

REPORT TO: POLICY & RESOURCES COMMITTEE - 10 MARCH 2008

REPORT ON: REVENUE MONITORING 2007/2008

REPORT BY: HEAD OF FINANCE

REPORT NO: 175-2008

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2007/2008 Projected Revenue Outturn as at 31 January 2008 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 January 2008 shows an overspend of £7,000 against the adjusted 2007/2008 Revenue Budget.
- b note that the Housing Revenue Account is projecting an underspend of £135,000 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 £7,000 based on the financial information available at 31 January 2008. 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 £135,000 based on the financial information available for the period to 31 January 2008. 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 January 2008, 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 January 2008, £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 JANUARY 2008

- 5.1 The forecast position as at 31 January 2008 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	296,520	7
Total Income	<u>(296,513)</u>	<u>(296,513)</u>	<u>-</u>
Forecast Overspend	<u>-</u>	<u>7</u>	<u>7</u>

The forecast position as at 31 January 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.

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 ten months of the financial year to 31 January 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 Planning & Transportation (£750,000 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. These variances are partly offset by various underspends projected by the department.

5.4 Education (£678,000 - overspend)

This relates to projected overspends in property costs and third party payments together with a shortfall in the level of income receivable by the department. In Primary and Secondary schools, property costs are anticipated to be overspent due to the level of repairs and maintenance that have been undertaken. In special schools, the department are also projecting an overspend against their share of the residential schools placements budget. A shortfall in income is also projected in the Special Education sector due to a reduction in the number of placements made by other authorities and in Secondary schools due to the level of grant income received. These variances are partly offset by savings in third party payments due to the phasing of expenditure for the PPP schools programme.

5.5 Leisure & Communities (£88,000 - 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 Environmental Health & Trading Standards (£87,000 - 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.

5.7 DCS - Contracting Activities (£100,000 underspend)

The department are projecting that they will exceed their budgeted surplus for this financial year.

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

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

5.9 Social Work (£244,000 - underspend)

The department is projecting an underspend position at this point in time, however, a number of significant cost pressures in both Children and Older People services are being faced. These include an anticipated overspend for family placements, the department's share of the residential schools placements budget and a projected overspend in third party payments for older people in community care. 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.

5.10 Finance Revenues (£550,000 - underspend)

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

5.11 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 JANUARY 2008

- 6.1 The forecast position as at 31 January 2008 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	45,944	656
Total Income	<u>(45,288)</u>	<u>(46,079)</u>	<u>(791)</u>
Forecast Underspend	<u>-</u>	<u>(135)</u>	<u>(135)</u>

- 6.2 The above is mainly due to various 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 and loan charges projected to be incurred by the department. The net underspend of £135,000 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

29 FEBRUARY 2008

	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	7,420	750		750	1
Education	100,573	1,158	101,731	102,409	678		678	2
Leisure & Communities	19,559	252	19,811	19,899	88		88	3
Waste Management	13,901	27	13,928	13,928				
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	2,561		(87)	(87)	4
Social Work	68,715	486	69,201	68,957		(244)	(244)	5
Miscellaneous Services								
Chief Executive	72	396	468	468				
Support Services	214	66	280	310	30		30	6
Finance Revenues	3,449		3,449	2,899		(550)	(550)	7
Dundee CAB	109		109	109				
Contribution to EDU	93		93	93				
	233,503	2,370	235,873	236,538	1,546	(881)	665	
DCS - Contracting Activities	(839)		(839)	(939)		(100)	(100)	8
Capital Financing Costs /								
Interest on Revenue Balances	23,185		23,185	23,085		(100)	(100)	9
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)	10
Discretionary NDR Relief	137		137	145	8		8	11
Supplementary Superannuation Costs	1,532		1,532	1,532				
	259,588	2,657	262,245	262,288	1,554	(1,511)	43	
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)	12
Total Expenditure	293,856	2,657	296,513	296,520	1,554	(1,547)	7	
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	7	1,554	(1,547)	7	
Housing Revenue Account	0	(135)	(135)	(135)	NIL	NIL	NIL	

REASONS FOR 2007/08 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES

Appendix B

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

AT 31 JANUARY 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>Planning & Transportation</u>	1	750	Directorate & Administration	Staff	(43)	Savings anticipated in staff costs due to non-filling of vacant posts.
			Policy & Regeneration	Staff	(60)	Savings anticipated in staff costs due to non-filling of vacant posts.
				Third Party Payments	(26)	Anticipated savings from Façade Enhancement Grants Scheme.
				Supplies & Services	43	Reflects additional costs on UNIFORM upgrade.
			Transportation	Staff	(36)	Savings anticipated in staff costs due to non-filling of vacant posts.
			Sustainable Transport	Third Party Payments	60	Reflects increase in membership and usage of the Taxicard scheme.
			Street Lighting	Supplies & Services	16	Reflects increased electricity charges.
				Third Party Payments	6	Reflects lighting for increased number of signs and bollards.
				Income	4	Shortfall in income due to less than anticipated work being carried out for outside organisations.
			Winter Maintenance	Third Party Payments	206	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	53	Reflects additional security costs incurred from multi storey car parks.
				Income	473	Mainly due to anticipated shortfall in the expected level of car parking income.
<u>Education</u>	2	678	Primary	Property	150	Projected overspend on repairs and maintenance expenditure.
				Third Party Payments	(580)	Reflects anticipated saving in PPP Unitary charge.
			Secondary	Property	300	Projected overspend on repairs and maintenance expenditure.
				Income	351	Reflects shortfall in grant income for National Priorities Action Fund.
			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	88	Library, Information & Cultural Services	Staff	53	Budgeted staff slippage not being met.
				Property	21	Reflects various projected overspend for property costs including cleaning, insurance and non-domestic rates.
				Income	18	Reflects underachievement of income for fines, hires and lets partly offset by additional income received from hall rentals and school services.

REASONS FOR 2007/08 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES

Appendix B

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

AT 31 JANUARY 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> (cont'd)	3		Community Learning	Supplies & Services	(12)	Reflects projected savings on various supplies and services expenditure.
				Income	(55)	Reflects additional income from management fees and various other fees and grant income.
			Parks, Sports & Leisure	Staff	116	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	60	Mainly reflects increased security costs projected and additional costs for Downfield offices.
				Supplies & Services	104	Reflects increased expenditure for events although this will be offset by additional income. In addition, overspends are anticipated for equipment repairs.
				Transport	17	Reflects projected overspends on various transport costs.
				Income	(254)	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)
			Property	70	Anticipated overspend on repairs and maintenance expenditure.	
			<u>Environmental Health & Trading Standards</u>	4	(87)	Regulation
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>Social Work</u>	5				(244)
Various			(689)	Reflects underspends anticipated on initiatives funded from new monies for Upskilling the Workforce.		
Income			(356)	Delays in implementing new projects funded from Supporting People monies in 2007/2008.		

REASONS FOR 2007/08 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES

Appendix B

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

AT 31 JANUARY 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>	5		Children	Third Party Payments	695	Projected overspend on residential and secure placements budget.
				Third Party Payments	622	Increased number of looked after children in family placement and requiring permanent substitute care away from their birth parents. In addition, the projected overspend reflects the increase in fostering and adoption rates being paid to carers to bring rates in line with those paid by the Fostering Network.
				Third Party Payments	180	Reflects higher than anticipated expenditure on Community Enabler Scheme/Community Support Scheme for children with disabilities.
			Older People	Supplies & Services	214	Reflects current demand for respite care services.
				Third Party Payments	96	Reflects increased price of meals purchased from Tayside Contracts.
<u>Misc Services: Children's Panel</u>	6	30	Children's Panel	Third Party Payments	30	Reflects increased expenditure on payments to safeguarders.
<u>Finance Revenues</u>	7	(600)	Revenues	Staff	(457)	Projected underspend due to unfilled vacancies, reduced hours and maternity leave.
				Supplies & Services	90	Projected overspend on legal fees and computer maintenance. This is partly offset by various savings on miscellaneous supplies and services.
				Income	(233)	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>DCS Construction Activities</u>	8	(100)	Construction	Income	(30)	Latest projections for Construction Activities indicate they will exceed their budgeted contribution to the General Fund .
			Land Services	Income	(70)	Latest projections for Land Services indicate they will exceed their budgeted contribution to the General Fund .
<u>Capital Financing Costs / IORB</u>	9	(100)	Interest on Revenue Balances		(100)	Additional income projected from interest on revenue balances.
<u>Contingency: Quality of Life Funding</u>	10	(430)	Various		(430)	Reflects the transfer of expenditure on Quality of Life projects to the Capital programme.
<u>Discretionary NDR Relief</u>	11	8	Discretionary NDR Relief	Reliefs Granted	8	Increased costs arising from new discretionary reliefs being awarded.
<u>Tayside Valuation Joint Board</u>	12	(36)	Requisition	Staff	(36)	Mainly reflects DCC's share of anticipated savings in staff costs.

General Fund Departments	Allocation	2006/07	Quality of		Allocation	Budget	
	From	Underspends	Life		from	Transfers	
	Contingencies	Brought Forward	Brought Forward	Funding Transfers	Repair & Renewal Fund	Between Departments	Departmental Totals
	£000	£000	£000	£000	£000	£000	£000
<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						(135)	
							(135)
Total Adjustments (HRA)	0	0	0	0	0	(135)	(135)