

REPORT TO: FINANCE COMMITTEE - 11 MARCH 2002

REPORT ON: REVENUE MONITORING 2001/02

REPORT BY: DIRECTOR OF FINANCE

REPORT NO: 188-2002

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2001/02 Projected Revenue Outturn as at 31 January 2002 monitored against the adjusted 2001/02 Revenue Budget.

2 RECOMMENDATION

- 2.1 It is recommended that the Committee:

- a notes that the overall General Fund 2001/02 Projected Revenue Outturn as at 31 January 2002 shows an overspend of £953,000 against the adjusted 2001/02 Revenue Budget.
- b notes that the Housing Revenue Account Projected Outturn is in line with the approved 2001/2002 Final Revenue Budget.
- c instructs the Director of Finance to take every reasonable action to eliminate the projected overspend referred to in (a) above.
- d instructs the Director of Finance, in conjunction with all Chief Officers of the Council to continue to monitor the Council's 2001/02 Projected Revenue Outturn.

3 FINANCIAL IMPLICATIONS (see Appendix A)

- 3.1 The overall projected 2001/02 General Fund Revenue outturn position for the City Council shows an overspend of £953,000 based on the financial information available at 31 January 2002. The projected overspend of £953,000 will be met from a combination of carried forward General Fund balances and an increase in projected capital resources. A system of perpetual detailed monitoring will take place up to 31 March 2002 with the objective of the Council achieving a final outturn which is in line with the approved 2001/02 Revenue Budget.
- 3.2 The Housing Revenue Account outturn position for 2001/2002 is currently projecting a spend consistent with the overall budget based on the financial information available for the period to 31 January 2002. The Director of Housing, in conjunction with the Director of Finance, will continue to monitor total expenditure to achieve a final outturn position, which is in line with the approved 2001/02 Revenue Budget.

4 LOCAL AGENDA 21 IMPLICATIONS

None.

5 EQUAL OPPORTUNITIES IMPLICATIONS

None.

6 BACKGROUND

- 6.1 The Council Plan has as one of its values "efficiently utilise our resources to provide the standards of public service expected by the citizens and at an acceptable cost". It is essential that this value is actioned in the monitoring of the Council's Revenue Budget and the presentation of a regular monitoring report to the Finance Committee is seen as a representation of the achievement of that value.
- 6.2 Following approval of the Council's 2001/02 Revenue Budget by the Special Finance Committee on 15 February and subsequent adjustments at the Special Policy & Resources Committee and Finance Committees on 19 March 2001, it was acknowledged that the current year's Revenue Budget had been set at a very constrained level which would require considerable efforts to ensure it was effectively managed during the current financial year. This report is now submitted in order to monitor the 2001/02 Projected Revenue Outturn position as at 31 January 2002, against the adjusted 2001/02 Revenue Budget.
- 6.3 The Final 2001/02 Revenue Budget included a contingency provision of £450,000 to cover any unforeseen items of expenditure, which may occur during the course of the financial year. A total of £345,000 has now been allocated from or earmarked within this contingency.
- 6.4 As indicated in the 2001/2002 Final Revenue Budget a Contingency of £1,432,000 (New Monies) was set aside for new Scottish Executive initiatives. This has now been fully allocated, with £1,317,000 transferred to Social Work and the remaining £115,000 transferred to Education.

7 REASONS FOR VARIANCES

The main areas of Departmental variances and associated explanations are as follows:

Overspends

- 7.1 Education (£320,000)
The projected overspend of £320,000 is principally due to the shortfall in the additional grant following the McCrone Teachers' settlement announced after the setting of the 2001/2002 Final Revenue Budget of £170,000 and the impact of the Education Department's share of the increase in placements and level of charges for Secure and Residential Care Schools of £174,000 (25% of £696,000).
- 7.2 Planning & Transportation (£215,000)
The projected overspend is mainly due to shortfalls in the income generated from off-street car parking (£193,000), planning applications and building warrants, skips and scaffolding permits etc (£88,000) and increase in winter maintenance costs of £180,000. This overspend is partly offset by savings of £238,000 from a reduction in structural and cyclical maintenance expenditure (£100,000) and the funding of a further £138,000 of expenditure from the on-street parking surplus.
- 7.3 Social Work (£105,000)
The projected overspend is mainly due to the increase in placements and levels of charges for Secure and Residential Care schools, which will result in additional costs of £696,000 above the budgeted level of £1.9m. Under the agreed funding arrangements £174,000 will be funded by the Education Department with the remaining £522,000 being funded by the Social Work Department.
- The projected overspend is offset by an underspend of £417,000 which is principally due to staff cost savings from delaying and non-filling of posts resulting in a projected net overspend of £105,000 in the Social Work Department Revenue Budget.
- 7.4 Miscellaneous Income (£117,000)

The anticipated shortfall in income is due to a reduction in work undertaken by Central Support departments for non-General Fund services eg Housing Revenue Account, DLO, DSOs etc.

7.5 Insurance Arrangements (£360,000)

The increased insurance renewal premiums will result in an increased spend against the 2001/2002 Final Revenue Budget of £918,000. This is based on a pro rata cost for the current financial year as reported to Recess Sub Committee on 16 August 2001.

A total of £558,000 is expected to be attributed to non General Fund Services (ie DLO, DSOs and Housing Revenue) leaving a balance of £360,000 to be allocated across the General Fund departments.

7.6 Finance Revenues (£114,000)

The projected overspend is mainly due to higher than budgeted Third Party Payments of £147,000 relating to the employment of Agency Staff to clear a backlog of work. Additional Staff Costs for overtime have also been incurred for the same reason. These overspends are partly offset by additional grant income.

7.7 Tayside Fire Joint Board (£480,000)

The revenue monitoring for the Tayside Fire Joint Board to the end of October 2001 projected an overspend of £923,000, the principal reason being a higher than budgeted level of ill health retirals. The City Council will have to pay an additional requisition of some £480,000 being its proportionate share of the projected overspend (52%).

Underspends

7.8 Support Services - Admin/Legal (£68,000)

The projected underspend is due to an underspend in Staff Costs arising from vacant posts and staff slippage, together with additional income arising from recharges to the Schools PPP project.

7.9 Finance General (£94,000)

The projected underspend is due to an underspend in Staff Costs arising from delaying and non-filling of vacant posts, together with additional income from PPP and external bodies.

7.10 DSO/DLO Surpluses (£330,000)

The projected additional surplus of £330,000 has principally been generated by Dundee Contract Services due to an increase in turnover and the effects of management and workforce working together to minimise overheads and improve efficiency.

7.11 Capital Financing Costs/Interest on Revenue Balances (£160,000)

The projected underspend is due to a reduction in the Council's average cost of borrowing.

8 CONSULTATIONS

- 8.1 All Chief Officers have been consulted in the calculation of projected outturns included in this report, insofar as they apply to their own individual department.

**DAVID K DORWARD
DIRECTOR OF FINANCE**

BACKGROUND PAPERS

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

MA/AK
1-Mar-02
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DUNDEE CITY COUNCIL
2001/02 REVENUE OUTTURN MONITORING
PERIOD 1 APRIL 2001 - 31 JANUARY 2002

APPENDIX A

Statement analysing 2001/02 Projected Revenue Outturn to Budget (Capital Charges, Central Support & Central Buildings Recharges have been excluded from Departments as these costs are outwith their control).

	(col 1)	(col 2)	(col 3)	(col 4)	(col 5)
Department	Final Revenue Budget 2001/02 £000	Transfers from/ (to) Contingency, General & R & R Fund £000	Adjusted Revenue Budget 2001/02 £000 (col 1+2)	Projected Revenue Expenditure 2001/02 £000	Projected Budget Variance 2001/02 £000 (col 4-3) + overspend (underspend)
Education	71,377	2,061	73,438	73,758	320
Planning & Transportation	7,270	59	7,329	7,544	215
Social Work	42,692	1,374	44,066	44,171	105
Environmental & Consumer Protection	12,558	61	12,619	12,619	
Leisure & Parks	8,794		8,794	8,794	
Neighbourhood Resources	7,379		7,379	7,379	
Housing / Council Tax Benefit	2,935		2,935	2,935	
Economic Development	3,001	15	3,016	3,016	
Arts & Heritage	2,454		2,454	2,454	
Other Housing	1,244		1,244	1,244	
Miscellaneous Income	(2,426)		(2,426)	(2,309)	117
Insurance (General Fund Services)	0		0	360	360
<u>Central Support Services</u>					
Chief Executive	266		266	266	
Personnel & Management Services	1,229		1,229	1,229	
Support Services - Admin/Legal	1,549		1,549	1,481	(68)
- Architects	(349)		(349)	(349)	
Information Technology	4,266		4,266	4,266	
Finance General	1,290		1,290	1,196	(94)
<u>Miscellaneous Services</u>					
Chief Executive	801		801	801	
Support Services	1,042		1,042	1,041	(1)
Finance Revenues	4,506	4	4,510	4,624	114
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	171,878	3,574	175,452	176,520	1,068
DSO / DLO Surpluses	(1,082)		(1,082)	(1,412)	(330)
Capital Financing Costs /					
Interest on Revenue Balances	18,952		18,952	18,792	(160)
Contingencies	450	(95)	355	250	(105)
New Monies	1,432	(1,432)	0	0	
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	191,630	2,047	193,677	194,150	473
Joint Board					
Tayside Fire Joint Board	10,134		10,134	10,614	480
Tayside Joint Police Board	14,494		14,494	14,494	
Tayside Valuation Joint Board	842		842	842	
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	217,100	2,047	219,147	220,100	
	=====	=====	=====	=====	
		[note 1]			
TOTAL PROJECTED 2001/02 GENERAL FUND OVERSPEND AS AT 31/3/2002					953
					=====
Housing Revenue Account	-	-	-	-	NIL

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Note 1. £2,047k represents transfers from General Fund (£33k) & Renewal & Repair Fund (£122k) and the McCrone settlement of £1,892k.