

WEST DUNBARTONSHIRE COUNCIL

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

Housing, Environment and Economic Development Committee:
11 January 2012

Subject: Financial Report 2011/2012 to 30 November 2011 (Period 8)

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 November 2011 (Period 8).

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 30 November 2011 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 £13,795,568 at period 8, against a phased budget of £13,852,668 resulting in a favourable variance of £57,100. Significant variances are explained below.

3.2 Catering Services - £70,981 Adverse

There has been a decline in catering income following 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 £100k adverse.

3.3 Building Cleaning PPP - £97,921 Favourable

The service is presently carrying a number of vacancies. Although efforts are being made to fill vacancies it is unlikely that this will be achieved much before year end resulting in a favourable variance of £125k.

3.4 Homeless Persons - £44,602 Adverse

This adverse variance has arisen because of expenditure on consultants looking at the Council's provision of temporary accommodation services and a small decline in November in the occupancy rate for the units. It is possible that the occupancy rate could recover but at present the expected year end position would show an adverse variance to probable of £65k.

3.5 Estates Administration - £50,234 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 £20k fire damage works at Leven Valley). Efforts are, of course, continuing to let currently vacant properties.

3.6 Community Education Centres - £49,408 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 £78k favourable.

3.7 Refuse Collection - £37,468 Adverse

This adverse variance is largely attributable to the impact of fuel price increases which were not anticipated in establishing the probable outturn. It is expected that the year end position could show an overall adverse variance of between £40k and £50k.

3.8 Housing Maintenance Trading Account - £87,488 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 (perhaps £150k 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.

3.9 Grounds Maintenance & Street Cleaning Trading Account - £95,642 Adverse

This adverse variance is due to a decline in the level of subsidy forecast and the retention of additional seasonal labour for a couple of months longer than originally intended. It is expected that the year end position will be about £200k 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 £5.719m identified as slippage. At period 8 £4.056m has been processed through the financial ledger, compared to a phased probable at 30 November amounting to £4.060m resulting in a phased underspend of £4,000.

5. People Implications

5.1 There are no implications.

6. Financial Implications

6.1 The Department's General Services and Trading Accounts have spent £57,100 less than the phased probable as at period 8. 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 against probable 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 2012 which could affect the year end spend.

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: 20 December 2011

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