

WEST DUNBARTONSHIRE COUNCIL

Report by Chief Officer - Resources

**Infrastructure, Regeneration & Economic Development Committee:
7 February 2023**

Subject: Infrastructure, Regeneration & Economic Development Budgetary Control Report 2023/24 to Period 7 (31 October 2023)

1. Purpose

- 1.1** This report provides an update on the financial performance to 31 October 2023 of those services under the auspices of the Infrastructure, Regeneration & Economic Development Committee (IRED).

2. Recommendations

- 2.1** Members are asked to:

- i) note the contents of this report showing the revenue budget forecast to overspend against budget by £1.945m (13.91%) at the year-end taking into account that this is subject to change, and
- ii) note the net projected annual position in relation to relevant capital projects which is highlighting a projected variance of £31.306m (42.28%) due to re-profiling.

3. Background

Revenue

- 3.1** At the meeting of West Dunbartonshire Council on 1 March 2023, Members agreed the revenue estimates for 2023/24. A total net budget of £14.173m was approved for IRED services. Since then there have been various adjustments and some services have moved outwith the IRED remit and the revised budget is therefore now £13.985m, as follows:

	£m
Starting Position	14.173
Staff Movements	-0.132
Allocation of Income Generalisation	-0.056
Revised Budget	13.985

Capital

- 3.2** At the meeting of Council on 1 March 2023, Members also agreed the updated 10 year General Services Capital Plan for 2023/2024 to 2032/2033. The three years from 2023/24 to 2025/26 have been approved in detail with the remaining years being indicative at this stage. The total project life budget approved for projects that have either commenced or are due to commence in that period total £175.940m.

4. Main Issues

Revenue Budget

- 4.1** The current budgetary position is summarised in Appendix 1. A more detailed analysis by service is given in Appendix 2.
- 4.2** Of the 14 services monitored 3 are showing either a favourable or nil variance, with 11 services showing an adverse variance. Comments are shown in Appendix 3 when there are projected net annual variances greater than £0.050m and also where the net variance is below £0.050m but there are offsetting variances of over £0.050m within the service.
- 4.3** Appendix 1 shows the probable outturn for the services at £15.930m. As the annual budget is £13.985m there is currently a projected adverse variance for the year of £1.945m.
- 4.4** Since the budgetary control report presented at IRED committee meeting on 1 November 2023 there has been an increase in the adverse variance of £852k. The main reasons for this increase are noted below:

Service	Increase (£,000)	Main Reasons for Variance
Roads Services	112	Increase in material costs (costs rising by about 9%) and street lighting costs due to costs inflating more than expected.
Waste Services	399	Increase in tonnage costs (£271k), vehicle hire (£26k), additional spend needed for replacement bins (£31k) and employee costs due to pay award (£56k)
Corporate Assets	292	Income not anticipated due to delays with Office Rationalisation project.

- 4.5** Further to an in-depth review of the R&N budget overspend a number of opportunities have been identified that will mitigate the impact in some way. These include the capitalisation of revenue spend where appropriate within Roads, the allocation of developer contribution to activities undertaken in Grounds and a reduction in costs in Waste within year due to an interim residual collection in place. This should result in an estimated £0.700m improvement in the projected year end outturn. Note this has not been factored into the projections detailed in this report.

Capital Budget

- 4.6** The overall programme summary report is shown in Appendix 5. Information on projects in the red category for probable underspends or overspends in-year and in total is provided in Appendix 6 together with additional information on action being taken to minimise or mitigate reprofiling and/or overspends where possible and detail on projects within the green category are shown in Appendix 7.
- 4.7** The analysis shows there is a projected in-year variance of £32.849m. This variance is mainly due to a comprehensive reprofiling exercise being carried out to review the profiling of all projects in the capital programme to better align the anticipated spend with project activity. Revised profiles will be reflected in the updated capital programme to be presented to Council at the Council Budget Meeting on 6 March 2024.
- 4.8** From the analysis within the appendices it can be seen there are a number of projects with identified re-profiling to date. Those with re-profiling valued at greater than £0.500m, are listed as follows:

Project Name	Period 7 Re-profiling (£m)
Waste Transfer Station	1.780
Exxon City Deal	7.845
New West Bridgend Community Centre	0.990
Strathleven Place	1.540
Regeneration/Local Economic Development	1.911
Regeneration Fund	3.824
Clydebank Can on the Canal	0.707
District Heating Network Expansion	6.959
River Leven Flood Prevention Scheme	0.620
Gruggies Burn	0.930
Vehicle Replacement Strategy	0.500
Depot Rationalisation	1.938

5. People Implications

- 5.1** There are no people implications.

6. Financial Implications

- 6.1** Other than the financial position noted above, there are no financial implications of the budgetary control report. Officers are currently reviewing budgets and projections with a view to improving the position by financial year end and progress will be highlighted in future reports to committee.

7. Risk Analysis

- 7.1** 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 and which could affect the year end results for both the revenue and capital budgets.

8. Equalities Impact Assessment (EIA)

- 8.1** The report is for noting and therefore no Equalities Impact Assessment was completed for this report.

9 Consultation

- 9.1** The views of both Finance and Legal services have been requested on this report and both have advised there are neither any issues nor concerns with the proposal. As the report is for noting no further consultation is envisaged.

10. Strategic Assessment

- 10.1** Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the five strategic priorities of the Council's Strategic Plan. This report forms part of the financial governance of the Council. This report is for noting and, therefore, does not directly affect any of the strategic priorities.

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Date: 6 December 2023

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Appendices: Appendix 1 - Summary Budgetary Position (Revenue)
Appendix 2– Detailed Budgetary Position (Revenue)
Appendix 3 – Variance Analysis (Revenue)
Appendix 4 – Efficiencies & Management Adjustments
Appendix 5 – Budgetary Position (Capital)
Appendix 6 – Variance Analysis Red Status (Capital)
Appendix 7 - Variance Analysis Green (Capital)

Background Papers: None
Wards Affected: All