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<b>Report To:</b>	<b>Regeneration Committee</b>	<b>Date:</b>	<b>02 September 2010</b>
<b>Report By:</b>	<b>Chief Financial Officer and Corporate Director Regeneration and Resources</b>	<b>Report No:</b>	<b>FIN/46/10/AP/CMcL</b>
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<b>Subject:</b>	<b>2010/11 Revenue Budget – Period 3 to 30 June 2010 Building Services Trading Account</b>		

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## **1.0 PURPOSE**

- 1.1 To advise Committee of the 2009/10 outturn and the 2010/11 Revenue Budget position of the Building Services Trading Account at Period 3 to 30 June 2010.

## **2.0 SUMMARY**

- 2.1 In 2009/10 the Building Services Trading Account achieved a cash out-turn of £156,000, £60,000 above target. The statutory out-turn after taking into account capital charges and FRS17 pension costs was £119,000 compared to a target of breakeven.
- 2.2 The Committee should note that over the statutory three year rolling period Building Services have returned a net surplus of £175,000.
- 2.3 The Building Services cash target for 2010/11 is £233,000 and its statutory target is £196,000. The current projection is a surplus of £286,000 achieving both targets.

## **3.0 RECOMMENDATIONS**

- 3.1 The Committee note the out-turn for 2009/10 and the current position in 2010/11.

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 2010/11 budget as well as 2009/10 out-turn.

## 5.0 2009/10 OUT-TURN

5.1 In 2009/10 the Building Services Trading Account achieved a cash out-turn of £156,000, £60,000 above their cash target. The statutory out-turn after taking into account capital charges and FRS17 pension costs was £119,000 surplus, resulted in the service achieving their statutory target.

The material over and underspends against budget in 2009/10 are detailed below :

(a) Property Costs

Period 9 projected out-turn was £38,000 but the actual out-turn was £27,000. A difference of £11,000. This was due to underspends in utilities.

(b) Supplies and Services

Period 9 projected out-turn was £1,457,000 but the actual out-turn was £1,502,000. A difference of £45,000 due to an increase in the use of sub-contractors and partially offset by an underspend in direct purchases.

(c) Administration Costs

Period 9 projected out-turn was £108,000 but the actual out-turn was £122,000. A difference of £14,000 mainly due to an increase in insurance charges arising from a Council wide reallocation of insurance budgets.

(d) Income

Period 9 projected out-turn was £3,360,000 but the actual out-turn was £3,403,000. A difference of £43,000. This is an over recovery of income due to additional work being carried out by sub-contractors.

## 6.0 2010/11 – CURRENT POSITION

6.1 As can be seen from Appendix 1 a cash surplus of £286,000 is projected, achieving both the cash target and the statutory target.

6.2 The current projection is higher than the budgeted cash surplus. This is mainly due to an underspend in employee costs due to agency staff not being used in 2010/11. There is a projected underspend within Supplies and Services as a result of an underspend within direct purchases and an overspend in the use of sub-contractors – which is offset in an increase in the level of income. There is also a projected underspend in the level of internal resource interest.

Finance Services and the Building Services Unit will continue to review the budget to ensure that targets are met.

## 7.0 OTHER ISSUES

7.1 The impact of mid-year savings review will be factored in to future reports to Committee.

## 8.0 VIREMENTS

8.1 There are no virement requests as at Period 3.

## 9.0 IMPLICATIONS

### 9.1 Financial

The current projected cash surplus out-turn is:-

2009/10	Service	Approved Budget 2010/11	Projected Out-turn 2010/11	Projected Over/(under) Spend
(156)	Building Services	(233)	(286)	(53)

### 9.2 Equalities

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 2010 - 30th June 2010**

2008/09 Actual £000	2009/10 Actual £000	Subjective Heading	Approved Budget 2010/11 £000	Revised Budget 2010/11 £000	Projected Out- turn 2010/11 £000	Projected Over/(Under) Spend £000
YR 1	YR 2		YR 3	YR 3		
1,363	1,438	EMPLOYEE COSTS	1,420	1,420	1,369	(51)
37	27	PROPERTY COSTS	44	44	44	0
1,229	1,502	SUPPLIES AND SERVICES	1,287	1,287	1,437	150
149	149	TRANSPORT AND PLANT	93	93	93	0
108	122	ADMINISTRATION COSTS	109	109	109	0
48	9	OTHER EXPENDITURE	35	35	10	(25)
(2,993)	(3,403)	INCOME	(3,221)	(3,221)	(3,348)	(127)
(59)	(156)	BUILDING SERVICES NET EXPENDITURE - CASH TARGET	(233)	(233)	(286)	(53)
56	46	CAPITAL CHARGES	46	46	46	0
(19)	(9)	FRS17 PENSION COSTS	(9)	(9)	(9)	0
(22)	(119)	BUILDING SERVICES STATUTORY POSITION	(196)	(196)	(249)	(53)

**BUILDING SERVICES TRADING ACCOUNT****REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****PERIOD 3: 1st April 2010 - 30th June 2010**

<u>Out Turn</u> <u>2008/09</u> <u>£000</u>	<u>Out Turn</u> <u>2009/10</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2010/11</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u> <u>£000</u>	<u>Actual to</u> <u>30-Jun-10</u> <u>£000</u>	<u>Projection</u> <u>2010/11</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Variance</u> <u>%</u>
1,034	1,100	Basic Wages	1,083	271	211	1,023	(60)	(6)
481	391	Direct Purchases	420	105	60	368	(52)	(12)
706	1,089	Sub - Contractors	835	209	279	1,036	201	24
48	8	Other Expenditure	35	9	0	10	(25)	(71)
(217)	(481)	Internal Recharges	(223)	(56)	(157)	(299)	(76)	34
(1,319)	(1,606)	External Income ( RCH MTC )	(1,727)	(432)	(444)	(1,778)	(51)	3
<b>Total Material Variances</b>							<b>(63)</b>	