

REPORT TO: POLICY & RESOURCES COMMITTEE - 25 FEBRUARY 2008

REPORT ON: REVENUE MONITORING 2007/2008

REPORT BY: HEAD OF FINANCE

REPORT NO: 136-2008

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2007/2008 Projected Revenue Outturn as at 31 December 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 December 2007 shows an overspend of £417,000 against the adjusted 2007/2008 Revenue Budget.
 - b note that the Housing Revenue Account is projecting an underspend of £80,000 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 £417,000 based on the financial information available at 31 December 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 £80,000 based on the financial information available for the period to 31 December 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 BACKGROUND

- 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 December 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 December 2007, £125,000 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 DECEMBER 2007

- 5.1 The forecast position as at 31 December 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	296,930	417
Total Income	<u>(296,513)</u>	<u>(296,513)</u>	<u>-</u>
Forecast Overspend	<u>-</u>	<u>417</u>	<u>417</u>

The forecast position as at 31 December 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 nine months of the financial year to 31 December 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 Planning & Transportation (£810,000 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. The department are also forecasting that expenditure for winter roads maintenance will exceed budgetary provision.

5.4 Education (£457,000 - 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, the department are also projecting an overspend against their share of the residential schools placements budget.

5.5 Leisure & Communities (£115,000 - overspend)

This projection mainly relates to overspends in staff costs, property costs and supplies and services. 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 various cost headings. In addition, supplies and services are projected to be overspent due to increased expenditure on events. These overspends will be partly offset by increased income from events and various other fees and charges.

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 the Workforce.

5.7 Environmental Health & Trading Standards (£48,000 - 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.

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

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

5.9 Finance Revenues (£400,000 - underspend)

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

5.10 Contingencies - Quality of Life Funding (£430,000 underspend)

This relates to projects currently included within the Quality of Life programme in the 2007/08 Revenue Budgets. These projects have been transferred to the capital programme in order to optimise the Council's overall financial position in 2007/08.

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

6.1 The forecast position as at 31 December 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	46,007	719
Total Income	<u>(45,288)</u>	<u>(46,087)</u>	<u>(799)</u>
Forecast Underspend	— -	<u>(80)</u>	<u>(80)</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 £80,000 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

15 FEBRUARY 2008

DUNDEE CITY COUNCIL

2007/2008 REVENUE OUTTURN MONITORING

PERIOD 1 APRIL 2007 - 31 DECEMBER 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								
Planning & Transportation	7,035	(365)	6,670	7,480	810		810	1
Education	100,573	1,158	101,731	102,188	457		457	2
Leisure & Communities	19,559	252	19,811	19,926	115		115	3
Waste Management	13,901	27	13,928	13,939	11		11	4
Social Work	68,715	486	69,201	69,201				
Other Housing	1,008	(259)	749	749				
Economic Development	2,877		2,877	2,877				
Central Support Services								
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	169	3,201	3,201				
DCS - Land Services Client	2,231		2,231	2,231				
Supporting People	0	259	259	259				
Miscellaneous Income	(2,607)		(2,607)	(2,607)				
Environmental Health & Trading Stds	2,628	20	2,648	2,600		(48)	(48)	5
Miscellaneous Services								
Chief Executive	72	396	468	468				
Support Services	214	66	280	310	30		30	6
Finance Revenues	3,449		3,449	3,049		(400)	(400)	7
Dundee CAB	109		109	109				
Contribution to EDU	93		93	93				
	233,503	2,370	235,873	236,848	1,423	(448)	975	
DCS - Contracting Activities	(839)		(839)	(839)				
Capital Financing Costs /								
Interest on Revenue Balances	23,185		23,185	23,085		(100)	(100)	8
Contingencies - General	200	(125)	75	75				
- Single Status	1,870	(18)	1,852	1,852				
- Quality of Life Funding	0	430	430	0		(430)	(430)	9
Discretionary NDR Relief	137		137	145	8		8	10
Supplementary Superannuation Costs	1,532		1,532	1,532				
	259,588	2,657	262,245	262,698	1,431	(978)	453	
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	1,014		(36)	(36)	11
Total Expenditure	293,856	2,657	296,513	296,930	1,431	(1,014)	417	
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	417	1,431	(1,014)	417	
Housing Revenue Account	0	(80)	(80)	(80)	NIL	NIL	NIL	

REASONS FOR 2007/08 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES

Appendix B

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

AT 31 DECEMBER 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>Planning & Transportation</u>	1	810	Directorate & Administration	Staff	(34)	Savings anticipated in staff costs due to non-filling of vacant posts.
			Transportation	Staff	(33)	Savings anticipated in staff costs due to non-filling of vacant posts.
			Sustainable Transport	Third Party Payments	80	Reflects increase in membership and usage of the Taxicard scheme.
			Street Lighting	Supplies & Services	20	Reflects increased electricity charges.
				Third Party Payments	35	Reflects lighting for increased number of signs and bollards.
				Income	15	Shortfall in income due to less than anticipated work being carried out for outside organisations.
			Winter Maintenance	Third Party Payments	200	Current budgetary provision is inadequate.
			Off Street Car Parking	Staff	54	Reflects additional staff costs incurred at new Greenmarket multi storey car park.
				Supplies & Services	50	Reflects additional security costs incurred from multi storey car parks.
				Income	423	Mainly due to anticipated shortfall in the expected level of car parking income.
<u>Education</u>	2	457	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	227	Projected overspend on residential and secure placements budget.
<u>Leisure & Communities</u>	3	115	Library, Information & Cultural Services	Staff	60	Budgeted staff slippage not being met.
				Property	25	Reflects various projected overspend for property costs including cleaning, insurance and non-domestic rates.
				Income	20	Reflects underachievement of income for fines, hires and lets partly offset by additional income received from hall rentals and school services.
			Community Learning	Supplies & Services	(16)	Reflects projected savings on various supplies and services expenditure.
				Income	(45)	Reflects additional income from management fees.

REASONS FOR 2007/08 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES

Appendix B

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

AT 31 DECEMBER 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>Leisure & Communities</u> (cont'd)	3		Parks, Sports & Leisure	Staff	117	Reflects budgeted staff slippage not being met together with additional costs incurred following industrial tribunal. In addition, there has been an increase in expenditure for Sports Coaching staff although this will be offset by additional income.
				Property	38	Mainly reflects increased security costs projected and additional costs for Downfield offices.
				Supplies & Services	108	Reflects increased expenditure for events although this will be offset by additional income. In addition, overspends are anticipated for equipment repairs.
				Transport	16	Reflects projected overspends on various transport costs.
				Income	(216)	Mainly reflects additional income received for events and courses together with increased income from golf membership and various leases.
			Business Development & Support Services	Staff	(46)	Mainly reflects savings anticipated due to the non-filling of vacant posts.
				Property	50	Anticipated overspend on repairs and maintenance expenditure.
<u>Social Work</u>	4	Nil	Departmental	Various	(695)	Reflects underspends anticipated on initiatives funded from new monies for Upskilling the Workforce.
			Children	Third Party Payments	695	Projected overspend on residential and secure placements budget.
<u>Environmental Health & Trading Standards</u>	5	(48)	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	(18)	Reflects savings projected due to closure of Brown St kennels.
				Supplies & Services	(5)	Reflects savings projected due to closure of Brown St kennels.
				Third Party Payments	47	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>	6	30	Children's Panel	Third Party Payments	30	Reflects increased expenditure on payments to safeguarders.

REASONS FOR 2007/08 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES

Appendix B

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

AT 31 DECEMBER 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>Finance Revenues</u>	7	(400)	Revenues	Staff	(277)	Projected underspend due to unfilled vacancies, reduced hours and maternity leave.
				Supplies & Services	83	Projected overspend on legal fees, bank charges and computer maintenance.
				Income	(206)	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 income projected from Scottish Water.
<u>Capital Financing Costs / IORB</u>	8	(100)	Interest on Revenue Balances		(100)	Additional income projected from interest on revenue balances.
<u>Contingency: Quality of Life Funding</u>	9	(430)	Various		(430)	Reflects the transfer of expenditure on Quality of Life projects to the Capital programme.
<u>Discretionary NDR Relief</u>	10	8	Discretionary NDR Relief	Reliefs Granted	8	Increased costs arising from new discretionary reliefs being awarded.
<u>Tayside Valuation Joint Board</u>	11	(36)	Requisition	Staff	(36)	Mainly reflects DCC's share of anticipated savings in staff costs.

	<u>Allocation</u> <u>From</u> <u>Contingencies</u> <u>£000</u>	<u>2006/07</u> <u>Underspend</u> <u>Brought Forward</u> <u>£000</u>	<u>2006/07</u> <u>Quality of Life</u> <u>Brought Forward</u> <u>£000</u>	<u>Funding</u> <u>Transfers</u> <u>£000</u>	<u>Allocation</u> <u>from</u> <u>Repair & Renewal</u> <u>Fund</u> <u>£000</u>	<u>Budget</u> <u>Transfers</u> <u>Between</u> <u>Departments</u> <u>£000</u>	<u>Departmental</u> <u>Totals</u> <u>£000</u>
<u>General Fund Departments</u>							
<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		
6. Transfer of Quality of Life expenditure to Capital Programme						(430)	
							(365)
<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						41	
7. Transfer staff costs re Procurement Team to Finance General						(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		
5. ResourceLink Consultancy Fees	30						
							169
<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. Transfers to Finance General	(67)						
							(125)
<u>Single Status Contingency</u>							
1. Transfer to Personnel	(18)						
							(18)
<u>Quality of Life Contingency</u>							
1. Transfer of Quality of Life expenditure to Capital Programme						430	
							430
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						(80)	
							(80)
Total Adjustments (HRA)	0	0	0	0	0	(80)	(80)