

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Housing, Environmental and Economic Development

Housing, Environment and Economic Development Committee:
7 March 2012

Subject: Financial Report 2011/2012 to 31 January 2012 (Period 10)

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 31 January 2012 (Period 10).

2. Background

- 2.1** The financial management code of practice states that from period 8 all budgetary control reports will be prepared on a probable outturn basis and that reported variances will be calculated by comparing actual spend to date against probable outturn to date.
- 2.2** The attached information provides a summary of the financial performance of the Department's General Services and Trading Accounts (Appendix 1), a detailed analysis of the spend for each budget (Appendix 2), and the General Services Capital Expenditure (Appendix 3). The probable outturn is stated as per the budget book for 2012/13 which was reported to Council on 15 December 2011 as £23,129,869 compared to the adjusted budget of £23,508,129 generating an expected underspend of £378,260. It should be noted that this report compares the actual expenditure to 31 January 2012 to the phased probable outturn as at that date.
- 2.3** The additional information included at Appendix 2 provides the Committee with the opportunity to review the spending performance in more detail, and this greater transparency will assist the Committee in fulfilling its scrutiny role.

3. Financial Performance - General Services and Trading Accounts

- 3.1** The Department's General Services and Trading Accounts, as detailed in Appendix 1, show a total spend of £16,785,129 at period 10, against a phased probable of £17,139,288 resulting in a favourable variance of £354,159. Significant variances are explained below.

3.2 Catering Services - £89,799 Adverse

There has been a decline in catering income due to:

- a downturn in the uptake of school meals in addition to the cessation of free school meals for primaries 1 to 3, which had not been recognised when the probable outturn was calculated; and
- continuing declines in income from hospitality.

Much work is being done to promote an increased uptake of meals, however the probable outturn for income has been overstated. Although it is projected that year end expenditure will be less than probable the sharp decline in income will mean that the year end position could be £100,000 adverse.

3.3 Building Cleaning PPP - £95,171 Favourable

The service is presently carrying a number of vacancies. Although efforts are being made to fill vacancies cover is currently being resourced through additional hours for non PPP related staff which are yet to be coded appropriately.

3.4 Roads Operations - £39,983 Adverse

There has been an increase in fuel usage and plant hire following the recent storms. In addition storm-related overtime increased significantly in January to more than £15,000 above the monthly average.

3.5 Architectural & Related Services - £32,639 Favourable

This favourable variance is due to savings on employee costs following the restructure within Housing, Environmental and Economic Development.

3.6 Central Repairs - £161,877 Adverse

There has been a decline in income following a reduction in client-requested work (£110,588) as well as an overspend on repairs to public buildings (£49,166).

3.7 Planning - £58,795 Favourable

This favourable variance has arisen because savings from the restructure within the department have more than offset the decline in income from planning fees and building warrants.

3.8 Estates Administration - £38,892 Adverse

This adverse variance is largely due to continuing challenges in meeting income targets and higher than anticipated expenditure on repairs and maintenance to the commercial units (including £20,000 fire damage works at Leven Valley). Efforts are continuing to let currently vacant properties.

3.9 Halls - £33,868 Favourable

This favourable variance has arisen because savings from the restructure within the department have more than offset the decline in income from hall lets and admissions.

3.10 Events - £31,670 Adverse

This adverse variance has arisen because of additional expenditure on a number of events.

3.11 Community Education Centres - £83,019 Favourable

This favourable variance is largely due to the impact of the wider Leisure & Community Facilities restructure. It is expected that the year end position will be some £100k favourable.

3.12 Refuse Disposal - £325,226 Favourable

This favourable variance is attributable to the decline in the number of tonnes being sent to landfill and a reduction in the payments to private contractors following the re-tender of the dry recycle and organic waste contracts. It is expected that the year end position will be some £400,000 favourable.

3.13 Housing Maintenance Trading Account - £254,119 Favourable

This favourable variance is largely due to increases in jobbing repair and contract revenue income, particularly bathrooms and kitchens. It is anticipated that the year end surplus will be greater than the probable outturn as a result of the additional unanticipated income e.g. the planned recommencement of structural repair work at South Drumry in January 2012 and additional storm-related jobbing repairs.

3.14 Grounds Maintenance & Street Cleaning Trading Account - £168,477 Adverse

This adverse variance is due to the retention of additional seasonal labour for a couple of months longer than originally intended and additional expenditure on private contractors and plant hire following the January storm. It is expected that the year end position will be about £300,000 less than the probable.

4. Capital Programme

4.1 At Appendix 3 it can be seen that the Department has a Capital Programme of £15.343m (including additional funding received). The probable outturn for the department's capital expenditure is £9.675m with a further £5.668m identified as slippage. At period 10 £6.104m has been processed through the financial ledger, compared to a phased probable at 31 January amounting to £5.923m resulting in a phased overspend of £0.181m.

4.2 The principal reason for the overspend of £181,000 is the apparent overspend of £147,000 against the regeneration works budget. This overspend relates to the timing of the spend rather than an overspend against budget as the full amount was identified previously as being likely to slip from 2011/12 into 2012/13. As a result there will be less funding to slip into 2012/13.

5. People Implications

5.1 There are no implications.

6. Financial Implications

6.1 The Department's General Services and Trading Accounts have spent £354,159 less than the phased probable as at period 10. The overall budget will continue to be closely monitored throughout the year to ensure that services are delivered within budget limits.

6.2 There is a small overspend against probable at present on General Services Capital although some £147,000 of this is attributable to a timing difference.

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 2012 which could affect the year end spend.

8. Equalities Impact Assessment (EIA)

8.1 No equalities impact assessment was required in relation to this report.

9. Strategic Assessment

9.1 The report is for noting. As such it does not directly affect any of the strategic priorities. It does, however, identify resources available to the Council to deliver the Strategic Priorities, principally Social and Economic Regeneration.

10. Conclusions and Recommendations

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

Elaine Melrose

Executive Director of Housing, Environmental and Economic Development

Date: 16 February 2012

Persons to Contact: Joe Reilly - Business Unit Finance Partner (Housing, Environmental and Economic Development), Garshake Road, Dumbarton, G82 3PU, telephone: 01389 737707, e-mail: joe.reilly@west-dunbarton.gov.uk

Appendices:

1. General Services Trading Accounts Summary
2. General Services and Trading Accounts Detail
3. General Services Capital Programme 2011/12

Background Papers: None

Wards: All