

WEST DUNBARTONSHIRE COUNCIL
Report by the Chief Officer - Resources
Council : 29 September 2021

**Subject: General Services Budgetary Control Report to 31 August 2021
(Period 5)**

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 31 August 2021.

2. Recommendations

2.1 Council is asked to:

- i) note that the revenue account currently shows a projected annual favourable variance of £0.031m (0.01% of the total budget), excluding any variance projected for COVID-19 which is expected to be fully funded by Scottish Government funding carried forward from 2020/21 and that to be received in-year 2021/22; and
- ii) note that the capital account shows that expenditure and resource use for 2021/22 is lower than budget by £9.182m (17% of budget), made up of £9.040m (16.74% of budget) relating to project slippage, and an in-year underspend of £0.142m.

3. Background

Revenue

- 3.1** At the meeting of West Dunbartonshire Council on 22 March 2021, Members agreed the revenue estimates for 2021/2022. A total net budget of £231.919m was approved for General Services, before use of balances.
- 3.2** The annual recurring variance exercise has now been completed and budgets have been amended in line with the outcome of the exercise.
- 3.3** Since the budget was agreed, additional funding has been provided by Scottish Government and a total net budget of £238.485m is now being monitored:

| | £m |
|---|-----------------------|
| Budget as set - Council 22 March 2021 | 231.919 |
| Additional covid funds received - 2021/22 | 4.488 |
| Earmarked covid funds from 2020/21 | 1.973 |
| Scottish Government Funding - Clothing Grants | 0.074 |
| Scottish Government Funding - Music Tuition | 0.031 |
| Revised Budget to be monitored | <u>238.485</u> |

Capital

- 3.4** At the meeting of Council on 22 March 2021, Members also agreed the updated 10 year General Services Capital Plan for 2021/2022 to 2029/30. The next three years from 2021/22 to 2023/24 have been approved in detail with the remaining years being indicative at this stage. After adjusting for anticipated slippage from 2020/21 into 2021/22, the budget agreed for 2021/22 was £48.058m.

- 3.5** Since then, budget adjustments have taken place (through further 2020/21 capital slippage and additional external funding), revising the 2021/22 annual budget to £53.999m, as follows:

| | £m |
|---|---------------|
| Base Budget 2021/22 (before slippage) | 18.279 |
| Anticipated Slippage from 2020/21 – March 2021 | 29.223 |
| <u>Increase capital budget from Council meeting 22 March 2021:-</u> | |
| Additional Pavement Improvements | 0.200 |
| Money to fund blended Meetings | 0.012 |
| Capitalise Zero Carbon Fund | 0.344 |
| Anticipated budget 2021/22 (Council – March 2021) | 48.058 |
| Additional slippage from 2020/21 – following year end | 2.188 |
| <u>New Funding Introduced to P5</u> | |
| Place Based Investment Programme – SG | 0.780 |
| Viresco Studios and Arts Centre – SG RCGF | 0.750 |
| Clydebank Can On The Canal – SG RCGF | 0.747 |
| Cycling, Walking and Safer Streets | 0.389 |
| Strathclyde Passenger Transport | 0.880 |
| Play Parks – SG | 0.082 |
| Levelling up – SG (Housing & Communities) | 0.125 |
| Revised Budget 2021/22 at period 5 | 53.999 |

4. Main Issues

Revenue

- 4.1** The summary report at Appendix 1 currently identifies a projected annual favourable variance (underspend) of £0.031m (0.01% of the total budget) and service reports by Chief Officers are attached as Appendix 2.
- 4.2** This projected favourable variance does not include any variance for COVID-19 which is being projected to be fully funded by Scottish Government funding.
- 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 2021/22 are monitored with current indications showing that of the total target being monitored (£3.212m) which is currently on target to be fully achieved.
- 4.6** COVID-19 has had an impact on people's ability to pay for services, including Council Tax, generally people financially impacted by COVID-19 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. For example, as at 31 August 2021 the in-year collection for council tax was 46.13% and in comparison it was 46.17% as at 31 August 2019 (pre-pandemic) and 44.77% 31 August 2020 (mid-pandemic). Officers will monitor and report as appropriate as the year progresses.
- 4.7** The ongoing restrictions imposed due to COVID-19 continue to have an impact on demand, and therefore costs, for many services. Officers will continue to manage the budgets as closely as possible throughout the year. It should be noted that Appendix 1 notes the full value of general COVID-19 funding available to the Council of £6.460m (funding of £4.488m specific to 2021/22 and £1.972m carried forward as earmarked from 2020/21). This funding is assumed to have no variance within the budgetary control report based upon the annual forecast COVID spend detailed within services, the annual forecast spend held centrally and any remaining balance as at 31 March being carried forward for use in future years. At present a COVID-19 financial impact is estimated at between £2.800m and £3.000m for 2021/22, though clearly this will be subject to ongoing monitoring and finalising, and this excludes spend on areas where SG has provided specific funding.

Capital

- 4.8** The current progress on the capital plan is shown in Appendices 5 to 8.
- 4.9** The overall programme summary report at Appendix 5 shows that planned expenditure and resource for 2021/22 is lower than budgeted by £9.182m (17% of budget), made up of £9.040m (16.74% of budget) relating to project slippage, and an in-year net underspend of £0.142m (made up of £0.315m overspend and £0.457m underspend).
- 4.10** 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 or green alert status for project life and the current year. The current projections are based on best judgement as to how these projects will continue in operation during the remainder of the year.
- 4.11** Appendix 6 details financial analysis of projects at red status and Appendix 7 is green (no amber to date), with additional information on action being taken to minimise or mitigate under or overspends where possible. Appendix 8 provides an analysis of resources.
- 4.12** From the analysis within the appendices it can be seen that there are number of projects with identified slippage to date, these are listed as follows:

| Project Name | Period 5 Slippage (£m) |
|------------------------------------|---------------------------------------|
| Schools Estate Improvement Plan | 2.275 |
| District Heating Network Expansion | 2.100 |
| Heritage Capital Fund | 1.670 |
| New Westbridgend Community Centre | 0.585 |
| Viresco Studios and Arts Centre | 0.550 |

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-19;
- (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 a significant sum of capital receipts achieved in 2021/22 will be used to fund transformational projects; principal and premium repayments within the loan charges budget. Any shortfall in capital receipts below that budgeted will affect the revenue budget position. This is being closely monitored and any issues will be reported to Council; and
- (c) COVID-19 related variances are based upon early considerations regarding the likely annual values and are subject to further review. The cost of COVID-19 currently projected is based upon a variety of assumptions including: known available funding; financial flexibilities; service demand; and timing of nationally agreed changes through the phasing out of COVID-19 restrictions. These assumptions have been changing regularly and therefore it is highly likely 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.

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Date: 22 September 2021

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Appendices:

- Appendix 1 - Revenue Budgetary Control 2021/22 – Corporate Summary;
- Appendix 2 - Revenue Budgetary Control 2011/22 – Chief Officer Summaries;
- Appendix 3 - Analysis of Revenue Variances over £50,000;
- Appendix 4 - 2021/22 Monitoring of Efficiencies;
- Appendix 5 - Overall Capital Programme Summary;
- Appendix 6 - Analysis of Projects at Red Status;
- Appendix 7 - Analysis of Projects at Green Status; and
- Appendix 8 - Analysis of Capital Resources

Background Papers: Ledger output – period 5;
General Services Revenue Estimates 2020/21
General Services 10 Year Capital Plan Update - Council 22 March 2021.

Wards Affected All Wards