

# Report

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| Report to:       | <b>Executive Committee</b>                                  |
| Date of Meeting: | <b>28 February 2018</b>                                     |
| Report by:       | <b>Executive Director (Finance and Corporate Resources)</b> |

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| Subject: | <b>Trading Services Financial Performance for Period<br/>1 April 2017 to 5 January 2018</b> |
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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 5 January 2018, and
- ◆ provide an update on the projected results for the financial year 2017/2018.

## 2. Recommendation(s)

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

- (1) that the surplus achieved to 5 January 2018 of £7.100 million, as detailed in Appendix A of the report, be noted; and
- (2) that following the probable outturn exercise, the revised forecast surplus to 31 March 2018 of £9.753 million, be noted.

## 3. Background

### Trading Operations Position

- 3.1. As part of the budget for 2017/2018, an estimated target for Trading Operations' surpluses was set at £14.323 million. In the period to 8 December 2017, this was revised to £9.905 million.
- 3.2. Since then, in the period to 5 January 2018, a transfer of budget has taken place from the Fleet Trading Operation to Community and Enterprise Resources in respect of the reallocation of a print saving.
- 3.3. The net effect of the above adjustments is to increase the Budgeted Trading Surplus by £0.002 million, resulting in a revised budget of £9.907 million.
- 3.4. Following the probable outturn exercise, the financial forecast for year ended 31 March 2018, has been confirmed. Taking account of all known commitments, the figures at Appendix A show a surplus of £9.753 million which represents an under recovery against surplus of £0.154 million on the current year budget.
- 3.5. This reflects a decreased surplus within Fleet (£0.071 million) and Roads (£0.083 million).
- 3.6. Details of the financial performance of each of the individual Trading Operations is provided in Appendix A to this report.

- 3.7. 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 5 January 2018, the actual surpluses achieved by the Trading Operations total £7.100 million.

#### **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)**

15 January 2018

#### **Link(s) to Council Values/Ambitions/Objectives**

- ◆ Accountable, Effective, Efficient and Transparent

#### **Previous References**

- ◆ None

#### **List of Background Papers**

- ◆ Financial ledger and budget monitoring results to 5 January 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 5 January 2018 (No.11)**  
**Trading Operations**

|                        | <b>2017/2018<br/>Revenue<br/>Budget<br/>Surplus</b> | <b>2017/18<br/>Forecast<br/>Revenue<br/>Budget<br/>Surplus</b> | <b>Phased<br/>Budget<br/>(Surplus) at<br/>05/01/18</b> | <b>Actual<br/>(Surplus) /<br/>Deficit<br/>at 05/01/18</b> | <b>Variance at<br/>05/01/18</b> |                          |
|------------------------|---|--|--|---|---------------------------------|--------------------------|
| <b>Trading Service</b> | <b>£m</b>   | <b>£m</b>  | <b>£m</b>  | <b>£m</b>   | <b>£m</b>                       |                          |
| Fleet                  | (1.957)   | (1.886)  | (1.525)  | (1.445)   | (0.080)                         | under<br>surplus         |
| Roads                  | (3.820)   | (3.737)  | (2.938)  | (2.875)   | (0.063)                         | under<br>surplus         |
| Property Services      | (4.130)   | (4.130)  | (2.780)  | (2.780)   | 0.000                           | -                        |
|                        |   |  |  |   |                                 |                          |
| <b>Total</b>           | <b>(9.907)</b>                                      | <b>(9.753)</b>   | <b>(7.243)</b>   | <b>(7.100)</b>  | <b>(0.143)</b>                  | <b>under<br/>surplus</b> |