

REPORT TO: POLICY AND RESOURCES COMMITTEE – 16 NOVEMBER 2020

REPORT ON: REVENUE MONITORING 2020/2021

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 268-2020

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2020/2021 projected revenue outturn as at 30 September 2020 monitored against the adjusted 2020/2021 Revenue Budget.

2 RECOMMENDATIONS

- 2.1 It is recommended that Elected Members:

- a note that the overall General Fund as at 30 September 2020 is projecting an underspend of £2,361,000 against the adjusted 2020/2021 Revenue Budget excluding Covid-19 related expenditure and loss of income.

The current projected deficit position for the Council is £6.5m. As detailed in the updated Covid-19 recovery plan report included on the agenda for this meeting, this includes the underspend of £2,361,000

- b note that the Housing Revenue Account as at 30 September 2020 is projecting an underspend of £1,251,000 against the adjusted HRA 2020/2021 Revenue Budget.
- c agree that the Council Management Team will take every reasonable action to ensure that the 2020/2021 revenue expenditure is below or in line with the adjusted Revenue Budget.
- d instruct the Executive Director of Corporate Services in conjunction with the Council Management Team to continue to monitor the Council's 2020/2021 projected revenue outturn to assist with the cost pressures resulting from Covid-19.

3 FINANCIAL IMPLICATIONS (see Appendix A)

- 3.1 The overall General Fund as at 30 September 2020 is projecting an underspend of £2,361,000 against the adjusted 20/21 Revenue Budget excluding Covid-19 related expenditure and loss of income.

The updated Covid-19 recovery plan, which is included as a separate report on the agenda for this meeting, includes the underspend of £2,361,000 in the current projected deficit of £6.5m.

- 3.2 The Housing Revenue Account outturn position for 2020/2021 is an underspend of £1,251,000 based on the financial information available at 30 September 2020.
- 3.3 The final position at 31 March 2021 for the General Fund and Housing Revenue Account will be confirmed in draft unaudited accounts prepared by 30 June 2021.

4 BACKGROUND

- 4.1 Following approval of the Council's 2020/2021 Revenue Budget by the Special Policy and Resources Committee on 5 March 2020, this report is now submitted in order to monitor the 2020/2021 projected revenue outturn position as at 30 September 2020, against the adjusted 2020/2021 Revenue Budget.

The total Revenue Budget per page 6 of the 2019/2020 Final Revenue Budget Volume is £366.568m. For Revenue Monitoring purposes, the Council Tax Reduction Scheme budget of £13.019m is moved from expenditure to income and netted off against Council Tax income. This results in total budgeted expenditure of £353.549m for Revenue Monitoring purposes, as per Appendix A.

- 4.2 This report provides a detailed breakdown of service revenue monitoring information along with explanations of material variances against adjusted budgets. Where services are projecting a significant under or overspend against adjusted budget, additional details have been provided. Where service expenditure is on target and no material variances are anticipated, additional information has not been provided.

5 RISK ASSESSMENT

- 5.1 In preparing the Council's 2020/2021 Revenue Budget, the Executive Director of Corporate Services considered the key strategic, operational and financial risks faced by the Council over this period (Article II (a) of the minute of the meeting of the Special Policy and Resources Committee on 5 March 2020, Report No: 109-2020 refers). In order to alleviate the impact these risks may have should they occur, a number of general risk mitigation factors are utilised by the Council. These include the:

- system of perpetual detailed monthly budget monitoring carried out by service
- general contingency provision set aside to meet any unforeseen expenditure
- level of general fund balances available to meet any unforeseen expenditure
- level of other cash backed reserves available to meet any unforeseen expenditure
- possibility of identifying further budget savings and efficiencies during the year, if required.

- 5.2 The key risks in 2020/2021 have now been assessed both in terms of the probability of whether they will occur and the severity of their impact on the Council should they indeed happen. These risks have been ranked as either zero, low, medium or high. Details of this risk assessment, together with other relevant information including any proposed actions taken by the Council to mitigate these risks, are included in Appendix D to this report. This includes the medium/high risk of new cost pressures or responsibilities emerging during the financial year in areas such as financial pressures as a result of the Covid-19 emergency and costs associated with Brexit.

6 GENERAL FUND SERVICES - MONITORING POSITION AS AT 30 SEPTEMBER 2020

- 6.1 The forecast position as at 30 September 2020 for General Fund services is summarised below:

| | <u>Adjusted Budget 2020/2021</u> | <u>Forecast 2020/2021</u> | <u>Variance</u> |
|-------------------|---|--------------------------------------|------------------------|
| | <u>£000</u> | <u>£000</u> | <u>£000</u> |
| Total Expenditure | 353,549 | 350,814 | (2,735) |
| Total Income | <u>(353,549)</u> | <u>(353,175)</u> | <u>374</u> |
| Forecast Position | - | <u>(2,361)</u> | <u>(2,361)</u> |

The forecast position as at 30 September 2020 is shown in more detail in the appendices to this report, as follows:

Appendix A shows the variances between budget and projected outturn for each service of the Council.

Appendix B provides detailed explanations for the variances against budget that are shown in Appendix A.

Appendix C lists the budget adjustments that have been undertaken to date.

Appendix D lists the key strategic, operational and financial risks being faced by the Council. These risks have been assessed and ranked accordingly both in terms of the probability of whether they will occur and the severity of their impact on the Council should they indeed happen. Any changes to the assessment from the previous reporting period, together with any additional comments included, are highlighted in bold type.

- 6.2 The following paragraphs summarise the main areas of variance by service along with appropriate explanations. It should be emphasised that this report identifies projections based on the first six months of the financial year to 30 September 2020. The figures are therefore indicative at this stage and are used by the Chief Executive, Executive Director of Corporate Services and members of the Council Management Team to identify variances against budget and enable corrective action to be taken as appropriate.

Service Commentary

- 6.3 General
Committee Report No 74-2020, Policy and Resources Committee of 24 February 2020 notes “services will be expected to operate within the limits of their overall revenue budget allocation. Cost pressures which emerge in-year should, where possible, be accommodated within the relevant service revenue budgets.” Accordingly there will be overs and unders within each service. The main areas are summarised below.
- 6.4 Children & Families Services (£500,000 underspend)
The service is currently projecting an underspend in supplies and services.
- 6.5 Dundee Health & Social Care Partnership (£18,000 overspend)
The financial monitoring position for the Dundee Health and Social Care Partnership (DHSCP) based on the 2020/21 financial year as at 30 September 2020 shows a net overspend position of £54k.

The projected financial position consists of an estimated overspend of £1,242k relating to services delegated from Dundee City Council with an estimated underspend of £1,188k in relation to services delegated from NHS Tayside.

A significant financial challenge facing the IJB’s delegated budget continues to be the provision of home and community based social care at a sufficient level to meet increasing demographic demand and reduce delayed discharges in hospital while balancing financial resources. As a result of this, care at home services are projected to be overspent by £1,047k. This is partly offset by an projected underspend in care homes of £206k. There is projected to be an under recovery of Income of around £250k. These contribute to an overall projected overspend position for Dundee City Council services of £1,242k. This is partly offset by an underspend in services delegated by NHS Tayside to the IJB of £1,188k.

Under the risk sharing arrangement reflected in the Integration Scheme, the IJB must apply any residual reserves not committed for another purpose to any overspend at the end of the financial year prior to the Council and NHS Tayside picking up the balance on a proportionate basis. The IJB no longer has any uncommitted reserves therefore the potential net impact to the Council is £18k based on a share of around 1/3rd of the IJB’s projected overspend.

6.6 City Development (£1,166,000 overspend)

Corporate Properties

The principal overspends arise where planned rationalisation of property has not been fully implemented. This is due to changes in circumstances relating to building availability and service requirements. Increased cleaning costs for corporate buildings have also contributed to the overspend.

The cost of keeping Council properties in good condition and fit for purpose has risen in recent years. This increased reactive repairs and maintenance is mainly due to assessments/inspections such as Health & Safety, Fire Risk, Asbestos and essential remedial works required arising from these assessments.

Monitoring of these costs is being undertaken jointly by City Development and Corporate Finance staff with mitigating actions being taken where appropriate.

The Building Merger and Rationalisation group continue to work through the strategy developed to deliver historic unimplemented closures, merge and close properties where service delivery can be amalgamated in one facility, back office functions being considered where transfer is possible to other parts of the city and a robust and fast tracking process to make better use or rapid demolition arrangements for identified surplus and vacant properties.

Staffing

The service is projecting an overspend in staff costs attributed to savings which are partially realised due to lower than anticipated staff turnover. All vacancies are being reviewed and opportunities for voluntary early retirement are being considered

Income

The service is anticipating a shortfall in external rental income including investment properties. The ground-lease on the Wellgate Centre is generating significantly less income than expected. The property portfolio is being managed proactively to maximise income from commercial lets, although this is challenging for various reasons such as location, design, specification and condition of the properties. A shortfall in Building Warrant fees of £168k is projected due to Brexit uncertainty that has led to a slowing down of investment in larger commercial and residential developments.

The service's 2020/21 Revenue Budget includes assumed income of £2.898m from the Scottish Government in respect of projects at the Waterfront which were developed under the Growth Accelerator Model (GAM). Access to this funding is contingent upon meeting agreed economic targets eg around non-domestic rates growth, international visitor numbers, additional employment etc. The Council has engaged in positive dialogue with the Scottish Government and Scottish Futures Trust to ensure that the desired outcomes and level of GAM funding are maximised.

6.7 Neighbourhood Services (£1,504,000 underspend)

The service is projecting an underspend in relation to anticipated staff slippage due to the level of unfilled posts and additional income from sale of garden waste permits due to higher than anticipated demand for this service. Details of any further projected variances are included in Appendix B.

6.8 Chief Executive (£193,000 underspend)

The service is projecting underspends of £90,000 as a result of slippage target being exceeded due to vacant posts, and £101,000 in supplies and services in addition to minor underspends in Transport costs and Third Party payments.

6.9 Corporate Services (£473,000 underspend)

The projected underspend relates mainly to staff cost savings partially offset by reduced income from Tayside Scientific Services, other Council services and fees and charges in addition to overspends in supplies & services and transfer payments.

- 6.10 Capital Finance Costs (£1,465,000 underspend)
This underspend reflects a projected saving in capital financing costs.
- 6.11 Miscellaneous Items (reduced income £150,000)
Reflects write down of budgeted share of Tayside Contracts surplus as no surplus made in period to end September.
- 6.12 Discretionary NDR Relief (underspend £18,000)
Projected underspend in Discretionary NDR Relief.
- 6.13 Supplementary Superannuation (underspend £51,000)
Projected underspend in Supplementary Superannuation costs.
- 6.13 Council Tax (net reduced income £570,000)
This reflects a projected overspend on Council Tax reductions of £370,000 in addition to anticipated reduction in Council Tax income of £200,000.
- 6.14 Capital Grants & Receipts Unapplied (additional income £61,000)
Additional income in relation to Capital Receipts enhanced financial flexibility arrangements detailed below:

Capital Receipts – Flexibility Scheme

In March 2019, the Scottish Government issued details of enhanced financial flexibility arrangements that allow local authorities to vary proper accounting practice and use capital receipts to fund qualifying expenditure on a transformation project. Qualifying expenditure is deemed to be non-recurring expenditure on a transformation / service redesign project where incurring upfront costs will generate on-going savings. In financial years 2018/2019 and 2019/2020 a total of £3.315m of capital receipts from asset sales were set-aside to fund qualifying expenditure on future transformation projects, in terms of the flexibility arrangements.

Elected members will be aware that, for a number of years now, the Council has used Voluntary Early Retirement and Voluntary Redundancy (VER / VR) schemes as part of its workforce strategy, to assist in service redesign and transformation projects. As well as helping to modernise services, the VER / VR schemes have also generated significant budget savings to help address the financial challenges facing the Council. There are upfront, non-recurring costs associated with the VER / VR schemes, in the form of redundancy payments and pension strain-on-fund costs, however these costs are more than offset by the subsequent savings in staffing budgets.

In financial year 2020/2021 the Council has to date incurred £0.061m of costs associated with the VR / VER schemes and these costs are included in the monitoring statement at Appendix A. It is likely that further costs will accrue as further VERs / VRs are approved. It is considered that these costs meet the definition of “qualifying expenditure” in terms of the Scottish Government’s flexibility arrangements. It is therefore proposed that costs associated with the VER/VR schemes, up to a maximum amount of £2.5m will be met from the remaining balance of capital receipts set-aside. The monitoring statement at Appendix A has been prepared on this assumption.

The total VER / VR costs met from capital receipts set aside in 2019/2020 was £0.423m leaving a balance of £2.892m. Full year salary savings totalling £0.849m have been achieved from these VERs / VRs and these savings are reflected in budgets going forward.

7 ONGOING ACTIONS

- 7.1 Each service is working closely with Corporate Finance staff, firstly to ensure that these projections are met and then to identify scope to improve the outcome.

- 7.2 In addition, further Council-wide initiatives are underway to help manage existing and emerging cost pressures particularly resulting from Covid-19. These include reviewing the requirements for overtime working, a focus on absence rates and increased vacancy control over the remainder of the financial year. There is an ongoing review of discretionary spend and other opportunities for efficiencies and budget savings.
- 7.3 There is also close working with Dundee HSCP and LACD on revenue requirements for current and future funding.
- 7.4 The 2020/2021 budget savings agreed at the meeting of the Special Policy and Resources Committee on 5 March 2020 are monitored on a monthly basis. The Revenue Monitoring position reported reflects the position with regard to achieving these savings.

8 HOUSING REVENUE ACCOUNT - MONITORING POSITION AT 30 SEPTEMBER 2020

- 8.1 The forecast position as at 30 September 2020 for the HRA is summarised below:

| | <u>Adjusted Budget 2020/2021 £000</u> | <u>Forecast 2020/2021 £000</u> | <u>Variance £000</u> |
|-------------------|---|--|--------------------------|
| Total Expenditure | 55,032 | 53,849 | (1,183) |
| Total Income | <u>(55,032)</u> | <u>(55,100)</u> | <u>(68)</u> |
| Forecast Position | <u>-</u> | <u>(1,251)</u> | <u>(1,251)</u> |

- 8.2 The service is projecting underspends in staff costs, transport costs capital financing costs and planned maintenance in addition to additional income. This underspend will be partially offset by overspends in property costs.

A system of perpetual detailed monitoring will continue to take place up to 31 March 2021 with the objective of the HRA achieving a final outturn which is below or in line with the adjusted 2020/2021 HRA Revenue Budget.

9 POLICY IMPLICATIONS

This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues. Details of the risk assessment are included in Appendix D to this report.

10 CONSULTATIONS

The Council Management Team were consulted in the preparation of this report.

11 BACKGROUND PAPERS

None.

GREGORY COLGAN
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

05 NOVEMBER 2020

| DUNDEE CITY COUNCIL | | | | | | | | | | |
|--|-----------------|--------------------|-----------------|------------------|---------------|----------------|---------------------|-------------|------------------|-----------------|
| 2020/2021 REVENUE OUTTURN MONITORING | | | | | | | | | | |
| PERIOD 1 APRIL 2020 - 30 SEPTEMBER 2020 | | | | | | | | | | |
| | Approved | | Adjusted | | | | | | Previous | Movement |
| | Revenue | Total | Revenue | Projected | Worse | Better | Net | | Months | since |
| | Budget | Budget | Budget | Outturn | Than | Than | Variance | | Projected | Previous |
| | 2020/21 | Adjustments | 2020/21 | 2020/21 | Budget | Budget | (see Appx B) | Note | Variance | Month |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | | £000 | £000 |
| General Fund Services | | | | | | | | | | |
| Children & Families | 169,763 | | 169,763 | 169,263 | | (500) | (500) | 1 | (500) | |
| Dundee Health & Social Care Partnership | 80,078 | | 80,078 | 80,096 | 18 | | 18 | 2 | 97 | (79) |
| City Development | 11,661 | | 11,661 | 12,827 | 1,166 | | 1,166 | 3 | 1,184 | (18) |
| Neighbourhood Services | 28,876 | (23) | 28,853 | 27,349 | | (1,504) | (1,504) | 4 | (1,198) | (306) |
| Chief Executive | 12,234 | 123 | 12,357 | 12,164 | | (193) | (193) | 5 | (193) | |
| Corporate Services | 31,917 | 585 | 32,502 | 32,029 | (473) | | (473) | 6 | 194 | (667) |
| DCS Construction | (1,745) | | (1,745) | (1,745) | | | 0 | | 0 | |
| | 332,784 | 685 | 333,469 | 331,983 | 711 | (2,197) | (1,486) | | (416) | (1,070) |
| Capital Financing Costs / Interest on Revenue Balances | 20,786 | | 20,786 | 19,321 | | (1,465) | (1,465) | 7 | (1,368) | (97) |
| Contingencies: | | | | | | | | | | |
| - General | 1,312 | (550) | 762 | 762 | | | 0 | | 0 | |
| - Cost Pressures | 1,500 | | 1,500 | 1,500 | | | 0 | | 0 | |
| - Unallocated Corporate Savings | (2,872) | | (2,872) | (2,872) | | | 0 | | 0 | |
| Miscellaneous Items | (3,841) | | (3,841) | (3,691) | 150 | | 150 | 8 | 100 | 50 |
| Discretionary NDR Relief | 392 | | 392 | 374 | | (18) | (18) | 9 | (15) | (3) |
| Supplementary Superannuation Costs | 2,541 | | 2,541 | 2,490 | | (51) | (51) | 10 | (45) | (6) |
| Tayside Valuation Joint Board | 947 | | 947 | 947 | | | 0 | | 0 | |
| Total Expenditure | 353,549 | 135 | 353,684 | 350,814 | 861 | (3,731) | (2,870) | | (1,744) | (1,126) |
| Sources of Income | | | | | | | | | | |
| General Revenue Funding | (247,779) | | (247,779) | (247,779) | | | 0 | | 0 | |
| Contribution from NNDR Pool | (49,119) | | (49,119) | (49,119) | | | 0 | | 0 | |
| BRIS Income | | | 0 | 0 | | | 0 | | 0 | |
| Council Tax | (56,651) | | (56,651) | (56,081) | 570 | | 570 | 11 | 644 | (74) |
| Use of Balances - | | | | | | | | | | |
| Committed Balances c/f | | | 0 | 0 | | | 0 | | 0 | |
| Capital Grants & Receipts Unapplied | | | 0 | (61) | | (61) | (61) | 12 | (9) | (52) |
| Change Fund | | (135) | (135) | (135) | | | 0 | | 0 | |
| (Surplus)/Deficit for the year | 0 | 0 | 0 | (2,361) | 1,431 | (3,792) | (2,361) | | (1,109) | (1,252) |
| (Surplus)/Deficit for Housing Revenue Acct | 0 | 0 | 0 | (1,251) | 0 | (1,251) | (1,251) | | (1,265) | 14 |

REASONS FOR 2020/2021 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES**(Excludes Capital Charges, Central Support Services & Office Recharges)****AT 30 SEPTEMBER 2020**

| <u>Service</u> | <u>Note</u> | <u>As at</u> <u>30 Sep</u> <u>£000</u> | <u>As at</u> <u>31 Jul</u> <u>£000</u> | <u>Cost Centre</u> | <u>Subjective</u> <u>Analysis</u> | <u>As at</u> <u>30 Sep</u> <u>£000</u> | <u>As at</u> <u>31 Jul</u> <u>£000</u> | <u>Reason / Basis of Over/(Under)spend</u> |
|--|-------------|--|--|---------------------|--------------------------------------|--|--|--|
| <u>Children & Families Services</u> | 1 | (500) | (500) | <u>Departmental</u> | | (500) | (500) | The service is currently projecting an underspend in Supplies & Services |
| <u>Dundee Health & Social Care Partnership</u> | 2 | 18 | 97 | <u>Departmental</u> | | 18 | 97 | <p>The financial monitoring position for the Dundee Health and Social Care Partnership (DHSCP) based on the financial year as at 30th September 2020 shows a net overspend position of £54k. A significant financial challenge facing the IJB's delegated budget continues to be the provision of home and community based social care at a sufficient level to meet increasing demographic demand and reduce delayed discharges in hospital while balancing financial resources. As a result of this, care at home services are projected to be overspent by £1,047k. This is partly offset by an projected underspend in care homes of £206k. There is projected to be an under recovery of Income of around £250k. These contribute to an overall projected overspend position for Dundee City Council services of £1,242k. This is partly offset by an underspend in services delegated by NHS Tayside to the IJB of £1,188k.</p> <p>The potential impact to the Council should the overspend not be contained is approximately £18k under the risk sharing arrangement applied to the IJB's delegated budget.</p> |
| <u>City Development</u> | 3 | 1,166 | 1,184 | <u>Departmental</u> | Staff Costs | 60 | 120 | Staff savings are partially realised due to lower than anticipated staff turnover, however all vacancies are being reviewed and opportunities for VER are being considered. |
| | | | | | Supplies & Services | (43) | (25) | Reflects fuel cost savings partly offset by higher costs of securing various car parks buildings which can be reduced by CCTV installations. |
| | | | | | Third Party Payments | (70) | (70) | Air subsidies for Dundee to London flight have contributed to the underspend in third party payments budget. |

REASONS FOR 2020/2021 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES

(Excludes Capital Charges, Central Support Services & Office Recharges)

AT 30 SEPTEMBER 2020

| <u>Service</u> | <u>Note</u> | <u>As at 30 Sep £000</u> | <u>As at 31 Jul £000</u> | <u>Cost Centre</u> | <u>Subjective Analysis</u> | <u>As at 30 Sep £000</u> | <u>As at 31 Jul £000</u> | <u>Reason / Basis of Over/(Under)spend</u> |
|---|-------------|----------------------------------|----------------------------------|--------------------|--------------------------------|----------------------------------|----------------------------------|--|
| <u>City Development (cont)</u> | | | | | Property | 649 | 649 | The net overspend on property costs are due to rent & rates £320k; repairs & maintenance £147k and cleaning costs £182k. The overspend mainly due to delay in implementing the property rationalisation programme fully which includes buildings such as Claverhouse Social Work office, Dudhope Castle, 353 Clepington Road, Rockwell Buildings, Music Centre Bell Street. Repairs & Maintenance/Energy Costs: cost of keeping council properties in good conditions and fit for purpose has risen in recent years. This increased reactive repairs & maintenance is mainly due to assessments/inspections such as Health & Safety, Fire Risk, Asbestos and essential remedial works required arising from these assessments. Cleaning costs - mainly due to delay in implementing the property rationalisation programme fully Dudhope Castle, Rockwell, Claverhouse Social Work office; also higher cleaning costs than budgeted for at Central Library and DCA. |
| | | | | | Income | 570 | 510 | Reflects lower than budgeted income in the following areas: Building warrants £168k, Economic Development £45k, Investment properties £197k, Architect fees £160k. |
| <u>Neighbourhood Services</u> | 4 | (1,504) | (1,198) | | Staff Costs | (943) | (854) | Mainly reflects net anticipated slippage due to current level of unfilled posts in addition to reduction in overtime. |
| | | | | | Property Costs | 41 | 46 | Mainly reflects additional lost rents due to current under occupancy of Balmuir Wood. In addition, projection includes additional drainage works that were required to be undertaken at this site. |
| | | | | | Supplies & Services | (239) | (203) | Mainly reflects projected underspend on plant hire, materials and sub-contractors relating to landscape contracts, hire and maintenance, skip hire, plant hire, other materials and consumables and events expenditure partially offset by additional expenditure due to changes in disposal contract for paper and cardboard |
| | | | | | Transportation | 62 | 31 | Reflects increased fleet costs following an increase to these recharges. |
| | | | | | Third Party Payments | 100 | 100 | Reflects net overspend anticipated with the implementation of the Rapid Rehousing Plan partially offset by lower than anticipated payments to fund third party organisations. |
| | | | | | Various | 3 | 2 | Reflects projected expenditure on Corporate Resilience Costs partially offset by underspend on various supplies and services expenditure including subscriptions, postages, photocopying and telephones. |
| | | | | | Income | (528) | (320) | Reflects additional income from sale of garden waste permits due to higher than anticipated demand for this service in addition to additional income from service charges associated with the creation of the temporary accommodation, partially offset by shortfall on the level of income projected for other landscape contracts. |

REASONS FOR 2020/2021 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES**(Excludes Capital Charges, Central Support Services & Office Recharges)****AT 30 SEPTEMBER 2020**

| <u>Service</u> | <u>Note</u> | <u>As at 30 Sep £000</u> | <u>As at 31 Jul £000</u> | <u>Cost Centre</u> | <u>Subjective Analysis</u> | <u>As at 30 Sep £000</u> | <u>As at 31 Jul £000</u> | <u>Reason / Basis of Over/(Under)spend</u> |
|---|-------------|----------------------------------|----------------------------------|----------------------------|--------------------------------|----------------------------------|----------------------------------|--|
| <u>Chief Executive</u> | 5 | (193) | (193) | <u>Departmental</u> | Staff Costs | (90) | (90) | Slippage target exceeded due to vacant posts |
| | | | | | Supplies & Services | (101) | (101) | Underspend in free sanitary products and other minor underspends |
| | | | | | Transport | (1) | (1) | Minor variance |
| | | | | | Third Party Pyts | (1) | (1) | Minor variance |
| <u>Corporate Services</u> | 6 | (473) | 194 | <u>Departmental</u> | Staff Costs | (1,395) | (1,014) | Projected staff cost savings for the year. |
| | | | | | Supplies & Services | 192 | 190 | Relates to overspends in postages and Sherriff Officer Commissions partly offset by underspends in laboratory supplies and equipment. |
| | | | | | Transport | 7 | 7 | Relates to net overspend in fleet costs |
| | | | | | Transfer payments | 136 | 0 | Relates mainly to 2018/19 budget savings not achieved re Collaborative working partly offset by reduction in Crisis grants |
| | | | | | Income | 587 | 1,011 | Relates mainly to reduced income in relation to Council Departments, Tayside Scientific Services and Other Fees & Charges. |
| <u>Capital Finance Costs</u> | 7 | (1,465) | (1,368) | | | (1,465) | (1,368) | Reflects projected saving in capital financing costs |
| <u>Miscellaneous Items</u> | 8 | 150 | 100 | | | 150 | 100 | Reflects write down of budgeted share of Tayside Contracts surplus as no surplus made in period to end September. |
| <u>Discretionary NDR Relief</u> | 9 | (18) | (15) | | | (18) | (15) | Anticipated saving in relation to Discretionary NDR Relief |
| <u>Supplementary Superannuation costs</u> | 10 | (51) | (45) | | | (51) | (45) | Projected underspend in Supplementary Superannuation costs. |
| <u>Council Tax</u> | 11 | 570 | 644 | | | 570 | 644 | Reflects an overspend on Council Tax Reduction and a shortfall in Council Tax Income |
| <u>Capital Grants & Receipts Unapplied</u> | 12 | (61) | (9) | | | (61) | (9) | Reflects the use of Capital receipts already set aside to fund costs associated with voluntary early retirements / voluntary redundancies. |
| <u>TOTAL GENERAL FUND</u> | | (2,361) | (1,109) | | | (2,361) | (1,109) | |

REASONS FOR 2020/2021 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES**(Excludes Capital Charges, Central Support Services & Office Recharges)****AT 30 SEPTEMBER 2020**

| <u>Service</u> | <u>Note</u> | <u>As at</u> <u>30 Sep</u> <u>£000</u> | <u>As at</u> <u>31 Jul</u> <u>£000</u> | <u>Cost Centre</u> | <u>Subjective</u> <u>Analysis</u> | <u>As at</u> <u>30 Sep</u> <u>£000</u> | <u>As at</u> <u>31 Jul</u> <u>£000</u> | <u>Reason / Basis of Over/(Under)spend</u> |
|-------------------------------|-------------|--|--|--------------------|--------------------------------------|--|--|---|
| <u>Housing Revenue</u> | 13 | (1,251) | (1,265) | | Staff Costs | (867) | (847) | Mainly reflects net anticipated staff slippage mainly due to current level of unfilled posts. |
| <u>Account</u> | | | | | Property | 308 | 305 | The level of rent arrears has increased following the rollout of Universal Credit and as such the level of bad debt provision will be greater than budgeted. In addition, the level of void losses are also greater than budgeted due to properties being unlet for longer periods than was budgeted, some of this will be directly attributable to the restrictions applied following the Covid-19 pandemic. |
| | | | | | Transportation Costs | (9) | (9) | Mainly reflects lower than car allowances following a reduction in staff travel. |
| | | | | | Third Party Payments | 27 | 0 | Reflects greater than anticipated legal fees. |
| | | | | | Capital Financing Costs | (642) | (642) | Reflects projected saving on capital financing costs. |
| | | | | | Planned Maintenance | 0 | (20) | Reflects potential underspend on general fabric repairs within the planned maintenance budget. |
| | | | | | Income | (68) | (52) | Includes additional income from interest and other income. |
| <u>TOTAL HOUSING</u> | | | | | | | | |
| <u>REVENUE ACCOUNT</u> | | (1,251) | (1,265) | | | (1,251) | (1,265) | |

Dundee City Council
Revenue Monitoring to 31st March 2021 - Budget Adjustments to date

| | <u>Alloc</u> <u>To/From</u> <u>Conts</u> <u>£000</u> | <u>2019/20</u> <u>Under</u> <u>spends</u> <u>b/fwd</u> <u>£000</u> | <u>Funding</u> <u>T/Fs</u> <u>£000</u> | <u>Alloc</u> <u>from</u> <u>Change</u> <u>Fund</u> <u>£000</u> | <u>Alloc</u> <u>from</u> <u>R&R</u> <u>Fund</u> <u>£000</u> | <u>T/Fs</u> <u>Between</u> <u>Depts /</u> <u>Conts</u> <u>£000</u> | <u>Dept</u> <u>Totals</u> <u>£000</u> |
|---|---|--|--|--|---|--|---|
| <u>General Fund Services</u> | | | | | | | |
| <u>Children & Families</u> | | | | | | | 0 |
| <u>Dundee Health & Social Care Partnership</u> | | | | | | | 0 |
| <u>City Development</u> | | | | | | | 0 |
| <u>Neighbourhood Services</u> | | | | | | | |
| Transfer of post to Chief Executive | | | | | | (23) | (23) |
| <u>Chief Executive</u> | | | | | | | |
| Transfer of post from Neighbourhood Services | | | | | | 23 | |
| Eden Project | 100 | | | | | | 123 |
| <u>Corporate Services</u> | | | | | | | |
| Channel Shift / Digital Investment | | | | 59 | | | |
| Procurement Collaborative | | | | 76 | | | |
| Scientific Services | 450 | | | | | | 585 |
| <u>Construction</u> | | | | | | | 0 |
| <u>Miscellaneous Items</u> | | | | | | | 0 |
| <u>General Contingency</u> | | | | | | | |
| Eden Project | (100) | | | | | | |
| Scientific Services | (450) | | | | | | (550) |
| <u>Contingency - Savings</u> | | | | | | | 0 |
| <u>Contingency - Cost Pressures</u> | | | | | | | 0 |
| <u>Tayside Valuation Joint Board</u> | | | | | | | 0 |
| Total Adjustments (General Fund) | 0 | 0 | 0 | 135 | 0 | 0 | 135 |

| Risks - Revenue | Assessment | | Risk Management / Comment |
|---|--------------|-------------|---|
| | Original | Revised | |
| <u>General Inflation</u> General price inflation may be greater than anticipated. | Med | Med | Corporate Procurement strategy in place, including access to nationally tendered contracts for goods and services. In addition, fixed price contracts agreed for major commodities i.e. gas and electricity. |
| <u>Equal Pay Claims</u> A provision may be required for the cost of equal pay claims. | Low | Low | Relatively few cases being taken through the Employment Tribunal process. |
| <u>Capital Financing Costs</u> Level of interest rates paid will be greater than anticipated. | Low/ Med | Low/ Med | Treasury Mgmt Strategy. Limited exposure to variable rate funding. |
| <u>Savings</u> Failure to achieve agreed level of savings & efficiencies particularly in light of the Covid-19 emergency. | Low/ Med | High | General risk mitigation factors (ref para 5.1), in particular, regular monitoring by departments to ensure savings targets are met. |
| <u>Emerging Cost Pressures</u> Significant cost pressures due to Covid-19 emergency in addition to the possibility of new cost pressures or responsibilities emerging during the course of the financial year, including potential additional costs associated with Brexit (especially in the event that the UK leaves the EU without a deal). | Med/ High | High | General risk mitigation factors (ref para 5.1), in particular, regular monitoring by departments to ensure cost pressures are identified early and corrective action can be taken as necessary. |
| <u>Chargeable income</u> The uncertainty that the level of chargeable income budgeted will be received particularly in light of the Covid-19 emergency | Med/ High | High | General risk mitigation factors (ref para 5.1), in particular, regular monitoring by departments to ensure any shortfalls are identified as early as possible and corrective action can be taken as necessary. |
| <u>Council Tax Collection</u> Provision for non-collection of Council Tax (3.2%) may not be adequate particularly in light of the Covid-19 emergency. | Low | High | Provision set takes cognisance of amounts collected for previous financial years. Non-payers subject to established income recovery procedures. |
| <u>Welfare Reform</u> The changes introduced as part of the welfare reform exercise may increase the risk that budgeted income collection levels are not achieved and that current non-collection provision levels are inadequate. | Low/ Med | High | General risk mitigation factors (ref para 5.1), in particular, regular monitoring by departments to ensure any shortfalls are identified as early as possible and corrective action can be taken as necessary. Budget also introduced for discretionary housing payments to assist those affected by these changes. |

