

REPORT TO: POLICY & RESOURCES COMMITTEE - 8 DECEMBER 2008

REPORT ON: REVENUE MONITORING 2008/2009

REPORT BY: HEAD OF FINANCE

REPORT NO: 629-2008

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2008/2009 Projected Revenue Outturn as at 31 October 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 31 October 2008 shows an overspend of £424,000 against the adjusted 2008/2009 Revenue Budget.
 - b note that the Housing Revenue Account is projecting an underspend of £10,000 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 £424,000 based on the financial information available at 31 October 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 underspend of £10,000 based on the financial information available for the period to 31 October 2008. This overspend will result in a corresponding transfer to 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 31 October 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 and no material variances are anticipated, additional information has not been provided.

5 GENERAL FUND SERVICES - MONITORING POSITION AS AT 31 OCTOBER 2008

- 5.1 The forecast position as at 31 October 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	335,136	242
Total Income	<u>(334,894)</u>	<u>(334,712)</u>	<u>182</u>
Forecast Overspend	_____ -	_____ 424	<u>424</u>

The forecast position as at 31 October 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. These transfers include, where appropriate, provision for the impact of the projected additional pay award that was not previously included in the approved budget.

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 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 (£1,312,000 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 Environmental Health & Trading Standards (£169,000 underspend)

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

5.6 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.

5.7 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.

5.8 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 31 OCTOBER 2008**

6.1 The forecast position as at 31 October 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	45,637	19
Total Income	<u>(45,618)</u>	<u>(45,647)</u>	<u>(29)</u>
Forecast Underspend	_____ -	_____ (10)	<u>(10)</u>

6.2 The department are projecting that additional repairs, maintenance and relets expenditure will be incurred during the year. These variances are largely offset by slippage in the planned maintenance programme together with various underspends in staff costs, other property costs, loan charges and additional rental income projected by the department. The net underspend of £10,000 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 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

27 NOVEMBER 2008

Appendix A

	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	978	76,473	77,785	1,312		1,312	1
Planning & Transportation	7,086	(24)	7,062	7,374	312		312	2
Leisure & Communities	22,196	125	22,321	22,321				3
Education	115,813	172	115,985	115,985				4
Economic Development	3,215	(6)	3,209	3,209				
Waste Management	15,453	33	15,486	15,486				
Central Support Services								
Chief Executive	1,134	(6)	1,128	1,128				
Personnel	1,561	(4)	1,557	1,557				
Information Technology	5,205	(21)	5,184	5,184				
Support Services - Admin/Legal	3,257	(14)	3,243	3,243				
- Architects	(469)		(469)	(469)				
Finance General	3,381	42	3,423	3,410		(13)	(13)	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	90	3,168	2,999		(169)	(169)	6
Miscellaneous Services								
Chief Executive	374	240	614	614				
Support Services	175		175	175				
Finance Revenues	3,616	(25)	3,591	3,091		(500)	(500)	7
Dundee CAB	110		110	110				
Contribution to Employment Unit	94		94	94				
	277,267	1,580	278,847	279,789	1,624	(682)	942	
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	(143)	45	45				
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	299,366	1,624	(1,382)	242	
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				
Total Expenditure	333,457	1,437	334,894	335,136	1,624	(1,382)	242	
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				
(Surplus)/Deficit for the year	0	0	0	424	1,806	(1,382)	424	
Housing Revenue Account	0	(10)	(10)	(10)	NIL	NIL	NIL	

REASONS FOR 2008/09 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES
(Excludes Capital Charges, Central Support Services & Office Recharges)

Appendix B

AT 31 OCTOBER 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	1,312	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.
					(180)	Additional Supporting People grant anticipated for support costs.
				Property Costs	51	Reflects increased expenditure on security and non-domestic rates for the Elms Unit.
				Third Party Payments	454	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.
					924	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.
					100	Anticipated additional costs for throughcare and aftercare to support young people leaving care.
				Transfer Payments	43	Reflects increased direct assistance payments made to families to alleviate family financial problems in turn reducing pressure within family placement and residential schools resources.
				Income	76	Shortfall in level of budgeted income currently projected.
			Older People	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	150	Greater demand for respite care.
					35	Increased demand for domiciliary care.
				Income	(282)	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.

REASONS FOR 2008/09 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES
(Excludes Capital Charges, Central Support Services & Office Recharges)

Appendix B

AT 31 OCTOBER 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 (cont'd)</u>	1		Adults	Property Costs	42	Expenditure for Community Care Admin Offices at Claverhouse and Balmerino Road exceeds current budgetary provision. In addition, projected overspend reflects increased unplanned property maintenance partly offset by lower than anticipated expenditure for rent.
				Third Party Payments	(8)	Higher contribution from Health Board towards the costs of Young Adults Respite service.
				Income	(127)	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	(45)	Reflects reduction in small grants payable to voluntary organisations.
<u>Planning & Transportation</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.

REASONS FOR 2008/09 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES

Appendix B

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

AT 31 OCTOBER 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>	3	Nil	Library, Information & Cultural Services	Staff Costs	8	Mainly reflects staff vacancies at McManus Galleries.
				Property Costs	48	Mainly reflects projected overspend in energy costs.
				Income	23	Reflects underachievement of chargeable income due to temporary closure of McManus Galleries offset by additional library income.
			Community Learning & Development	Staff Costs	(27)	Mainly due to staff vacancies.
				Property Costs	8	Mainly reflects projected overspend in energy costs.
				Transport Costs	(10)	Reflects underspends in contract car hire and various other transport costs.
				Income	(105)	Reflects additional income for Community Safety Wardens not included in budget and increased miscellaneous income.
			Parks, Sport and Leisure	Staff Costs	91	Projected overspend in staff costs.
				Transport Costs	61	Reflects anticipated overspend on fuel.
				Income	(118)	Mainly reflects increased income from events and courses.
			Business Development & Support Services	Staff Costs	28	Mainly due to staff slippage not being achieved.
<u>Education</u>	4	Nil	Nursery	Staff Costs	17	Reflects impact of additional projected pay award.
				Property Costs	150	Reflects projected overspend on health and safety contracts.
			Primary	Staff Costs	23	Reflects impact of additional projected pay award.
				Property Costs	45	Expenditure on property repairs and maintenance exceeds current budgetary provision.
				Third Party Payments	(144)	Reflects savings on transition monies
			Secondary		(200)	Due to slippage in Unitary charge for new PPP schools..
				Staff Costs	21	Reflects impact of additional projected pay award.
				Property Costs	150	Reflects projected overspend on health and safety contracts.
					45	Expenditure on property repairs and maintenance exceeds current budgetary provision.
				Third Party Payments	(150)	Reflects savings on transition monies
					(150)	Due to slippage in Unitary charge for new PPP schools..

REASONS FOR 2008/09 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES

Appendix B

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

AT 31 OCTOBER 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>Education (cont'd)</u>	4		Special	Staff Costs	17	Reflects impact of additional projected pay award.
			Education Other Than At School	Staff Costs	3	Reflects impact of additional projected pay award.
				Third Party Payments	154	Projected overspend on residential and secure placements budget.
			EMSS	Staff Costs	19	Reflects impact of additional projected pay award.
<u>Finance General</u>	5	(13)	General	Staff Costs	(79)	Mainly savings anticipated due to non-filling of vacant posts, partly offset by impact of projected additional pay award.
				Supplies & Services	55	Reflects projected overspend on consultancy costs relating to Resourcelink and commission payable relating to income collection.
				Third Party Payments	9	Reflects payments to procurement buying consortium not included in budget.
<u>Env Health & Trading Standards</u>	6	(169)	Regulation	Staff	(175)	Staff costs are projected to be underspent mainly due to a combination of unfilled vacancies, long term sick and maternity leave together with further savings projected following a staff restructuring exercise. These variances are partly offset by additional projected pay award.
<u>Finance Revenues</u>	7	(500)	Revenues	Staff	(340)	Projected underspend due to unfilled vacancies, long-term sick and maternity leave partly offset by projected additional pay award.
				Income	(160)	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 Costs/IORB</u>	8	(700)	Capital Financing Costs/IORB		(700)	Additional income projected from interest on revenue balances and lower than budgeted expenditure on capital financing costs.
<u>General Revenue Funding</u>	9	182	General Revenue Funding		182	Reflects anticipated shortfall in GRF following Police Loan Charges Support redetermination.

Appendix C

<u>General Fund Departments</u>	<u>Alloc From Conts £000</u>	<u>2007/08 Under spends b/fwd £000</u>	<u>2007/08 Quality of Life Brought Forward £000</u>	<u>Funding T/Fs £000</u>	<u>Alloc from R&R Fund £000</u>	<u>Transfers Between Depts £000</u>	<u>Other Transfers £000</u>	<u>Dept Totals £000</u>
<u>Education</u>								
1. DSM Balances		252						
2. Industrial Action Savings							(80)	172
<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				
6. Industrial Action Savings							(123)	
7. T/f from General Contingency re pay award						277		978
<u>Planning & Transportation</u>								
1. Industrial Action Savings							(24)	(24)
<u>Economic Development</u>								
1. Industrial Action Savings							(6)	(6)
<u>Leisure & Communities</u>								
1. QoL - Parks & Playgrounds			86					
2. Literacy & Numeracy Fund		32						
3. Industrial Action Savings							(65)	
4. T/f from General Contingency re pay award						72		125
<u>Waste Management</u>								
1. QoL - Rapid Response & Cleansing			35					
2. Industrial Action Savings							(53)	
3. T/f from General Contingency re pay award						51		33
<u>Env Health & Trading Standards</u>								
1. Air Quality Monitoring		103						
2. Industrial Action Savings							(13)	90
<u>CSS - Chief Executive</u>								
1. Industrial Action Savings							(6)	(6)
<u>Personnel</u>								
1. Industrial Action Savings							(4)	(4)
<u>Information Technology</u>								
1. Industrial Action Savings							(21)	(21)
<u>Support Services</u>								
1. Industrial Action Savings							(14)	(14)
<u>Finance General</u>								
1. Transfer from General Contingency	53							
2. Industrial Action Savings							(11)	42
<u>Finance Revenues</u>								
1. Industrial Action Savings							(25)	(25)
<u>MS - Chief Executive</u>								
1. Ext Funded Projects (Integrated Child Services)		240						240
<u>General Contingency</u>								
1. Transfer to Social Work	(450)							
2. Transfer from Other Balances							315	
3. Transfer to Finance General	(53)							
4. Transfers from Various Departments							445	
5. T/fs to departments for additional pay award						(400)		(143)
Total Adjustments (General Fund)	0	782	121	219	0	0	315	1,437
<u>Housing Revenue Account</u>								
1. T/f projected underspend to R&R Fund						(10)		(10)
Total Adjustments (HRA)	0	0	0	0	0	(10)	0	(10)