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<b>Report To:</b>	<b>Regeneration Committee</b>	<b>Date:</b>	<b>19 January 2012</b>
<b>Report By:</b>	<b>Chief Financial Officer and Corporate Director Regeneration and Environment</b>	<b>Report No:</b>	<b>FIN/126/11/AP/MMcC</b>
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<b>Subject:</b>	<b>2011/12 Revenue Budget – Period 7 to 31 October 2011 Building Services Trading Account</b>		

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## 1.0 PURPOSE

- 1.1 To advise Committee of the 2011/12 Revenue Budget position of the Building Services Trading Account at Period 7 to 31 October 2011.

## 2.0 SUMMARY

- 2.1 The Building Services revised cash target for 2011/12 is an £89,000 surplus which results in a statutory out-turn of £53,000 deficit. 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 £89,000. This is an overspend on budget of £151,000.
- 2.2 The Committee is aware that Building Services are undertaking a voluntary severance trawl to reduce the workforce to better reflect future workload. The costs incurred will be scored against the 2011/12 performance and will further significantly increase this year's deficit. An update on this issue will be given at the next Committee.
- 2.3 As previously advised 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 over the period 2009/12. However, the cost of workforce reduction highlighted above will mean that the Building Services Unit will not achieve its Statutory Target in 2011/12. This matter has been highlighted to the Council's External Auditors.

## 3.0 RECOMMENDATIONS

- 3.1 The Committee notes the current position of the Building Services Trading Account for 2011/12 as at 31 October 2011.

Alan Puckrin  
Chief Financial Officer

Aubrey Fawcett  
Corporate Director  
Regeneration & Environment

## 4.0 BACKGROUND

- 4.1 The purpose of this report is to advise Committee of the current position of the 2011/12 budget at Period 7 to the 31 October 2011.
- 4.2 The revised budget reflects a decrease in income of £150,000 from last Committee due to a virement from the Safe, Sustainable, Communities Committee, approved on 27 October 2011.

## 5.0 2011/12 – CURRENT POSITION

- 5.1 As can be seen from Appendix 1 there is a projected cash deficit of £62,000 against a budgeted surplus of £89,000. This is a overspend on budget of £151,000.
- 5.2 As previously advised 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 £151,000 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 just achieve a breakeven position.
- 5.5 The Committee is aware that Building Services are undertaking a voluntary severance trawl to reduce the workforce to better reflect future workload. The costs incurred will be scored against the 2011/12 performance and will further significantly increase this year's deficit. An update on this issue will be given at the next Committee.

## 6.0 VIREMENTS

- 6.1 There are no virement requests as at Period 7. The Committee should note however that £150,000 was vired from a one off saving within the Safe, Sustainable, Communities Committee to partly offset the projected overspend (see paragraph 4.2).

## 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	(89)	62	151

It should be noted that although the current projected overspend is £151,000, this overspend will increase due to the cost of the workforce reduction exercise. This will result in the Trading Account failing to achieve its Statutory Target in 2011/12. The External Auditors have been notified of this and the impact this will have on the Annual Accounts will be reported to a future Committee.

## 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 7: 1st April 2011 - 31 October 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)	(3,071)	(1,989)	1,082
<b>(156)</b>	<b>(279)</b>	<b>BUILDING SERVICES NET EXPENDITURE - CASH TARGET</b>	<b>(259)</b>	<b>(89)</b>	<b>62</b>	<b>151</b>
46	131	CAPITAL CHARGES	130	130	130	0
(9)	63	IAS19 PENSION COSTS	12	12	12	0
<b>(119)</b>	<b>(85)</b>	<b>BUILDING SERVICES STATUTORY POSITION</b>	<b>(117)</b>	<b>53</b>	<b>204</b>	<b>151</b>

\* The Revised Budget 2011/12 reflects an increase of £150,000 due to virement from the Safe, Sustainable, Communities Committee approved on 23 October 2011 and a £20,000 increase in Transport & Plant due to the realignment of these budgets carried out after the base budget was agreed.

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