

REPORT TO: POLICY & RESOURCES COMMITTEE - 10 NOVEMBER 2008

REPORT ON: REVENUE MONITORING 2008/2009

REPORT BY: HEAD OF FINANCE

REPORT NO: 531-2008

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2008/2009 Projected Revenue Outturn as at 30 September 2008 monitored against the adjusted 2008/2009 Revenue Budget.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Elected Members:

- a note that the overall General Fund 2008/2009 Projected Revenue Outturn as at 30 September 2008 shows an overspend of £244,000 against the adjusted 2008/2009 Revenue Budget.
- b note that the Housing Revenue Account is projecting an overspend of £219,000 against the adjusted HRA 2008/2009 Revenue Budget.
- c agree that the Head of Finance will take every reasonable action to ensure that the 2008/2009 Revenue expenditure is below or in line with the adjusted Revenue Budget.
- d instruct the Head of Finance in conjunction with all Chief Officers of the Council to continue to monitor the Council's 2008/2009 Projected Revenue Outturn.

3 FINANCIAL IMPLICATIONS (see Appendix A)

- 3.1 The overall projected 2008/2009 General Fund Revenue outturn position for the City Council shows an overspend of £244,000 based on the financial information available at 30 September 2008. A system of perpetual detailed monitoring will continue to take place up to 31 March 2009 with the objective of the Council achieving a final outturn which is below or in line with the adjusted 2008/2009 Revenue Budget.
- 3.2 The Housing Revenue Account outturn position for 2008/2009 is currently projecting an overspend of £219,000 based on the financial information available for the period to 30 September 2008. This overspend will result in a corresponding transfer from the Renewal and Repair Fund. The outturn position will then be in line with the adjusted 2008/2009 Housing Revenue Account Budget.

4 BACKGROUND

- 4.1 Following approval of the Council's 2008/2009 Revenue Budget by the Special Policy and Resources Committee on 14 February 2008 this report is now submitted in order to monitor the 2008/2009 Projected Revenue Outturn position as at 30 September 2008, against the adjusted 2008/2009 Revenue Budget.

- 4.2 This report provides a detailed breakdown of departmental revenue monitoring information along with explanations of material variances against adjusted budgets. Where departments are projecting a significant under or overspend against adjusted budget, additional details have been provided. Where departmental expenditure is on target, additional information has not been provided.

5 GENERAL FUND SERVICES - MONITORING POSITION AS AT 30 SEPTEMBER 2008

- 5.1 The forecast position as at 30 September 2008 for General Fund services is summarised below:

| | <u>Adjusted Budget 2008/09 £000</u> | <u>Forecast 2008/09 £000</u> | <u>Variance £000</u> |
|--------------------|--|---|---------------------------------|
| Total Expenditure | 334,894 | 334,956 | 62 |
| Total Income | <u>(334,894)</u> | <u>(334,712)</u> | <u>182</u> |
| Forecast Overspend | _____ - | _____ 244 | <u>244</u> |

The forecast position as at 30 September 2008 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 department/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. These adjustments include funding transfers and the transfer of budgets between budget headings within the Revenue Budget, allocations from Contingencies and also unspent budgets that have been carried forward from the previous financial year.

The following paragraphs summarise the main areas of variance by department along with appropriate explanations.

- 5.2 It should be emphasised that this report identifies projections based on the first six months of the financial year to 30 September 2008. The figures are therefore indicative at this stage and are used by the Chief Executive, Head of Finance and Chief Officers to identify variances against budget and enable corrective action to be taken as appropriate.

Departmental Commentary

- 5.3 Social Work (£1,000,000 overspend)

The department are facing a number of cost pressures across all services. The majority of this overspend reflects the significant pressures around adult care including new commissioned services for the resettlement of adults in the community. In addition, these also include an anticipated overspend for family placements, the department's share of the residential schools placement budget and increased payments to other bodies for schemes and care packages for children with disabilities. These are offset by additional non-recurring income, savings in staff costs due to a number of unfilled vacancies and various other savings projected by the department.

5.4 Planning & Transportation (£312,000 overspend)

In Building Quality, income for building warrants, planning applications and property enquiries is lower than budgeted, reflecting a reduction in these activities due to the current economic climate. In Street Lighting, an overspend in supplies and services is projected due to the increased price of electricity, this is offset by a reduction in contract works being carried out for outside bodies. These variances are partly offset by various underspends and additional income projected by the department.

5.5 Education (£147,000 overspend)

This projected overspend relates to the departments share of the residential schools placements budget.

5.6 Environmental Health & Trading Standards (£168,000 underspend)

The department are projecting savings in staff costs due mainly to the staff restructuring and unfilled vacancies.

5.7 Finance Revenues (£500,000 underspend)

This reflects a projected underspend in staff costs due mainly to unfilled vacancies and various streams of additional income anticipated by the department.

5.8 Capital Financing Costs/Interest on Revenue Balances (£700,000 underspend)

The above relates to additional income anticipated from interest on revenue balances and lower than budgeted expenditure on capital financing costs.

5.9 General Revenue Funding (£182,000 income shortfall)

Reflects an anticipated reduction in General Revenue Funding received from Scottish Government following an adjustment to the level of support received for Police loan charges.

6 HOUSING REVENUE ACCOUNT - MONITORING POSITION AS AT 30 SEPTEMBER 2008

6.1 The forecast position as at 30 September 2008 for the Housing Revenue Account is summarised below:

| | <u>Adjusted Budget 2008/09 £000</u> | <u>Forecast 2008/09 £000</u> | <u>Variance £000</u> |
|--------------------|---|--------------------------------------|--------------------------|
| Total Expenditure | 45,618 | 45,921 | 303 |
| Total Income | <u>(45,618)</u> | <u>(45,702)</u> | <u>(84)</u> |
| Forecast Overspend | <u>—</u> | <u>219</u> | <u>219</u> |

6.2 The above is mainly due to additional repairs and relets expenditure incurred by the department. This is partly offset by various underspends in staff costs, other property costs and loan charges together with additional rental income projected by the department. The net overspend of £219,000 will result in a transfer from the Renewal and Repair Fund and so bring the HRA outturn in line with the approved Revenue Budget.

7 **CONCLUSION**

As in previous years, the Head of Finance will work with all Chief Officers of the Council to monitor the Council's 2008/2009 Revenue Budget and, through prudent budget management, take every reasonable action to achieve an outturn position below or in line with the approved 2008/2009 Revenue Budget.

8 **POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major issues.

9 **CONSULTATIONS**

The Chief Executive, Depute Chief Executive (Finance), Depute Chief Executive (Support Services) and all other Chief Officers have been consulted in the calculation of projected outturns included in this report, insofar as they apply to their own individual department.

10 **BACKGROUND PAPERS**

None

MARJORY M STEWART
HEAD OF FINANCE

31 OCTOBER 2008

DUNDEE CITY COUNCIL
2008/2009 REVENUE OUTTURN MONITORING
PERIOD 1 APRIL 2008 - 30 SEPTEMBER 2008
Appendix A

Statement analysing 2008/2009 Projected Revenue Outturn to Budget (Capital Charges, Central Support & Central Buildings Recharges have been excluded from Departments as these costs are outwith their control).

| | Approved Budget £000 | Budget Adjustments £000 | Adjusted Budget £000 | Forecast £000 | Worse Than Budget £000 | Better Than Budget £000 | Net Variance £000 | Notes |
|---------------------------------------|----------------------------|-------------------------------|----------------------------|------------------|---------------------------------|----------------------------------|-------------------------|-------|
| General Fund Departments | | | | | | | | |
| Social Work | 75,495 | 824 | 76,319 | 77,319 | 1,000 | | 1,000 | 1 |
| Planning & Transportation | 7,086 | | 7,086 | 7,398 | 312 | | 312 | 2 |
| Education | 115,813 | 252 | 116,065 | 116,212 | 147 | | 147 | 3 |
| Leisure & Communities | 22,196 | 118 | 22,314 | 22,314 | | | | 4 |
| Economic Development | 3,215 | | 3,215 | 3,215 | | | | |
| Waste Management | 15,453 | 35 | 15,488 | 15,488 | | | | |
| Central Support Services | | | | | | | | |
| Chief Executive | 1,134 | | 1,134 | 1,134 | | | | |
| Personnel | 1,561 | | 1,561 | 1,561 | | | | |
| Information Technology | 5,205 | | 5,205 | 5,205 | | | | |
| Support Services - Admin/Legal | 3,257 | | 3,257 | 3,257 | | | | |
| - Architects | (469) | | (469) | (469) | | | | |
| Finance General | 3,381 | 53 | 3,434 | 3,405 | | (29) | (29) | 5 |
| Other Housing | 2,066 | | 2,066 | 2,066 | | | | |
| Supporting People | 12,262 | | 12,262 | 12,262 | | | | |
| DCS - Land Services Client | 2,165 | | 2,165 | 2,165 | | | | |
| Environmental Health & Trading Stds | 3,078 | 103 | 3,181 | 3,013 | | (168) | (168) | 6 |
| Miscellaneous Services | | | | | | | | |
| Chief Executive | 374 | 240 | 614 | 614 | | | | |
| Support Services | 175 | | 175 | 175 | | | | |
| Finance Revenues | 3,616 | | 3,616 | 3,116 | | (500) | (500) | 7 |
| Dundee CAB | 110 | | 110 | 110 | | | | |
| Contribution to Employment Unit | 94 | | 94 | 94 | | | | |
| | 277,267 | 1,625 | 278,892 | 279,654 | 1,459 | (697) | 762 | |
| Miscellaneous Income | (2,824) | | (2,824) | (2,824) | | | | |
| DCS - Contracting Activities | (778) | | (778) | (778) | | | | |
| Capital Financing Costs / | | | | | | | | |
| Interest on Revenue Balances | 23,697 | | 23,697 | 22,997 | | (700) | (700) | 8 |
| Contingencies - General | 188 | (188) | 0 | 0 | | | | |
| Discretionary NDR Relief | 147 | | 147 | 147 | | | | |
| Supplementary Superannuation Costs | 1,590 | | 1,590 | 1,590 | | | | |
| Resources t/f from Capital Programme | (1,600) | | (1,600) | (1,600) | | | | |
| | 297,687 | 1,437 | 299,124 | 299,186 | 1,459 | (1,397) | 62 | |
| Joint Boards | | | | | | | | |
| Tayside Joint Police Board | 19,667 | | 19,667 | 19,667 | | | | |
| Tayside Fire & Rescue Board | 15,037 | | 15,037 | 15,037 | | | | |
| Tayside Valuation Joint Board | 1,066 | | 1,066 | 1,066 | | | | |
| | 333,457 | 1,437 | 334,894 | 334,956 | 1,459 | (1,397) | 62 | |
| Total Expenditure | | | | | | | | |
| Sources of Income | | | | | | | | |
| General Revenue Funding | (221,223) | (219) | (221,442) | (221,260) | 182 | | 182 | 9 |
| Contribution from NNDR Pool | (54,535) | | (54,535) | (54,535) | | | | |
| Council Tax | (55,916) | | (55,916) | (55,916) | | | | |
| Use of Balances - | | | | | | | | |
| Committed Balances c/f | (1,783) | (903) | (2,686) | (2,686) | | | | |
| Other Balances | 0 | (315) | (315) | (315) | | | | |
| Renewal & Repair Fund | 0 | | 0 | 0 | | | | |
| | 0 | 0 | 0 | 244 | 1,641 | (1,397) | 244 | |
| (Surplus)/Deficit for the year | | | | | | | | |
| | 0 | 219 | 219 | 219 | NIL | NIL | NIL | |
| Housing Revenue Account | | | | | | | | |

REASONS FOR 2008/09 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES

Appendix B

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

AT 30 SEPTEMBER 2008

| <u>Department</u> | <u>Note</u> | <u>Total Variance £000</u> | <u>Cost Centre</u> | <u>Subjective Analysis</u> | <u>Breakdown of Variance £000</u> | <u>Reason / Basis of Over/(Under)spend</u> |
|---------------------------|--------------------|---|--|---------------------------------------|--|---|
| <u>Social Work</u> | 1 | 1,000 | Departmental | Staff Costs | (300) | Mainly due to the delay in filling staff vacancies. |
| | | | | Third Party Payments | (300) | Part year effect of implementation of new staff development/training infrastructure to meet care registration standard. |
| | | | | | 1,147 | Reflects significant pressures around Adult Care and the financial impact of new commissioned services for the resettlement of adults in the community. |
| | | | | | (54) | Part year effect of implementation of initiatives funded from Children and Community Care new monies. |
| | | | | | (37) | Delays in commissioning an essential needs assessment review of services and client group strategies. |
| | | | Children | Income | (600) | Supporting People funding contribution. |
| | | | | Third Party Payments | 196 | Continued pressure of increase in placements made to avoid inappropriate care settings for children and also due to effect of fee increases being greater than budgeted provision. |
| | | | | | 898 | Increased number of looked after children and also increase in the numbers of children requiring permanent substitute care away from their birth parents. |
| | | | | | 186 | Higher spend anticipated on Community Enabler Scheme and Individual Care Packages for children with disabilities. |
| | | | | Transfer Payments | 32 | Reflects increased direct assistance payments made to families to alleviate family financial problems in turn reducing pressure within family placement and residential schools resources. |
| | | | Older People | Income | 76 | Shortfall in level of budgeted income currently projected. |
| | | | | Supplies & Services | 77 | Increased costs of purchase of meals from Tayside Contracts. |
| | | | | Transport Costs | (40) | Expenditure on Transport Hire and Travel Mileage are estimated to be lower than budget. |
| | | | | Third Party Payments | 100 | Greater demand for respite and domiciliary care. |
| | | | | Income | (295) | Higher respite accommodation charges and non recurring clients contribution towards residential accommodation in local authority homes, also additional income from community alarms, lunch clubs and meals partly offset by less than anticipated charging income for home care service. |
| | | | Adults | Income | (8) | Higher contribution from Health Board towards the costs of Young Adults Respite service. |
| | | | | | (53) | This is mainly due to additional supporting people grant from Angus Council to fund client based in Knowelend, also higher respite accommodation charges partly offset by withdrawal of service/contribution from Perth & Kinross Council at Whitetop and from Angus Council at Mackinnon Centre. |
| | | | Welfare Rights/ Contracts / Finance | Third Party Payments | (25) | Reflects reduction in small grants payable to voluntary organisations. |

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

AT 30 SEPTEMBER 2008

| <u>Department</u> | <u>Note</u> | <u>Total Variance £000</u> | <u>Cost Centre</u> | <u>Subjective Analysis</u> | <u>Breakdown of Variance £000</u> | <u>Reason / Basis of Over/(Under)spend</u> |
|---|--------------------|---|--|---------------------------------------|--|---|
| <u>Planning & Transport</u> | 2 | 312 | Policy & Regeneration | Various | (20) | Savings anticipated due to non-filling of vacant posts, partly offset by anticipated overspend in supplies and services for e-planning works. |
| | | | Building Quality | Income | (20) | Savings anticipated due to non-filling of vacant posts. |
| | | | | | 447 | Income for building warrants, planning applications and property enquiries is lower than budgeted, reflecting a reduction in these activities due to the current economic climate. This is partly offset additional income recharged for public safety. |
| | | | Transportation | Staff Costs | (26) | Savings anticipated due to non-filling of vacant posts. |
| | | | Traffic | Income | (94) | Professional fees are anticipated to be greater than budgeted. |
| | | | Road Maintenance | Third Party Payments | (100) | Reflects a reduction in the level of structural and cyclical works being carried out. |
| | | | Winter Maintenance | Third Party Payments | 100 | Current budgetary provision is inadequate. |
| | | | Street Lighting | Supplies & Services | 245 | Reflects increased electricity charges. |
| | | | | Third Party Payments | (225) | Reflects reduction in contract works partly offset by anticipated overspend on expenditure for signs and bollards. |
| | | | | Income | (57) | Reflects increased recharges to outside organisations. |
| | | | Off Street Car Parking | Staff Costs | (24) | Savings anticipated due to non-filling of vacant posts. |
| | | | | Property Costs | 57 | Non-Domestic Rates are projected to be overspent. |
| | | | | Supplies & Services | 33 | Reflects additional security costs incurred for multi storey car parks. |
| <u>Education</u> | 3 | 147 | Education Other Than At School | Third Party Payments | 147 | Projected overspend on residential and secure placements budget. |
| <u>Leisure & Communities</u> | 4 | 0 | Library, Information & Cultural Services | Staff Costs | (9) | Mainly due to staff vacancies. |
| | | | | Property Costs | 72 | Mainly reflects projected overspend in electricity costs. |
| | | | | Income | 16 | Reflects underachievement of chargeable income due to temporary closure of McManus Galleries offset by additional library income. |
| | | | Community Learning & Development | Staff Costs | (13) | Mainly due to staff vacancies. |
| | | | | Transport Costs | (12) | Reflects underspends in contract car hire and various other transport costs. |
| | | | | Income | (115) | Reflects additional income for Community Safety Wardens not included in budget. |

REASONS FOR 2008/09 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES

Appendix B

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

AT 30 SEPTEMBER 2008

| <u>Department</u> | <u>Note</u> | <u>Total Variance £000</u> | <u>Cost Centre</u> | <u>Subjective Analysis</u> | <u>Breakdown of Variance £000</u> | <u>Reason / Basis of Over/(Under)spend</u> |
|--|--------------------|---|---|---------------------------------------|--|---|
| <u>Leisure & Communities</u> (cont'd) | | | Parks, Sport and Leisure | Staff Costs | 111 | Projected overspend in staff costs. |
| | | | | Transport Costs | 61 | Reflects anticipated overspend on fuel. |
| | | | | Income | (125) | Mainly reflects increased income from events and courses. |
| | | | Business Development & Support Services | Staff Costs | 26 | Mainly due to staff slippage not being achieved. |
| | | | | Supplies & Services | (8) | Reflects projected underspends on various supplies and services expenditure. |
| <u>Finance General</u> | 5 | (29) | General | Staff Costs | (86) | Mainly savings anticipated due to non-filling of vacant posts. |
| | | | | Supplies & Services | 55 | Reflects projected overspend on consultancy costs relating to Resourcelink and commission payable relating to income collection. |
| <u>Env Health & Tradin</u> | 6 | (168) | Regulation | Staff | (158) | Staff costs are projected to be underspent mainly due to a combination of unfilled vacancies, long term sick and maternity leave. In addition further savings in staff costs are projected following a staff restructuring exercise. |
| <u>Finance Revenues</u> | 7 | (500) | Revenues | Staff | (350) | Projected underspend due to unfilled vacancies, long-term sick and maternity leave. |
| | | | | Income | (157) | Reflects increased income from departments for collection of rents and other charges at City Square office together with additional income from recharge of diligence and legal fees relating to collection of unpaid accounts. This is partly offset by shortfall in miscellaneous income. |
| <u>Capital Financing Cr</u> | 8 | (700) | Capital Financing Costs/ORB | | (700) | Additional income projected from interest on revenue balances and lower than budgeted expenditure on capital financing costs. |
| <u>General Revenue Fu</u> | 9 | 182 | General Revenue Funding | | 182 | Reflects anticipated shortfall in GRF following Police Loan Charges Support redetermination. |

| <u>General Fund Departments</u> | <u>Alloc From Conts</u> <u>£000</u> | <u>2007/08 Under spends b/fwd</u> <u>£000</u> | <u>2007/08 Quality of Life Brought Forward</u> <u>£000</u> | <u>Funding T/Fs</u> <u>£000</u> | <u>Alloc from R&R Fund</u> <u>£000</u> | <u>Transfers Between Depts</u> <u>£000</u> | <u>Other Transfers</u> <u>£000</u> | <u>Dept Totals</u> <u>£000</u> |
|---|--|--|---|--|---|---|---|-----------------------------------|
| | | | | | | | | |
| <u>Education</u> | | | | | | | | |
| 1. DSM Balances | | 252 | | | | | | 252 |
| <u>Social Work</u> | | | | | | | | |
| 1. Community Alarms Service | | 54 | | | | | | |
| 2. Needs Assessment Review | | 78 | | | | | | |
| 3. Community Equipment Service | | 23 | | | | | | |
| 4. Transfer from General Contingency | 450 | | | | | | | |
| 5. Adult Support and Protection Implementation Framework | | | | 219 | | | | 824 |
| <u>Planning & Transportation</u> | | | | | | | | 0 |
| <u>Leisure & Communities</u> | | | | | | | | |
| 1. QoL - Parks & Playgrounds | | | 86 | | | | | |
| 2. Literacy & Numeracy Fund | | 32 | | | | | | 118 |
| <u>Waste Management</u> | | | | | | | | |
| 1. QoL - Rapid Response & Cleansing | | | 35 | | | | | 35 |
| <u>Env Health & Trading Standards</u> | | | | | | | | |
| 1. Air Quality Monitoring | | 103 | | | | | | 103 |
| <u>Chief Executive</u> | | | | | | | | |
| 1. Ext Funded Projects (Integrated Child Servs) | | 240 | | | | | | 240 |
| <u>Support Services</u> | | | | | | | | |
| <u>Finance</u> | | | | | | | | |
| 1. Transfer from General Contingency | 53 | | | | | | | 53 |
| <u>General Contingency</u> | | | | | | | | |
| 1. Transfer to Social Work | (450) | | | | | | | |
| 2. Transfer from Other Balances | | | | | | | 315 | |
| 3. Transfer to Finance General | (53) | | | | | | | (188) |
| Total Adjustments (General Fund) | 0 | 782 | 121 | 219 | 0 | 0 | 315 | 1,437 |
| <u>Housing Revenue Account</u> | | | | | | | | |
| 1. T/f projected overspend from R&R Fund | | | | | | 219 | | 219 |
| Total Adjustments (HRA) | 0 | 0 | 0 | 0 | 0 | 219 | 0 | 219 |