

PLANT & BUILDING SERVICES - MONITORING REPORT

1 JULY 1999 TO 31 DECEMBER 1999

Introduction

The Plant & Building Services Unit provides customer focused services to Council business units in the areas of Plant Hire & management, Building Services and Mechanical Services. The full cost of these services are recovered from client Units.

On the first of December 1999 a new LATE came into being which combined all Works Operations, two thirds of the mobile plant fleet and all of Mechanical Services. The net effect of this changeover is that for the remainder of this year the actual results will be very different than those budgeted for both Plant Services and Mechanical Services. Mechanical Services section will not trade beyond the end of November representing 5 months of the full year costs. The Building Services will remain as before with it's normal staff of 28 full time employees and annual turnover of \$2.6m. Approximately seven hundred plant items remain within the Council fleet which will continue to be managed by PBS. The annual cost to own and operate the remaining Council plant will be approximately \$2.9m annually instead of the \$10.4m budgeted for the pre-LATE council fleet.

Business Unit	Plant & Building Services
Output Class	Plant Hire Services

Financial Performance

	Last Year	Current Year	
	Actual	Budget	Actual
Expenditure	4,695,596	5,195,497	4,146,404
Revenue	5,454,063	5,816,860	4,607,927
Net Cost of Plant Hire Services	(758,467)	(621,364)	(461,523)

Commentary

The introductory paragraph on LATE formation explains the lower overall costs. The final result for this year will be in the order of \$6m, with a net return on capital of \$0.7m. The end result may be affected by some residual expenses involved by formation of this new LATE.

Service Delivery Performance

Performance Indicator		Target	Actual
1.	To achieve a full recovery of costs from direct user charges.	A net surplus of \$1.24m	An annual performance indicator which is assessed at year-end. The target will not be met due to the LATE formation. The expected result is \$0.7m
2.	To improve the reporting of motor vehicle incidents so that business units can better manage motor incidents within their operation.	Quarterly Reporting to Units.	Current reporting is on request.

Business Unit	Plant & Building Services
Output Class	Mechanical Services

Financial Performance

	Last Year	Current Year	
	Actual	Budget	Actual
Expenditure	2,061,172	2, 005, 812	1,300,709
Revenue	1,594,076	2, 005, 812	1,390,775
Net Cost of Mechanical Services	467,096	0	90,066
Work in Progress	437,172	0	0
Net Overall cost of Mechanical Services	29,924	0	90,066

Commentary

Mechanical Services account ceased trading on 30 November 1999. These results reflect the first five months of operation. Included in this period are redundancy costs of approximately \$108,000, without which the net cost would have been a significant improvement on the same period last year. The transfer of this function into the LATE effectively means that this is the final year result, subject to minor adjustments.

Service Delivery Performance

Performance Indicator		Target	Actual
1.	To achieve a full recovery of costs from direct user charges.	a nil balance	Not achieved
2.	To hold bi-monthly Health & Safety meetings.	bi-monthly meetings occur	No longer applicable
3.	To achieve a turnover of \$3.6 million dollars.	\$3.6 million	No longer applicable

Business Unit	Plant & Building Services
Output Class	Building Services

Financial Performance

	Last Year	Current Year	
	Actual	Budget	Actual
Expenditure	1,327,677	1,387,950	768,434
Revenue	950,775	1,387,950	759,445
Net Cost of Building Services	376,903	0	(-8,989)
Work in Progress	455,434	0	369,411
Net Overall cost of Building Services	(78,531)	0	(-360,422)

Commentary

Turnover is lower than for the same time last year which has been balanced by a reduction in staff numbers. The net annual margin is trending well ahead of budget at a similar level to the previous year.

Service Delivery Performance

Performance Indicator		Target	Actual
1.	To achieve a full recovery of costs from direct user charges.	a nil balance	An annual performance indicator which is assessed at year end. A positive result for the first six months.
2.	To hold bi-monthly Health & Safety meetings.	bi-monthly meetings occur	2 meetings held in the first six months
3.	To achieve a turnover of \$2.5 million dollars.	\$2.5 million	The end of year target is unlikely to be met. \$2.2m is more likely

Business Unit	Plant & Building Services
Output Class	Capital Outputs

Financial Performance

	Last Year	Current Year	
	Actual	Budget	Actual
Fixed Asset Purchases	2,040,520	2,875,418	1,166,489
Fixed Asset Sales	867,687	373,274	499,802
Net Cost Fixed Assets	1,172,833	2,502,144	666,687

Commentary

There are three factors influencing the low capital expenditure this year.

- Postponement of the annual replacement programme for Light Vehicles. This programme was delayed to help with redistribution of light vehicles from the LATE should that have been necessary. In the final analysis almost all of these vehicles were taken over into the LATE. The light vehicle replacement will get under way in the coming months.
- Ongoing downsizing of Work Operations released more plant for sale than was expected resulting in higher plant sales. Depending on the timing of the light vehicle replacement future plant sales may be much lower than budget.
- Finally the LATE posed some issues about future plant needs for the new business and it was prudent to limit capital expenditure while these issues were worked through during the LATE set-up process.

Business Unit: Plant & Building Services
Financial Results to 31 December 1999

Output Class	Expenditure			Recoveries			Net Cost (Surplus)		
	Last Year Actual	This Year Budget	This Year Actual	Last Year Actual	This Year Budget	This Year Actual	Last Year Actual	This Year Budget	This Year Actual
Plant Hire Services	4,695,596	5,195,497	4,146,404	5,454,063	5,816,861	4,607,927	(-758,467)	(-621,364)	(-461,523)
Mechanical Services	2,061,172	1,999,537	1,390,775	2,031,248	1,999,537	1,300,709	29,924	0	90,066
Building Services	1,327,677	1,428,925	768,434	1,406,209	1,428,925	1,128,856	(-78,531)	0	(-360,422)
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	8,084,445	8,952,775	6,671,028	8,891,520	9,754,721	7,192,591	(-807,074)	(-801,946)	(-731,878)

Capital	2,040,520	2,860,418	1,166,488	867,687	373,274	499,802	1,172,833	2,487,144	666,687
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