

REPORT TO: POLICY & RESOURCES COMMITTEE - 23 MARCH 2009

REPORT ON: REVENUE MONITORING 2008/2009

REPORT BY: HEAD OF FINANCE

REPORT NO: 186-2009

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2008/2009 Projected Revenue Outturn as at 31 January 2009 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 January 2009 shows an overspend of £545,000 against the adjusted 2008/2009 Revenue Budget.
 - b note that the Housing Revenue Account is projecting an overspend of £105,000 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 £545,000 based on the financial information available at 31 January 2009. 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 overspend of £105,000 based on the financial information available for the period to 31 January 2009. This overspend will result in a corresponding transfer from the Renewal and Repair Fund resulting in a projected balance of £625,000 at 31 March 2009. This balance has been fully utilised in setting the 2009/2010 HRA Revenue Budget and rent levels.

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 January 2009, 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 JANUARY 2009

5.1 The forecast position as at 31 January 2009 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	335,112	335,475	363
Total Income	<u>(335,112)</u>	<u>(334,930)</u>	<u>182</u>
Forecast Overspend	<u>-</u>	<u>545</u>	<u>545</u>

The forecast position as at 31 January 2009 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 ten months of the financial year to 31 January 2009. 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 (£1,943,000 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 (£888,000 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 partly offset by increased recharges to outside organisations. In addition, expenditure for Winter Maintenance of roads is projected to be significantly greater than budgeted provision. These variances are partly offset by various underspends and additional income projected by the department.

5.5 Environmental Health & Trading Standards (£230,000 underspend)

The department are projecting savings in staff costs due mainly to the staff restructuring and unfilled vacancies together with additional non-recurring grant income.

5.6 Finance Revenues (£600,000 underspend)

This mainly 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 (£1,600,000 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 JANUARY 2009

6.1 The forecast position as at 31 January 2009 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	45,641	23
Total Income	<u>(45,618)</u>	<u>(45,536)</u>	<u>82</u>
Forecast Overspend	_____ -	_____ 105	<u>105</u>

6.2 The department are projecting that additional repairs, maintenance and relets expenditure will be incurred during the year. These variances are partly offset by slippage in the planned maintenance programme together with various underspends in staff costs, other property costs and loan charges. In terms of income, lower than budgeted interest on revenue balances is projected due to a reduction in balances held, this is partly offset by additional rents received. The net overspend of £105,000 will result in a corresponding transfer from the Renewal and Repair Fund resulting in a projected balance of £625,000 at 31 March 2009. This balance has been fully utilised in setting the 2009/2010 HRA Revenue Budget and rent levels.

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**

13 MARCH 2009

REASONS FOR 2008/09 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES
(Excludes Capital Charges, Central Support Services & Office Recharges)
AT 31 JANUARY 2009

Appendix B

<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	1,943	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.	
					1,592	Reflects significant pressures around Adult Care and the financial impact of new commissioned services for the resettlement of adults in the community.	
					(84)	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.	
				Income	(600)	Supporting People funding contribution.	
					(234)	Additional Supporting People grant anticipated for support costs.	
				Children	Property Costs	(20)	Reflects projected underspends in various property expenditure heads including rent, energy and security.
					Third Party Payments	538	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.
						1,288	Increased number of looked after children and also increase in the numbers of children requiring permanent substitute care away from their birth parents.
					249	Higher spend anticipated on Community Enabler Scheme and Individual Care Packages for children with disabilities.	
					96	Anticipated additional costs for throughcare and aftercare to support young people leaving care.	
			Older People	Transfer Payments	39	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.	
				Property Costs	(36)	Reflects projected underspends in various property expenditure heads including rent, energy and security.	
				Supplies & Services	81	Increased costs of purchase of meals from Tayside Contracts.	
				Transport Costs	(20)	Expenditure on Transport Hire and Travel Mileage are estimated to be lower than budget.	
				Third Party Payments	145	Greater demand for respite care.	
					(15)	Payments made to other bodies are lower than anticipated.	
				13	Increased demand for domiciliary care.		

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<u>Social Work</u> (cont'd)	1		Older People	Income	(348)	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.			
			Adults	Property Costs	64	Expenditure for Community Care Admin Offices at Claverhouse and Balmerino Road exceeds current budgetary provision.			
				Supplies & Services	(15)	Catering expenditure is estimated to be lower than budgeted.			
				Third Party Payments	(8)	Higher contribution from Health Board towards the costs of Young Adults Respite service.			
				Income	(167)	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	(40)	Reflects reduction in small grants payable to voluntary organisations.		
					Income	(14)	Reflects non-recurring income contributing towards practice learning.		
			<u>Planning & Transportation</u>	2	888	Directorate & Admin	Property	(25)	Reflects refund received for non-domestic rates.
							Income	10	Reflects shortfall in miscellaneous income
						Policy & Regeneration	Staff Costs	(61)	Savings anticipated due to delays in filling of vacant posts.
	Income	(48)				Additional Façade Enhancement Grants Scheme income.			
Building Quality	Staff Costs	(45)				Savings anticipated due to delays in filling of vacant posts.			
	Income	520				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	(25)				Savings anticipated due to non-filling of vacant posts.			
Sustainable Transport	Property Costs	19				Mainly reflects projected overspend in energy costs.			
	Income	(160)				Additional grant contributions.			
Traffic	Income	(97)				Professional fees are anticipated to be greater than budgeted.			
Road Maintenance	Third Party Payments	(220)	Reflects a reduction in the level of structural and cyclical works being carried out.						
	Income	(29)	Reflects increased income from rechargeable works.						
Winter Maintenance	Third Party Payments	788	Reflects projected overspend in winter maintenance partly offset by recharge to On Street Parking.						

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<u>Planning & Transportation</u> (cont'd)	2		Street Lighting	Supplies & Services	286	Reflects increased electricity charges.
				Third Party Payments	100	Mainly reflects additional work being undertaken for outside organisations.
				Income	(130)	Reflects increased recharges to outside organisations.
			Off Street Car Parking	Staff Costs	(72)	Savings anticipated due to non-filling of vacant posts.
				Property Costs	82	Non-Domestic Rates are projected to be overspent.
				Supplies & Services	34	Reflects additional security costs incurred for multi storey car parks.
				Third Party Payments	(20)	Reflects saving projected due to a reduction in signage and lines.
Income	(30)	Reflects additional income from season tickets and fines.				
<u>Education</u>	3	Nil	Departmental	Staff Costs	100	Reflects impact of additional projected pay award.
				Nursery	Property Costs	46
			Primary	Property Costs	200	Reflects projected overspend on health and safety contracts.
					133	Expenditure on property repairs and maintenance exceeds current budgetary provision.
					70	Reflects projected overspend on cleaning supplies.
				Third Party Payments	(144)	Reflects savings on transition monies
					(490)	Due to slippage in Unitary charge for new PPP schools.
				Secondary	Property Costs	250
				133	Expenditure on property repairs and maintenance exceeds current budgetary provision.	
				60	Reflects projected overspend on cleaning supplies.	
				Third Party Payments	(150)	Reflects savings on transition monies.
				(400)	Due to slippage in Unitary charge for new PPP schools.	
	Education Other Than At School	Third Party Payments	192	Projected overspend on residential and secure placements budget.		
<u>Leisure & Communities</u>	4	Nil	Library, Information & Cultural Services	Staff Costs	(29)	Mainly due to staff vacancies at McManus during closure, partly offset by overspends in various other staff costs.
				Property Costs	89	Mainly projected overspend in repairs and maintenance expenditure together with other projected overspends including rates, cleaning supplies, insurance and energy costs.
				Income	30	Reflects underachievement of chargeable income due to temporary closure of McManus Galleries offset by additional library income.
<u>Leisure & Communities</u> (cont'd)	4		Community Learning & Development	Property Costs	12	Mainly reflects projected overspend in energy costs.
				Supplies & Services	(32)	Reflects projected underspends in various overheads.
				Transport Costs	(18)	Reflects underspends in contract car hire and various other transport costs.
				Third Party Payments	(107)	Reflects projected underspends on Local Action Fund and Community Safety Award Initiative.
				Income	(152)	Mainly reflects additional income for Community Safety Wardens not included in budget and increased miscellaneous income.

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			Parks, Sport and Leisure	Property Costs	191	Mainly projected overspend in repairs and maintenance expenditure together and payments for upkeep of grounds.
				Supplies & Services	73	Reflects projected overspends for flower shows and maintenance of parks equipment.
				Transport Costs	72	Reflects anticipated overspend on fuel and transport hire costs.
				Income	(144)	Mainly reflects increased income from events and courses.
			Business Development & Support Services	Staff Costs	25	Mainly due to staff slippage not being achieved.
<u>Finance General</u>	5	(38)	General	Staff Costs	(93)	Mainly savings anticipated due to non-filling of vacant posts.
				Supplies & Services	45	Reflects projected overspend on consultancy costs relating to Resourcelink and commission payable relating to income collection.
				Transport Costs	9	Reflects projected overspends in car allowances and other transport costs.
				Third Party Payments	(14)	Reflects saving in external audit fee, partly offset by payments to procurement buying consortium that were not included in budget.
				Income	15	Mainly reflects projected shortfall in recharges to outside bodies.
<u>Env Health & Trading Standards</u>	6	(230)	Regulation	Staff	(199)	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.
				Income	(95)	Mainly reflects additional non-recurring grant income not budgeted for.
			Pest & Animal Control	Transport Costs	13	Reflects increased expenditure on leasing for new vehicles.
				Third Party Payments	13	Reflects increased kennelling fees.
				Income	32	Mainly shortfall in pest control charges partly offset by other miscellaneous income.

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<u>Finance Revenues</u>	7	(600)	Revenues	Staff	(400)	Projected underspend due to unfilled vacancies, long-term sick and maternity leave partly offset by projected additional pay award.
				Income	(200)	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>DCS - Contracting Activities & Land Services</u>	8	Nil	Contracting Activities	Various	(40)	Contracting Activities are projecting they will achieve a greater than budgeted surplus due to various efficiency savings being achieved.
				Land Services	Income	40
<u>Capital Financing Costs/IORB</u>	9	(1,600)	Capital Financing Costs/IORB		(1,600)	Additional income projected from interest on revenue balances and lower than budgeted expenditure on capital financing costs.
<u>General Revenue Funding</u>	10	182	General Revenue Funding		182	Reflects anticipated shortfall in GRF following Police Loan Charges Support redetermination.

Appendix C

	<u>2007/08</u>	<u>2007/08</u>	<u>2007/08</u>					
	<u>Alloc</u>	<u>Under</u>	<u>Quality of</u>	<u>Funding</u>	<u>Alloc from</u>	<u>Transfers</u>	<u>Other</u>	<u>Dept</u>
<u>General Fund Departments</u>	<u>From</u>	<u>spends</u>	<u>Life</u>	<u>T/Fs</u>	<u>R&R Fund</u>	<u>Between</u>	<u>Transfers</u>	<u>Totals</u>
	<u>Conts</u>	<u>b/fwd</u>	<u>Brought</u>	<u>£000</u>	<u>£000</u>	<u>Depts</u>	<u>£000</u>	<u>£000</u>
	<u>£000</u>	<u>£000</u>	<u>Forward</u>			<u>£000</u>		<u>£000</u>
<u>MS - Finance Revenues</u>								
1. Industrial Action Savings							(25)	(25)
<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)		
6. Transfer to Social Work	(12)							(155)
<u>Supplementary Superannuation Costs</u>								
1. Transfer from Chief Executive for Staff Restructuring							12	12
Total Adjustments (General Fund)	0	782	121	219	218	0	315	1,655
<u>Housing Revenue Account</u>								
1. T/f projected overspend from R&R Fund						105		105
Total Adjustments (HRA)	0	0	0	0	0	105	0	105