

REPORT TO: CITY GOVERNANCE COMMITTEE – 22 SEPTEMBER 2025

REPORT ON: REVENUE MONITORING 2025/2026

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 240-2025

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2025/2026 projected revenue outturn as at 30 June 2025 and the impact on the Council's overall revenue budget position.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Committee:

- (a) note that as at 30 June 2025 the General Fund is projecting an overall overspend for the year of £6.8m against the adjusted 2025/2026 Revenue Budget, the impact this has on the projected Council's General Fund Balances and the actions being taken to address the forecast budget shortfall;
- (b) note the budget adjustments totalling £2.317m and detailed in the second column of Appendix A and (summarised in Appendix B) as adjustments to the previously approved Revenue Budget;
- (c) note that as at 30 June 2025 the Housing Revenue Account (HRA) is projecting an overspend of £2.637m against the adjusted HRA 2025/2026 Revenue Budget and the impact this has on the element of the projected Renewal & Repair Fund balance earmarked to HRA;
- (d) note the information included in paragraph 3.4 in relation to financial recovery and authorise the Executive Director of Corporate Services to continue to take actions address any overspends with an objective of achieving a balanced budget;
- (e) authorise the Executive Director of Corporate Services to:
 - (i) take steps to control in year spend to reduce the projected overspends including by limiting overtime, ceasing avoidable expenditure on supplies and services;
 - (ii) further review earmarked balances and;
 - (iii) in consultation with Corporate Leadership Team identify further financial recovery options.

3 FINANCIAL IMPLICATIONS

- 3.1 The unallocated portion of the General Fund as at 30 June 2025 is projecting an overspend of £6.8m against the adjusted 2025/2026 Revenue Budget. The impact this would have on the Council's General Fund Balances is outlined below:

General Fund	Opening Balance 1 April 2025 £000	(Surplus) / Deficit for the Year £000	Transfers (In) / Out	Projected Balance 31 March 2026 £000
Earmarked Carry-forwards *	1,509			1,509
Children Services pressures	1,033	449		584
Organisational Change Fund	2,169			2,169
Covid cost related pressures *	1,550			1,550
Service change initiatives	5,000			5,000
Roof Remedial Works	1,875	1,254		621
Other earmarked Funds	5,948			5,948
Service concessions flexibility	39,773			39,773
Total earmarked funds	58,857	1,703	0	57,154
Unallocated Balance	8,174	6,800		1,374
Total General Fund	67,031	8,503	0	58,528

* These balances will be drawn down as required during the year.

- 3.2 The approved budget included an allowance of 3% for the 2025/2026 pay awards for both LGE and teachers. Provision for the pay award is included within contingencies and has not yet been allocated to service budgets. It should be noted that CoSLA's pay offer for LGE of 4% increase for the current financial year has been agreed although funding to support the additional 1% is yet to be determined. Negotiations regarding the teachers pay award remain ongoing and the outcome of this and any impact will be reflected in future reports.
- 3.3 Based on the financial information available as at 30 June 2025 the HRA outturn position for 2025/2026 is projecting an overspend of £2.637m. Further details are provided in section 8 of this report.
- 3.4 Financial Recovery Plan

Given the adverse forecasts on both General Fund and HRA budgets, the following specific actions will be taken to address the current overspends;

- services will limit recruitment of vacancies to posts that are considered essential or where not filling these posts would place the Council at significant risk. All recruitment requests will be monitored through the Establishment Control Board.
- non-contractual overtime will be restricted to essential areas only and will only be approved where considered essential or where not undertaking this overtime would place Council at significant risk. All requests from overtime will not be granted without approval from Heads of Services.
- the Head of Corporate Finance is undertaking a review of earmarked balances to ascertain whether these can be utilised to offset in year pressures.
- the Head of Design and Property has established a working group to review all property expenditure an ensure only essential works are undertaken.
- the Head of Corporate Finance is undertaking a review of all property contracts to ensure that value for money is being achieved across all property, maintenance and inspection contracts.

- f) the Head of Design and Property is undertaking a review of energy costs to ensure energy usage is reduced and consider any spend to save projects that can be undertaken. This review will include the raising of awareness to promote more efficient energy usage in all council buildings.
- g) the Head of Housing, Construction and Communities is conducting a thorough review of all expenditure and income within the Housing Revenue Account to ensure non-essential spending is not incurred.

The above actions will be monitored closely by the Council Leadership Team through regular meetings and elected members will be kept updated on any progress through the regular budget monitoring reports.

4 BACKGROUND

- 4.1 Following approval of the Council's 2025/2026 Revenue Budget by the City Governance Committee on 27 February 2025, this report provides the projected revenue outturn position as at 30 June 2025, against the adjusted 2025/2026 Revenue Budget.
- 4.2 The total 2025/2026 Revenue Budget is £496.111m. For revenue monitoring purposes, the Council Tax Reduction Scheme budget of £14.741m is moved from expenditure to income and netted off against Council Tax income. This results in total budgeted expenditure of £481.370m for revenue monitoring purposes, as set out in Appendix A.
- 4.3 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 (underspend) 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.
- 4.4 The forecast position 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.

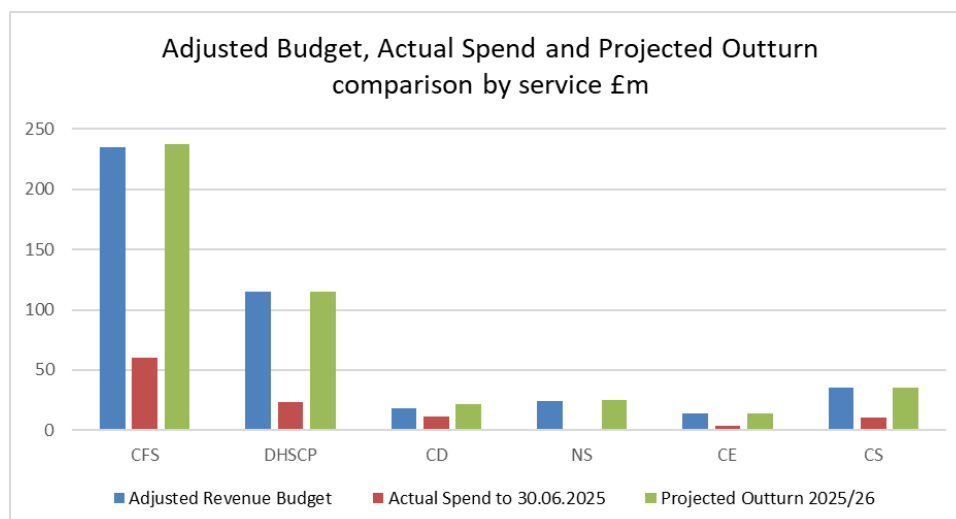
Appendix B lists the budget adjustments undertaken to date.

5 GENERAL FUND SERVICES - MONITORING POSITION AS AT 30 JUNE 2025

- 5.1 The forecast position as at 30 June 2025 for General Fund services is summarised below.

	(Under)/Over Spend as at 30 June £m	(Under)/Over Spend as at 31 May £m	Movement (from previous month) £m
Net Expenditure	6.883	5.851	1.032
Sources of Income	(0.083)	(0.147)	0.064
Net projected reduction uncommitted balances	6.800	5.704	1.096

The graph below details the comparison between each service's actual spend and projected outturn.



6 DETAILED ANALYSIS

The following paragraphs summarise the main areas of variance by service along with appropriate explanations. These figures reflect movements for the full year to date.

6.1 Children & Families Services: £2.372m overspend

The key elements of the overspend relate to overspend in staffing costs for Children Services due to service demand in this area (£1.112m) and a projected overspend in third party payments for early years childcare reflecting the increased demand and cost of provision of care for children in private nurseries (£1.007m).

6.2 Dundee Health & Social Care Partnership (DHSCP)

The latest financial monitoring report presented to Dundee IJB projects an overspend of £4.946m for 2025/26 (utilising actual info to end June), with this information presented to Dundee IJB at its meeting on [20th August 2025](#). This projected overspend reflects the challenging financial position being experienced by Dundee IJB and while it reflects progress towards achieving savings targets totalling £17.5m for 2025/26, there remains a shortfall in the overall position. At present, the IJB only holds £644k in General Reserves to offset this shortfall and, as a result, the IJB remains in Financial Recovery with an updated Financial Recovery Plan to be presented to the IJB's October 2025 meeting.

DHSCP is continuing to respond to significant operational challenges in demand and demographics (notably in Care at Home provision to help support discharge without delay from hospital, minimise unnecessary hospital admissions, reduce social care unmet need and reduce Care Home beds), and in particular staffing challenges (both recruitment and retention, sickness absence and premium cost of back-fill cover) and increasing complexity of needs in both in-patient / residential and community settings. Operational managers and finance team continue work to explore ways of mitigating the overspend through efficiencies, cost reduction, whole-system working, transformation and savings opportunities against current year and recurring budgets with any impact of these being reported to the IJB.

Under the risk sharing arrangement reflected in the Integration Scheme, the Integration Joint Board (IJB) retains any underspend within its reserve balances for investment in integrated health and social care services in future years, however any shortfall (after utilising reserves and implementing the Financial Recovery Plans) would be shared proportionately between the

Partner Bodies. Officers continue to liaise with Council (and NHST) colleagues to monitor the financial implication.

The potential impact to the Council should the overspend not be fully contained is £1.444m. Senior officers from the Council and NHS Tayside are engaged in discussion to take the necessary actions to reduce this overspend with an objective of achieving a balanced budget.

6.3 City Development: £3.453m overspend

The projected overspend is within corporate property mainly due to costs of property, maintenance and inspection contracts and any remedial repairs and works arising from these inspections. A working group is being formed to review the position with regard to property cost pressures. The outcome of this review will be reflected in future revenue monitoring reports.

6.4 Neighbourhood Services: £0.864m overspend

The projected overspend is within waste management third party payments, mainly relating to increased MEB Gates Fees, increased tonnage and forecasted lower electricity income expected to be gained from the excess revenue share for the waste to energy contract (£0.398m). In addition, there is a reduction in expected income from waste plant (lines 1 & 2) due to operational issues within the plant. These relate to the age and reliability of the plant leading to a series of unplanned stoppages with associated loss of revenue from waste processing and additional costs to repair and restart the process. The Council is in regular dialogue with the contractor in relation to the impacts of the plant's performance and the long-term viability of the lifetime extension agreement (LEA) (£0.865m). These adverse variances are partially offset through the holding of vacant posts (£0.680m).

6.5 Corporate Fleet: £0.348m overspend

Reflects the projected net overspend associated with the corporate fleet. The cost of the Council's fleet remains a budget pressure mainly due to rising expenditure in relation to the external hire of vehicles used by services together with the cost of parts and materials for vehicle repairs. The fleet review is ongoing to ensure the overall fleet utilised by services is in line with the budget provision available and that the true cost of fleet managed on behalf of external bodies is recovered accordingly and the outcome will be reported to members as part of future monitoring reports

6.6 Supplementary Superannuation: (£0.313m) underspend

Projected underspend in Supplementary Superannuation costs.

6.7 Miscellaneous Items: £0.325m overspend

Reduction in grant income reflecting lower than expected allocation from Extended Producer Responsibilities.

6.8 Capital Financing Costs: (£0.599m) underspend

Projected underspend mainly due to higher than expected interest on revenue balances.

6.9 Empty Property Relief: £0.245m overspend

Reflected expected level of reliefs granted for non-domestic rates on vacant properties.

7 EXTERNAL ORGANISATIONS

- 7.1 Our budget includes the assumption that Tayside Contracts will return a surplus in 2025/2026, our share of which will be £0.232m. Any expected variances against this will be reflected as known. Please note we have set aside an allowance for Tayside Contracts pay awards within our pay contingency that will be allocated to service budgets in due course.

8 HOUSING REVENUE ACCOUNT - MONITORING POSITION AT 30 JUNE 2025

- 8.1 The forecast position as at 30 June 2025 for the HRA is summarised below:

	(Under)/Over Spend as at 30 June £m	(Under)/Over Spend as at 31 May £m	Movement (from previous month) £m
Net Expenditure	2.602	0.000	2.602
Sources of Income	0.035	0.000	0.035
Net over/ (underspend)	2.637	0.000	2.637

- 8.2 The key variances that make up the above projection include increased recharge from Construction Services for repairs reflecting an increase in the number of full-time equivalent employees working on repairs and the agreed pay award being greater than expected (£0.877m). In addition, property costs relating to nonconstruction repairs and maintenance, fire damage jobs, tenants allowances and decant payments are greater than budget (£1.153m). The anticipated cost of relets is also greater than budgeted due to the increase in the number of relet properties assumed within the budget (£0.927m). These adverse variances are offset on projected underspends on environmental improvements due to delays in commencing these projects.

- 8.3 A system of ongoing monitoring will continue to take place up to 31 March 2026 with the objective of the HRA achieving a final outturn which is below or in line with the adjusted 2025/2026 HRA Revenue Budget.

Any variance will be adjusted against the Renewal & Repair Fund, the housing element of which amounted to £3.193m as at 31 March 2025:

HRA Renewal and Repair Fund	June £m
Opening Balance as at 1 April 2025	3.193
<u>Less</u> Projected Overspend to 31 March 2026	(2.637)
Projected Balance as at 31 March 2026	0.556

9 POLICY IMPLICATIONS

- 9.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

10 CONSULTATIONS

- 10.1 The Council Leadership Team were consulted in the preparation of this report.

11 BACKGROUND PAPERS

- 11.1 None.

PAUL THOMSON
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

09 SEPTEMBER 2025

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DUNDEE CITY COUNCIL							
2025/2026 REVENUE OUTTURN MONITORING							
PERIOD 1 APRIL 2025 - 30 JUNE 2025							
	Approved	Total	Adjusted		Projected	Previous	Movement
	Revenue	Budget	Revenue	Projected	Variance	Months	Since
	Budget	Adjustments	Budget	Outturn	Over/(under)	Projected	Previous
	2025/26	(see Appx B)	2025/26	2025/26	spend	Variance	Month
	£m	£m	£m	£m	£m	£000	£000
General Fund Services							
Children & Families	233.620	1.450	235.070	237.442	2.372	1.550	0.822
Dundee Health & Social Care Partnership	114.842		114.842	114.842	0.000	0.000	
City Development	18.250	0.100	18.350	21.803	3.453	3.600	(0.147)
Neighbourhood Services	23.603	0.292	23.895	24.759	0.864	0.809	0.055
Chief Executive	14.320		14.320	14.290	(0.030)	(0.035)	0.005
Corporate Services	35.318		35.318	35.414	0.096	0.096	
Construction Services	0.000	1.254	1.254	1.263	0.009	(0.016)	0.025
	439.953	3.096	443.049	449.813	6.765	6.005	0.760
Capital Financing Costs / Interest on Revenue Balances	30.863		30.863	30.264	(0.599)	(0.599)	
Contingencies:							
- General	0.500	(0.100)	0.400	0.400	0.000	0.000	
- Budget growth/Pay Pressures	8.324		8.324	8.324	0.000	0.000	
- Unallocated Corporate Savings	(0.944)	(0.246)	(1.190)	(1.190)	0.000	0.000	
- New monies	0.922	(0.467)	0.455	0.455	0.000	0.000	
Tayside Contracts surplus	(0.232)		(0.232)	(0.232)	0.000	0.000	
Corporate Fleet	3.982	0.034	4.016	4.364	0.348	0.359	(0.011)
Miscellaneous Items	(7.628)		(7.628)	(7.303)	0.325	0.325	
Discretionary Non Domestic Rates (NDR) Relief	0.392		0.392	0.504	0.112	0.113	(0.001)
Supplementary Superannuation Costs	3.041		3.041	2.728	(0.313)	(0.313)	
Tayside Valuation Joint Board	1.149		1.149	1.149	0.000	0.000	
Empty Property Relief Devolution	1.048		1.048	1.293	0.245	(0.038)	0.284
Total Expenditure	481.370	2.317	483.687	490.569	6.883	5.851	1.032
Sources of Income							
General Revenue Funding	(335.339)	(0.534)	(335.873)	(335.873)			
Contribution from National Non Domestic Rates (NNDR) Pool	(71.406)		(71.406)	(71.406)			
Council Tax	(70.249)		(70.249)	(70.332)	(0.083)	(0.147)	0.064
Use of Balances -							
Committed Balances c/f	0.000		0.000	0.000			
Earmarked funds	0.000	(1.703)	(1.703)	(1.703)			
Service concessions	(4.376)		(4.376)	(4.376)			
Change Fund	0.000		0.000	0.000			
R&R Fund	0.000	(0.080)	(0.080)	(0.080)			
(Surplus)/Deficit for the year	0.000	0.000	0.000	6.800	6.800	5.704	1.096
(Surplus)/Deficit for Housing Revenue Acct	0.000	0.000	0.000	2.637	2.637	0.000	2.637

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Dundee City Council							
Revenue Monitoring to 31st March 2026 - Budget Adjustments to date							
	<u>Alloc To/From General Conts</u> <u>£000</u>	<u>Alloc To/From Conts: New Monies</u> <u>£000</u>	<u>Alloc To/From Conts: Savings</u> <u>£000</u>	<u>Funding Transfers</u> <u>£000</u>	<u>Alloc from Earmarked Funds</u> <u>£000</u>	<u>Alloc from R&R Fund</u> <u>£000</u>	<u>Dept Totals</u> <u>£000</u>
General Fund Services							
Children & Families							1,450
Social Care Uplift 2024-25 and 2025-26		467		230			
Revenue Support Grant to Children & Families - Early Learning Care uplift 2025/26				273			
Revenue Support Grant to Children & Families - Holiday playschemes and activities				31			
Earmarked Reserves to Children & Families service re Children Services TPP pressures					449		
City Development							134
Contingencies to City Development - budget for driver post (permanent)			34				
Contingencies to City Development - Bus Shelters/Street Lighting	100						
Neighbourhood Services							292
Renewal & Repair fund to Neighbourhood Services - Kirkton overspend £80k						80	
Contingencies to Neighbourhood Services - Communities Staff Budget			212				
Construction							1,254
Earmarked Reserves to Construction service re Roofs					1,254		
General Contingency							(100)
Contingencies to City Development - Bus Shelters/Street Lighting	(100)						
Contingency: New monies							(467)
Social Care Uplift 2024-25 and 2025-26		(467)					
Contingency: Unallocated Savings							(246)
Contingencies to City Development - budget for driver post (permanent)			(34)				
Contingencies to Neighbourhood Services - Communities Staff Budget			(212)				
Total Adjustments (General Fund)	0	0	0	534	1,703	80	2,317

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