

WEST DUNBARTONSHIRE COUNCIL
Report by the Chief Officer - Resources

**Subject: General Services Budgetary Control Report to 31 December 2021
(Period 9)**

1. Purpose

- 1.1** This report provides an update on the General Services revenue budget and the approved capital programme to 31 December 2021.

2. Recommendations

2.1 Council is asked to:

- i) note a current projected annual favourable variance on the revenue account of £0.079m (0.03% of total budget), excluding any variance as a consequence of COVID which is expected to be fully funded by Scottish Government (SG) COVID funding carried forward from 2020/21 and allocated in 2021/22;
- ii) note that projected expenditure on the capital account is lower than the 2021/22 budget by £16.963m (31% of budget), made up of £17.777m (32.49% of budget) of project slippage, and an in-year net overspend of £0.813m;
- iii) note the further spend on a capital project to be accelerated from 2022/23 into 2021/22 (£0.052m).

3. Background

Revenue

- 3.1** At the meeting of West Dunbartonshire Council (the 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 the SG and a total net budget of £238.932m 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 Govt. Clothing Grants	0.129
Scottish Govt. Music Tuition	0.031
Scottish Govt. Curriculum for Excellence	0.071
Scottish Govt. Mental Health Officer	0.044
Scottish Govt. Homeless Tenant Hardship	0.277

Capital

3.4 At its 22 March 2021 meeting the Council also agreed the updated 10 year General Services Capital Plan for 2021/2022 to 2029/30. The three years from 2021/22 to 2023/24 were approved in detail with the remaining years being indicative at that 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 £54.718m, as follows:

	£m
Base Budget 2021/22 (before slippage)	18.279
Slippage from 2020/21 – March 2021	29.223
<u>Increase capital budget from 22 March 2021 Council meeting:</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
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
Nature Restoration (SG)	0.102
CO2 monitoring in schools (SG)	0.117
CFCR (HSCP)	0.063
Electric charging points - SG	0.045
Accelerated Capital Project p8	0.340
Accelerated Capital Project p9	0.052
Revised Budget 2021/22 at period 9	54.718

4. Main Issues

Revenue

4.1 The summary report at Appendix 1 highlights a projected annual favourable variance (underspend) of £0.079m (0.03% of the total budget). Appendix 2 provides more detailed service reports by Chief Officer.

4.2 This projected variance does not include any variance as a direct consequence of COVID as it is anticipated this will be fully funded by SG funding.

- 4.3** Information on 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 the amount being monitored of £3.212m is on target to be fully achieved.
- 4.5** Although COVID has had an impact on people's ability to pay for services, including Council Tax, with ongoing work by officers and the variety of flexible payment terms available the current collection rates are almost back to pre-pandemic levels. For example, as at 31 December 2022 the in-year collection for council tax was 79.18% and in comparison it was 79.34% as at 31 December 2020 (pre-pandemic) and 77.68% 31 December 2021 (mid-pandemic). Officers will monitor and report as appropriate as the year progresses.
- 4.6** The ongoing restrictions imposed due to COVID continue to have an impact on demand, and therefore costs, for many services. Officers continue to manage the budgets as closely as possible throughout the year. Appendix 1 notes the full value of general COVID funding available to the Council of £6.460m (2021/22 funding of £4.488m 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 the 2021/22 COVID financial impact is estimated at between £3.000m - £3.500 though clearly this will be subject to ongoing monitoring and finalising. Note this excludes spend on areas where SG has provided specific funding.

Capital

- 4.7** The current progress on the capital plan is shown in Appendices 5 to 10.
- 4.8** The overall programme summary report at Appendix 5 shows that planned 2021/22 expenditure is lower than budget by £16.963m (31% of budget). This breaks down as £17.771m (32.49% of budget) relating to project slippage and an in-year net overspend of £0.813m.
- 4.9** Appendix 5 also provides an analysis of the overall programme at each alert status and a summary budgetary control report including detailing the number of projects and corresponding spend as a percentage of the overall programme currently at red, amber 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.
- 4.10** Appendices 6, 7 and 8 detail the financial analysis of projects at red, amber and green status respectively and provide additional information on action being taken to minimise or mitigate under or overspends where possible. Appendix 9 provides an analysis of resources.

- 4.11** From the analysis within the appendices it can be seen there are a number of projects with identified slippage to date. Those with slippage valued at greater than £0.500m, are listed as follows:

Project Name	Period 9 Slippage (£m)	Period 8 Slippage (£m)
District Heating Network Expansion	3.600	3.100
Schools Estate Improvement Plan	1.939	2.178
Heritage Capital Fund	1.670	1.670
Vehicle Replacement	0.871	0.000
Viresco Studios and Arts Centre	0.750	0.750
Clydebank on the Canal	0.747	0.747
Regeneration Fund	0.675	0.675
Place Based Investments	0.641	0.061
New Westbridgend Community Centre	0.585	0.585
	11.478	9.766

- 4.12** There is a net overspend in the capital budget of £0.813m predominantly due to a projected in year (and full project life) overspend in year of £0.844m on the Posties Park Sports Hub. This is a significant change from period 8 report which projected spend was on budget. There has been design changes required by planning and further information is available in appendix 6.
- 4.13** Appendix 10 details additional spend within the building upgrades project (including Health and Safety) that has been accelerated from 2022/23 into 2021/22.

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 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 a significant sum of capital receipts achieved in 2021/22 will be used to fund transformational projects and the 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;
- (c) COVID related variances are based upon estimates regarding the likely annual values and are subject to further review. The cost of COVID 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 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: 19 January 2022

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Appendices:

- Appendix 1 - Revenue Budgetary Control 2021/22
– Corporate Summary;
- Appendix 2 - Revenue Budgetary Control 2021/22
– 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 Amber Status;
- Appendix 8 - Analysis of Projects at Green Status;
- Appendix 9 - Analysis of Capital Resources; and
- Appendix 10 - Accelerate Project

Background Papers: Ledger output – period 9;
General Services Revenue Estimates 2021/22
General Services 10 Year Capital Plan Update - Council 22
March 2021.

Wards Affected All Wards