

## **WEST DUNBARTONSHIRE COUNCIL**

### **Report by Executive Director of Housing, Environmental and Economic Development**

**Housing, Environment and Economic Development Committee: 3 December 2008**

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**Subject: Financial Report 2008/2009 to 15 October 2008 (Period 6)**

#### **1. Purpose**

- 1.1** The purpose of the report is to provide the Committee with an update on the financial performance of the Housing, Environmental and Economic Development Department to 15 October 2008 (Period 6).

#### **2. Background**

- 2.1** The attached information provides details of the financial performance of the Department's Statutory Trading Accounts, (Appendix 1), the General Services Revenue Budgets (Appendix 2) and the General Services Capital Expenditure (Appendix 3). It should be noted that this report compares the actual expenditure to 15 October 2008 to the phased budget as at that date.

#### **3. Financial Performance - Statutory Services**

- 3.1** The Department's Statutory Trading Accounts, as detailed in Appendix 1, show a surplus of £920,180 at period 6, which is £116,500 more than the period estimated surplus of £803,680. Significant variances are explained below.

##### **3.2 Housing Maintenance - £94,550 Favourable**

The Housing Maintenance Trading Account is showing a surplus at period 6 of £657,320, which is £94,550 greater than the period estimated surplus of £562,770. This favourable variance relates mainly to an increased turnover of £327,370 offset by an adverse variance on Direct Costs of £145,130 and an adverse variance on Indirect Costs of £87,690.

It is anticipated that this favourable variance will continue.

#### **4. General Services Revenue Budget**

The net General Services Revenue budget as detailed in appendix 2 amounts to £23,462,540. As at period 6, £13,425,990 has been spent against a phased budget of £13,441,210 resulting in a favourable variance of £15,220. Significant variances are explained below.

#### **4.1 Directorate and Administration - £43,940 Favourable**

The Directorate and Administration favourable variance is primarily due to vacancies. This favourable variance will continue.

#### **4.2 Catering Services - £56,130 Favourable**

The Catering Services favourable variance of £56,130 is mainly attributable to an additional Income of £96,350 arising mainly from the Hungry for Success Scheme offset by an adverse variance of £38,780 on Food Purchases. While it is anticipated that Food Purchases will be over budget, the Hungry for Success income will more than offset this overspend.

#### **4.3 Outdoor Recreation - (£37,820) Adverse**

The Outdoor Recreation adverse variance of £37,820 is due to a number of offsetting variances the largest of which is an under-recovery of £25,310 on Sales Fees and Charges which will continue to the year end. The budgeted income of £214,070 has been overstated when compared to the 2007/2008 outturn which was £139,140. The 2008/2009 projected outturn is £167,500.

#### **4.4 Architectural and Related Services - £35,100 Favourable**

The Architectural and Related Services favourable variance relates to Employee Costs which are underspent by £132,430 because of vacancies, offset by an overspend on Agency Staff of £95,460. These agency staff are required to provide the service in the absence of permanent employees.

#### **4.5 Leisure Services - £65,430 Favourable**

The Leisure Services favourable variance of £65,430 is mainly attributable to an over-recovery on income of £73,910. This over-recovery of income is expected to continue.

#### **4.6 Community Wardens - £172,410 Favourable**

The Community Wardens' favourable variance is attributable to an underspend of £79,240 on Employee Costs due to vacant posts, an underspend of £28,010 on Payments to Other Bodies as a result of the Police Analyst vacancy and an underspend of £57,530 of previously ring-fenced grants which cannot now be carried forward because of the cessation of ring-fenced funding.

#### **4.7 Planning - (£63,380) Adverse**

The Planning adverse variance of £63,380 is mainly due to adverse variances of £51,020 and £16,600 on Planning Application Fees and Building Warrants respectively. These adverse variances will continue and are a consequence of the general economic downturn.

#### **4.8    Commercial Development Areas - (£88,520) Adverse**

The Commercial Development adverse variance of £88,520 is attributable to an under-recovery of rental income and this adverse variance will continue to the financial year end.

#### **4.9    Estates Administration - (£100,960) Adverse**

The Estates Administration adverse variance of £100,960 is mainly attributable to overspends of £14,840 on Rates and £8,290 on Cleaning Costs relating to vacant commercial properties and an under-recovery of rental income amounting to £66,690. It is expected that these adverse variances will continue to the financial year end.

#### **4.10   Clyde Regional Centre - (£40,310) Adverse**

The Clyde Regional Centre adverse variance of £40,310 is attributable to an under-recovery of rental income which will continue to the financial year end.

#### **4.11   Refuse Collection - (£75,170) Adverse**

The Refuse Collection adverse variance of £75,170 is made up of an adverse variance of £23,440 on Employee Costs, an adverse variance of £22,620 on Fuel as a result of price increases, and an under-recovery of income of £33,640 in respect of Commercial Charges and the Sale of Wheeled Bins. These adverse variances will continue to the financial year end.

#### **4.12   Skillseekers - £27,470 Favourable**

The Skillseeker favourable variance is due to an over-recovery of £32,580 on income from Skills Development Scotland as a consequence of an increased number of placements achieving their targets.

### **5.    Capital Programme**

**5.1**    The Department has a Capital Programme of £11,419,000 (including additional funding received) and £1,527,000 has been processed through the financial ledger at period 6, compared to a phased budget at 15 October 2008 amounting to £1,612,000 resulting in a spend of £85,000 less than anticipated in the phased estimates.

**5.2**    Although the actual spend to date of £1,527,000 is low, the majority of the capital spend takes place towards the end of the financial year.

**5.3**    The Balloch Park Heritage Lottery Project was reported to the 8 October 2008 Committee as being £103,000 overspent and officers were asked to investigate and report to a future Committee meeting.

**5.4** Upon investigation it was found that a number of expenditure items had been wrongly coded to this project in the course of this financial year, and after corrections had been made, the resultant overspend was reduced to £62,000.

**5.5** Therefore the budgeted overspend in the current year amounts to £62,000. However it has also been confirmed that in the 2004/2005 financial year additional income of £43,000 was secured to take account of unforeseen structural problems to the wall at the walled garden. This additional income was not credited specifically to this project, although the resultant expenditure was charged against this project, and therefore when cognisance is taken of this additional income the net overspend is £19,000 which is marginal when related to the overall spend on the project which amounted to over £2.6m.

## **6. Personnel Issues**

**6.1** There are no personnel issues.

## **7. Financial Implications**

**7.1** Overall, the Department's Statutory Trading Accounts have achieved £116,500 more of a surplus, and the General Services Revenue budget has spent £15,220 less than anticipated as at period 6. The Department's Capital Account is £85,000 underspent compared to the phased budget as at period 6.

## **8. Risk Analysis**

**8.1** 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 2009 which could affect the year end spend.

**8.2** It is anticipated that performance on income on relation to Planning Application fees, Building Warrants and rents for commercial development areas/Clyde Regional Shopping Centre will decline further as a consequence of the current economic climate and is likely to have an impact in the current and in future financial years.

## **9. Conclusion**

**9.1** The report identifies favourable variances on the Department's Statutory Trading Accounts, General Services Revenue Accounts and General Services Capital Account.

**9.2** Management action will continue to be taken to ensure that as far as reasonably practicable, the Department meets the parameters determined by the 2008/2009 budget.

## **10. Recommendation**

### **10.1 The Committee is asked to note the contents of this report.**

**Elaine Melrose**

**Executive Director of Housing, Environmental and Economic Development**

**Date: 17 November 2008**

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**Persons to Contact:** James Pow - Manager of Finance, Garshake Road, Dumbarton, G82 3PU, telephone: 01389 737535, e-mail [jim.pow@west-dunbarton.gov.uk](mailto:jim.pow@west-dunbarton.gov.uk)

**Appendices:**

1. Analysis of Income and Expenditure - Statutory Trading Accounts 2008/2009
2. General Services Revenue Budget 2008/2009
3. General Services Capital Programme 2008/2009

**Background Papers:** None

**Wards:** All