

REPORT TO: POLICY & RESOURCES COMMITTEE - 10 DECEMBER 2007

REPORT ON: REVENUE MONITORING 2007/2008

REPORT BY: HEAD OF FINANCE

REPORT NO: 622-2007

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2007/2008 Projected Revenue Outturn as at 31 October 2007 monitored against the adjusted 2007/2008 Revenue Budget.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Elected Members:
- a note that the overall General Fund 2007/2008 Projected Revenue Outturn as at 31 October 2007 shows an overspend of £483,000 against the adjusted 2007/2008 Revenue Budget.
 - b note that the Housing Revenue Account is projecting an underspend of £312,000 against the adjusted HRA 2007/2008 Revenue Budget.
 - c agree that the Head of Finance will take every reasonable action to ensure that the 2007/2008 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 2007/2008 Projected Revenue Outturn.

3 FINANCIAL IMPLICATIONS (see Appendix A)

- 3.1 The overall projected 2007/2008 General Fund Revenue outturn position for the City Council shows an overspend of £483,000 based on the financial information available at 31 October 2007. A system of perpetual detailed monitoring will continue to take place up to 31 March 2008 with the objective of the Council achieving a final outturn which is below or in line with the adjusted 2007/2008 Revenue Budget.
- 3.2 It should be noted that the general contingency provision for unforeseen or emergency expenditure within the 2007/2008 Revenue Budget is only £200,000, therefore departments are expected to review expenditure and income to ensure that the actual outturn is below or in line with the adjusted 2007/2008 Revenue Budget.
- 3.3 The Housing Revenue Account outturn position for 2007/2008 is currently projecting an underspend of £312,000 based on the financial information available for the period to 31 October 2007. This underspend will result in a corresponding transfer to the Renewal and Repair Fund. The outturn position will then be in line with the adjusted 2007/2008 Housing Revenue Account Budget.

4 MAIN TEXT

- 4.1 Following approval of the Council's 2007/2008 Revenue Budget by the Special Finance Committee on 20 February 2007 this report is now submitted in order to monitor the 2007/2008 Projected Revenue Outturn position as at 31 October 2007, against the adjusted 2007/2008 Revenue Budget.

- 4.2 The Final 2007/2008 Revenue Budget included a contingency provision of £200,000 to cover any unforeseen items of expenditure, which may occur during the course of the financial year. As at 31 October 2007, £95,000 of this provision has been allocated to departments, and it is anticipated that this money will be fully committed by the end of the year.
- 4.3 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 31 OCTOBER 2007

- 5.1 The forecast position as at 31 October 2007 for General Fund services is summarised below:

	<u>Adjusted Budget 2007/08 £000</u>	<u>Forecast 2007/08 £000</u>	<u>Variance £000</u>
Total Expenditure	296,513	296,996	483
Total Income	<u>(296,513)</u>	<u>(296,513)</u>	<u>-</u>
Forecast Overspend	<u>-</u>	<u>483</u>	<u>483</u>

The forecast position as at 31 October 2007 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 seven months of the financial year to 31 October 2007. 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 Education (£519,000 - overspend)

This mainly relates to a shortfall in income that is projected in the Special Education sector due to a reduction in the number of placements made by other authorities. In addition, within primary and secondary schools it is anticipated that property costs will be overspent due to increased expenditure on Health and Safety contracts. The department are also projecting an overspend for their share of the residential schools placements budget.

5.4 Planning & Transportation (£300,000 overspend)

In off-street car parking a shortfall in income is projected together with additional staffing costs and security costs for multi storey car parks.

5.5 Leisure & Communities (£184,000 - overspend)

This projection mainly relates to overspends in staff and property costs and a shortfall in income. On staff costs, the department are projecting difficulties in meeting the budgeted slippage target. On property costs, it is anticipated there will be an overspend on security costs for Camperdown Wildlife Centre. It is also anticipated that there will be a shortfall in various income streams across the department.

5.6 Social Work (nil)

The department is projecting a break even position at this point in time. However, an overspend is anticipated for the department's share of the residential and secure care placements budget, this is being offset by a projected underspend on initiatives funded from new monies for Upskilling Workforce.

5.7 Waste Management (£46,000 underspend)

The above projection reflects a number of variances anticipated by the department. In Refuse Disposal, it is anticipated that third party payments will be overspent due to increased expenditure on refuse being sent for landfill. This will be partly offset by additional income from recycling and waste charges. Within Refuse Collection, additional income is projected from trade waste, grass and cardboard collections. In Street Cleansing, savings are anticipated in third party payments due to reduced expenditure for cleansing services.

5.8 Environmental Health & Trading Standards (£47,000 - underspend)

This reflects various underspends and additional income anticipated by the department, partly offset by a projected overspend in third party payments for kennelling fees following the closure of Brown Street kennels.

5.9 Capital Financing Costs/IORB (£100,000 underspend)

The above relates to additional income anticipated from interest on revenue balances.

5.10 Finance Revenues (£350,000 - underspend)

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

6 **HOUSING REVENUE ACCOUNT - MONITORING POSITION AS AT 31 OCTOBER 2007**

6.1 The forecast position as at 31 October 2007 for the Housing Revenue Account is summarised below:

	<u>Adjusted Budget 2007/08 £000</u>	<u>Forecast 2007/08 £000</u>	<u>Variance £000</u>
Total Expenditure	45,288	45,707	419
Total Income	<u>(45,288)</u>	<u>(46,019)</u>	<u>(731)</u>
Forecast Underspend	— -	<u>(312)</u>	<u>(312)</u>

- 6.2 The above is mainly due to projected underspends in staff costs, property costs and additional grant income and rents received by the department. These are partly offset by additional repairs and maintenance expenditure projected to be incurred by the department. The net underspend of £312,000 will result in a transfer to 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 2007/2008 Revenue Budget and, through prudent budget management, take every reasonable action to achieve an outturn position below or in line with the approved 2007/2008 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

29 NOVEMBER 2007

DUNDEE CITY COUNCIL

2007/2008 REVENUE OUTTURN MONITORING

PERIOD 1 APRIL 2007 - 31 OCTOBER 2007

Statement analysing 2007/2008 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								
Education	100,573	1,158	101,731	102,250	519		519	1
Planning & Transportation	7,035	65	7,100	7,400	300		300	2
Leisure & Communities	19,559	252	19,811	19,995	184		184	3
Social Work	68,715	486	69,201	69,201				4
Other Housing	1,008	(259)	749	749				
Economic Development	2,877		2,877	2,877				
<u>Central Support Services</u>								
Chief Executive	1,101	52	1,153	1,153				
Personnel	1,487	28	1,515	1,515				
Information Technology	5,232	78	5,310	5,310				
Support Services - Admin/Legal	3,248	3	3,251	3,251				
- Architects	(454)		(454)	(454)				
Finance General	3,032	139	3,171	3,171				
DCS - Land Services Client	2,231		2,231	2,231				
Supporting People	0	259	259	259				
Miscellaneous Income	(2,607)		(2,607)	(2,607)				
Waste Management	13,901	27	13,928	13,882		(46)	(46)	5
Environmental Health & Trading Stds	2,628	20	2,648	2,601		(47)	(47)	6
<u>Miscellaneous Services</u>								
Chief Executive	72	396	468	468				
Support Services	214	66	280	310	30		30	7
Finance Revenues	3,449		3,449	3,099		(350)	(350)	8
Dundee CAB	109		109	109				
Contribution to EDU	93		93	93				
	233,503	2,770	236,273	236,863	1,033	(443)	590	
DCS - Contracting Activities	(839)		(839)	(839)				
Capital Financing Costs /								
Interest on Revenue Balances	23,185		23,185	23,085		(100)	(100)	9
Contingencies - General	200	(95)	105	105				
- Single Status	1,870	(18)	1,852	1,852				
Discretionary NDR Relief	137		137	146	9		9	10
Supplementary Superannuation Costs	1,532		1,532	1,532				
	259,588	2,657	262,245	262,744	1,042	(543)	499	
Joint Boards								
Tayside Joint Police Board	18,934		18,934	18,934				
Tayside Fire & Rescue Board	14,284		14,284	14,284				
Tayside Valuation Joint Board	1,050		1,050	1,034		(16)	(16)	11
Total Expenditure	293,856	2,657	296,513	296,996	1,042	(559)	483	
Sources of Income								
Revenue Support Grant	(184,955)	(450)	(185,405)	(185,405)				
Contribution from NNDR Pool	(51,896)		(51,896)	(51,896)				
Council Tax	(55,705)		(55,705)	(55,705)				
Use of Balances -								
Committed Balances c/f	(1,300)	(2,116)	(3,416)	(3,416)				
Renewal & Repair Fund		(91)	(91)	(91)				
(Surplus)/Deficit for the year	0	0	0	483	1,042	(559)	483	
Housing Revenue Account	0	(312)	(312)	(312)	NIL	NIL	NIL	

REASONS FOR 2007/08 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES

Appendix B

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

AT 31 OCTOBER 2007

<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>Education</u>	1	519	Primary	Property	35	Reflects projected overspend on Health & Safety Contracts.
			Secondary	Property	100	Reflects projected overspend on Health & Safety Contracts.
			Special	Income	230	Reduction in Special Education Needs recoveries due to a reduction in the number of placements made by other authorities.
			Education Other Than At School	Third Party Payments	154	Projected overspend on residential and secure placements budget.
<u>Planning & Transportation</u>	2	300	Directorate & Administration	Staff	(22)	Savings anticipated in staff costs due to non-filling of vacant posts.
			Policy & Regeneration	Staff	(18)	Savings anticipated in staff costs due to non-filling of vacant posts.
			Street Lighting	Supplies & Services	15	Reflects increased electricity charges.
				Third Party Payments	35	Reflects lighting for increased number of signs and bollards.
			Off Street Car Parking	Staff	57	Reflects additional staff costs incurred at new Greenmarket multi storey car park.
				Supplies & Services	53	Reflects additional security costs incurred from multi storey car parks.
<u>Leisure & Communities</u>	3	184		Income	180	Mainly due to anticipated shortfall in the expected level of car parking income.
			Library, Information & Cultural Services	Staff	65	Budgeted staff slippage not being met.
				Property	15	Reflects various projected overspend for property costs including cleaning, insurance and non-domestic rates.
				Transport	(8)	Various projected underspends.
				Income	30	Reflects underachievement of income for fines, hires and lets partly offset by additional income received from hall rentals and school services.
			Community Learning	Staff	51	Budgeted staff slippage not being met.
				Supplies & Services	(9)	Reflects anticipated savings on equipment purchases.
			Parks, Sports & Leisure	Staff	69	Mainly reflects budgeted staff slippage not being met together with additional costs incurred following industrial tribunal.
				Property	14	Reflects additional security costs projected for Camperdown Wildlife Centre.
			Business Development & Support Services	Staff	(43)	Mainly reflects savings anticipated due to the non-filling of vacant posts.

REASONS FOR 2007/08 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES

Appendix B

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

AT 31 OCTOBER 2007

<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>	4	Nil	Departmental	Various	(491)	Reflects underspends anticipated on initiatives funded from new monies for Upskilling Workforce.
			Children	Third Party Payments	491	Projected overspend on residential and secure placements budget.
<u>Waste Management</u>	5	(46)	Refuse Disposal	Property	32	Increased expenditure on non-domestic rates and security costs.
				Supplies & Services	(15)	Reflects a reduction in the level of materials being used at Baldovie.
				Transport	57	Mainly reflects increased expenditure for the hire of plant and transport.
				Third Party Payments	216	Reflects increased spend on refuse being sent for landfill.
				Income	(169)	Reflects additional income from recycling and waste charges.
			Refuse Collection	Income	(83)	Reflects increased income from trade waste, glass and cardboard collections.
			Street Cleansing	Third Party Payments	(100)	Reflects projected savings in expenditure for cleansing services.
			Waste Strategy	Third Party Payments	16	Mainly reflects grants paid to outside bodies.
<u>Environmental Health & Trading Standards</u>	6	(47)	Regulation	Staff	(21)	Reflects savings anticipated in various posts.
				Supplies & Services	(11)	Reflects various projected underspends.
				Income	(30)	Mainly additional grant funding not budgeted for.
			Pest & Animal Control	Property	(17)	Reflects savings projected due to closure of Brown St kennels.
				Supplies & Services	(6)	Reflects savings projected due to closure of Brown St kennels.
				Third Party Payments	48	Payments for kennelling fees following closure of Brown St kennels.
				Income	(10)	Additional grant funding for dog litter bags.
<u>Misc Services: Children's Panel</u>	7	30	Children's Panel	Third Party Payments	30	Reflects increased expenditure on payments to safeguarders.
<u>Finance Revenues</u>	8	(350)	Revenues	Staff	(233)	Projected underspend due to unfilled vacancies, reduced hours and maternity leave.
				Supplies & Services	60	Projected overspend mainly on legal fees and bank charges.
				Income	(177)	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 on unpaid accounts. This is partly offset by shortfall in income projected from Scottish Water.
<u>Capital Financing Costs / IORB</u>	9	(100)	Interest on Revenue Balances		(100)	Additional income projected from interest on revenue balances.
<u>Discretionary NDR Relief</u>	10	9	Discretionary NDR Relief	Reliefs Granted	9	Increased costs arising from new discretionary reliefs being awarded.
<u>Tayside Valuation Joint Board</u>	11	(16)	Requisition	Staff	(16)	Reflects DCC's share of anticipated savings in staff costs.

General Fund Departments	Allocation	2006/07	Quality of	Allocation	Budget		
	From	Underspends	Life	from	Transfers		
	Contingencies	Brought Forward	Brought Forward	Repair & Renewal Fund	Between Department s	Departmental Totals	
	£000	£000	£000	£000	£000	£000	£000
<u>Education</u>							
1. Various grant income		268					
2. DSM Balances		511					
3. Transfer staff costs re Procurement Team to Finance General					(5)		
4. Additional monies for Pre School Education				384			
							1,158
<u>Social Work</u>							
1. Community alarms control room refurbishment		54					
2. Choose Life Funding		40					
3. Cowan Grove refurbishment		118					
4. Case file storage accommodation		58					
5. Community Care		80					
6. Secure GSX Email		12					
7. Kinship Carers (accrued costs)		173					
8. Disabled Persons car parking facilities					(8)		
9. Dundee Voluntary Action					(41)		
							486
<u>Planning & Transportation</u>							
1. Quality of Life - Unadopted Footways			12				
2. Quality of Life - Adopted Footways			2				
3. Quality of Life - Traffic Calming			3				
4. Disabled Persons car parking facilities					8		
5. Rapidrhino pothole repairs					40		
							65
<u>Leisure & Communities</u>							
1. Quality of Life - Parks Improvements			66				
2. Quality of Life - Skate Parks			54				
3. Quality of Life - Joint Health Work / Young People			21				
4. Adult Literacy		44					
5. Youth Justice - Local Action Fund		75					
6. Dundee Voluntary Action							
7. Transfer staff costs re Procurement Team to Finance General					41		
					(49)		
							252
<u>Waste Management</u>							
1. Quality of Life - Rapid Response Team & Cleansing Equipment			27				
							27
<u>Environmental Health & Trading Standards</u>							
1. Smoking in Public Places		20					
							20
<u>Chief Executive</u>							
1. Community Planning Partnership		52					
2. Employment Disability Unit		60					
3. Integrated Children's Services		336					
							448
<u>Personnel</u>							
1. Equalities Scheme Implementation	10						
2. Job Evaluation Adviser	18						
							28
<u>Information Technology</u>							
1. New Computer Centre		30					
2. Corporate GIS Manager	48						
							78
<u>Support Services</u>							
1. Electoral Registration - RSG redetermination for elections funding				66			
2. Admin & Legal - City Chambers Health & Safety works					3		
							69
<u>Finance General</u>							
1. ABC Consortium Fee	37						
2. Transfer staff costs re Procurement Team from Education						5	
3. Transfer staff costs re Procurement Team from Leisure & Communities						49	
4. Civica Authority Financial Hardware					48		
							139
<u>Supporting People</u>							
1. Supporting People Management and Administration Grant						259	
							259
<u>Other Housing</u>							
1. Supporting People Management and Administration Grant						(259)	
							(259)
<u>General Contingency</u>							
1. Transfer to Personnel	(10)						
2. Transfer to Information Technology	(48)						
3. Transfer to Finance General	(37)						
							(95)
<u>Single Status Contingency</u>							
1. Transfer to Personnel	(18)						
							(18)
Total Adjustments (General Fund)	0	1,931	185	450	91	0	2,657
<u>Housing Revenue Account</u>							
1. Transfer of projected HRA underspend to R&R Fund						(312)	
							(312)
Total Adjustments (HRA)	0	0	0	0	0	(312)	(312)