

ANGUS COUNCIL

ENVIRONMENTAL AND LEISURE SERVICES COMMITTEE - 28 AUGUST 2003

FINANCIAL PERFORMANCE 2002/2003

JOINT REPORT BY CONTRACT SERVICES MANAGER AND DIRECTOR OF FINANCE

ABSTRACT

This report informs Members of the unaudited financial performance by Contract Services in financial year 2002/2003.

1. RECOMMENDATION

It is recommended that Members note the contents of the report.

2. BACKGROUND

In their publication "Understanding our Business" the Scottish Executive recommends that Members are kept fully informed on the financial performance of all DSOs. Angus Council has already agreed that this information be provided on a quarterly basis as well as an annual summary. This report therefore complies with this recommendation.

3. FINANCIAL PERFORMANCE 2002/2003

Angus Council's accounts for 2002/2003 have now been submitted for audit. Contained therein is the overall performance of Contract Services, as shown below. The actual operating surplus was £515,000 resulting in a contribution of £239,000 being returned to the General Fund. This equates to an additional surplus of £17,000 compared to the revised budgeted target of £222,000. This additional surplus will be carried forward to 2003/2004 in accordance with the Financial Regulations.

The detailed performance figures are:-

	Defined Activities						Non Defined /Non CCT Activities 2000/03 £'000	TOTAL 2002/03 £'000
	Vehicle Maint. 2002/03 £'000	Refuse Coll. 2002/03 £'000	Street Cleans. 2002/03 £'000	Building Clean. 2002/03 £'000	Ground Maint. 2002/03 £'000	Leisure Mgmt. 2002/03 £'000		
Total Expenditure	673	1,607	863	393	2,092	2,092	3,773	11,493
Total Turnover	685	1,927	875	430	2,273	2,126	3,692	12,008
Operating (Surplus) / Deficit Achieved 2002/03	(12)	(320)	(12)	(37)	(181)	(34)	81	(515)
Capital Charges Adjustment		13	11		53		24	101
R & R Equipment Adjustment		1			82		38	121
6% Stock Adjustment	4	1			4			9
Property Improvements							5	5
Leisure Mgmt. – PRS Invoice						24	16	40
Adjusted (Surplus) / Deficit Returned to Council 2002/03	(8)	(305)	(1)	(37)	(42)	(10)	164	(239)

There are several adjustments that require to be made to the actual operating surplus of £515,000 to comply with the Accounting Code of Practice.

Under Capital Accounting arrangements users of assets are charged for the use of those assets no matter how financed. The charge for the year in respect of assets used by Contract Services was £101,000 as shown above.

In addition expenditure funded by the Repairs and Renewals fund has to be charged to the Service department during the year-end accounting procedures. The amount for Contract Services for the year was £121,000 as shown above.

Under current legislation the DSO's have to break-even after a 6% charge has been made in respect of stock balances held. The charge in respect of this cost was £9,000.

All the above result in a revised target surplus of £222,000, which was exceeded.

There were also two items of expenditure that were charged in 2002/03 but are accounted for after the calculation of the operating surplus figure. Such costs were in respect of £5,000 to property improvements to the Cleansing yards and an invoice from Performing Rights Society for a five-year period commencing 20th December 1997; totalling £40,000.

Points of particular interest during the year were:-

- Ground Maintenance won a considerable amount of additional work in direct competition with the private sector. Much of this was incorporated within the existing work patterns with little additional expenditure.
- The introduction of a Direct Debit payment scheme was successfully achieved in Leisure Management.
- £22,000 was contributed to the upgrading of Fitness Suites.
- Ride-on mechanical sweepers were purchased for Street Cleaning.
- Savings were achieved within the Headquarters budget headings.

It is therefore considered that the 2002/2003 performance has been very satisfactory, resulting in a welcome contribution to Angus Council's overall financial position.

4. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report.

5. HUMAN RIGHTS IMPLICATIONS

There are no Human Rights implications arising from this report.

6. CONSULTATION

The Chief Executive and the Director of Law & Administration have been consulted on the contents of this report.

M P Graham
Contract Services Manager
28 July 2003

D S Sawers
Director of Finance

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this report.