

REPORT TO: FINANCE COMMITTEE - 9 JANUARY 2006

REPORT ON: REVENUE MONITORING 2005/2006

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 11-2006

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2005/2006 Projected Revenue Outturn as at 30 November 2005 monitored against the adjusted 2005/2006 Revenue Budget.

2 RECOMMENDATION

- 2.1 It is recommended that the Elected Members:

- a note that the overall General Fund 2005/2006 Projected Revenue Outturn as at 30 November 2005 shows an overspend of £66,000 against the adjusted 2005/2006 Revenue Budget.
- b note that the Housing Revenue Account Projected Outturn is projecting an overspend of £416,000 against the adjusted 2005/2006 Revenue Budget.
- c agree that the Depute Chief Executive (Finance) will take every reasonable action to ensure that the 2005/2006 Revenue expenditure is below or in line with the adjusted Revenue Budget.
- d instruct the Depute Chief Executive (Finance) in conjunction with all Chief Officers of the Council to continue to monitor the Council's 2005/2006 Projected Revenue Outturn.

3 FINANCIAL IMPLICATIONS (see Appendix A)

- 3.1 The overall projected 2005/2006 General Fund Revenue outturn position for the City Council shows an overspend of £66,000 based on the financial information available at 30 November 2005. A system of perpetual detailed monitoring will continue to take place up to 31 March 2006 with the objective of the Council achieving a final outturn which is below or in line with the adjusted 2005/2006 Revenue Budget.
- 3.2 It should be noted that the Contingency provision for unforeseen or emergency expenditure within the 2005/2006 Revenue Budget is only £200,000, therefore departments are expected to review expenditure and income to ensure that the actual outturn is in line with the 2005/2006 Revenue Budget.
- 3.3 The Housing Revenue Account outturn position for 2005/2006 is currently projecting an overspend of £416,000 based on the financial information available for the period to 30 November 2005. 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 2005/2006 Housing Revenue Account budget.

4 LOCAL AGENDA 21 IMPLICATIONS

None.

5 EQUAL OPPORTUNITIES IMPLICATIONS

None.

6 BACKGROUND

- 6.1 Following approval of the Council's 2005/2006 Revenue Budget by the Special Finance Committee on 10 February 2005 this report is now submitted in order to monitor the 2005/2006 Projected Revenue Outturn position as at 30 November 2005, against the adjusted 2005/2006 Revenue Budget.
- 6.2 The Final 2005/2006 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 30 November 2005, £81,000 of this provision has been spent and it is anticipated that the remainder of that this money will be fully committed by the end of the financial year.

7 GENERAL FUND - REASONS FOR VARIANCES

- 7.1 Appendix A shows the variances between budget and projected outturn for each department/service of the Council and the following paragraphs identify the main areas of variance by department along with appropriate explanations.
- 7.2 It should be emphasised that this report identifies projections based on the first eight months of the financial year to 30 November 2005. The figures are therefore indicative at this stage and are used by the Chief Executive, Depute Chief Executive (Finance) and Chief Officers to identify variances against budget and enable corrective action to be taken as appropriate.

Overspends

7.3 Social Work (£707,000)

There is a projected overspend of £420,000 within the Community Care budget mainly due to an overspend within the care home placements budget which is partly offset by underspends in staff costs and new monies. In addition, expenditure within Children's Services is £320,000 over budget mainly due to an increase in the number of children being looked after in the Family Placement Scheme and the effect of fee increases for Residential and Secure Care being greater than inflation. An overspend caused by the non-achievement of budgeted staff slippage targets as a result of the successful recruitment of Social Work posts is offset by additional resources for Youth Justice initiatives.

7.4 Economic Development (£401,000)

The overspend is due to the anticipated shortfall in the level of external rental income that will be received this financial year. The Director of Economic Development has advised that the budgeted rental income is not achievable given the current commercial/industrial rental market situation. In addition to this, the department is projecting a shortfall in the level of advertising income that will be achieved.

7.5 DCS - Contracting Activities (£355,000)

Due to reductions in the level of turnover, actual outturn to October indicates that DCS - Contracting Activities will not achieve its budgeted surplus in full. A review of investment requirements is currently being undertaken with a view to deferring purchases that will result in savings during the current financial year. In addition, the Director of Dundee Contract Services is targeting reductions in overhead expenditure, which will generate savings of £250,000 per annum.

7.6 Waste Management (£113,000)

This relates mainly to a projected overspend in third party payments due to the increased cost of recycling and disposing of cyclone and filter ash from the DERL waste-to-energy plant following the renegotiation of this contract (£276,000). This anticipated overspend will be offset by various budget underspends and additional income.

Underspends

7.7 Education (£800,000)

The projected underspend reflects savings arising from the impact of falling school rolls and delays in appointing Business Managers. Whilst a projected underspend of £800,000 may appear to be a large figure, it equates to less than 1% of the Education Department's net revenue budget of £97m. In addition, the department is attempting to contain the impact of substantial increases in energy prices, the full extent of which is not yet known.

7.8 Finance Revenues (£280,000)

The projected underspend reflects additional income not included in the department's budget for fraud initiatives. In addition, the department are projecting that the level of benefit subsidy income received from the Department for Work and Pensions will be £200,000 greater than budgeted as a direct result of benefits administration being up to date.

7.9 Capital Financing Costs /IORB (£106,000)

The above relates to additional income that is projected from interest on revenue balances.

7.10 Communities (£93,000)

The above relates mainly to staff costs due to non-filling of vacancies in order to contain the impact of substantial increases in energy prices, the full extent of which is not yet known.

7.11 Environmental Health & Trading Standards/Scientific Services (£74,000)

The above relates mainly to staff costs where due to unfilled vacancies the department anticipate that an underspend will be achieved.

7.12 Finance General (£55,000)

This is mainly due to a projected underspend in staff costs because of unfilled vacant posts together with various other miscellaneous underspends.

8 HOUSING REVENUE ACCOUNT - REASONS FOR VARIANCES

The approved 2005/2006 Housing Revenue Account Revenue Budget was reduced by £1,000,000 in the submission to meet the Scottish Housing Quality Standard. The Housing Revenue Account overall position for 2005/2006 is projecting an overspend of £416,000 as compared with the adjusted 2005/2006 Revenue Budget. This overspend is mainly due to the level of repairs and relets currently being carried out together with a shortfall in budgeted rental income due to increased council house sales.

9 **CONCLUSION**

As in previous years, the Depute Chief Executive (Finance) will work with all Chief Officers of the Council to monitor the Council's 2005/2006 Revenue expenditure and, through prudent budget management, take every reasonable action to achieve an outturn position at or below the approved 2005/2006 Revenue Budget.

10 **CONSULTATIONS**

The Chief Executive, the 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.

11 **BACKGROUND PAPERS**

None.

DAVID K DORWARD
DEPUTE CHIEF EXECUTIVE (FINANCE)

4 JANUARY 2006

DUNDEE CITY COUNCIL
2005/2006 REVENUE OUTTURN MONITORING
PERIOD 1 APRIL 2005 - 30 NOVEMBER 2005

Statement analysing 2005/2006 Projected Revenue Outturn to Budget (Capital Charges, Central Support & Central Buildings Recharges have been excluded from Departments as these costs are outwith their control).

	(col 1)	(col 2)	(col 3)	(col 4)	(col 5)
	Final Revenue Budget 2005/06 £000	Transfers from/ (to) Contingency, General & R & R Fund £000	Adjusted Revenue Budget 2005/06 £000 (col 1+2)	Projected Revenue Expenditure 2005/06 £000	Projected Budget Variance 2005/06 £000 (col 4-3) + overspend (underspend)
Department					
Social Work	61,225	645	61,870	62,577	707
Economic Development	3,717		3,717	4,118	401
Waste Management	13,794	3	13,797	13,910	113
Other Housing	1,133		1,133	1,139	6
Planning & Transportation	10,875	137	11,012	11,012	
Leisure & Arts	10,843	263	11,106	11,106	
Miscellaneous Income	(2,627)		(2,627)	(2,627)	
Supporting People	0	14	14	14	
Central Support Services					
Chief Executive	1,046	0	1,046	1,027	(19)
Personnel	1,713		1,713	1,691	(22)
Information Technology	5,372		5,372	5,325	(47)
Support Services - Admin/Legal	2,887	118	3,005	2,970	(35)
- Architects	(409)		(409)	(409)	
Finance General	2,942	70	3,012	2,957	(55)
DCS - Land Services Client	2,237	98	2,335	2,302	(33)
Env Health, Trading Stds & Scien Servs	2,485	59	2,544	2,470	(74)
Communities	9,613	250	9,863	9,770	(93)
Miscellaneous Services					
Chief Executive	68		68	105	37
Support Services	117		117	116	(1)
Finance Revenues	3,609		3,609	3,329	(280)
Payment to Other Bodies	118		118	112	(6)
Education	97,173	1,424	98,597	97,797	(800)
	227,931	3,081	231,012	230,811	(201)
DCS - Contracting Activities	(755)		(755)	(400)	355
Capital Financing Costs /					
Interest on Revenue Balances	21,294		21,294	21,188	(106)
Contingencies	200	(81)	119	119	
Discretionary NDR Relief	80		80	118	38
Suppl Superann Costs	1,439		1,439	1,439	
	250,189	3,000	253,189	253,275	86
Joint Boards					
Tayside Fire & Rescue Board	17,639		17,639	17,639	
Tayside Joint Police Board	13,109		13,109	13,109	
Tayside Valuation Joint Board	953		953	933	(20)
	281,890	3,000 (N1)	284,890	284,956	
TOTAL PROJECTED 2005/2006 GENERAL FUND OVERSPEND AS AT 31/3/2006					66
Housing Revenue Account	-	416 (N2)	416	416	NIL

(N1) £3,000k represents the total departmental balances of £2,246k carried forward and Devolved School Management (DSM) balances of £754k that are held in the overall General Fund.

(N2) The £416k represents the transfer to the Housing Revenue Account from the Housing Revenue Renewal & Repair Fund.