

North Lanarkshire Council Report

Housing and Regeneration Committee

approval noting

Ref RS/GT/JM

Date 19/02/20

Enterprise and Communities – Trading Report

From Robert Steenson, Executive Director (Enterprise & Communities)
Email telferg@northlan.gov.uk **Telephone** Greg Telfer, Business
Finance Manager, 01698
302836.

Executive Summary

This report provides a summary of the Council's Trading Account financial performance for the period 1 April 2019 to 3 January 2020 (Period 10). 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 a surplus of £0.611m for 2019/20 based on performance to Period 10 this is £0.019m lower than the budgeted surplus mainly due to higher than anticipated insurance costs within Fleet.

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 CCTV Monitoring). 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 £0.631m; an increase of £0.091m.

2.1.2 The service is currently projecting to achieve a surplus of £0.611m for the current financial year. This is below the budgeted surplus of £0.631m and is attributable to higher than anticipated insurance costs within Fleet Operations. 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 CCTV Monitoring
	Appendix 6	Payments to Other Bodies



Robert Steenson
Executive Director (Enterprise & Communities)

Trading Summary
Revenue Budget Monitoring Report - Subjective Analysis
1st April 2019 - 3rd January 2020 (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	1,723,180	1,875,228	(152,048) ADV		2,362,932	2,501,928	(138,996) ADV	-5.9%	2,928	Offset by income
PROPERTY COSTS	55,879	48,231	7,648 FAV		332,940	336,036	(3,096) ADV	-0.9%	(7,917)	
SUPPLIES & SERVICES	325,853	321,304	4,549 FAV		456,892	446,316	10,576 FAV	2.3%	1,006	
TRANSPORT & PLANT	316,915	376,324	(59,409) ADV		496,079	563,569	(67,490) ADV	-13.6%	(4,827)	
ADMINISTRATION COSTS	3,531	4,649	(1,118) ADV		269,797	270,950	(1,153) ADV	-0.4%	0	
PAYMENTS TO OTHER BODIES	10,734	6,285	4,449 FAV		15,500	15,500	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	27	4,021	(3,994) ADV		38	192	(154) ADV	-405.3%	(192)	
TOTAL EXPENDITURE	2,436,119	2,636,042	(199,923) ADV		3,934,178	4,134,491	(200,313) ADV	-5.1%	(9,002)	Additional cleans
INCOME	3,394,684	3,465,022	70,337 FAV		4,565,645	4,746,456	180,811 FAV	4.0%	(10,500)	
SURPLUS/(DEFICIT)	958,565	828,980	(129,586) ADV		631,467	611,965	(19,501) ADV	-3.1%	(19,502)	

Building Cleaning Trading
Revenue Budget Monitoring Report - Subjective Analysis
1st April 2019 - 3rd January 2020 (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	1,256,648	1,468,111	(211,463) ADV		1,738,136	1,957,835	(219,699) ADV	-12.6%	6,753	Offset by income
PROPERTY COSTS	38,407	33,334	5,073 FAV		50,688	51,101	(413) ADV	-0.8%	(7,917)	
SUPPLIES & SERVICES	23,023	16,886	6,137 FAV		36,840	22,155	14,685 FAV	39.9%	1,193	
TRANSPORT & PLANT	523	0	523 FAV		763	763	0	0.0%	0	
ADMINISTRATION COSTS	0	0	0		45,436	45,436	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	1,318,601	1,518,331	(199,730) ADV		1,871,863	2,077,290	(205,427) ADV	-11.0%	29	
INCOME	1,580,579	1,665,953	85,374 FAV		2,012,073	2,217,500	205,427 FAV	10.2%	(30)	Additional cleans
SURPLUS/(DEFICIT)	261,978	147,622	(114,356) ADV		140,210	140,211	0	0.0%	(0)	

Waste Management Trading
 Revenue Budget Monitoring Report - Subjective Analysis
 1st April 2019 - 3rd January 2020 (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	269,582	268,413	1,169 FAV	362,043	362,043	0	0.0%	(0)	0
PROPERTY COSTS	0	0	0	257,022	257,022	0	0.0%	0	0
SUPPLIES & SERVICES	3,342	3,342	0	29,846	29,846	0	0.0%	0	0
TRANSPORT & PLANT	63,153	63,153	0	175,623	175,623	0	0.0%	0	0
ADMINISTRATION COSTS	948	948	0	9,505	9,505	0	0.0%	0	0
PAYMENTS TO OTHER BODIES	0	0	0	0	0	0	0.0%	0	0
CAPITAL FINANCING COSTS	0	0	0	0	0	0	0.0%	0	0
REVENUE FINANCING COSTS	0	0	0	0	0	0	0.0%	0	0
OTHER EXPENDITURE	0	0	0	0	0	0	0.0%	0	0
TOTAL EXPENDITURE	337,026	335,857	1,169 FAV	834,039	834,039	0	0.0%	(0)	
INCOME	843,864	843,945	81 FAV	1,115,381	1,115,381	0	0.0%	0	0
SURPLUS/(DEFICIT)	506,838	508,088	1,250 FAV	281,342	281,342	0	0.0%	(0)	

Fleet Operations Trading
Revenue Budget Monitoring Report - Subjective Analysis
1st April 2019 - 3rd January 2020 (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	196,950	138,704	58,246 FAV		262,753	182,050	80,703 FAV	30.7%	(3,825)	Reduction in overtime
PROPERTY COSTS	17,472	14,897	2,575 FAV		25,230	27,913	(2,683) ADV	-10.6%	0	Minor variance
SUPPLIES & SERVICES	299,488	301,076	(1,588) ADV		390,206	394,315	(4,109) ADV	-1.1%	(187)	Minor variance
TRANSPORT & PLANT	253,239	313,170	(59,932) ADV		319,693	387,183	(67,490) ADV	-21.1%	(4,827)	Vehicle Insurance premium increase and other item offset by tyres
ADMINISTRATION COSTS	2,583	3,701	(1,118) ADV		3,724	4,877	(1,153) ADV	-31.0%	0	Minor variance
PAYMENTS TO OTHER BODIES	10,734	6,285	4,449 FAV		15,500	15,500	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	27	192	(165) ADV		38	192	(154) ADV	-405.3%	(192)	Minor variance
TOTAL EXPENDITURE	780,492	778,025	2,468 FAV		1,017,144	1,012,030	5,114	0.5%	(9,031)	
INCOME	865,315	853,368	(11,947) ADV		1,227,059	1,202,444	(24,615) ADV	-2.0%	(10,470)	Lower projection for additional work
SURPLUS/(DEFICIT)	84,823	75,343	(9,479) ADV		209,915	190,415	(19,501)	-9.3%	(19,501)	0

CCTV Monitoring Trading
 Revenue Budget Monitoring Report - Subjective Analysis
 1st April 2019 - 3rd January 2020 (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	0	0	0	0	0	0	0.0%	0	
PROPERTY COSTS	0	0	0	0	0	0	0.0%	0	
SUPPLIES & SERVICES	0	0	0	0	0	0	0.0%	0	
TRANSPORT & PLANT	0	0	0	0	0	0	0.0%	0	
ADMINISTRATION COSTS	0	0	0	211,132	211,132	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	3,829	(3,829) ADV	0	0	0	0.0%	0	
TOTAL EXPENDITURE	0	3,829	(3,829) ADV	211,132	211,132	0	0.0%	0	
INCOME	104,926	101,756	(3,171) ADV	211,132	211,132	0	0.0%	0	
SURPLUS/(DEFICIT)	104,926	97,927	(7,000) ADV	0	0	0	0.0%	0	

Trading Summary
 Revenue Budget Monitoring Report - Payments to Other Bodies
 1st April 2019 - 3rd January 2020 (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)	% (8)	PERIOD MOVEMENT (9)	PERIOD MOVEMENT (9)	TYPICAL AREAS OF EXPENDITURE / ANALYSIS OF VARIATIONS (10)
Fleet - End of lease charges	10,734	6,285	4,449 FAV	15,500	15,500	0	0.0%	0	0	
TOTAL EXPENDITURE	10,734	6,285	4,449 FAV	15,500	15,500	0	0.0%	0	0	