

Report To: Regeneration Committee **Date:** 27th October 2011

Report By: Chief Financial Officer and **Report No:** FIN/103/11/AP/MMcC
Corporate Director Regeneration
and Environment

Contact Officer: Mary McCabe **Contact No:** 01475 712222

Subject: 2011/12 Revenue Budget – Period 6 to 30 September 2011
Building Services Trading Account

1.0 PURPOSE

- 1.1 To advise Committee of the 2011/12 Revenue Budget position of the Building Services Trading Account at Period 6 to 30 September 2011.

2.0 SUMMARY

- 2.1 The Building Services cash target for 2011/12 is £239,000 and its statutory target is £97,000. The statutory target assumes IAS19 pension costs based on the last 3 years average, however, it should be noted that these were significantly higher in 2010/11. The current projection is a cash deficit of £62,000, instead of a budgeted surplus of £239,000. This is an overspend on budget of £301,000. Once statutory costs are accounted for the deficit against the Statutory Target is £204,000.
- 2.2 Committee should note that Building Services have a requirement to break even against the Statutory Target on a rolling three year basis. On the basis of the figures included in this report the Building Services Unit will achieve an exact breakeven position. This leaves no margin for error and management will closely monitor costs whilst maximising income for the remainder of 2011/12.

3.0 RECOMMENDATIONS

- 3.1 The Committee notes the current position of the Building Services Trading Account for 2011/12 as at 30 September 2011 and that a report will be presented to a Special Regeneration Committee detailing proposals to address the significant reduction in income in future years.

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 2011/12 budget at Period 6 to 30 September 2011.
- 4.2 The Committee is receiving a Period 6 rather than Period 5 position in order to give Committee the most up to date information.

5.0 2011/12 – CURRENT POSITION

- 5.1 As can be seen from Appendix 1 there is a projected cash deficit of £62,000 instead of a budgeted surplus of £239,000. This is an overspend on budget of £301,000. At the previous Committee a report was submitted relating to the reduction in the BSU workload following the loss of the Riverclyde Homes Internal Refurbishment Framework Contract. It was agreed that a report be brought back to Committee on this matter and this will be subject to a separate report by the Head of Property Assets and Facilities Management to a Special Meeting of the Regeneration Committee.
- 5.2 The current position includes £168,000 of income for works in excess of £50,000 as approved by the CMT on the 6 October 2011.
- 5.3 The material variances included in the current projected overspend of £301,000 are detailed in Appendix 2.
- 5.4 Committee should note that Building Services have a requirement to break even against the Statutory Target on a rolling three year basis. On the basis of the figures included in this report the Building Services Unit will achieve an exact breakeven position. This leaves no margin for error and management will closely monitor costs whilst maximising income for the remainder of 2011/12.

6.0 VIREMENTS

- 6.1 There are no virement requests as at Period 6, however it should be noted that the Safe, Sustainable Communities Committee is being asked to vire £150,000 from one-off savings to partly offset the projected overspend. If approved this will be reflected in future reports.

7.0 IMPLICATIONS

7.1 Financial

The current projected cash deficit out-turn is:-

2010/11	Service	Revised Budget 2011/12	Projected Out-turn 2011/12	Projected Over/(under) Spend
(279)	Building Services	(239)	62	301

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 Environment.

BUILDING SERVICES TRADING ACCOUNT
REVENUE BUDGET MONITORING REPORT
PERIOD 6: 1st April 2011 - 30 September 2011

2009/10 Actual £000	2010/11 Actual £000	Subjective Heading	Approved Budget 2011/12 £000	Revised Budget 2011/12 £000	Projected Out- turn 2011/12 £000	Projected Over/(Under) Spend £000
YR 1	YR 2		YR 3	YR 3		
1,438	1,357	EMPLOYEE COSTS	1,426	1,426	1,185	(241)
27	13	PROPERTY COSTS	54	54	35	(19)
1,502	1,533	SUPPLIES AND SERVICES	1,262	1,262	635	(627)
149	81	TRANSPORT AND PLANT	77	97	77	(20)
122	114	ADMINISTRATION COSTS	108	108	108	0
9	7	OTHER EXPENDITURE	35	35	11	(24)
(3,403)	(3,384)	INCOME	(3,221)	(3,221)	(1,989)	1,232
(156)	(279)	BUILDING SERVICES NET EXPENDITURE - CASH TARGET	(259)	(239)	62	301
46	131	CAPITAL CHARGES	130	130	130	0
(9)	63	FRS17 PENSION COSTS	12	12	12	0
(119)	(85)	BUILDING SERVICES STATUTORY POSITION	(117)	(97)	204	301

BUILDING SERVICES TRADING ACCOUNT**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****PERIOD 6: 1st April 2010 - 30 September 2011**

<u>Out Turn</u> <u>2009/10</u> <u>£000</u>	<u>Out Turn</u> <u>2010/11</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2011/12</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u> <u>£000</u>	<u>Actual to</u> <u>30-Sep-11</u> <u>£000</u>	<u>Projection</u> <u>2011/12</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Variance</u> <u>%</u>
1,100	1,025	Wages	1,083	537	416	876	(207)	(19)
338	330	Salaries	343	170	155	309	(34)	(10)
391	426	Direct Purchases	411	206	101	260	(151)	(37)
0	1	Bulk Stock Purchases	12	6	0	1	(11)	(92)
1,089	1,084	Sub - Contractors	819	409	186	364	(455)	(56)
10	13	Reinvestment of surplus	12	6	1	1	(11)	(92)
59	0	External Hires	11	8	0	0	(11)	(100)
8	7	Other Expenditure	35	17	0	11	(24)	(69)
(481)	(279)	Income from Other Services	(223)	(111)	(63)	(96)	127	(57)
(462)	(414)	Non CRA Income	(438)	(219)	(363)	(766)	(328)	75
(1,606)	(1,858)	External Income	(1,727)	(863)	(146)	(166)	1,561	(90)
		Income to be Allocated	0	0	0	(129)	(129)	0
Total Material Variances							327	