of NLP LLP Assets</li> <li>• Support new or expanding businesses</li> <li>• Generate Rental Income to LLP</li> </ul>	N/A Targets are linked to achieving income levels through property rentals	<b>Period</b>	<b>Total</b>	<b>YTD</b>	<b>Type of property leased/vacated in period 01/04/18 to 04/01/19</b>			<b>2017/18 YTD</b>	
							<b>Retail</b>	<b>Industrial</b>	<b>Other</b>		
				01/04/18 - 20/07/18	28	28	8	8	9	3	25
				21/7/18- 12/10/18	20	48	0	1	13	6	41
				13/10/18- 04/01/19	11	59	2	1	6	2	57
2	Total number of terminations in period since last report	<ul style="list-style-type: none"> <li>• Monitor potential loss of rental income</li> <li>• Monitor levels of business growth/expansion e.g. relocation to larger premises</li> </ul>	N/A Targets are linked to achieving income levels through property rentals	<b>Period</b>	<b>Total</b>	<b>YTD</b>	<b>Office</b>	<b>Retail</b>	<b>Industrial</b>	<b>Other</b>	<b>2017/18 YTD</b>
				01/04/18 - 20/07/18	23	23	7	4	7	5	12
				21/7/18- 12/10/18	17	40	3	3	8	3	23
				13/10/18- 04/01/19	8	48	1	1	5	1	47
3	Number of jobs maintained or created by companies leasing from NLP LLP	<ul style="list-style-type: none"> <li>• Support economic growth</li> </ul>	NA	<b>Period</b>	<b>Total</b>	<b>YTD</b>	<b>New</b>	<b>YTD</b>	<b>Comments</b>	<b>2017/18 YTD</b>	
				01/04/18 - 20/07/18	94	94	41	41			44
				21/7/18- 12/10/18	28	122	16	57			82
				13/10/18- 04/01/19	19	141	6	63			122
4	Number of Modern Apprentices (Annual)	<ul style="list-style-type: none"> <li>• Provide training and work experience opportunities</li> </ul>	1 Modern Apprentice in Admin	<b>Period</b>	<b>Total</b>	<b>YTD</b>	<b>New</b>	<b>YTD</b>	<b>Comments</b>	<b>2017/18 YTD</b>	
				01/04/18 - 20/07/18	94	94	41	41			44
				21/7/18- 12/10/18	28	122	16	57			82
				Outcome(s) to be reported at year end		A modern apprentice has started work with NLP					

Ref No.	Indicator and Frequency	Target Outcome/Purpose	2018/19 Target (where applicable)	2018/19 Actual	Comments	2017/18 YTD Comparison (where applicable)
<b>Support all children and young people to realise their full potential</b>						
5	Engagement in Recruitment Fairs/ Careers Talks (Annual)	<ul style="list-style-type: none"> <li>•Raise Awareness of existing career options within North Lanarkshire</li> <li>• "Grow Our Own" future generation of employees</li> </ul>	2 events per annum to be reported at year-end	Outcome(s) to be reported at year end	NLP participated in the Braidhurst High School event on the 18/02/19.	NLP LLP participated in Braidhurst High School's careers' event held on 19/02/18
6	Provision of school Work Experience placements (Annual)	<ul style="list-style-type: none"> <li>• Provide worthwhile and varied opportunities for S4 pupils to experience potential careers and work experience.</li> </ul>	2 Work Experience Placements to be provided	Outcome(s) to be reported at year end	Two placements available for Braidhurst High School and NLP LLP will continue to liaise with the school	NLP LLP offered two work experience placements
<b>Improve the health and wellbeing of our communities</b>						
7	Carbon efficiency measures installed to commercial properties (Six Monthly)	<ul style="list-style-type: none"> <li>•Reduced energy costs for tenants</li> <li>• More attractive and market-leading commercial properties</li> <li>• Reduce Carbon Emissions</li> </ul>	<ul style="list-style-type: none"> <li>• Development of energy efficiency strategy</li> <li>• Identification of potential funding streams</li> </ul>	NLP continue to liaise with the Council's maintenance team to consider how energy efficiency protocols can be built into standard refurbishments.	Energy audits have been commissioned for 7 multi-occupied buildings including Dalziel and Airdrie business Centres	5 Properties identified where energy efficiency installations would increase mark availability
<b>Enhance participation, capacity and empowerment across our communities</b>						
8	Charitable income as a % of turnover (Quarterly per financial period end)	<ul style="list-style-type: none"> <li>•Support voluntary and community organisations within Charity Lettings policy</li> </ul>	≤ 1% of annual turnover as per Management Committee policy	2018/19	NLP Continues to support charity and third sector organisations in line with its policy commitments	2017/18
				Period ending 20/07/18 (P4)		Period Ending 21/07/17 (P4)
				1.10%		1.10%
				Period Ending 12/10/18 (P7)		Period Ending 13/10/17 (P7)
				1.10%		1.13%
				Period Ending 04/01/19 (P10)		Period Ending 05/01/18 (P10)
				1.11%		1.04%
Period Ending 31/03/2019 (P13)	Period Ending 31/03/2018 (P13)					

Ref No.	Indicator and Frequency	Target Outcome/Purpose	2018/19 Target (where applicable)	2018/19 Actual	Comments	2017/18 YTD Comparison (where applicable)
<b>Improve North Lanarkshire's resource base</b>						
9	Lettings' turnaround time from date at which property is in a lettable condition and an expression of interest has been received	<ul style="list-style-type: none"> <li>•Minimise number of vacant properties</li> <li>•Maintain income and occupancy levels</li> <li>•Maintain quality and availability of properties and turnaround time of re-lettings</li> </ul>	70% of lettings completed, from date at which property is in a lettable condition and an expression of interest has been received, to conclusion within 60 days.	87.5% of transactions concluded within 60 days or less in the period 10 October 2018 to 4 January 2019	Revised indicator as agreed at meeting on 7th November 2018.	Not Applicable
10	Net rental movement generated in period	•Maximise income to the LLP	N/A	Period Ending 31/03/2018 (P13 - 2017/18)		Period Ending 31/03/2017 (P13 16/17)
				Opening balance	£0	0
				Period Ending 20/07/18 (P4)	YTD	Period Ending 21/07/2017 (P4)
				£40,275	£40,275	£10,924
				Period ending 12/10/18 (P7)	YTD	Period Ending 13/10/17 (P7)
				£8,249	£48,524	£7,660
				Period ending 04/01/19 (P10)	YTD	Period Ending 05/01/18 (P10)
				£13,658	£62,182	£44,209
				Period ending 31/03/19 (P13)	YTD	Period Ending 31/03/18 (P13)
11	% of rental income due that was paid within 30 days	•Maintain income levels	Monthly payment reports to be provided	28/03 to 27/04/18	87.00%	79.40%
				28/04 to 27/05/18	89.50%	87.10%
				28/05 to 27/06/18	84.80%	83.70%
				28/06 to 27/07/18	90.00%	71.80%
				28/07 to 27/08/18	85.90%	88.50%
				28/08 to 27/09/18	89.50%	87.60%
				28/09 to 27/10/18	89.20%	90.70%
				28/10 to 27/11/18	87.50%	89.80%
				28/11 to 27/12/18	84.80%	85.50%
				28/12 to 27/01/19	85.40%	85.20%
				28/01 to 27/02/19		88.90%
				28/02 to 27/03/19		87.60%

Ref No.	Indicator and Frequency	Target Outcome/Purpose	2018/19 Target (where applicable)	2018/19 Actual		Comments	2017/18 YTD Comparison (where applicable)	
<b>Improve North Lanarkshire's resource base</b>								
12	Total outstanding rent due as a % of turnover	•Maintain income levels and recover outstanding rents due.	Quarterly period end reports to be provided	Period Ending 20/07/18 (P4)		Although there has been an increase in this debt for Quarter 3, NLP LLP are continuing to undertake actions to reduce all debt including historic debt	Period Ending 21/10/17 (P4)	
				18.88%			24.33%	
				Period Ending 12/10/18 (P7)			Period Ending 13/10/17 (P7)	
				13.56%			19.21%	
				Period Ending 04/01/19 (P10)			Period Ending 05/01/18 (P10)	
				19.27%			15.40%	
				Period Ending 31/03/19 (P13)			Period Ending 31/03/18 (P13)	
13	% of total outstanding rent due that is historic (6+ months)	•Maintain income levels and recover outstanding rents due	Quarterly period end reports to be provided	Period ending 20/07/18 (P4)		NLP LLP are continuing to undertake actions to reduce all debt including historic debt with a significant reduction in Quarter 3	Period Ending 21/10/17 (P4)	
				45.85%			70.40%	
				Period ending 12/10/18 (P7)			Period Ending 13/10/17 (P7)	
				34.32%			54.40%	
				Period Ending 04/01/19 (P10)			Period Ending 05/01/18 (P10)	
				17.80%			26.17%	
				Period ending 31/03/19 (P13)			Period Ending 31/03/18 (P13)	
14	% of vacant Properties across the full portfolio as at 12 October 2018	•Minimise number of vacant properties • Maintain income levels	Vacancy Rate ≤ 10% = Green (G) Vacancy Rate > 10% = and ≤ 20% = Amber (A) Vacancy Rate > 20% = Red (R)	2018/19	%	NLP LLP continues to trade in a challenging market and is reviewing its processes to accelerate bringing void properties to the market	2017/18	%
				Period 4	11.25%		Period 4	10.74% A
				Period 7	10.93%		Period 7	10.43% A
				Period 10	11.34%		Period 10	12.40% A
				Period 13			Period 13	

## North Lanarkshire Properties LLP

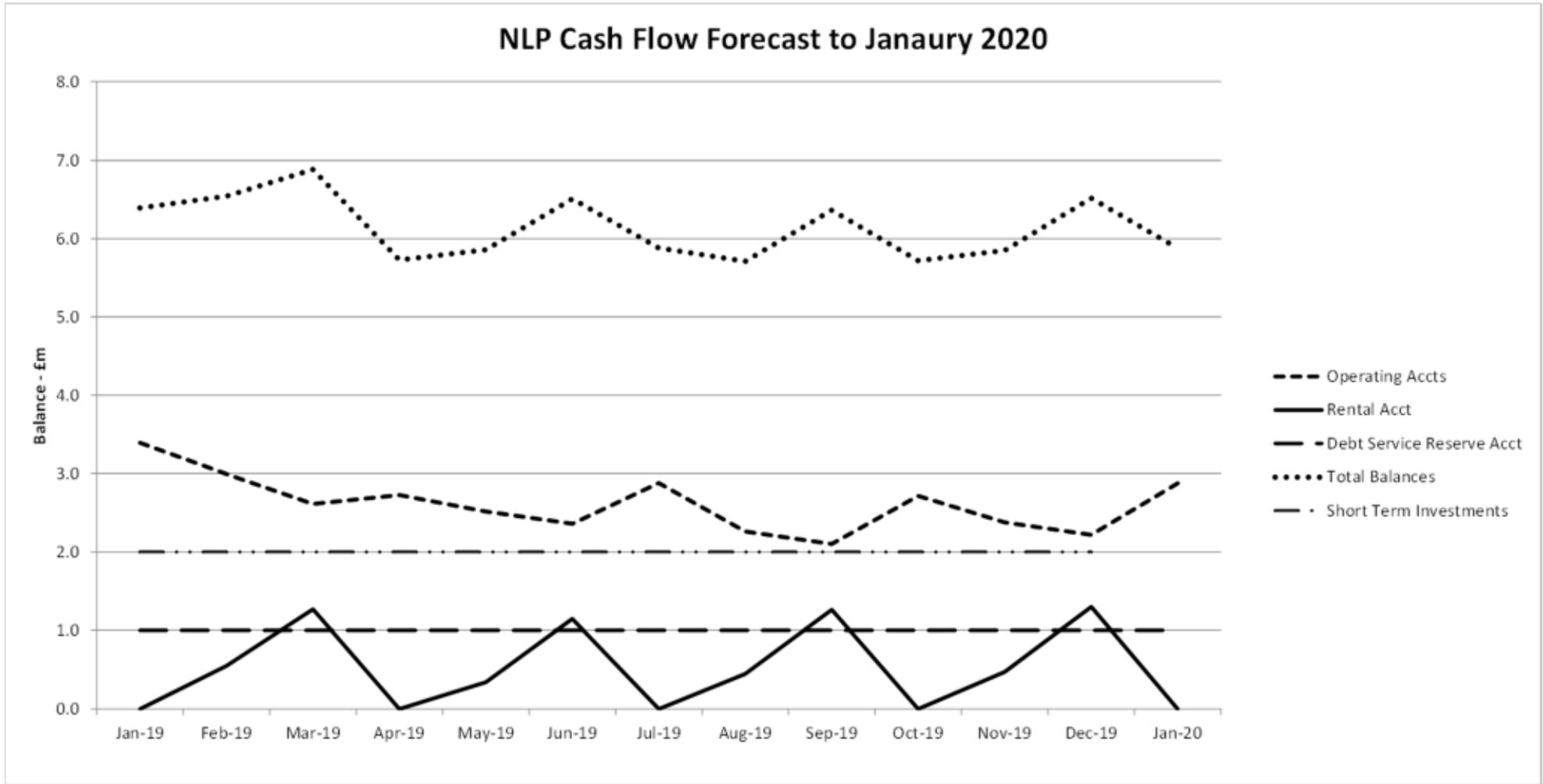
## Financial Performance to 4 January 2019

Income & expenditure	2018/19 Annual Budget £m	2018/19 Year to date			2018/19 Projected Outturn £m	2018/19 Projected Variance £m	Commentary
		Budget £m	Actual £m	Variance £m			
Income from NLC	0.445	0.383	0.383	0.000	0.441	(0.004)	SLA & rental charges.
Trading operations	6.177	5.183	4.975	(0.208)	5.953	(0.224)	Under recovery due to vacant properties
Investments	0.020	0.020	0.026	0.006	0.026	0.006	Bank interest received
Other Income	0.000	0.000	0.047	0.047	0.047	0.047	Dillapidation of Woodside Street £24k, Sale of Land Netherlee Road £7k and other insurance/legal claims
<b>Total Income</b>	<b>6.642</b>	<b>5.586</b>	<b>5.431</b>	<b>(0.155)</b>	<b>6.467</b>	<b>(0.175)</b>	
Expenditure;							
Employee costs	(0.621)	(0.425)	(0.390)	0.035	(0.552)	0.069	Short term vacancies
Property Costs	(1.827)	(1.016)	(1.054)	(0.038)	(1.883)	(0.056)	Overspend Non Domestic Rates costs of £0.132m, primarily due levels of current vacant properties, coupled with an increase in projected Gas and Electricity costs of £20k, gritting of £10k (relating to prior year charges) largely offset by a reduction in repairs expenditure of £0.105m this year due to a reprocurement of jobs to 2019/20.
Supplies & Services	(0.515)	(0.354)	(0.368)	(0.014)	(0.515)	0.000	
Admin Costs	(0.168)	(0.121)	(0.140)	(0.019)	(0.186)	(0.018)	Additional legal costs in relation to the Flowerhill dispute and consultancy fees relating to the purchase of Orbiston Street.
Financing Costs	(2.045)	(1.465)	(1.465)	0.000	(2.045)	0.000	
<b>Total Expenditure</b>	<b>(5.176)</b>	<b>(3.382)</b>	<b>(3.418)</b>	<b>(0.036)</b>	<b>(5.181)</b>	<b>(0.005)</b>	
<b>Accounting Profit</b>	<b>1.466</b>	<b>2.204</b>	<b>2.013</b>	<b>(0.191)</b>	<b>1.286</b>	<b>(0.180)</b>	
Loan Principal Repayments	(1.227)	(0.909)	(0.909)	0	(1.227)	0	
<b>Profit Transferred to Reserves</b>	<b>0.239</b>	<b>1.295</b>	<b>1.104</b>	<b>(0.191)</b>	<b>0.059</b>	<b>(0.180)</b>	

## North Lanarkshire Properties LLP

## Overall Financial Standing - Balance Sheet as at 4 January 2019

Balances/ Indicator	2018/19 YTD actual £m	2017/18 Final Outturn £m	Commentary
<b>Fixed Assets</b>	<b>66.613</b>	<b>66.613</b>	Property portfolio held to generate operating income, largely funded from the loan from Barclay's Bank
<b>Current Assets:</b>			
Trade Debtors	0.734	0.697	Primarily debtors not yet due
Bank	5.043	4.973	
Short-Term Investments	2.000	2.000	12 month term investment
	<b>7.777</b>	<b>7.670</b>	
<b>Current Liabilities:</b>			
Trade Creditors	(0.643)	(1.143)	Predominantly reflects amounts not yet due
Other Creditors inc. VAT & other taxes	(0.597)	(1.165)	VAT due to HMRC, accrued interest, deferred income
Loan payments due in <1 yr	(1.227)	(1.227)	Barclays Bank
	<b>(2.466)</b>	<b>(3.535)</b>	
<b>Net current Assets/(liabilities)</b>	<b>5.310</b>	<b>4.135</b>	
Loan repayments due in > 1 yr	(38.537)	(39.474)	Barclays Bank
Defined scheme pensions liabilities	(0.022)	(0.022)	FRS102 actuarial valuation
<b>Net Asset / (Liabilities)</b>	<b>33.364</b>	<b>31.252</b>	



North Lanarkshire Properties LLP				
Approved Budget - 19/20				
Income & expenditure	2019/20 Annual Budget £m	2018/19 Annual Budget £m	Movement £m	Commentary
Income from NLC	0.441	0.445	(0.004)	SLA & rental charges
Trading operations	6.035	6.177	(0.142)	Budget re - based to match 2018/19 income levels (reduction of £224k) plus a target growth of 2% on revised total (£82k)
Investments	0.020	0.020	0.000	Bank interest received
<b>Total Income</b>	<b>6.496</b>	<b>6.642</b>	<b>(0.146)</b>	
Expenditure;				
Employee costs	(0.659)	(0.621)	(0.038)	Cost of new finance structure coupled with 3.5% payrise 18/19 and 3% 19/20 totalling £62k offset by reallocation of care takers post to property costs SLA £24k
Property Costs	(1.912)	(1.827)	(0.085)	Increase in Non Domestic Rates (NDR) budget £118k (including poundage rate increase), increase in budget electricity cost of £20k, reallocation the caretakers post to SLA as noted above £24k and 3% increase on waste and land management and building cleaning SLAs offset by savings arising from sale of Earn Avenue and Napier place in relation to NDR, security and insurance of £88k.
Supplies & Services	(0.505)	(0.515)	0.010	Anticipated savings in ICT contracts
Admin Costs	(0.138)	(0.168)	0.030	Reduction in bad debt provision to match prior year actual levels
Financing Costs	(1.990)	(2.045)	0.055	Saving on interest from early loan repayments of £63k off set by year on year increase in interest repayment profile
<b>Total Expenditure</b>	<b>(5.204)</b>	<b>(5.176)</b>	<b>(0.028)</b>	
<b>Accounting Profit</b>	<b>1.292</b>	<b>1.466</b>	<b>(0.174)</b>	
Loan Principal Repayments	(0.978)	(1.227)	0.249	Saving on principal loan repayments from early loan repayments £277k off set by year on year increase in principal repayment profile £28k
<b>Profit Transferred to Reserves</b>	<b>0.314</b>	<b>0.239</b>	<b>0.075</b>	
<b>Projected Debt Service Cover Ratio (PD SC)</b>	<b>1.16</b>	<b>1.15</b>		<b>Minimum allowable facilities agreement ratio is 1.15</b>