

**REPORT TO: POLICY & RESOURCES COMMITTEE – 23 APRIL 2018**

**REPORT ON: REVENUE MONITORING 2017/2018**

**REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**REPORT NO: 104-2018**

**1 PURPOSE OF REPORT**

1.1 To provide Elected Members with an analysis of the 2017/2018 projected revenue outturn as at 28 February 2018 monitored against the adjusted 2017/2018 Revenue Budget.

**2 RECOMMENDATIONS**

2.1 It is recommended that Elected Members:

- a note that the overall General Fund 2017/2018 projected revenue outturn as at 28 February 2018 is a projected overspend of £903,000 against the adjusted 2017/2018 Revenue Budget. The latest projected outturn is an unfavourable variance of £180,000 compared with the position reported at 12 February 2018.
- b note that the Housing Revenue Account as at 28 February 2018 is projecting a £600,000 projected overspend against the adjusted HRA 2017/2018 Revenue Budget. The latest projected outturn is an unfavourable variance of £300,000 compared with the position reported at 12 February 2018.
- c agree that the Council Management Team will take every reasonable action to ensure that the 2017/2018 Revenue expenditure is below or in line with the adjusted Revenue Budget.
- d instruct the Executive Director of Corporate Services in conjunction with the Council Management Team to continue to monitor the Council's 2017/2018 projected revenue outturn.

**3 FINANCIAL IMPLICATIONS (see Appendix A)**

- 3.1 The overall projected 2017/2018 General Fund Revenue outturn position for the City Council is a projected overspend of £903,000 based on the financial information available at 28 February 2018.
- 3.2 The Housing Revenue Account outturn position for 2017/2018 is a projected overspend of £600,000 based on the financial information available for the period to 28 February 2018
- 3.3 The final positions at 31 March 2018 for the General Fund and Housing Revenue Account will be confirmed in draft unaudited accounts prepared by 30 June 2018.

**4 BACKGROUND**

4.1 Following approval of the Council's 2017/2018 Revenue Budget by the Special Policy and Resources Committee on 23 February 2017 this report is now submitted in order to monitor the 2017/2018 projected revenue outturn position as at 28 February 2018, against the adjusted 2017/2018 Revenue Budget.

The total Revenue Budget per page 7 of the 2017/2018 Final Revenue Budget Volume is £342.509m. For Revenue Monitoring purposes, the Council Tax Reduction Scheme budget of £12.135m is moved from expenditure to income and netted off against Council Tax income. This results in total budgeted expenditure of £330.374m for Revenue Monitoring purposes, as per Appendix A.

- 4.2 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 under 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.

## 5 RISK ASSESSMENT

- 5.1 In preparing the Council's 2017/2018 Revenue Budget, the Executive Director of Corporate Services considered the key strategic, operational and financial risks faced by the Council over this period (Article II of the minute of the meeting of the Special Policy & Resources Committee on 23 February 2017, Report No: 58-2017 refers). In order to alleviate the impact these risks may have should they occur, a number of general risk mitigation factors are utilised by the Council. These include the:

- system of perpetual detailed monthly budget monitoring carried out by service
- general contingency provision set aside to meet any unforeseen expenditure
- level of general fund balances available to meet any unforeseen expenditure
- level of other cash backed reserves available to meet any unforeseen expenditure
- possibility of identifying further budget savings and efficiencies during the year, if required.

- 5.2 The key risks in 2017/2018 have now been assessed both in terms of the probability of whether they will occur and the severity of their impact on the Council should they indeed happen. These risks have been ranked as either zero, low, medium or high. Details of this risk assessment, together with other relevant information including any proposed actions taken by the Council to mitigate these risks, are included in Appendix D to this report.

## 6 GENERAL FUND SERVICES - MONITORING POSITION AS AT 28 FEBRUARY 2018

- 6.1 The forecast position as at 28 February 2018 for General Fund services is summarised below:

	<u>Adjusted Budget 2017/18 £000</u>	<u>Forecast 2017/18 £000</u>	<u>Variance £000</u>
Total Expenditure	332,779	334,482	1,703
Total Income	<u>(332,779)</u>	<u>(333,579)</u>	<u>(800)</u>
Forecast Position	<u>-</u>	<u>903</u>	<u>903</u>

The forecast position as at 28 February 2018 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** 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.

**Appendix D** lists the key strategic, operational and financial risks being faced by the Council. These risks have been assessed and ranked accordingly both in terms of the probability of whether they will occur and the severity of their impact on the Council should they indeed happen. Any changes to the assessment from the previous reporting period, together with any additional comments included, are highlighted in bold type.

- 6.2 The following paragraphs summarise the main areas of variance by service along with appropriate explanations. It should be emphasised that this report identifies projections based on the first eleven months of the financial year to 28 February 2018. The figures are therefore indicative at this stage and are used by the Chief Executive, Executive Director of Corporate Services and members of the Council Management Team to identify variances against budget and enable corrective action to be taken as appropriate.

### **Service Commentary**

#### 6.3.1 General

Article 1, Committee Report No 58-2017, Policy and Resources Committee of 23 February 2017 notes “services will be expected to operate within the limits of their overall revenue budget allocation. Cost pressures which emerge in-year should, where possible, be accommodated within the relevant service revenue budgets.” Accordingly there will be overs and unders within each service. The main areas are summarised below.

#### 6.3.2 New Waste Contract

The Council recently entered into a new 28-year contract for the disposal of waste. As part of this arrangement, the Council sold its investment in Dundee Energy Recycling Limited (DERL). The net sale proceeds will largely be used to offset the cost of writing-off outstanding amounts due from DERL in relation to previous upgrades at the plant and other business debts. The new contract will result in additional cost pressures for the Council in 2017/18 (£756,000) and also a reduction in rental income following the termination of leases with DERL (£683,000).

These cost pressures / reduced income are reflected in the revenue monitoring and are shown as being offset by investment sale proceeds. In terms of the remaining investment sale proceeds available to the Council to offset other service overspends generally, the final position will not be known until completion accounts for DERL have been prepared and agreed. In the meantime, a prudent estimate of £1,200,000 has been included in the revenue monitoring for residual investment sale proceeds.

#### 6.4 Children & Family Services (£3,500,000 overspend)

The service is anticipating an over spend in relation to residential schools and secure care, fostering and adoption and special transport provision. The increased costs in residential and foster care costs are associated with ongoing cost pressures on the Children’s Services budget from previous years, national requirements for parity of payments to kinship carers and foster carers and the implications of the Children and Young Persons Scotland Act 2014 in respect of Continuing Care. In terms of Continuing Care, more young people are choosing to remain in care than was forecast leading to over demand for in house residential placements and a higher number subsequently placed in external residential care.

The Children and Young people (Scotland) Act introduced the concept of Continuing Care which enables young people to remain in their current residence (or equivalent) until they are 21. The numbers of over 16s in care has therefore increased and work is on-going to increase the capacity of the service by, for example, exploring the provision of satellite supported flats as transitional support for some young people in care who are able to live more independently with some ongoing support; returning some young people in external residential placements to suitable local placements; working with Third Sector partners to enhance overall support for this important client group; and building new accommodation.

Item 6, Committee Report No 230-2017 Children and Families Committee 26<sup>th</sup> June 2017 noted a 2016/17 overspend of £5.5m and contained an Action Plan to address this going

forward. This Action Plan is being closely monitored and an update report was provided to the Children and Families Committee on 30<sup>th</sup> October 2017.

- 6.5 City Development (£3,136,000 overspend)  
The service is projecting an overspend on non-domestic rates, repairs & maintenance and Health and Safety work relating to vacant commercial properties which is partly offset by a projected underspend on staff costs. The service is also anticipating lower income on properties that are currently vacant. Further, as part of the new waste contract, there will be a loss of rental income following the termination of leases with DERL. Monitoring of the expenditure being incurred on property repairs and maintenance is being undertaken by City Development and Corporate Finance staff, with actions being taken to reduce expenditure where appropriate. The service is also projecting an overspend on winter maintenance. The Council is in the process of making representations to the Scottish Government for additional funding to help address this cost pressure.
- 6.6 Neighbourhood Services (£987,000 overspend)  
The majority of this projected overspend reflects the additional cost of the new waste disposal contract (as noted in 6.3.2) together with the consulting fees associated with the residual waste project. These adverse variances have been partly offset by various projected savings including staff slippage. Full details together with an analysis of other projected variances are shown in Appendix B.
- 6.7 Chief Executive (£85,000 underspend)  
The service is projecting underspends in staff costs.
- 6.8 Corporate Services (£400,000 overspend)  
The above overspend relates mainly to supplies & services and lower than anticipated income. Overspends in postages, photocopying and costs relating to the local elections. Lower than anticipated income being received on recharges to pension fund. Reduction in income for Police and Fire, Procurement, Print Unit and Scientific Services.
- 6.9 DCS Construction (£100,000 underspend)  
The above underspend is a result of additional surplus generated
- 6.10 Capital Financing Costs / IORB (£1,374,000 underspend)  
The above underspend reflects a projected saving due to lower than anticipated interest rates. This has been augmented by a further £200,000 arising from a recent debt rescheduling exercise.
- 6.11 Contingencies – General (£100,000 underspend)  
This underspend reflects an anticipated saving in general contingencies
- 6.12 Contingencies – Other (£532,000 underspend)  
Pay awards are reflected in service outturns at present resulting in a projected underspend in contingencies.
- 6.13 Miscellaneous Income (£4,533,000 over income)  
An increase in income of £1,550,000 is projected in relation to the return of funds relating to expenditure charged in earlier years and budget adjustments agreed with the Dundee HSCP. In addition, an increase in income of £1,783,000 arises from the use of the proceeds from the sale of the Council's investment in DERL, to offset the loss of lease rental income (see paragraph 6.5 above) and the additional cost of the new waste disposal contract (see paragraph 6.6 above). Further, residual sale proceeds of £1,200,000 have been assumed from the sale of the Council's investment in DERL, to offset service overspends generally.
- 6.14 Discretionary NDR Relief (£69,000 overspend)  
This overspend relates to increased Non Domestic Rates relief costs

- 6.15 Voluntary Early Retirement / Voluntary Redundancy Schemes (£335,000 overspend)  
This overspend reflects the VER/VR costs in the year. This will be partially offset in the current year by savings on salary costs in individual services and will lead to eventual full year savings of £667,000 per annum.
- 6.16 General Revenue Funding (£600,000 over income)  
This increase in income relates to additional Scottish Government Grant not originally reflected in the 2017/18 Revenue Budget.
- 6.17 Council Tax (£200,000 underspend)  
This reflects lower than anticipated spend on Council Tax Reduction Scheme.
- 6.18 Housing Revenue Account (£600,000 overspend)  
This projected overspend reflects higher than anticipated expenditure on maintenance and repairs and relets due to increased demand which is offset by projected savings on capital financing costs due to lower than anticipated interest rates.

## 7 ONGOING ACTIONS

- 7.1 Each service is working closely with Corporate Finance staff, firstly to ensure that these projections are met and then to identify scope improve the outcome.
- 7.2 In addition further Council-wide initiatives are underway to help manage existing and emerging cost pressures. These include reviewing the requirements for overtime working, a focus on absence rates and increased vacancy control over the remainder of the financial year. There is an ongoing review of discretionary spend and other opportunities for efficiencies and budget savings.
- 7.3 There is also close working with Dundee HSPC and LACD on revenue requirements for current and future funding.

## 8 HOUSING REVENUE ACCOUNT - MONITORING POSITION AT 28 FEBRUARY 2018

- 8.1 The forecast position as at 28 February 2018 for the HRA is summarised below:

	<u>Adjusted Budget 2017/18 £000</u>	<u>Forecast 2017/18 £000</u>	<u>Variance £000</u>
Total Expenditure	53,683	54,283	600
Total Income	<u>53,683</u>	<u>53,683</u>	---
Forecast Position	---	<u>600</u>	<u>600</u>

- 8.2 The service is anticipating that expenditure on maintenance and repairs and relets will exceed budget due to the current level of demand and will continue to closely monitor this demand together with the associated expenditure levels. This adverse variance is projected to be partially offset by savings on capital financing costs due to lower than anticipated interest rates (please refer to Appendix B for further details).
- 8.3 The overall impact is a projected £600,000 overspend against the adjusted HRA 2017/2018 Revenue Budget. The final position as at 31 March 2018 will be confirmed in draft unaudited accounts prepared by 30 June 2018.

**9 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. Details of the risk assessment are included in Appendix D to this report.

There are no major issues.

**10 CONSULTATIONS**

The Council Management Team were consulted in the preparation of this report.

**11 BACKGROUND PAPERS**

None.

**GREGORY COLGAN  
EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**12 APRIL 2018**

<b>DUNDEE CITY COUNCIL</b>										
<b>2017/2018 REVENUE OUTTURN MONITORING</b>										
<b>PERIOD 1 APRIL 2017 - 28 FEBRUARY 2018</b>										
Statement analysing 2017/2018 Projected Revenue Outturn to Budget (Capital Charges, Central Support, Corporate Business Support, Central Buildings & Corporate Property Recharges have been excluded from Departments as these costs are outwith their control).										
	<b>Approved</b>		<b>Revised</b>						<b>Previous</b>	<b>Movement</b>
	<b>Revenue</b>	<b>Total</b>	<b>Revenue</b>	<b>Projected</b>	<b>Worse</b>	<b>Better</b>	<b>Net</b>		<b>Months</b>	<b>since</b>
	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Outturn</b>	<b>Than</b>	<b>Than</b>	<b>Variance</b>		<b>Projected</b>	<b>Previous</b>
	<b>2017/18</b>	<b>Adjustments</b>	<b>2017/18</b>	<b>2017/18</b>	<b>Budget</b>	<b>Budget</b>	<b>(see Appx B)</b>	<b>Notes</b>	<b>Variance</b>	<b>Month</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
<b>General Fund Services</b>										
Children & Families	150,643	1,144	151,787	155,287	3,500		3,500	1	3,500	
Dundee Health & Social Care Partnership	73,486	1	73,487	73,487						
City Development	11,862	(9)	11,853	14,989	3,136		3,136	2	2,394	742
Neighbourhood Services	25,934	22	25,956	26,943	987		987	3	1,422	(435)
Chief Executive	11,901	(331)	11,570	11,485		(85)	(85)	4	(18)	(67)
Corporate Services	28,080	3,223	31,303	31,703	400		400	5	600	(200)
DCS Construction	(3,084)	0	(3,084)	(3,184)		(100)	(100)	6	(100)	
	298,822	4,050	302,872	310,710	8,023	(185)	7,838		7,798	40
<b>Capital Financing Costs / Interest on Revenue</b>										
Balances	26,249		26,249	24,875		(1,374)	(1,374)	7	(1,110)	(264)
<b>Contingencies:</b>										
- General	500	(247)	253	153		(100)	(100)	8	(100)	
- Other	3,573	(1,486)	2,087	1,555		(532)	(532)	9	(532)	
<b>- Unallocated Corporate Savings:</b>										
Channel Shift / Digital Council	(358)		(358)	(358)						
Other	(397)	57	(340)	(340)						
Miscellaneous Income	(1,596)		(1,596)	(6,129)		(4,533)	(4,533)	10	(4,533)	
Discretionary NDR Relief	247		247	316		69	69	11	0	69
Supplementary Superannuation Costs	2,431	31	2,462	2,797		335	335	12	0	335
Voluntary Early Retirement / Redundancy (VER/VR Schemes)	0		0							
Tayside Valuation Joint Board	903		903	903						
<b>Total Expenditure</b>	<b>330,374</b>	<b>2,405</b>	<b>332,779</b>	<b>334,482</b>	<b>8,023</b>	<b>(6,320)</b>	<b>1,703</b>		<b>1,523</b>	<b>180</b>
<b>Sources of Income</b>										
General Revenue Funding	(214,936)	(1,559)	(216,495)	(217,095)		(600)	(600)	13	(600)	
Contribution from NNDR Pool	(65,199)		(65,199)	(65,199)						
Council Tax	(50,239)		(50,239)	(50,439)		(200)	(200)	14	(200)	
<b>Use of Balances -</b>										
Committed Balances c/f		(218)	(218)	(218)						
Renewal & Repair Fund		(27)	(27)	(27)						
VER/VR Scheme			0	0						
Equal Pay Costs			0	0						
Change Fund		(601)	(601)	(601)						
<b>(Surplus)/Deficit for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>903</b>	<b>8,023</b>	<b>(7,120)</b>	<b>903</b>		<b>723</b>	<b>180</b>
<b>Housing Revenue Account</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>600</b>	<b>600</b>	<b>0</b>	<b>600</b>	<b>15</b>	<b>300</b>	<b>300</b>





**REASONS FOR 2017/2018 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES**  
**(Excludes Capital Charges, Central Support Services & Office Recharges)**  
**AT 28 FEBRUARY 2018**

<u>Service</u>	<u>Note</u>	<u>As at</u> <u>28 Feb</u> <u>£000</u>	<u>As at</u> <u>31 Dec</u> <u>£000</u>	<u>Cost Centre</u>	<u>Subjective</u> <u>Analysis</u>	<u>As at</u> <u>28 Feb</u> <u>£000</u>	<u>As at</u> <u>31 Dec</u> <u>£000</u>	<u>Reason / Basis of Over/(Under)spend</u>
<u>Children &amp; Families Services</u>	1	3,500	3,500	Service	Staff Costs	200	200	LGE overspend mainly in the special sector and Childrens Services.
					Transport	200	200	Special Pupil transport - demand led
					Third Party Payments	3,000	3,000	Residential Schools
						100	100	Fostering & Adoption
<u>City Development</u>	2	3,136	2,394	Departmental	Staff Costs	(228)	(379)	Mainly due to staff vacancies
					Supplies & Services	136	(11)	Non achievement of Street Lighting savings on electricity charges for unmetered supplies which is partly offset by minimum spend on operational expenses.
					Transport	(36)	(75)	Mainly car allowances and travel costs across all services
					Third Party Payments	904	723	Anticipated Winter maintenance programme costs(budget deficit £1,326k) attributed to the overspend which is partly offset by managed target savings and also under spend in working with families and employability projects.
					Property	1,497	729	Reflects overspend on rates on vacant properties, unplanned repairs and maintenance, costs associated with Asbestos/Fire Risk Assessment inspection and remedial works and overspend on Health & Safety contracts & Water charges
					Income	863	1,407	Reflects lower income on vacant properties in addition to lower income on planning application and building warrant fees Also, loss of rental income following termination of leases with DERL, no income from Hilton and lower income from Wellgate shopping centre.

**REASONS FOR 2017/2018 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES**  
**(Excludes Capital Charges, Central Support Services & Office Recharges)**  
**AT 28 FEBRUARY 2018**

<u>Service</u>	<u>Note</u>	<u>As at</u> <u>28 Feb</u> <u>£000</u>	<u>As at</u> <u>31 Dec</u> <u>£000</u>	<u>Cost Centre</u>	<u>Subjective</u> <u>Analysis</u>	<u>As at</u> <u>28 Feb</u> <u>£000</u>	<u>As at</u> <u>31 Dec</u> <u>£000</u>	<u>Reason / Basis of Over/(Under)spend</u>
<u>Neighbourhood Services</u>	3	987	1,422	<u>Housing &amp; Communities:</u>				
					Staff Costs	(219)	(55)	Communities: Reflects net anticipated slippage due to current level of unfilled posts.
					Income	50	(19)	Communities: Relates to reduction in income from Skills Development Scotland and a shortfall of income from activity fees and minibus hires within Community Partnerships partly offset by additional income due to an increase in the level of demand for the translation and interpretation service.
				<u>Comm Safety &amp; Protection:</u>				
				Regulatory Services	Staff Costs	(148)	(82)	Reflects net anticipated slippage due to current level of unfilled posts and lower than budgeted overtime.
					Various	(329)	0	Reflects projected underspends in transport costs (£17k), Private Sector Improvement Grants (140k) council house buy backs (250k) partly offset by overspend in Public Analyst fees (£78k)
					Income	17	30	Overall level of chargeable income for pest control services is anticipated to be less than budgeted.
				Community Safety & Resilience	Various	(132)	0	Mainly reflects projected staff slippage due to current level of unfilled posts.
				<u>Environment</u>				
				Waste Management	Staff Costs	253	0	Mainly reflects additional costs for temporary operational staff employed from agencies during the recycling roll out and additional refuse staff employed for collection routes not covered in existing budgeted resources.
					Supplies & Services	580	286	Reflects projected overspend on consultancy fees relating to residual waste project.
					Transport Costs	224	0	Recharges for hire and fuel for vehicles are greater than budgeted provision. In addition, overspend on plant hire mainly for shredder at Riverside.
					Third Party Payments	72	72	Reflects cost pressure due to an increase in contracted price for the disposal of cyclone and filter ash that was not previously anticipated when the budget was approved.

**REASONS FOR 2017/2018 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES**  
**(Excludes Capital Charges, Central Support Services & Office Recharges)**  
**AT 28 FEBRUARY 2018**

<u>Service</u>	<u>Note</u>	<u>As at</u> <u>28 Feb</u> <u>£000</u>	<u>As at</u> <u>31 Dec</u> <u>£000</u>	<u>Cost Centre</u>	<u>Subjective</u> <u>Analysis</u>	<u>As at</u> <u>28 Feb</u> <u>£000</u>	<u>As at</u> <u>31 Dec</u> <u>£000</u>	<u>Reason / Basis of Over/(Under)spend</u>
<u>Neighbourhood Services</u> <u>(continued)</u>						756	1,100	Reflects projected overspend on residual waste disposal following implementation of new contract partly offset by a windfall receipt of £281k from closure of DERL.
						179	0	Mainly reflects cost pressure due to continued requirement to dispose of co-mingled materials following the delay in fully implementing the recycling roll out. These costs will continue to be incurred until phase 1 & 2 are revisited.
					Income	312	90	Income from skip uplifts and rentals and from special collections are lower than budgeted and also underachievement of income targets for disposal of recyclates due to changing prices of these commodities.
				Street Scene and Land Management				
					Staff Costs	(392)	0	Reflects net anticipated slippage due to current level of unfilled posts.
					Supplies & Services	(236)	0	Mainly reflects reduced expenditure on materials, sub contractors & plant hire
<u>Chief Executive</u>	4	(85)	(18)	Service	Staff Costs	0 (47)	35 (46)	Slippage not achieved DCC contribution to NEC not required
					Supplies	0 (17)	15 (16)	Hire of Equipment for LACD facilities Various underspends
					Third Party Payments	2	0	Quality Scotland not to be renewed, overspend on Curling Officer.
					Income	0 0 (23)	(3) (3) 0	2nd year of 3 for Tay Road Bridge PR work One off release of bequest monies Project reclaims to be taken as saving, Tay Road Bridge charge from Communications not in budget
<u>Corporate Services</u>	5	400	600		Staff Costs	(107) (556) (47) (200)	(112) (144) (53) 7	Apprenticeship Levy Vacancies Less Overtime being worked in IT and Corporate Services Training courses
					Supplies & Services	140 200 175 135 106 91 (7)	185 100 175 0 0 0 36	Postages Additional Microsoft costs as result of new charging regime Local elections Computer Maintenance Legal Fees - taking Council Tax non payers to court Sherriff Officers - serving Diligence charges Various small variances

**REASONS FOR 2017/2018 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES**  
**(Excludes Capital Charges, Central Support Services & Office Recharges)**  
**AT 28 FEBRUARY 2018**

<u>Service</u>	<u>Note</u>	<u>As at</u> <u>28 Feb</u> <u>£000</u>	<u>As at</u> <u>31 Dec</u> <u>£000</u>	<u>Cost Centre</u>	<u>Subjective</u> <u>Analysis</u>	<u>As at</u> <u>28 Feb</u> <u>£000</u>	<u>As at</u> <u>31 Dec</u> <u>£000</u>	<u>Reason / Basis of Over/(Under)spend</u>
<u>Corporate Services</u> <u>(continued)</u>					Transport Costs	(30)	(36)	Reduction in number of leased cars
					Transfer Payments	45	0	Clothing Grants & Household goods
					Third Party Payments	(45)	0	Mainly Audit Scotland and Police Scotland
					Income	148	167	Fees for Pension Fund reduce in line with expenditure
						188	80	Reduction in income for external bodies
						168	98	Print unit not being fully utilised
						(143)	0	DWP - Welfare Reform/Universal Credit
						34	20	Reduced funding of Food Sampling from Food Standards Scotland
						30	30	Credit card surcharge income not being fully achieved
						(6)	11	Procurement rebates budget
						35	36	Room hire income not being fully achieved
						30	0	Registrars Fees & Geneology
						16	0	Various small variances
<u>DCS Construction</u>	6	(100)	(100)		n/a	(100)	(100)	Additional surplus generated
<u>Capital Financing Costs / IORB</u>	7	(1,374)	(1,110)		Capital Financing Costs / IORB	(1,174)	(910)	Projected saving due to lower than anticipated interest rates
					Capital Financing Costs / IORB	(200)	(200)	Saving from rescheduling of existing debt
<u>Contingencies - General</u>	8	(100)	(100)		General Contingencies	(100)	(100)	Projected underspend in general contingencies
<u>Contingencies - Other</u>	9	(532)	(532)		Pay Award Pressures	(532)	(532)	Pay awards are reflected in service outturns at present
<u>Miscellaneous Income</u>	10	(4,533)	(4,533)		Income	(1,550)	(1,550)	Mainly reflects return of funds relating to expenditure charged in earlier years
						(1,783)	(1,783)	Use of proceeds from sale of investment in DERL, to offset loss of lease rental income and additional cost of new waste disposal contract
						(1,200)	(1,200)	Use of residual proceeds from sale of investment in DERL, to offset service overspends generally.

**REASONS FOR 2017/2018 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES**  
**(Excludes Capital Charges, Central Support Services & Office Recharges)**  
**AT 28 FEBRUARY 2018**

<u>Service</u>	<u>Note</u>	<u>As at</u> <u>28 Feb</u> <u>£000</u>	<u>As at</u> <u>31 Dec</u> <u>£000</u>	<u>Cost Centre</u>	<u>Subjective</u> <u>Analysis</u>	<u>As at</u> <u>28 Feb</u> <u>£000</u>	<u>As at</u> <u>31 Dec</u> <u>£000</u>	<u>Reason / Basis of Over/(Under)spend</u>
<u>Discretionary NDR Relief</u>	11	69	0			69	0	Projected overspend in Discretionary Non Domestic Rates relief
<u>Voluntary Early Retirement / Redundancy (VER/VR Schemes)</u>	12	335	0			335	0	Projected costs of VER/VR Scheme. This will be partially offset in the current year by savings on salary costs in individual services and will lead to eventual full year savings of £667k per annum.
<u>General Revenue Funding</u>	13	(600)	(600)		Income	(600)	(600)	Additional grant received from Scottish Government
<u>Council Tax Reduction Scheme</u>	14	(200)	(200)			(200)	(200)	Reflects anticipated saving on Council Tax Reduction Scheme
<b><u>TOTAL GENERAL FUND</u></b>		<b>903</b>	<b>723</b>			<b>903</b>	<b>723</b>	
<u>Housing Revenue Account</u>	15	600	300		Property Costs	1,413	1,113	Reflects higher than anticipated expenditure on maintenance and repairs and relets due to increased demand together with additional spend on fire safety works
					Capital Financing Costs / IORB	(813)	(813)	Reflects projected savings on capital financing costs due to lower than anticipated interest rates.
<b><u>TOTAL HOUSING REVENUE ACCOUNT</u></b>		<b>600</b>	<b>300</b>			<b>600</b>	<b>300</b>	



Dundee City Council  
Revenue Monitoring to 31st March 2018 - Budget Adjustments to date

Appendix C

	<u>Alloc To/From Conts £000</u>	<u>2016/17 Under spends b/fwd £000</u>	<u>Funding T/Fs £000</u>	<u>Alloc from Change Fund £000</u>	<u>Alloc from R&amp;R Fund £000</u>	<u>T/Fs Between Depts / Conts £000</u>	<u>Dept Totals £000</u>
<b><u>General Fund Services</u></b>							
<b><u>Children &amp; Families</u></b>							
Tribunal costs	77						
Improvement Team staff 1 & 2 Languages			80	310			
Transfers to Discover Work Team						(76)	
Tusker Salary Sacrifice	(24)						
Groundworks at PPP schools					27		
Ongoing teachers pension costs FYE 2016-17						(27)	
Ongoing teachers pension costs PYE 2017-18						(4)	
Parent Pay transfer						(22)	
Grossing up ASP for Baldragon DBFM project	39						
Budget for ASP for Baldragon DBFM project			671				
Contributions towards Senior Officer						10	
Reversal of part Tusker Adjustment virement	5						
Opportunities for All to Corporate Services						(22)	
Employability to Dundee Youth Guarantee						8	
Holiday Provision (Fun & Food)				35			
Transfer of Employee (11 months) from CS						23	
Transfer of income budget to C&F			(671)				
Teachers Pay & Teachers Induction			705				
							1,144
<b><u>Dundee Health &amp; Social Care Partnership</u></b>							
Transfer of post from CBSS to IJB						38	
Tusker Salary Sacrifice	(16)						
Savings re Mosaic implementation						(21)	
							1
<b><u>City Development</u></b>							
Transfers to Discover Work Team						(26)	
Tusker Salary Sacrifice	(4)						
Transfer back budget for Outdoor concerts						(3)	
Transfer of Training Budgets to Corporate Services						(35)	
Climate Change & Sustainability Manager						59	
							(9)
<b><u>Neighbourhood Services</u></b>							
Youth Investment Fund	16						
Dudhope Centre to Neighbourhood Services						15	
Tusker Salary Sacrifice	(4)						
Transfer back budget for Outdoor concerts						3	
Contributions towards Senior Officer						(10)	
Learning & Org Dev from Corp Serv						2	
							22
<b><u>Chief Executive</u></b>							
Transfer of agreed management fee charges						(27)	
Carry Forwards		35					
CAB & Brooksbank grants re Dundee Partnership						(420)	
Business Analysts from Change Fund				56			
Dudhope Centre to Neighbourhood Services						(15)	
Tusker Salary Sacrifice	(1)						
Climate Change & Sustainability Manager						(59)	
Contribution to Capital Project at Science Ctr	100						
							(331)

	<u>Alloc</u> <u>To/From</u> <u>Conts</u> <u>£000</u>	<u>2016/17</u> <u>Under</u> <u>spends</u> <u>b/fwd</u> <u>£000</u>	<u>Funding</u> <u>T/Fs</u> <u>£000</u>	<u>Alloc</u> <u>from</u> <u>Change</u> <u>Fund</u> <u>£000</u>	<u>Alloc</u> <u>from</u> <u>R&amp;R</u> <u>Fund</u> <u>£000</u>	<u>T/Fs</u> <u>Between</u> <u>Depts /</u> <u>Conts</u> <u>£000</u>	<u>Dept</u> <u>Totals</u> <u>£000</u>
<b><u>General Fund Services</u></b>							
<b><u>Corporate Services</u></b>							
Electoral Registration		35					
Scottish Govt Resilience Fund		2					
Discretionary Housing Payments		124					
Scottish Welfare Fund		22					
Transfer of agreed management fee charges						27	
Transfer of post from CBSS to IJB						(38)	
City's Young Workforce	250						
Fairness & Equality in Schools	120						
Discretionary Housing Payments	100						
Apprenticeship Levy	1,000						
Information Governance Manager & Assistant	31						
CAB & Brooksbank grants for Dundee Partnership						420	
Discretionary Housing Payment			722				
Transfers to Discover Work Team						102	
Tusker Salary Sacrifice	(13)						
Graduate Scheme				200			
SG - DHP Admin Finding 2017/18			52				
Transfer of Training Budgets to Corporate Services						35	
Parent Pay transfer						22	
Savings re Mosaic implementation to IJB						21	
Opportunities for All from Children & Families						22	
Learning & Org Dev from Corp Serv						(2)	
Employability to Dundee Youth Guarantee						(8)	
Transfer of Employee (11 months) to CFS						(23)	
							3,223
<b><u>General Contingency</u></b>							
Tribunal costs	(77)						
Information Governance Manager & Assistant	(31)						
Grossing up ASP for Baldragon DBFM project	(39)						
Contribution to Capital Project at Science Ctr	(100)						
							(247)
<b><u>Service Development Contingency</u></b>							
Youth Investment Fund	(16)						
City's Young Workforce	(250)						
Fairness & Equality in Schools	(120)						
Discretionary Housing Payments	(100)						
							(486)
<b><u>Apprenticeship Levy Contingency</u></b>							
Apprenticeship Levy	(1,000)						
							(1,000)
<b><u>Savings Contingency</u></b>							
Tusker Salary Sacrifice	62						
CFS adj re Tusker Virement	(5)						
							57
<b><u>Supplementary Superannuation</u></b>							
Ongoing teachers pension costs FYE 2016-17						27	
Ongoing teachers pension costs PYE 2017-18						4	
							31
<b>Total Adjustments (General Fund)</b>	<b>0</b>	<b>218</b>	<b>1,559</b>	<b>601</b>	<b>27</b>	<b>0</b>	<b>2,405</b>



Risks - Revenue	Assessment		Risk Management / Comment
	Original	Revised	
<u>General Inflation</u> General price inflation may be greater than anticipated.	Med	Med	Corporate Procurement strategy in place, including access to nationally tendered contracts for goods and services. In addition, fixed price contracts agreed for major commodities i.e. gas and electricity.
<u>Equal Pay Claims</u> A provision may be required for the cost of equal pay claims.	Low	Low	Relatively few cases being taken through the Employment Tribunal process.
<u>Capital Financing Costs</u> Level of interest rates paid will be greater than anticipated.	Low/ Med	Low/ Med	Treasury Mgmt Strategy. Limited exposure to variable rate funding.
<u>Savings</u> Failure to achieve agreed level of savings & efficiencies.	Low/ Med	Low/ Med	General risk mitigation factors (ref para 5.1), in particular, regular monitoring by departments to ensure savings targets are met.
<u>Emerging Cost Pressures</u> The possibility of new cost pressures or responsibilities emerging during the course of the financial year.	Low/ Med	Low/ Med	General risk mitigation factors (ref para 5.1), in particular, regular monitoring by departments to ensure cost pressures are identified early and corrective action can be taken as necessary.
<u>Chargeable income</u> The uncertainty that the level of chargeable income budgeted will be received.	Med/ High	Med/ High	General risk mitigation factors (ref para 5.1), in particular, regular monitoring by departments to ensure any shortfalls are identified as early as possible and corrective action can be taken as necessary.
<u>Council Tax Collection</u> Provision for non-collection of Council Tax (3.2%) may not be adequate.	Low	Low	Provision set takes cognisance of amounts collected for previous financial years. Non-payers subject to established income recovery procedures.
<u>Welfare Reform</u> The changes introduced as part of the welfare reform exercise may increase the risk that budgeted income collection levels are not achieved and that current non-collection provision levels are inadequate.	Low/ Med	Low/ Med	General risk mitigation factors (ref para 5.1), in particular, regular monitoring by departments to ensure any shortfalls are identified as early as possible and corrective action can be taken as necessary. Budget also introduced for discretionary housing payments to assist those affected by these changes.

