

Report To: Regeneration Committee **Date:** 11th March 2010

Report By: Chief Financial Officer and
Corporate Director Regeneration
and Resources **Report No:** FIN/14/10/AP/CB

Contact Officer: Lesley Bairden **Contact No:** 01475 712257

Subject: Regeneration and Resources
Building Services Trading Account 2009/10 Revenue Budget –
Period 9 to 31 December 2009

1.0 PURPOSE

- 1.1 To advise Committee of the 2009/10 Building Services Trading Account position as at Period 9, to 31 December 2009.

2.0 SUMMARY

- 2.1 When the budget was set in February 2009 a cash target of £104,000 was agreed for the Building Services Trading Operation. The statutory target after taking into account FRS17 pension costs and capital charges was £29,000. The Vehicle Management budget was increased by £10,000 and the Insurance budget has been reduced by £8,000 resulting in a decreased cash target of £102,000 and a statutory target of £27,000.
- 2.2 The latest projected cash surplus is £149,000 which is £47,000 more than the cash target and results in a statutory out-turn of £74,000. This is an increase of £44,000 from the last Committee Report which had a projected cash surplus of £105,000. This is mainly due to a projected underspend within Direct Purchases and Internal Resource Interest.
- 2.3 The Committee should note that over the statutory three year rolling period Building Services are projected to return a net surplus of £130,000.

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 2009/10 budget.

5.0 2009/10 - CURRENT POSITION

5.1 It can be seen from Appendix 1 that a cash surplus of £149,000 is projected as at Period 9. This is £47,000 over the 2009/10 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 2007/08 and 2008/09 and will achieve the statutory target in 2009/10.

5.3 The main issues relating to the current projected increase in the cash surplus for the Building Services Unit are detailed below and in Appendix 2:

Supplies and Services

A projected underspend within Direct Purchases of £20,000 not previously reported, this is based on current levels of spending by the Building Services Unit.

There is a projected overspend of £190,000 in the use of Sub-Contractors, an increase in the overspend of £75,000 reported to Members at the January 2010 Committee, this is offset by an increase in the level of Income as detailed below.

Other Expenditure

The projection for Internal Resource Interest has been reduced by £25,000 to reflect the reduction in interest rates. The current rate is 0.538% compared to the 2008/09 figure of 3.815%.

Income

There is a projected over-recovery of Income of £216,000 which is partially offset by an increase in the use of Sub-Contractors as detailed above. This is an increase in Income of £81,000 since last reported in the January 2010 Committee.

The work types are also changing with less work being carried out on the Riverclyde Homes contract and repairs to Public Buildings, with these resources being used to carry out work on Internal Client jobs and Work Won in Tender.

6.0 VIREMENTS

6.1 There are no virement requests as at Period 9.

7.0 IMPLICATIONS

7.1 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	(102)	(149)	(47)

8.0 EQUALITIES

8.1 There are no equality issues arising from this report.

9.0 CONSULTATIONS

9.1 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 9: 1st April 2009 - 31st December 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	YR 3	YR 3
2,927	1,363	EMPLOYEE COSTS	1,371	1,413	1,420	7
71	37	PROPERTY COSTS	43	38	38	0
1,227	1,229	SUPPLIES AND SERVICES	829	1,287	1,457	170
332	149	TRANSPORT AND PLANT	116	163	178	15
281	108	ADMINISTRATION COSTS	124	106	108	2
68	48	OTHER EXPENDITURE	10	35	10	(25)
(5,059)	(2,993)	INCOME	(2,597)	(3,144)	(3,360)	(216)
(153)	(59)	BUILDING SERVICES NET EXPENDITURE - CASH TARGET	(104)	(102)	(149)	(47)
64	56	CAPITAL CHARGES	50	50	50	0
55	(19)	FRS17 PENSION COSTS	25	25	25	0
(34)	(22)	BUILDING SERVICES STATUTORY POSITION	(29)	(27)	(74)	(47)

BUILDING SERVICES TRADING ACCOUNT**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****PERIOD 9: 1st April 2009 - 31 December 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>31-Dec-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>
333	481	Direct Purchases	420	315	270	400	(20)
534	706	Sub - Contractors	835	627	926	1,025	190
63	44	Internal Resources Interest	35	26	0	10	(25)
(503)	(418)	Work Won in Tender	(430)	(322)	(432)	(482)	(52)
(333)	(217)	Internal Recharges	(209)	(157)	(269)	(523)	(314)
(147)	(1,319)	External Income (RCH MTC)	(1,695)	(1,271)	(1,287)	(1,615)	80
(513)	(771)	Public Buildings Repair Work	(760)	(570)	(522)	(690)	70
Total Material Variances							(71)