

North Lanarkshire Council Report

Housing and Regeneration 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 2020 to 16 October 2020 (Period 7). The report highlights the projected outturn as at 31 March 2021, 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 £0.610m for 2020/21 based on performance to Period 7.

Recommendations

It is recommended that Committee:

- (1) Notes the financial position of the 2020/21 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.
- 1.2 Given the extreme circumstances presented by the COVID-19 health crisis and its impact on Council operations, financial planning to support the deficit position is being considered on a corporate basis with Executive Directors expected to do all they can to mitigate cost pressures within their own Service area

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 24 February 2020, of which £0.540m represented the approved Surplus for Trading Services. Subsequent realignments of service budgets have resulted in a revised Trading Surplus of £0.610m; an increase of £0.070m.
- 2.1.2 The service is currently projected to achieve the budgeted surplus of £0.610m. The financial position is detailed in Appendices 1 and 2 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 2. 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 has taken a range of corrective management action to ensure it contained expenditure within its approved 2019/20 budget provision. These actions included 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 2017/18, 2018/19 and 2019/20 totalled £1.446m.

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	Payments to Other Bodies



Robert Steenson
Executive Director (Enterprise & Communities)

Trading Summary
Revenue Budget Monitoring Report - Subjective Analysis
1st April 2020 - 16th October 2020 (PERIOD 7)

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	1,246,746	1,200,983	45,763	FAV	2,307,695	2,163,401	144,294	FAV	6.3%	(47,465)	Reduced staffing costs following the transfer of staff to Police Scotland's new national cleaning contract (fully offset by reduced income)
PROPERTY COSTS	43,683	20,099	23,584	FAV	351,966	351,174	792	FAV	0.2%	(701)	Minor variance
SUPPLIES & SERVICES	227,289	147,825	79,464	FAV	215,901	214,266	1,635	FAV	0.8%	(667)	Minor variance
TRANSPORT & PLANT	222,843	71,014	151,829	FAV	363,809	361,522	2,287	FAV	0.6%	1	Minor variance
ADMINISTRATION COSTS	1,746	1,487	259	FAV	276,088	276,088	0		0.0%	0	
PAYMENTS TO OTHER BODIES	7,156	29,195	(22,039)	ADV	15,500	30,000	(14,500)	ADV	-93.5%	0	Additional charges linked to end of vehicle leases
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	18	90	(72)	ADV	38	38	0		0.0%	0	
TOTAL EXPENDITURE	1,749,481	1,470,693	278,788	FAV	3,530,997	3,396,489	134,508	FAV	3.8%	(48,833)	
INCOME	1,984,032	1,606,099	(377,934)	ADV	4,141,116	4,006,608	(134,509)	ADV	-3.2%	48,833	Reduced income associated with the Police Scotland contract following the end of previous arrangements.
SURPLUS/(DEFICIT)	234,552	135,406	(99,146)	ADV	610,119	610,119	0		0.0%	0	

Trading Summary
Revenue Budget Monitoring Report - Payments to Other Bodies
1st April 2020 - 16th October 2020 (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)	PERIOD MOVEMENT (9)	TYPICAL AREAS OF EXPENDITURE / ANALYSIS OF VARIATIONS (10)
Fleet - End of lease charges	5,962	3,250	2,712 FAV	15,500	30,000	(14,500) ADV	-93.5%	0	Additional charges linked to end of vehicle leases (offset by increased income)
TOTAL EXPENDITURE	5,962	3,250	2,712 FAV	15,500	30,000	(14,500) ADV	-93.5%	0	