

Report To: Regeneration Committee **Date:** 28 October 2010

Report By: Chief Financial Officer and
Corporate Director Regeneration
and Environment **Report No:**
FIN/64/10/MMcC/AP

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Subject: 2010/11 Revenue Budget – Period 5 to 31 August 2010
Building Services Trading Account

1.0 PURPOSE

- 1.1 To advise Committee of the 2010/11 Revenue Budget position of the Building Services Trading Account at Period 5 to 31 August 2010.

2.0 SUMMARY

- 2.1 The Building Services cash target for 2010/11 is £247,000 and its statutory target is £210,000. The current projection is a surplus of £281,000 achieving both targets.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the current position of the Building Services Trading Account for 2010/11 as at 31 August 2010.

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 at 31 August 2010.
- 4.2 The revised budget reflects a decrease of £14,420 as a result of the mid-year savings exercise.
- 4.3 The cost of the pay award, at 0.65%, is included at £9,000.

5.0 2010/11 – CURRENT POSITION

5.1 As can be seen from Appendix 1 a cash surplus of £281,000 is projected, achieving both the cash target and the statutory target.

5.2 The current projection is £34,000 higher than the budgeted cash surplus. This is a reduction in the projected surplus of £19,000 since last Committee. This is mainly due to the following:

(a) Employee Costs

There is a £54,000 projected underspend in employee costs due to agency staff not being used in 2010/11, as previously reported. This is an increase in costs of £3,000 due to the pay award, partly offset by vacancies.

(b) Supplies & Services

There is a £162,000 projected overspend in supplies and services relating to an underspend in direct purchases (£47,000) more than offset by an overspend in the use of sub-contractors (£209,000) and is an increase in costs of £12,000 from last Committee due to these budgets being top-sliced as part of the mid-year savings exercise.

This is partly offset by a projected income over recovery, as discussed at point d below.

(c) Other Expenditure

As reported at last Committee, Internal Resources Interest is projected to be underspent by £25,000. This is as a result of continuing low interest rates.

(d) Income

There is a projected overrecovery of income of £117,000, a reduction of £10,000 since last reported. This reduction is due to the impact of vacancies and the resultant impact on achievable income.

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

6.0 OTHER ISSUES

6.1 The impact of the 0.65% pay award is included within the report. No additional budget has been allocated and the Service is required to contain costs within its existing budget.

7.0 VIREMENTS

7.1 There are no virement requests as at Period 5.

8.0 IMPLICATIONS

8.1 Financial

The current projected cash surplus out-turn is:-

2009/10	Service	Revised Budget 2010/11	Projected Out-turn 2010/11	Projected Over/(under) Spend
(156)	Building Services	(247)	(281)	(34)

8.2 Equalities

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 5: 1st April 2010 - 31st August 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	1,366	(54)
37	27	PROPERTY COSTS	44	44	44	0
1,229	1,502	SUPPLIES AND SERVICES	1,287	1,274	1,436	162
149	149	TRANSPORT AND PLANT	93	93	93	0
108	122	ADMINISTRATION COSTS	109	108	108	0
48	9	OTHER EXPENDITURE	35	35	10	(25)
(2,993)	(3,403)	INCOME	(3,221)	(3,221)	(3,338)	(117)
(59)	(156)	BUILDING SERVICES NET EXPENDITURE - CASH TARGET	(233)	(247)	(281)	(34)
56	46	CAPITAL CHARGES	46	46	46	0
(19)	(9)	FRS17 PENSION COSTS	(9)	(9)	(9)	0
(22)	(119)	BUILDING SERVICES STATUTORY POSITION	(196)	(210)	(244)	(34)

BUILDING SERVICES TRADING ACCOUNT**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****PERIOD 5: 1st April 2010 - 31st August 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>31-Aug-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	386	371	1,023	(60)	(6)
481	391	Direct Purchases	415	173	136	368	(47)	(11)
706	1,089	Sub - Contractors	827	345	490	1,036	209	25
48	8	Other Expenditure	35	15	0	10	(25)	(71)
(217)	(481)	Internal Recharges	(223)	(93)	(88)	(299)	(76)	34
(1,319)	(1,606)	External Income (RCH MTC)	(1,727)	(720)	(339)	(1,768)	(41)	2
Total Material Variances							(40)	