

Report

Report to:	Executive Committee
Date of Meeting:	19 December 2018
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Trading Services Financial Performance for Period 9: 1 April 2018 to 9 November 2018
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide information on the estimated surplus for each of the Council's Trading Operations,
- ◆ provide information on the actual surplus as at 9 November 2018, and
- ◆ provide an update on the projected results for the financial year 2018/2019.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the surplus achieved to 9 November 2018 of £5.097 million, as detailed in Appendix A of the report, be noted.

3. Background

Trading Operations Position

- 3.1. As part of the budget for 2018/2019, an estimated target for Trading Operations' surpluses was set at £11.466 million. In the period to 12 October 2018, this was revised to £11.934 million.
- 3.2. Since then, in the period to 9 November 2018, a budget allocation has been made from Reserves to the Fleet Trading Operation for funding carried forward from 2017/2018 in relation to the Fleet Tranman system.
- 3.3. The effect of the above adjustments is to decrease the Budgeted Trading Surplus by £0.015 million, resulting in a revised budget of £11.919 million.
- 3.4. Details of the financial performance of each of the individual Trading Operations is provided in Appendix A to this report.
- 3.5. This budgeted surplus sum will continue to be taken as a minimum target for achievement by the Trading Operations. Effort will be maintained to maximise results during the remainder of this financial year.

4. Employee Implications

4.1. None.

5. Financial Implications

- 5.1. As at 9 November 2018, the actual surplus achieved by the Trading Operations total £5.097 million, representing an under recovery of £0.300 million against the phased budget. This relates to the Fleet Trading Operation and is offset by an underspend in the Community and Enterprise Resources' budget, as detailed in the Revenue Budget Monitoring Report for the period ended 9 November 2018.
- 5.2. In relation to the forecast outturn position, the level of income received by the Property Trading Operation (which includes contract works and design work) can be affected by the timing of works. This year there have been some areas where income levels have been affected due to the timing of works carried out. These include Early Years, Central Heating programmes, and Growth and Capacities in schools. Additional works help balance some of the shortfall including works on new housing stock.
- 5.3. The level of surplus shortfall this year is expected to be around £1.400 million. This reflects the lower income from these jobs, offset by a reduction in variable direct costs. Work will continue to progress or accelerate any additional works which can contribute favourably to income levels.

6. Other Implications

- 6.1. The main risk associated with the Trading Operations' Budgets is that there is a reduction in the surplus achieved. The risk has been assessed as low given the detailed budget management applied across the Trading Operations. The risk is managed through four weekly Budget Monitoring Meetings at which any variance is analysed. In addition, the probable outturn exercise ensures early warning for corrective action to be taken where appropriate.
- 6.2. There are no implications for sustainability in terms of the information contained in this report.

7. Equality Impact Assessment and Consultation Arrangements

- 7.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore no impact assessment is required.
- 7.2. There is also no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning

Executive Director (Finance and Corporate Resources)

19 November 2018

Link(s) to Council Values/Ambitions/Objectives

- ♦ Accountable, Effective, Efficient and Transparent

Previous References

- ♦ Executive Committee, 21 November 2018

List of Background Papers

- ♦ Financial ledger and budget monitoring results to 9 November 2018

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 9 November 2018 (No.9)
Trading Operations

	2018/2019 Revenue Budget Surplus	2018/2019 Forecast Revenue Budget Surplus	Phased Budget (Surplus) at 09/11/18	Actual (Surplus) / Deficit at 09/11/18	Variance at 09/11/18	
Trading Service	£m	£m	£m	£m	£m	
Fleet	(2.876)	(2.876)	(1.806)	(1.506)	(0.300)	under surplus
Roads	(4.639)	(4.639)	(2.837)	(2.837)	0.000	-
Property Services	(4.404)	(3.004)	(0.754)	(0.754)	0.000	-
Total	(11.919)	(10.519)	(5.397)	(5.097)	(0.300)	under surplus