

North Lanarkshire Council Report

Communities and Housing Committee

approval noting

Ref RS/GT/JM

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Enterprise and Communities – Trading Report

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Executive Summary

This report provides a summary of the Council's Trading Account financial performance for the period 1 April 2019 to 11 October 2019 (Period 7). The report illustrates the projected outturn as at 31 March 2020, with major outturn variances highlighted and explained as per the Council's approved Financial Regulations.

The Council's Trading Account is projected to achieve the budgeted surplus of £0.626m for 2019/20 based on performance to Period 7.

Recommendations

It is recommended that Committee:

- (1) Notes the financial position of the 2019/20 Enterprise and Communities trading account budget.

The Plan for North Lanarkshire

Priority Improve economic opportunities and outcomes

Ambition statement (25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning

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.

2. Report

2.1 Summary of Financial Position

2.1.1 The Trading Account monitors the external trading activity of the Council (Building Cleaning, Waste Management, Fleet Operations and Town Centre Activities). The Council approved its General Fund Revenue Budget on 21 February 2019, of which £0.540m represented the approved Surplus for Trading Services. Subsequent realignments of service budgets have resulted in a revised Trading Surplus of £0.626m; an increase of £0.086m.

2.1.2 The service is currently projecting to achieve the budgeted surplus of £0.626m. The current financial position is detailed in Appendices 1 to 6 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 6. These account for £0.016m of Trading's annual budget and are projected to outturn on budget.

2.3 Management Actions

2.3.1 The Service is taking a range of corrective management action to ensure it contains expenditure within its approved 2019/20 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 Duty

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

4.1.1 There are no significant financial impacts which have been identified.

4.2 HR/Policy/Legislative Impact

4.2.1 The Trading Account has to comply with the statutory requirement to at least break-even for the rolling three year period. The combined surpluses achieved in 2016/17, 2017/18 and 2018/19 totalled £0.246m.

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.

5. Measures of success

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

6. Supporting documents

6.1	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	Summary Town Centre Activities
	Appendix 6	Payments to Other Bodies



Robert Steenson
Executive Director (Enterprise & Communities)

Trading Summary
Revenue Budget Monitoring Report - Subjective Analysis
1st April 2019 - 11th October 2019 (PERIOD 7)

CATEGORY	BUDGET TO DATE	ACTUAL TO DATE	YEAR TO DATE VARIANCE		ANNUAL BUDGET	PROJECTED OUTTURN	PROJECTED OUTTURN VARIANCE	%	ANALYSIS
(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(10)
EMPLOYEE COSTS	1,194,233	1,284,823	(90,590) ADV		2,368,278	2,467,048	(98,770) ADV	-4.2%	
PROPERTY COSTS	37,743	30,940	6,803 FAV		332,940	335,088	(2,148) ADV	-0.6%	
SUPPLIES & SERVICES	229,286	22,732	206,554 FAV		456,892	461,037	(4,145) ADV	-0.9%	
TRANSPORT & PLANT	228,728	100,255	128,473 FAV		496,079	513,750	(17,671) ADV	-3.6%	
ADMINISTRATION COSTS	2,381	2,526	(145) ADV		269,797	270,071	(274) ADV	-0.1%	
PAYMENTS TO OTHER BODIES	7,156	6,285	871 FAV		15,500	15,500	0	0.0%	0
CAPITAL FINANCING COSTS	0	0	0		0	29,042	(29,042) ADV	0.0%	
REVENUE FINANCING COSTS	0	0	0		0	0	0	0.0%	
OTHER EXPENDITURE	18	0	18 FAV		38	0	38 FAV	0.0%	
TOTAL EXPENDITURE	1,699,545	1,447,560	251,984 FAV		3,939,524	4,091,536	(152,012) ADV	-3.9%	
INCOME	2,495,092	2,777,810	282,718 FAV		4,565,645	4,717,656	152,011 FAV	3.3%	
SURPLUS/(DEFICIT)	795,547	1,330,250	534,702 FAV		626,121	626,120	0	0.0%	

Building Cleaning Trading
Revenue Budget Monitoring Report - Subjective Analysis
1st April 2019 - 11th October 2019 (PERIOD 7)

CATEGORY	BUDGET TO DATE	ACTUAL TO DATE	YEAR TO DATE VARIANCE		ANNUAL BUDGET	PROJECTED OUTTURN	PROJECTED OUTTURN VARIANCE	%	ANALYSIS
(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(10)
EMPLOYEE COSTS	827,609	1,000,371	(172,762) ADV		1,738,136	1,919,691	(181,555) ADV	-10.4%	
PROPERTY COSTS	26,095	21,748	4,347 FAV		50,688	51,311	(623) ADV	-1.2%	
SUPPLIES & SERVICES	17,861	14,206	3,655 FAV		36,840	37,554	(714) ADV	-1.9%	
TRANSPORT & PLANT	343	0	343 FAV		763	763	0	0.0%	
ADMINISTRATION COSTS	0	0	0		45,436	45,436	0	0.0%	
PAYMENTS TO OTHER BODIES	0	0	0		0	0	0	0.0%	
CAPITAL FINANCING COSTS	0	0	0		0	0	0	0.0%	
REVENUE FINANCING COSTS	0	0	0		0	0	0	0.0%	
OTHER EXPENDITURE	0	0	0		0	0	0	0.0%	
TOTAL EXPENDITURE	871,908	1,036,325	(164,417) ADV		1,871,863	2,054,755	(182,892) ADV	-9.8%	
INCOME	1,106,342	1,300,897	194,555 FAV		2,012,073	2,194,965	182,892 FAV	9.1%	
SURPLUS/(DEFICIT)	234,434	264,572	30,138 FAV		140,210	140,211	0	0.0%	

Waste Management Trading
Revenue Budget Monitoring Report - Subjective Analysis
1st April 2019 - 11th October 2019 (PERIOD 7)

CATEGORY	BUDGET TO DATE	ACTUAL TO DATE	YEAR TO DATE VARIANCE	ANNUAL BUDGET	PROJECTED OUTTURN	PROJECTED OUTTURN VARIANCE	%	ANALYSIS
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(10)
EMPLOYEE COSTS	186,260	186,368	(108) ADV	362,043	362,043	0	0.0%	0
PROPERTY COSTS	0	0	0	257,022	257,022	0	0.0%	0
SUPPLIES & SERVICES	1,997	1,997	0	29,846	29,846	0	0.0%	0
TRANSPORT & PLANT	20,941	20,941	0	175,623	175,623	0	0.0%	0
ADMINISTRATION COSTS	659	659	0	9,505	9,505	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	209,857	209,965	(108) ADV	834,039	834,039	0	0.0%	
INCOME	735,923	735,923	0	1,115,381	1,115,381	0	0.0%	0
SURPLUS/(DEFICIT)	526,066	525,958	(108) ADV	281,342	281,342	0	0.0%	

Fleet Operations Trading
Revenue Budget Monitoring Report - Subjective Analysis
1st April 2019 - 11th October 2019 (PERIOD 7)

CATEGORY	BUDGET TO DATE	ACTUAL TO DATE	YEAR TO DATE VARIANCE		ANNUAL BUDGET	PROJECTED OUTTURN	PROJECTED OUTTURN VARIANCE		%	ANALYSIS
(1)	(2)	(3)	(4)		(5)	(6)	(7)		(8)	(10)
EMPLOYEE COSTS	180,364	98,084	82,280	FAV	268,099	185,314	82,785	FAV	30.9%	Re-aligned Trading / Non Trading FTE
PROPERTY COSTS	11,648	9,191	2,457	FAV	25,230	26,755	(1,525)	ADV	-6.0%	0
SUPPLIES & SERVICES	209,428	6,529	202,899	FAV	390,206	393,637	(3,431)	ADV	-0.9%	0
TRANSPORT & PLANT	207,444	79,314	128,130	FAV	319,693	337,364	(17,671)	ADV	-5.5%	
ADMINISTRATION COSTS	1,722	1,867	(145)	ADV	3,724	3,998	(274)	ADV	-7.4%	0
PAYMENTS TO OTHER BODIES	7,156	6,285	871	FAV	15,500	15,500	0		0.0%	0
CAPITAL FINANCING COSTS	0	0	0		0	29,042	(29,042)	ADV	0.0%	
REVENUE FINANCING COSTS	0	0	0		0	0	0		0.0%	
OTHER EXPENDITURE	18	0	18	FAV	38	0	38	FAV	0.0%	
TOTAL EXPENDITURE	617,780	201,270	416,510	FAV	1,022,490	991,610	30,880		3.0%	
INCOME	582,109	643,935	61,826	FAV	1,227,059	1,196,178	(30,881)	ADV	-2.5%	Revised end of lease charges income expectation down
SURPLUS/(DEFICIT)	(35,671)	442,665	478,336	FAV	204,569	204,569	(1)		0.0%	Re-alignment of FTE between trading and non-trading. Budget

Town Centre Activities Trading
 Revenue Budget Monitoring Report - Subjective Analysis
 1st April 2019 - 11th October 2019 (PERIOD 7)

CATEGORY	BUDGET TO DATE	ACTUAL TO DATE	YEAR TO DATE VARIANCE	ANNUAL BUDGET	PROJECTED OUTTURN	PROJECTED OUTTURN VARIANCE	%	ANALYSIS
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(10)
EMPLOYEE COSTS	0	0	0	0	0	0	0.0%	On Target
PROPERTY COSTS	0	0	0	0	0	0	0.0%	
SUPPLIES & SERVICES	0	0	0	0	0	0	0.0%	
TRANSPORT & PLANT	0	0	0	0	0	0	0.0%	
ADMINISTRATION COSTS	0	0	0	211,132	211,132	0	0.0%	
PAYMENTS TO OTHER BODIES	0	0	0	0	0	0	0.0%	
CAPITAL FINANCING COSTS	0	0	0	0	0	0	0.0%	
REVENUE FINANCING COSTS	0	0	0	0	0	0	0.0%	
OTHER EXPENDITURE	0	0	0	0	0	0	0.0%	
TOTAL EXPENDITURE	0	0	0	211,132	211,132	0	0.0%	
INCOME	70,718	97,055	26,337 FAV	211,132	211,132	0	0.0%	On Target
SURPLUS/(DEFICIT)	70,718	97,055	26,337 FAV	0	0	0	0.0%	

Trading Summary
Revenue Budget Monitoring Report - Payments to Other Bodies
1st April 2019 - 11th October 2019 (PERIOD 7)

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)	% (8)	TYPICAL AREAS OF EXPENDITURE / ANALYSIS OF VARIATIONS (10)
Fleet - End of lease charges	7,156	6,285	871 FAV	15,500	15,500	0	0.0%	
TOTAL EXPENDITURE	7,156	6,285	871 FAV	15,500	15,500	0	0.0%	