

North Lanarkshire Council Report

Communities and Housing Committee

approval noting

Ref RS/GT/JM

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Revenue Monitoring Report (Trading) – Provisional Outturn

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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 31 March 2019 (Period 13 Provisional Outturn). The report highlights the provisional outturn as at 31 March 2019, with major outturn variances explained per the Council's approved Financial Regulations.

The Trading Account provisional outturn reflects a surplus of £0.371m based on performance to Period 13. The budgeted surplus is £0.371m.

Recommendations

It is recommended that Communities and Housing 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 of Building Cleaning, Waste Management and Fleet Operations. The budgeted surplus is £0.371m for the Trading Account activities.

2.1.2 The Trading account provisional outturn has a surplus of £0.371m. The 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.

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 has taken 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.

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.

4. Implications

4.1 Financial Impact

The provision outturn reflects achievement of the approved budget surplus.

4.2 HR/Policy/Legislative Impact

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

There are no specific environmental impacts.

4.4 Risk Impact

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.

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 Directors (Enterprise & Communities)

Trading Summary
Revenue Budget Monitoring Report - Subjective Analysis
1st April 2018 - 31st March 2019 (PERIOD 13 - PROVISIONAL OUTTURN)

CATEGORY	ANNUAL BUDGET	PROJECTED OUTTURN	PROJECTED OUTTURN VARIANCE	ANALYSIS
(1)	(5)	(6)	(7)	(10)
EMPLOYEE COSTS	2,509,519	2,513,640	(4,120) ADV	Additional cleaning requests from Clients/ fleet requirements. Within Waste there are reduced employee costs off-setting reduced income.
PROPERTY COSTS	410,571	365,399	45,172 FAV	Reduced waste gate fees
SUPPLIES & SERVICES	866,218	667,271	198,947 FAV	Reduction of lease vehicles per MEARS contract
TRANSPORT & PLANT	727,254	694,990	32,263 FAV	Increased vehicle insurance costs partly offset by reduced Waste vehicle costs.
ADMINISTRATION COSTS	242,002	286,127	(44,125) ADV	Minor variance
PAYMENTS TO OTHER BODIES	21,000	37,452	(16,452) ADV	Minor Variance
CAPITAL FINANCING COSTS	0	0	0	-
REVENUE FINANCING COSTS	0	0	0	-
OTHER EXPENDITURE	147	29	118 FAV	Minor Variance
TOTAL EXPENDITURE	4,776,711	4,564,908	211,801 FAV	
INCOME	5,148,163	4,936,361	(211,802) ADV	Within Waste Services, there is reduced income from uplift of Waste. Reduced Fleet income as a result of reduction of leasing costs.
SURPLUS/(DEFICIT)	371,452	371,453	(1) ADV	

Building Cleaning Trading
Revenue Budget Monitoring Report - Subjective Analysis
1st April 2018 - 31st March 2019 (PERIOD 13 - PROVISIONAL OUTTURN)

CATEGORY	ANNUAL BUDGET	PROJECTED OUTTURN	PROJECTED OUTTURN VARIANCE	ANALYSIS
(1)	(5)	(6)	(7)	(10)
EMPLOYEE COSTS	1,735,903	1,822,420	(86,516) ADV	Additional cleaning requests from Clients
PROPERTY COSTS	50,688	43,733	6,955 FAV	Minor variance
SUPPLIES & SERVICES	36,840	20,052	16,788 FAV	Minor variance
TRANSPORT & PLANT	763	10	753 FAV	Minor variance
ADMINISTRATION COSTS	95,736	146,505	(50,769) ADV	Minor variance
PAYMENTS TO OTHER BODIES	0	0	0	-
CAPITAL FINANCING COSTS	0	0	0	-
REVENUE FINANCING COSTS	0	0	0	-
OTHER EXPENDITURE	0	0	0	-
TOTAL EXPENDITURE	1,919,930	2,032,720	(112,789) ADV	
INCOME	2,012,073	2,134,549	122,476 FAV	Additional cleaning request from clients
SURPLUS/(DEFICIT)	92,143	101,830	9,687 FAV	

Waste Management Trading
 Revenue Budget Monitoring Report - Subjective Analysis
 1st April 2018 - 31st March 2019 (PERIOD 13 - PROVISIONAL OUTTURN)

CATEGORY	ANNUAL BUDGET	PROJECTED OUTTURN	PROJECTED OUTTURN VARIANCE	ANALYSIS
(1)	(5)	(6)	(7)	(10)
EMPLOYEE COSTS	394,670	332,568	62,102 FAV	Reduced employee costs
PROPERTY COSTS	315,849	279,717	36,132 FAV	Reduced Gate Fees
SUPPLIES & SERVICES	20,828	47,866	(27,038) ADV	Bin costs off-set by income
TRANSPORT & PLANT	201,633	158,613	43,020 FAV	Reduced Fleet costs
ADMINISTRATION COSTS	110,045	105,444	4,601 FAV	Minor variance
PAYMENTS TO OTHER BODIES	0	0	0	-
CAPITAL FINANCING COSTS	0	0	0	-
REVENUE FINANCING COSTS	0	0	0	-
OTHER EXPENDITURE	0	0	0	-
TOTAL EXPENDITURE	1,043,025	924,209	118,816	
INCOME	1,270,177	1,141,301	(128,876) ADV	Reduced income from uplift of waste off-set by reduced service costs
SURPLUS/(DEFICIT)	227,152	217,092	(10,060)	

Fleet Operations Trading
Revenue Budget Monitoring Report - Subjective Analysis
1st April 2018 - 31st March 2019 (PERIOD 13 - PROVISIONAL OUTTURN)

CATEGORY	ANNUAL BUDGET	PROJECTED OUTTURN	PROJECTED OUTTURN VARIANCE		ANALYSIS
(1)	(5)	(6)	(7)		(10)
EMPLOYEE COSTS	378,946	358,652	20,294	FAV	Minor Variance
PROPERTY COSTS	44,034	41,949	2,085	FAV	Minor Variance
SUPPLIES & SERVICES	808,550	599,352	209,198	FAV	Reduction of lease vehicles per MEARS contract
TRANSPORT & PLANT	524,858	536,368	(11,510)	ADV	Increased insurance work costs
ADMINISTRATION COSTS	36,221	34,178	2,043	FAV	Minor Variance
PAYMENTS TO OTHER BODIES	21,000	37,452	(16,452)	ADV	End of Lease charges less than forecast
CAPITAL FINANCING COSTS	0	0	0	-	-
REVENUE FINANCING COSTS	0	0	0	-	-
OTHER EXPENDITURE	147	29	118	FAV	Minor Variance
TOTAL EXPENDITURE	1,813,756	1,607,979	205,776		
INCOME	1,865,913	1,660,508	(205,405)	ADV	Reduction of lease vehicles per MEARS contract
SURPLUS/(DEFICIT)	52,157	52,529	372		

Trading Summary
 Revenue Budget Monitoring Report - Payments to Other Bodies
 1st April 2018 - 31st March 2019 (PERIOD 13 - PROVISIONAL OUTTURN)

DESCRIPTION (1)	ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED OUTTURN VARIANCE (7)	TYPICAL AREAS OF EXPENDITURE / ANALYSIS OF VARIATIONS (10)
Fleet - End of lease charges	21,000	37,452	(16,452) ADV	
TOTAL EXPENDITURE	21,000	37,452	(16,452) ADV	