

WEST DUNBARTONSHIRE COUNCIL

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

Housing, Environment and Economic Development Committee: 6 October 2010

Subject: Financial Report 2010/2011 to 31 August 2010 (Period 5)

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 August 2010 (Period 5).

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 31 August 2010 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, this will assist the Committee in fulfilling its scrutiny role.
- 2.3** During the 2011/2012 estimate exercise and taking cognisance of the revised departmental structure, it is intended to simplify and rationalise the budgets and align them to the revised management arrangements, establishing greater transparency and accountability regarding financial management and further supporting the Committee in enhancing its scrutiny role.

3. Financial Performance - General Services and Trading Accounts

The Department's General Services and Trading Accounts, as detailed in Appendix 1, show a total spend of £10,221,515 at period 5, against a phased budget of £10,433,661 resulting in a favourable variance of £212,146. Significant variances are explained below.

3.1 Architectural and Related Services - £73,580 Favourable

This favourable variance is mainly due to an underspending of £75,300 on employee costs, as a consequence of the Departmental Restructure. There is however additional expenditure, which has been incurred in respect of strain on the fund costs, which is shown within the Sundry Services budget.

3.2 Central Repairs and Maintenance - (£63,880) Adverse

This adverse variance is caused by an overspending of £35,003 on employee costs, an overspend of £37,201 on direct purchases, offset by an over-recovery of £14,576 on sales fees and charges. The overspending on employee costs is currently being investigated. The overspend on direct purchases is in line with last year's spend and the over-recovery on sales fees and charges reflects additional charges to departments to recover increases in budgeted spend.

3.3 Homeless Persons - (£133,845) Adverse

There are a number of offsetting factors contributing to the adverse variance. Council tax is underspent by £21,698 as a consequence of having less homeless units than anticipated in the budget and repairs and maintenance is underspent by £15,072 for a similar reason. Rental income from homeless units is under-recovered by £135,232 again due to having less homeless units than anticipated when preparing the estimates. The estimates included an assumption of 270 units for the year, but in fact the average number of homeless units available this financial year is 255 units. Other income is under-recovered by £20,718 and this under-recovery is due to a backlog in issuing accounts, as a result of staff shortages, and management action is now being taken to clear the backlog. It is anticipated that the backlog will be cleared in the next few months.

3.4 Anti-Social Behaviour - £56,970 Favourable

This favourable variance is mainly due to an underspending of £45,744 on employee costs, as a consequence of the Departmental Restructure. There is however additional expenditure, which has been incurred in respect of strain on the fund costs, which is shown within the Sundry Services budget.

3.5 Planning - £47,170 Favourable

This favourable variance is mainly due to an underspending of £65,470 on employee costs, as a consequence of the Departmental Restructure. There is however additional expenditure, which has been incurred in respect of strain on the fund costs, which is shown within the Sundry Services budget. There is also an offsetting under-recovery of £12,920 on the E-Planning budget line where income has been included in the estimate, but no income is due to be received this financial year.

3.6 Estates Administration - £44,020 Favourable

This favourable variance is mainly due to an underspending of £39,690 on employee costs, as a consequence of the Departmental Restructure. There is however additional expenditure, which has been incurred in respect of strain on the fund costs, which is shown within the Sundry Services budget.

3.7 Clyde Regional Centre - £113,090 Favourable

This favourable variance is the result of additional rental income received in respect of the Clydebank Shopping Centre. This favourable variance is expected to continue to the financial year end.

3.8 Crematorium - (£32,740) Adverse

This adverse variance is due to an under-recovery of £30,530 on sales fees and charges. This is due in the main to a reduction in the number of services carried out at Clydebank Crematorium.

3.9 Refuse Collection - (£57,820) Adverse

This adverse variance is due to an under-recovery of £59,560 on sales fees and charges. This is due to a reduction in the number of commercial customers, and a reduction in the frequency of collection due to the economic downturn.

3.10 Refuse Disposal - £60,190 Favourable

The main contributory elements of this favourable variance are an underspending of £17,470 on employee costs as a result of vacancies and an underspend of £40,400 on tonnage due to reduced land fill as a result of the current economic downturn and improved recycling performance.

3.11 SWIP - £42,680 Favourable

This favourable variance has arisen mainly from an underspending on employee costs of £36,240 and this is due to a number of vacancies.

3.12 Grounds Maintenance and Street Cleansing Trading Account - £50,699 Favourable.

This favourable variance has arisen due to an overall reduction in costs.

4. Capital Programme

4.1 At Appendix 3 it can be seen that the Department has a Capital Programme of £11.742m (including additional funding received) and £1.597m has been processed through the financial ledger at period 5, compared to a phased budget at 31 August amounting to £1.585m.

5. People Implications

5.1 There are no implications.

6. Financial Implications

- 6.1** The Department's General Services and Trading Accounts have spent £212,146 less than anticipated as at period 5. The overall budget will continue to be closely monitored throughout the year to ensure that services are delivered within budget limits. The Department's Capital Account has spent £1.597m at period 5 compared to a phased budget of £1.585m.

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.
- 7.2** There is a trend of increased costs within the Transport budget in respect of Repairs undertaken, both internally and externally, as a consequence of a reduction in the number of new vehicles being purchased through the Vehicle Replacement Programme. With the continuing reduction in the Vehicle Replacement Programme this trend of increased revenue costs will continue.

8. Equalities Impact

- 8.1** No significant issues were identified in a screening for potential equality impact of this report.

9. Conclusions and Recommendations

- 9.1** The Committee is asked to note the contents of this report.

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Date: 22 September 2010

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Appendices: 1. General Services and Trading Accounts Summary
2. General Services Capital Programme 2010/2011

Background Papers: None

Wards: All