
Report To: Regeneration Committee **Date:** 12 March 2009

Report By: Chief Financial Officer and
Corporate Director Regeneration
and Resources **Report No:** FIN/17/09/AP/CB

Contact Officer: Matt Thomson **Contact No:** 01475 712256

Subject: 2008/09 Revenue Budget – Period 9 to 31 December 2008
Building Services Trading Account

1.0 PURPOSE

- 1.1 The purpose of the report is to advise Committee of the 2008/09 Building Services Trading Account position as at Period 9 (31 December 2008).

2.0 SUMMARY

- 2.1 When the budget was set in February 2008 a cash target of £98,000 was agreed for the Building Services Trading Operation. The statutory target after taking into account FRS17 pension costs and capital charges was £33,000. There has been an increase in the single status budget of £7,000 and £7,000 has been removed from the cleaning budget, resulting in a revised cash target of £98,000 and a statutory target of £33,000.
- 2.2 The latest projected cash surplus is £118,000 which is £20,000 more than the cash target and would result in a statutory out-turn of £53,000.
- 2.3 The Committee should note that over the statutory three year rolling period Building Services are projected to return a net surplus of £199,000.

3.0 RECOMMENDATIONS

- 3.1 That the Committee note the latest projected position in respect of the Building Services Trading Operation.

Alan Puckrin
Chief Financial Officer

Aubrey Fawcett
Corporate Director
Regeneration & Resources

4.0 BACKGROUND

4.1 The purpose of the report is to advise Committee of the current position of the 2008/09 budget.

5.0 2008/09 - CURRENT POSITION

5.1 It can be seen from Appendix 1 that a cash surplus of £118,000 is projected as at Period 9. This is £20,000 over the 2008/09 budget target.

5.2 The key statutory requirement for the Trading Operation is to break even over a rolling three year period. Building Services returned surpluses in 2006/07 and 2007/08 and is projected to achieve the statutory target in 2008/09.

5.3 Appendix 2 lists material variances against the budget which have occurred. The main movements since last period are a 3% increase in basic wages which is the pay and productivity wage increase that was not built in to previous projections and the use of agency staff to cover additional work undertaken.

There is also a projected increase in the use of sub-contractors and an increase in direct purchases for this extra work. There has also been a change in the profiles of income, with more income coming through the Riverclyde Homes voids and Work Won in Tender rather than Internal Client and Public Buildings Repairs. Overall it is anticipated the income target will be achieved.

6.0 VIREMENTS

6.1 There are no virement requests as at Period 9.

7.0 IMPLICATIONS

7.1 Financial

The current projected cash surplus out-turn is:-

2007/08	Service	Approved Budget 2008/09	Projected Out-turn 2008/09	Projected Over/(under) Spend
(154)	Building Services	(98)	(118)	(20)

7.2 Equalities

There are no equality issues arising from this report.

8.0 CONSULTATIONS

8.1 This report has been jointly prepared by the Chief Financial Officer and Corporate Director, Regeneration and Resources.

BUILDING SERVICES TRADING ACCOUNT**REVENUE BUDGET MONITORING REPORT****PERIOD 09: 1st April 2008 - 31st December 2008**

2006/07 Actual £000	2007/08 Actual £000	Subjective Heading	Approved Budget 2008/09 £000	Projected Out- turn 2008/09 £000	Projected Over/(Under) Spend £000
YR 1	YR 2		YR 3		
3,692	2,927	EMPLOYEE COSTS	1,328	1,321	(7)
98	71	PROPERTY COSTS	42	37	(5)
1,245	1,227	SUPPLIES AND SERVICES	809	1,065	256
443	332	TRANSPORT AND PLANT	111	144	33
379	281	ADMINISTRATION COSTS	124	124	0
68	67	OTHER EXPENDITURE	11	11	0
(6,294)	(5,059)	INCOME	(2,523)	(2,820)	(297)
(369)	(154)	BUILDING SERVICES NET EXPENDITURE - CASH TARGET	(98)	(118)	(20)
57	64	CAPITAL CHARGES	10	10	0
201	55	FRS17 PENSION COSTS	55	55	0
(111)	(35)	BUILDING SERVICES STATUTORY POSITION	(33)	(53)	(20)

BUILDING SERVICES TRADING ACCOUNTREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCESPERIOD 9: 1st April 2008 - 31st December 2008

<u>Out Turn</u> <u>2006/07</u> <u>£000</u>	<u>Out Turn</u> <u>2007/08</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2008/09</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u> <u>£000</u>	<u>Actual to</u> <u>31-Dec-08</u> <u>£000</u>	<u>Projection</u> <u>2008/09</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>
1,661	1,437	Basic Wages	1,001	751	722	987	(14)
773	541	Salaries	303	225	229	321	18
42	65	Overtime / Other Allowances	24	18	11	13	(11)
481	337	Stores Materials Purch	3	2	27	28	25
222	333	Direct Purchases	673	504	319	420	(253)
499	534	Sub - Contractors	104	78	528	585	481
216	181	Hire of Vehicles (External)	48	36	53	79	31
(5,401)	(3,434)	RCH Voids	(319)	(239)	(213)	(400)	(81)
(62)	(503)	Work Won in Tender	(247)	(185)	(185)	(298)	(51)
(226)	(333)	Internal Recharges	(451)	(339)	(157)	(255)	196
(3)	(147)	External Income (RCH MTC)	(703)	(527)	(916)	(1,173)	(470)
(64)	(40)	Stairlighting	(16)	(9)	0	0	16
(536)	(513)	PBR	(738)	(553)	(338)	(637)	101
Total Material Variances							(12)