

WEST DUNBARTONSHIRE COUNCIL
Report by the Chief Officer – Resources
Council – 31 August 2022

**Subject: General Services Budgetary Control Report to 31 July 2022
(Period 4)**

1. Purpose

1.1 This report provides an update on the General Services revenue budget and the approved capital programme to 31 July 2022.

2. Recommendations

2.1 Council is asked to:

- i) note a current projected annual adverse variance on the revenue account of £0.318m (0.13% of total budget);
- ii) note that projected expenditure on the capital account is lower than the 2022/23 budget by £14.140m (21.56% of budget), made up of £12.260m (18.69% of budget) of project slippage, and an in-year net underspend of £1.880m;
- iii) agree the virement as requested at 4.13 (appendix 9); and
- iv) agree the acceleration as requested at 4.14 (appendix 10).

3. Background

Revenue

3.1 At the meeting of West Dunbartonshire Council (the Council) on 9 March 2022, Members agreed the revenue estimates for 2022/2023. A total net budget of £231.919m was approved for General Services, before use of balances.

3.2 Since the budget was agreed, additional funding has been provided by the Scottish Government (SG) and a further allocation of covid funds results in a revised total net budget of £252.394m is now being monitored:

	£m
Budget as set – Council 9 March 2022	251.693
SG – Easter Provision Fund	0.101
Covid Reserves (Council June 2022) – Cost of Living Crisis	0.600
	252.394

Reserves

3.3 The General Fund balance at 31 March 2022 can be analysed as follows:

	Balance at 31/3/22 (£m)
Balance on General Fund as at 31 March 2021	15.028
Change to General Fund balance at end of 2021/22	(0.008)
Earmarked Balances	(11.524)
Contingency allowance at 2% of net expenditure	(3.123)
Unallocated Balance as at 31 March 2022 (draft)	0.373

Capital

- 3.4** At its 9 March 2022 meeting the Council also agreed the updated General Services Capital Plan for 2022/2023 to 2030/31. The three years from 2022/23 to 2024/25 were approved in detail with the remaining years being indicative at that stage. After adjusting for anticipated slippage from 2021/22 into 2022/23, the budget agreed for 2022/23 was £48.058m.
- 3.5** Since then, budget adjustments have taken place (through further 2021/22 capital slippage and additional external funding), revising the 2022/23 annual budget to £65.587m, as follows:

	£m
Base Budget 2022/23 (before slippage)	33.471
Slippage from 2021/22 – March 2022	18.035
<u>Increase capital budget from 9 March 2022 Council meeting:</u>	
Changing Places Toilets	0.050
Roads and Pavements	2.000
Flood Prevention	0.500
Street Sign Renewal	0.100
Children & Families Team	TBC
Christmas Lighting	TBC
Large Bins for High Traffic Areas	0.025
Pothole Rapid Repair Service	TBC
Anticipated budget 2022/23 (Council – March 2022)	54.181
Additional slippage from 2021/22 – following year end	7.593
<u>New Funding introduced to Period 4</u>	
CFCR (HSCP)	0.010
District Heating Consultancy	0.120
SG – Clyde Walking, Safer Streets	0.566
SG – Nature Restoration Fund	0.126
Place Based Investments	0.676
SPT – Kilbowie Road Bus Route	0.495
SPT – Congestion Reduction Measures	0.330
SPT – Balloch Station Park and Ride	0.050
SPT – Bus Infrastructure Improvements	0.200
Cost of Living Crisis (Council June 2022)	1.000
Acceleration of Schools Estate Improvement Plan (assumed)	0.240
Revised budget – Period 4	65.587

4. Main Issues

Revenue

4.1 The summary report at Appendix 1 highlights a projected annual adverse variance (overspend) of £0.318m (0.13% of the total budget). Appendix 2 provides more detailed service reports by Chief Officer.

4.2 This adverse variance is made up of:

	£m
COVID related variance	0.176
Less available COVID funding	(0.176)
Remaining COVID related variance	0.000
Non-COVID variance	0.318
Total variance	0.318

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 management adjustments (Appendix 4) actioned within 2022/23 are monitored with current indications showing that the amount being monitored is £0.276m with £0.251m on target to be fully achieved.

Covid reserves held

4.5 As at 31 March 2022 the Council carried forward £3.302m for future general covid spend. Some of these available funds have been committed, with £0.468m remaining for future budget pressures.

	Earmarked £m	Free £m	Total £m
Covid balances as at 31 March 2022	2.058	1.244	3.302
Cost of Living Crisis (Council June 2022)	0.600	(0.600)	0
Funding of general covid spend (P4 BCR)	0.176	(0.176)	0
Balance as at 31 July 2022	2.834	0.468	3.302

Reserves

4.6 The Council's General Fund contingency is set at 2% of net expenditure for 2022/23 and amounts to £3.123m. At the beginning of 2022/23 (as per paragraph 3.3) there was £0.373m of unallocated General Fund Balance (over and above contingency). After taking into consideration the impact on the General Fund of the decisions agreed by Council in June 2022 and the forecast outturn position at 31 July 2022, the Council is currently forecast to have a £0.055m surplus over contingency as at 31/03/2023.

	Detail	Balance at 31/3/22 £m
Unallocated Balance as at 31 March 2022	This is the balance that is unallocated over and above the 2% contingency, which amounts to £3.123m	0.373
Impact on the General Fund of the 2022/23 Budget decisions on free reserves	£0.600m allocated to cost of living from covid funds – nil net effect on free reserves	0
Current Forecast Outturn for 2022/23 as at 31 July 2022		(0.318)
Projected Unallocated Balance as at 31 March 2023		0.055

Capital

- 4.7** The current progress on the capital plan is shown in Appendices 5 to 9.
- 4.8** The overall programme summary report at Appendix 5 shows that planned 2022/23 expenditure is lower than the 2022/23 budget by £14.140m (21.56% of budget), made up of £12.260m (18.69% of budget) of project slippage, and an in-year net underspend of £1.880m.
- 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 and 7 detail the financial analysis of projects at red and green status respectively (no amber projects currently) and provide additional information on action being taken to minimise or mitigate under or overspends where possible. Appendix 8 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 4 Slippage (£m)
Levelling Up Fund	(4.614)
Vehicle Replacement	(2.217)
West Bridgend CC	(1.063)
Vehicle Replacement Strategy	(1.000)
Viresco Studios and Arts Centre	(750)

4.12 For comparison purposes, a summary of the monthly slippage position is noted below:

		Period 4
	£m	£m
Overall capital plan		65.587
Slippage	(12.260)	
Net over/ under	(1.880)	
Overall variance		(14.140)
% slippage		18.69%

4.13 Appendix 9 provides details of a virement request of £0.066m between two projects, with the reason for the request noted.

4.14 Appendix 10 provides details of a request for an acceleration of a budget approved for 2023/24 being brought forward into 2022/23, with the reason for the request noted.

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 ongoing COVID issues;
- (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 2022/23 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) As a consequence of current market conditions, inflation is at an all-time high and interest rate continue to rise. To forecast for the full year costs budget assumptions have been required (particularly around energy and interest costs). These assumptions continue to change regularly and therefore it is likely that the projected year end budgetary position will change from that reported;
- (d) 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; ongoing service restrictions and service demand. These assumptions continue to change 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: 18 August 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 - Monitoring of Efficiencies and Management
Adjustments 2022/23
- Appendix 5 - Overall Capital Programme Summary;
- Appendix 6 - Analysis of Projects at Red Status;
- Appendix 7 - Analysis of Projects at Green Status;
- Appendix 8 - Analysis of Capital Resources;
- Appendix 9 - Analysis of virement;
- Appendix 10 - Analysis of acceleration request.

Background Papers: General Services Revenue Estimates 2022/23
General Services Capital Plan Update - Council 9 March
2022.

Wards Affected All Wards

