
Report To: Regeneration Committee **Date:** 3rd September 2009

Report By: Chief Financial Officer and
Corporate Director Regeneration
and Resources **Report No:** FIN/42/10/AP/CB

Contact Officer: Hugh MacMaster **Contact No:** 01475 712163

Subject: 2008/09 Revenue Budget Out-turn and
2009/10 Revenue Budget – Period 3 to 30 June 2009
Building Services Trading Account

1.0 PURPOSE

- 1.1 To advise Committee of the 2008/09 out-turn and the 2009/10 Revenue Budget position of the Building Services Trading Account at Period 3 to 30 June 2009.

2.0 SUMMARY

- 2.1 In 2008/09 the Building Services Trading Account achieved a cash out-turn of £59,000, £35,000 below their cash target. The statutory out-turn after taking into account capital charges and FRS17 pension costs was £22,000, resulting in Building Services achieving their statutory target subject to audit of the 2008/09 Accounts.
- 2.2 The Committee should note that over the statutory three year rolling period Building Services have returned a net surplus of £167,000.
- 2.3 The Building Services cash target for 2009/10 is £104,000 and the statutory target is £29,000. The current projection is a surplus of £118,000 achieving both targets.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the out-turn for 2008/09 and the current position for 2009/10.
- 3.2 That Committee approve a virement as detailed in paragraph 7.2 and Appendix 3.

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 2009/10 budget as well as the 2008/09 out-turn.

5.0 2008/09 OUT-TURN

- 5.1 In 2008/09 the Building Services Trading Account achieved a cash out-turn of £59,000, £35,000 below their cash target. The statutory out-turn after taking into account capital charges and FRS17 pension costs was £22,000, resulting in Building Services achieving their statutory target.

The final cash out-turn of £59,000 is a decrease of £59,000 from the position reported to the members at the March committee. The material variances for this movement are :

(a) Employee Costs

Period 9 projected out-turn was £1,321,000 but the actual out-turn was £1,363,000. A difference of £42,000. This was caused by an increase in repairs to council buildings in the latter part of the financial year, which resulted in an increase in overtime worked and additional labour resource invoices. This was offset by an increase in income.

(b) Supplies and Services

Period 9 projected out-turn was £1,065,000 but the actual out-turn was £1,229,000. A difference of £164,000. This was mainly due to an increase in the use of sub-contractors for repairs to council buildings offset by increased income.

(c) Admin Costs

Period 9 projected out-turn was £124,000 but the actual out-turn was £108,000. A difference of £16,000 due to a reduction in the final insurance charge.

(d) Other Expenditure

Period 9 projected out-turn was £11,000 and was based on historical charges, but the actual out-turn was £48,000. A difference of £37,000. This was due to a higher level of Internal Resource Interest being charged as a result of compliance with the Riverclyde Homes' new payment process, which has an increased sign off period for work.

(e) Income

Period 9 projected out-turn was £2,820,000 but the actual out-turn was £2,993,000. A difference of £173,000. This is an over recovery of income due to additional repairs to council buildings as detailed above.

6.0 2009/10 – CURRENT POSITION

- 6.1 As can be seen from Appendix 1 a cash surplus of £118,000 is projected, achieving both the cash target and the statutory target.
- 6.2 The current projection is a £14,000 over-recovery against the approved budget of £104,000. Both income and expenditure budgets have been re-aligned to reflect the planned workload in 2009/10 and as at 30 June 09 the only material variance is an over recovery of £14,000 income, as shown in Appendix 2.
- 6.3 FRS17 pension costs are projected to budget. This is a year end charge and the actual cost will not be known until March 2010, so whilst this is not in line with the 2008/09 out-turn this is the most prudent forecast.
- 6.4 Finance Services and the Building Services Unit will continue to review employee costs, supplies and services, internal resource interest and income to ensure that sufficient income levels achieve the surplus target.

7.0 VIREMENTS

- 7.1 There was a £10,000 virement transferring part of the salaries overtime/travel budget to salaries. This did not require committee approval as it was not in excess of the £10,000 limit, as defined in the financial regulations.
- 7.2 Committee are asked to approve virement of £815,000 as detailed in Appendix 3. The virement is requested to ensure that the budget reflects the anticipated expenditure and income for 2009/10 based on 2008/09 actual out-turn. The virement is included in Appendix 1 and has been reflected throughout this report.

8.0 IMPLICATIONS

- 8.1 The current projected cash surplus out-turn is:-

2008/09	Service	Approved Budget 2009/10	Projected Out-turn 2009/10	Projected Over/(under) Spend
(59)	Building Services	(104)	(118)	(14)

9.0 EQUALITIES

- 9.1 There are no equality issues arising from this report.

10.0 CONSULTATIONS

- 10.1 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 3: 1st April 2009 - 30th June 2009**

2007/08 Actual £000	2008/09 Actual £000	Subjective Heading	Approved Budget 2009/10 £000	Revised Budget 2009/10 £000	Projected Out- turn 2009/10 £000	Projected Over/(Under) Spend £000
YR 1	YR 2		YR 3	YR 3		
2,927	1,363	EMPLOYEE COSTS	1,371	1,413	1,413	0
71	37	PROPERTY COSTS	43	43	43	0
1,227	1,229	SUPPLIES AND SERVICES	829	1,287	1,287	0
332	149	TRANSPORT AND PLANT	116	150	150	0
281	108	ADMINISTRATION COSTS	124	112	112	0
68	48	OTHER EXPENDITURE	10	35	35	0
(5,059)	(2,993)	INCOME	(2,597)	(3,144)	(3,158)	14
(153)	(59)	BUILDING SERVICES NET EXPENDITURE - CASH TARGET	(104)	(104)	(118)	14
64	56	CAPITAL CHARGES	50	50	50	0
55	(19)	FRS17 PENSION COSTS	25	25	25	0
(34)	(22)	BUILDING SERVICES STATUTORY POSITION	(29)	(29)	(43)	14

BUILDING SERVICES TRADING ACCOUNT**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****PERIOD 3: 1st April 2009 - 30th June 2009**

<u>Out Turn</u> <u>2007/08</u> <u>£000</u>	<u>Out Turn</u> <u>2008/09</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2009/10</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u> <u>£000</u>	<u>Actual to</u> <u>30-Jun-09</u> <u>£000</u>	<u>Projection</u> <u>2009/10</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>
(147)	(1,319)	External Income (RCH MTC)	(1,695)	(424)	(476)	(1,709)	(14)
Total Material Variances							(14)

REGENERATION & RESOURCES COMMITTEE**VIREMENT REQUESTS**

Budget Heading	Increase Budget	(Decrease) Budget
	£000	£000
Basic Wages	42	
Direct Purchases	100	
Sub-contractors	358	
Hire of Vehicles	34	
Admin Costs		(12)
Other Expenditure	25	
Work Won in Tender		(176)
Internal Recharges	256	
External Income (RCH MTC)		(627)
Total	815	(815)

Reasons for virement :

To re-profile the budget, in order to reflect the anticipated expenditure and income