

## WEST DUNBARTONSHIRE COUNCIL

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

Housing, Environment and Economic Development Committee: 2 November 2011

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**Subject: Financial Report 2011/2012 to 30 September 2011 (Period 6)**

#### **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 30 September 2011 (Period 6).

#### **2. Background**

- 2.1** 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). It should be noted that this report compares the actual expenditure to 30 September 2011 to the phased budget as at that date.
- 2.2** 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 £10,655,692 at period 6, against a phased budget of £10,552,741 resulting in an adverse variance of £102,951. Significant variances are explained below.

##### **3.2 Catering Services - £35,267 Adverse**

There has been a decline in catering income following the cessation of free school meals for primaries 1 to 3.

##### **3.3 Catering Services PPP - £35,103 Favourable**

Income has been greater than budgeted.

##### **3.4 Building Cleaning PPP - £68,271 Favourable**

The required level of service has been provided whilst carrying a number of vacancies.

**3.5 Anti-Social Behaviour - £35,297 Adverse**

This adverse variance is caused primarily by the continuation of the CCTV service inherited by HEED last June following financial difficulties encountered by the previous provider, Clydebank CCTV Trust. If the present service continues for the remainder of the year net expenditure of about £70,000 will arise.

**3.6 Roads Operations - £35,210 Adverse**

This adverse variance is largely due to the backdated settlement of an outstanding payment to operatives.

**3.7 Grounds Maintenance & Street Cleaning - £83,000 Adverse**

In the days following the strong winds on 24 May 2011 considerable overtime was undertaken by the Grounds Maintenance and Street Cleaning trading operation. This expenditure on clear-up works is outwith the normal subsidy paid by the client account to the trading operation.

**3.8 Architectural & Related Services - £111,142 Favourable**

This favourable variance reflects the impact of restructuring within the department and the reconfiguration of services. It will partly offset adverse employee variances elsewhere in the department and in particular Asset Management through the integration of these services.

**3.9 Homeless Persons - £173,596 Favourable**

This favourable variance is largely due to the provision of Life Skills services - a service previously outsourced - from within existing staff resources and the continued high income recovered from lets of temporary units.

**3.10 Planning - £41,425 Adverse**

This adverse variance is largely due to the under-budgeting of employee costs.

**3.11 Refuse Collection - £81,676 Adverse**

This adverse variance is largely due to an under-budgeting of employee costs and additional employee costs incurred following the recent reinstatement of an operative.

**3.12 Asset Management - £43,598 adverse**

This adverse variance is largely due to restructuring within the department.

### **3.13 Office Accommodation - £36,335 Adverse**

This adverse variance is largely due to property costs being greater than budgeted.

## **4. Capital Programme**

**4.1** At Appendix 3 it can be seen that the Department has a Capital Programme of £14.281m (including additional funding received). At period 6 £2.934m has been processed through the financial ledger, compared to a phased budget at 30 September amounting to £2.939m resulting in a phased underspend of £5,000.

**4.2** The Department's total programme is £0.137m greater than previously reported to Council. Transport Scotland has awarded the Council £42,000 for the purchase of an electric van and an additional £95,000 has been received from SPT towards works at Balloch Bus terminus.

**4.3** As part of the refurbishment programme for Clydebank Town Hall ongoing asbestos survey work has been undertaken as access to various areas of the premises has become available. Unfortunately the extent of the asbestos contamination has been far greater than could have been foreseen and, in particular, large quantities of asbestos have been found in the basement of the building. The Health and Safety Executive has been involved and specialist removal contractors required to be engaged. This has hampered works to run new cables and main services and resulted in a significant delay in the overall programme of refurbishment works. In addition to asbestos, contaminated material was discovered during excavation works in the service yard and test results confirmed extremely high levels of arsenic were present. Specialist advice was sought and the material was removed by a qualified contractor. The unforeseen removal of significant quantities of asbestos and arsenic and the receipt of a formal request from the contractor for an extension of time and a claim for associated costs has increased the overall project costs. A report will be submitted to the November Council meeting requesting permission to vire £350,000 from Knowle Burn Flooding to the Civic Heart Project.

## **5. People Implications**

**5.1** There are no implications.

## **6. Financial Implications**

**6.1** The Department's General Services and Trading Accounts have spent £101,239 more than budgeted as at period 6. 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 underspend at present on General Services Capital.

## **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 2011 which could affect the year end spend. Council will shortly be considering a paper outlining slippage in the securitisation programme. One consequence of this slippage will be additional rental income in 2011/12 from commercial and industrial lets. More details on this will be reported in the next set of budgetary control reports.

## **8. Equalities Impact Assessment (EIA)**

- 8.1** No issues were identified in a screening for potential equality impact of 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: 26 October 2011**

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**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