

WEST DUNBARTONSHIRE COUNCIL
Report by the Chief Officer – Resources
Council – 20 December 2023

**Subject: General Services Budgetary Control Report to 31 October 2023
(Period 7)**

1. Purpose

1.1 This report provides an update on the General Services revenue budget and the approved capital programme to 31 October 2023.

2. Recommendations

2.1 Council is asked to:

- i) note a current projected annual adverse variance on the revenue account of £2.785m (1.0% of total budget); and
- ii) note that projected expenditure on the capital account is lower than the 2023/24 budget by £36.365m (39.85% of budget), made up of £35.988m (39.43% of budget) of project re-profiling, and an in-year underspend of £0.377m (0.41% of budget).

3. Background

Revenue

3.1 At the meeting of West Dunbartonshire Council (the Council) on 1 March 2023, Members agreed the revenue estimates for 2023/2024. A total net budget of £265.160m was approved for General Services.

3.2 Since the budget was agreed, additional funding has been provided by the Scottish Government resulting in a revised total net budget of £268.231m.

	Service	£m	£m
Agreed budget 1 March 2023			265.160
Additional Funding:			
No One Left Behind	Housing & Employability	0.189	
Child Poverty	Housing & Employability	0.078	
SNCT Payaward	Education	2.724	
Summer 23 Programme	Education	0.080	
Total Additional Funding			3.071
Revised budget as at Period 7			268.231

3.3 The budgetary control report has to be updated to reflect the dissolution of the department previously known as Supply, Distribution and Property (SDP), with

the budgets being repositioned under their new Chief Officers and relevant departments. This does not affect the overall 2023/24 budget.

Capital

- 3.4** At its 1 March 2023 meeting, the Council also agreed the updated General Services Capital Plan for 2023/2024 to 2031/32. The three years from 2023/24 to 2025/26 were approved in detail with the remaining years being indicative at that stage. After adjusting for anticipated re-profiling from 2022/23 into 2023/24, the budget agreed for 2023/24 was £79.916m, as noted below.
- 3.5** Since then, budget adjustments have taken place through further 2022/23 capital re-profiling and additional external funding and additional income received in 2022/23 which should have been carried forward into 2023/24 per grant conditions, revising the 2023/24 annual budget to £91.266m, as follows:

	£m
Agreed budget 2023/24 (Council – March 2023)	79.916
Additional re-profiling from 2022/23 – following year end	9.258
Additional income received in 2022/23	0.125
New Funding introduced:	
Nature Restoration Fund	0.257
Cycling, Walking and Safer Streets	0.561
Strathclyde Partnership for Transport	0.650
Road Safety	0.134
School Upgrades	0.200
Play Parks	0.157
Community Bus	0.008
Revised budget 2023/24 as at Period 7	91.266

4. Main Issues

Revenue

- 4.1** The summary report at Appendix 1 highlights a projected annual adverse variance (overspend) of £2.785m (1.0% of the total budget). Appendix 2 provides more detailed service reports by Chief Officer.
- 4.2** 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.
- 4.3** A list of agreed management adjustments totalling £11.809m is shown within Appendix 4. Current indications show, £11.157m is on target to be achieved. However, Appendix 4 also shows that it is anticipated that £0.651m will not be achieved and will be funded by the smoothing fund for 2023/24 only, with the expectation that the full saving will be achieved in future years.

- 4.4 A breakdown of the 2023/24 earmarked balances are shown within Appendix 5 and is summarised as follows:

	£000
Earmarked balances brought forward from 2022/23	24.590
Transfers in identified in 2023/24 (includes the balance of the agreed cost of living funds over the next 4 years)	0.975
Transfer out identified in 2023/24 to fund 2022/23 pay	(2.195)
Anticipated forecast spend 2023/24	(12.392)
Amounts due to be released in 2023/24	(0.05)
Balance anticipated to be c/fwd into 2024/25	10.973

- 4.5 At its meeting on 25 October 2023, Council were advised of the potential need for a contribution from the General Fund towards an anticipated deficit within the Housing Revenue Account (HRA). A detailed review to reduce the projected deficit, has successfully identified options which means that a contribution from the General Fund will not be required.
- 4.6 The 2023/24 pay award has recently been agreed but not yet paid to staff. The impact of the award is still being analysed by finance officers and we are seeking greater clarity over the Council's share of additional funds being made available by the Scottish Government as a contribution to fund the agreed award. Consequently, the projected outturn still reflects the assumed pay award of 4%. The Period 10 Budgetary Control Report to be reported to Council on 27 March 2024, will reflect the actual award and associated funding.
- 4.7 Due to the current financial challenges facing the Council, recruitment restrictions have been implemented and the filling of vacancies is subject to active review. For variances linked to this action (beyond the budgeted turnover targets), in year savings through not filling vacancies, are now being removed from services and held in a central code. This has resulted in a number of favourable service variances being removed from services and held centrally (currently £0.990m). This has no impact on the overall projected outturn of the Council, simply on how that outturn is reported.
- 4.8 With vacancy savings being removed from service budgets and transferred to a central budget, other projected overspends identified within services are now more clearly reported. This demonstrates that, if the Council were to only meet the budgeted turnover level of vacancies, there would be a far more significant overspend which highlights the extent to which the Council cannot afford to operate with its current full establishment.
- 4.9 The effects of removing the vacancy savings from service budgets to a central budget as at Period 7 are noted below:

Service with Vacancy Transfers at Period 7	Variance in BCR	Vacancy Savings Moved to Central Budget	Variance if vacancies were not removed
	(under)/over £000	(under)/over £000	(under)/over £000
Resources	525	63	462
Regulatory and Regeneration	(300)	244	(544)
People and Technology	(58)	115	(173)
Citizens, Culture & Facilities	249	406	(157)
Roads and Neighbourhood	1,616	79	1,537
Miscellaneous	446	83	363
Central Budget		990	

Capital

- 4.10** The current progress on the capital plan is shown in Appendices 6 to 9.
- 4.11** The overall programme summary report at Appendix 6 shows that planned 2023/24 expenditure is lower than the 2023/24 budget by £36.365m (39.85% of budget), made up of £35.988m (39.43% of budget) of project re-profiling, and an in-year underspend of £0.377m (0.41% of budget).
- 4.12** Appendix 6 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.
- 4.13** Appendices 7 and 8 detail the financial analysis of projects at red and green status respectively (currently no amber) and provide additional information on action being taken to minimise or mitigate under or overspends where possible. Appendix 9 provides an analysis of resources.
- 4.14** 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 5 Re-profiling (£m)	Period 7 Re-profiling (£m)	Movement
Waste Transfer Station	1.780	1.780	0
Exxon City Deal	6.495	7.845	1.350
Strathleven Place	0	1.540	1.540
New West Bridgend Community Centre	0	0.990	0.990

Regeneration/Local Economic Development	0	1.911	1.911
Regeneration Fund	0	3.824	3.824
Clydebank Can on the Canal	0	0.707	0.707
District Heating Network Expansion	0	6.959	6.959
Heritage Fund	0	0.558	0.558
River Leven Flood Prevention Scheme	0	0.620	0.620
Gruggies Burn	0	0.930	0.930
Vehicle Replacement Strategy	0	0.500	0.500
Depot Rationalisation	0	1.938	1.938
Schools Estate Improvement Plan	0	0.985	0.985
HSCP ICT Upgrade of systems	0	0.534	0.534

4.15 For comparison purposes, a summary of the monthly re-profiling position is noted below:

	Period 5	Period 7	Movement
	£m	£m	£m
Overall capital plan	93.433	91.266	(2.167)
Overall variance	(8.857)	(36.365)	(27.508)
Re-Profiling	(8.868)	(35.988)	(27.120)
Net over/ under	0.011	(0.377)	(0.388)
% Re-Profiling	9.49%	39.43%	29.94%

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;

- (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 all capital receipts achieved in 2023/24 will be used to 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 rates 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.

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: 28 November 2023

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Appendices: Appendix 1 - Revenue Budgetary Control 2023/24

- Appendix 2 - – Corporate Summary;
Revenue Budgetary Control 2023/24
– Chief Officer Summaries;
- Appendix 3 - Analysis of Revenue Variances over
£50,000;
- Appendix 4 - Monitoring of Efficiencies
- Appendix 5 - Monitoring of Earmarked Balances
- Appendix 6 - Overall Capital Programme Summary;
- Appendix 7- Analysis of Projects at Red Status;
- Appendix 8 - Analysis of Projects at Green Status;

- Appendix 9 - Analysis of Capital Resources.

Background Papers:

- Ledger output – Period 7;
- General Services Revenue Estimates 2023/24
- General Services Capital Plan Update - Council 1 March 2023.

Wards Affected All Wards