

WEST DUNBARTONSHIRE COUNCIL
Report by the Strategic Lead - Resources
Council: 26 August 2020

**Subject: General Services Budgetary Control Report to 30 June 2020
 (Period 3)**

1. Purpose

- 1.1** The purpose of this report is to advise on both the General Services revenue budget and the approved capital programme to 30 June 2020.

2. Recommendations

2.1 Council is asked to:

- i) note that the revenue account currently shows a projected annual adverse variance of £3.554m (1.52% of the total budget);
- ii) note that of this projection £3.666m is due to the projected impact of covid and the underlying position would be £0.112m favourable; and
- iii) note that the capital account shows that planned expenditure and resource for 2020/21 is lower than budgeted by £17.762m (25.26% of the budget), made up of £18.395m (26.16% of the budget) relating to project slippage, partially offset by £0.634m relating to an in year overspend.

3. Background

Revenue

- 3.1** At the meeting of West Dunbartonshire Council on 4 March 2020, Members agreed the revenue estimates for 2020/2021. A total net budget of £229.157m was approved for General Services, before use of balances.
- 3.2** Since the budget was agreed, additional funding has been provided by Scottish Government and a total net budget of £234.106m is now being monitored:

	£m
Base Budget 20/21	229.157
Scottish Government funding (covid related)	5.457
Scottish Government funding (re-determinations)	0.050
Adjustment to Scottish Government funding assumptions (probationers)	(0.558)
Current Revised budget	234.106

Capital

3.3 At the meeting of Council on 4 March 2020, Members also agreed the updated 10 year General Services Capital Plan for 2020/2021 to 2028/29. The next three years from 2020/21 to 2022/23 have been approved in detail with the remaining years being indicative at this stage. After adjusting for anticipated slippage from 2019/20 into 2020/21, the budget agreed for 2020/21 was £67.437m.

3.4 Since then, budget adjustments have taken place (through further 2019/20 capital slippage and additional external funding), revising the 2020/21 annual budget to £70.325m, as follows:

	£m
Base Budget 2020/21	46.241
Anticipated Slippage from 2019/20 – March 2020	21.195
Anticipated budget 2020/21 (Council – March 2020)	67.437
Additional slippage from 2019/20 – following year end	0.752
Revised Base Budget 2019/20 – following year end	68.189
<u>Increase council budget:</u>	
District Heating Network (Council: June 2020)	1.058
<u>New Funding:</u>	
Strathclyde Passenger Transport	0.750
Cycling, Walking, Safer Streets (S. Govt)	0.328
Revised Budget 2020/21	70.325

4. Main Issues

Revenue

4.1 The summary report at Appendix 1 currently identifies a projected annual adverse variance (overspend) of £3.554m (1.52% of the total budget) and service reports by Strategic Leads are attached as Appendix 2.

4.2 The projected adverse variance is made up of a general underspend against services of £0.112m, offset by £3.666m due to the currently projected impact of covid. The covid impact projection is based upon a range of assumptions as to how services will restart over the remainder of this financial year. The cost associated directly with covid includes £2.1m in connection with the housing maintenance trading operation (HMT0) lost income. Scottish Government has agreed that such lost income costs can continue to be charged to HRA, however the Council is working to minimise any such position.

4.3 Information on the projected annual variances in excess of £0.050m are highlighted and noted within Appendix 3, with additional information on action being taken to minimise or mitigate overspends where possible.

4.4 Agreed savings and management adjustments actioned within 2020/21 are monitored with current indications showing that of the total target being monitored (£0.910m) £0.859m is currently on target to be achieved.

- 4.5** Covid has had an impact on people's ability to pay for services, including Council Tax, generally people financially impacted by covid have been provided with more flexible payment terms to pay over longer periods and the current expectation is that such payments will be made in the future. Officers will monitor and report as appropriate as the year progresses.
- 4.6** Officers will continue to manage the budgets as closely as possible throughout the year and it is hoped that by: tight budgetary control; ongoing recovery actions (e.g. as described for the HMT0 above); further Government funding; and/or agreed financial flexibilities to allow Councils to better cope with the financial impact of covid, that the financial impact can be significantly mitigated and reduced over the remainder of the year. However there are clearly potential risks to this, mainly due to the unpredictable nature of the pandemic.

Capital

- 4.7** The current progress on the capital plan is shown in Appendices 5 to 8.
- 4.8** The overall programme summary report at Appendix 5 shows that planned expenditure and resource for 2019/20 is lower than budgeted by £17.762m (25.26% of the budget), made up of £18.395m relating to project slippage, partially offset by £0.634m relating to an in year overspend.
- 4.9** Appendix 5 also provides both an analysis of the overall programme at each alert status and a summary budgetary control report. The tables at the top detail both the number of projects and the corresponding spend as a percentage of the overall programme currently at red, amber or green alert status for project life and the current year. As will be seen from the Appendix a significant proportion of the identified slippage is as a result of delays due to covid on-site restrictions. The current projections are based on best judgement as to how these projects will continue in operation during the remainder of the year.
- 4.10** Appendix 6 details financial analysis of projects at red status and Appendix 7 is amber, with additional information on action being taken to minimise or mitigate under or overspends where possible. Appendix 8 provides an analysis of projects at green status. Appendix 9 provides an analysis of resources.
- 4.11** From the analysis within the appendices it can be seen that there are three projects with material slippage, these are listed as follows:

Project Name	Current Slippage (£m)	Previous Period Slippage (£m)
Gruggies Burn	3.735	n/a
District Heating Expansion	3.500	n/a
Vehicle Replacement	2.555	n/a
Posties Park	1.223	n/a
Clydebank Charette	1.223	n/a
Regeneration	0.981	n/a
Early Years	0.616	n/a
Heritage Capital Fund	0.545	n/a

5. Option Appraisal

5.1 No option appraisal was required for this report.

6. People Implications

6.1 There are no people implications.

7. Financial and Procurement Implications

7.1 The report notes the projected in-year financial position for both General Services revenue and capital budgets.

8. Risk Analysis

8.1 The main risks are as follows:

- (a) The present variances should be viewed in the knowledge that there are a number of variable factors which could arise between now and 31 March and which could affect the year end results for both the revenue and capital budgets – particularly in light of covid;
- (b) As a consequence of current market conditions, capital receipts may either not be received or they may be less than anticipated. The budget assumption is that capital receipts achieved in 2020/21 will be used to fund principal repayments within the loan charges budget. As the gain through the Loans Fund Review is available to fund principal, if receipts are not achieved, there is no affect on the financial position recorded in the budget in this area. However, of the capital receipts anticipated, £0.500m is assumed to fund the annual premium charge within loan charges and this cannot be funded from the Loans Fund Review gain. Any shortfall in capital receipts below £0.500m will affect the revenue budget position. This is being closely monitored and any issues will be reported to Council; and

- (c) The projected cost of covid is based upon a variety of assumptions including: known available funding; no assumptions made as yet on potential financial flexibilities that may be agreed by Government; service demand; and timing of nationally agreed changes through the phasing out of lockdown. These assumptions change regularly and therefore there is a significant risk that the projected year end budgetary position will change from that reported.

9. Equalities Impact Assessment (EIA)

- 9.1** No equalities impact assessment was required in relation to this report.

10. Environmental Sustainability

- 10.1** No assessment of environmental sustainability was required in relation to this report.

11. Consultation

- 11.1** All services involved in delivering the revenue and capital budgets have been consulted in the compilation of this report.

12. Strategic Assessment

- 12.1** Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the strategic priorities of the Council's current Strategic Plan. This report forms part of the financial governance of the Council.

Stephen West
Strategic Lead - Resources

Date: 18 August 2020

Person to Contact: Gillian McNeilly, Finance Manager
Council Offices, Church Street, Dumbarton
Telephone: (01389) 737194
E-mail: gillian.mcneilly@west-dunbarton.gov.uk

Appendices:

Appendix 1 -	Revenue Budgetary Control 2019/20 – Corporate Summary
Appendix 2 -	Revenue Budgetary Control 2019/20 – Strategic Lead Summaries
Appendix 3 -	Analysis of Revenue Variances over £50,000
Appendix 4 -	2020/21 Management Adjustments Monitoring
Appendix 5 -	Overall Capital Programme Summary
Appendix 6 -	Analysis of Projects at Red Status

Appendix 7 - Analysis of Projects at Amber Status
Appendix 8 - Analysis of Projects at Green Status
Appendix 9 - Analysis of Resources

Background Papers: Ledger output – period 3
General Services Revenue Estimates 2020/21
General Services 10 Year Capital Plan Update - Council 4
March 2019

Wards Affected All Wards