

**REPORT TO: FINANCE COMMITTEE - 8 JANUARY 2007**

**REPORT ON: REVENUE MONITORING 2006/2007**

**REPORT BY: HEAD OF FINANCE**

**REPORT NO: 27-2007**

## **1 PURPOSE OF REPORT**

- 1.1 To provide Elected Members with an analysis of the 2006/2007 Projected Revenue Outturn as at 30 November 2006 monitored against the adjusted 2006/2007 Revenue Budget.

## **2 RECOMMENDATION**

- 2.1 It is recommended that the Elected Members:

- a note that the overall General Fund 2006/2007 Projected Revenue Outturn as at 30 November 2006 shows an overspend of £93,000 against the adjusted 2006/2007 Revenue Budget.
- b note that the Housing Revenue Account is projecting an underspend of £36,000 against the HRA 2006/2007 Revenue Budget.
- c agree that the Head of Finance will take every reasonable action to ensure that the 2006/2007 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 2006/2007 Projected Revenue Outturn.

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

- 3.1 The overall projected 2006/2007 General Fund Revenue outturn position for the City Council shows an overspend of £93,000 based on the financial information available at 30 November 2006. A system of perpetual detailed monitoring will continue to take place up to 31 March 2007 with the objective of the Council achieving a final outturn which is below or in line with the adjusted 2006/2007 Revenue Budget.
- 3.2 It should be noted that the general contingency provision for unforeseen or emergency expenditure within the 2006/2007 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 2006/2007 Revenue Budget.
- 3.3 The Housing Revenue Account outturn position for 2006/2007 is currently projecting an underspend of £36,000 based on the financial information available for the period to 30 November 2006. 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 2006/2007 Housing Revenue Account Budget.

## **4 SUSTAINABILITY POLICY IMPLICATIONS**

None.

## 5 EQUAL OPPORTUNITIES IMPLICATIONS

None.

## 6 BACKGROUND

- 6.1 Following approval of the Council's 2006/2007 Revenue Budget by the Special Finance Committee on 13 February 2006 this report is now submitted in order to monitor the 2006/2007 Projected Revenue Outturn position as at 30 November 2006, against the adjusted 2006/2007 Revenue Budget.
- 6.2 The Final 2006/2007 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 30 November 2006, £110,000 of this provision has been allocated and it is anticipated that the remainder of this money will be fully committed by the end of the financial year.
- 6.3 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.

## 7 GENERAL FUND SERVICES - MONITORING POSITION AS AT 30 NOVEMBER 2006

- 7.1 The forecast position as at 30 November 2006 for General Fund services is summarised below:

	<u>Adjusted Budget 2006/07 £000</u>	<u>Forecast 2006/07 £000</u>	<u>Variance £000</u>
Total Expenditure	286,075	286,184	109
Total Income	<u>(286,075)</u>	<u>(286,091)</u>	<u>(16)</u>
Forecast Overspend	_____ -	_____ 93	<u>93</u>

The forecast position as at 30 November 2006 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.

- 7.2 It should be emphasised that this report identifies projections based on the first eight months of the financial year to 30 November 2006. 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**

7.3 Social Work (£445,000 - overspend)

The projected overspend is largely due to acknowledged cost pressures in the Children & Families sector. This includes an anticipated overspend for family placements and the department's share of residential schools budget. In addition, the department are also projecting an overspend in third party payments for Older People in community care. These overspends are partly offset by additional income and various other projected savings.

7.4 Other Housing (£257,000 - overspend)

The projected overspend relates to additional bed and breakfast accommodation costs of £381,000 for homeless clients, in excess of the amounts that can be recovered as Housing Benefit/Council Tax Benefit subsidy. This is partly offset by additional income and various other projected savings.

7.5 Leisure & Communities (£223,000 - overspend)

The projected overspend relates mainly to staff costs and property costs. On staff costs, the number of vacant posts is less than anticipated meaning that the slippage allowances built into the budget are not being met. On property costs, a number of budget heads (eg rates, energy, maintenance, cleaning etc) are expected to be overspent. These overspends are partly offset by various other projected savings.

7.6 Economic Development (£153,000 - overspend)

The overspend relates to a number of areas within the department. There is an anticipated shortfall in the level of external rental income that will be received this financial year. In addition to this, the department is projecting a shortfall in the level of advertising income and other income that will be achieved. There is a projected overspend at Dundee Airport due mainly to additional property costs. Additional property costs relating to repairs, maintenance and security have also resulted in a projected overspend within Property Management. The overspends are partly offset by savings in staff budgets and additional income within the department to give a projected net departmental overspend of £153,000.

7.7 Education (£63,000 - overspend)

A shortfall in income of £250,000 is projected in the Special Education sector. This is due to a drop in the number of placements made by other authorities. An overspend is also anticipated in respect of the department's share of residential school placements budget. The projected overspends are partly offset by various grants carried forward from 2005/06.

7.8 Planning & Transportation (£14,000 - overspend)

In street lighting, additional electricity costs of £116,000 are anticipated following the contract renewal. In off-street car parking a shortfall in income of £212,000 is anticipated, together with additional security costs of £58,000. These projected overspends will be largely offset by additional income, mainly from an increased number of building warrant applications and savings from vacant posts.

7.9 Finance Revenues (£237,000 - underspend)

The above is mainly due to projected additional income from the Department for Works and Pensions, together with projected savings in staff costs due to staffing restructure.

7.10 DCS - Contracting Activities (£120,000 - underspend)

The department are projecting that CFCR expenditure on vehicles, plant and equipment will be lower than budgeted.

7.11 Capital Financing Costs/IORB (£200,000 - underspend)

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

**8 HOUSING REVENUE ACCOUNT - MONITORING POSITION AS AT 30 NOVEMBER 2006**

8.1 The forecast position as at 30 November 2006 for the Housing Revenue Account is summarised below:

	<u>Approved Budget 2006/07 £000</u>	<u>Forecast 2006/07 £000</u>	<u>Variance £000</u>
Total Expenditure	44,561	44,365	(196)
Total Income	<u>(44,561)</u>	<u>(44,401)</u>	<u>160</u>
Forecast Underspend	_____ -	_____(36)	<u>(36)</u>

8.2 The above underspend is mainly due to projected savings in staff costs, property costs and housing administration costs. These underspends are largely offset by various other miscellaneous overspends anticipated by the department. The net underspend of £36,000 will result in a transfer to the Renewal & Repair Fund and so bring the HRA outturn in line with the approved Revenue Budget.

**9 CONCLUSION**

As in previous years, the Head of Finance will work with all Chief Officers of the Council to monitor the Council's 2006/2007 Revenue Budget and, through prudent budget management, take every reasonable action to achieve an outturn position below or in line with the approved 2006/2007 Revenue Budget.

**10 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.

**11 BACKGROUND PAPERS**

None.

**MARJORY M STEWART  
HEAD OF FINANCE**

**15 DECEMBER 2006**

## DUNDEE CITY COUNCIL

## 2006/2007 REVENUE OUTTURN MONITORING

## PERIOD 1 APRIL 2006 - 30 NOVEMBER 2006

Statement analysing 2006/2007 Projected Revenue Outturn to Budget (Capital Charges, Central Support & Central Buildings Recharges have been excluded from Departments as these costs are outwith their control).

	Approved Budget £000	Budget Adjustments £000	Adjusted Budget £000	Forecast £000	Worse Than Budget £000	Better Than Budget £000	Net Variance £000	Notes
<b>General Fund Departments</b>								
Social Work	64,402	857	65,259	65,704	445		445	1
Other Housing	1,237		1,237	1,494	257		257	2
Leisure & Communities	18,909	455	19,364	19,587	223		223	3
Economic Development	4,037	186	4,223	4,376	153		153	4
Education	97,475	607	98,082	98,145	63		63	5
Planning & Transportation	9,999	(2,941)	7,058	7,072	14		14	6
Waste Management	13,810	3	13,813	13,813				
Environmental Health & Trading Stds	2,481	81	2,562	2,562				
DCS - Land Services Client	2,201		2,201	2,201				
Supporting People	0		0	0				
Miscellaneous Income	(2,480)		(2,480)	(2,480)				
<b>Central Support Services</b>								
Chief Executive	1,017	49	1,066	1,066				
Personnel	1,433	(7)	1,426	1,426				
Information Technology	5,266		5,266	5,266				
Support Services - Admin/Legal	3,054	(3)	3,051	3,051				
- Architects	(433)	(5)	(438)	(438)				
Finance General	2,878		2,878	2,878				
<b>Miscellaneous Services</b>								
Chief Executive	65	20	85	85				
Support Services	180	32	212	212				
Finance Revenues	3,204	70	3,274	3,037		(237)	(237)	7
Payments to Other Bodies	113		113	113				
	228,848	(596)	228,252	229,170	1,155	(237)	918	
DCS - Contracting Activities	(475)		(475)	(595)		(120)	(120)	8
Capital Financing Costs /								
Interest on Revenue Balances	22,011	260	22,271	22,071		(200)	(200)	9
Contingencies - General	200	(110)	90	90				
- Single Status	1,000		1,000	500		(500)	(500)	
Discretionary NDR Relief	118		118	137	19		19	10
Supplementary Superannuation Costs	1,549	88	1,637	1,637				
	253,251	(358)	252,893	253,010	1,174	(1,057)	117	
<b>Joint Boards</b>								
Tayside Joint Police Board	18,269		18,269	18,269				
Tayside Fire & Rescue Board	13,929		13,929	13,929				
Tayside Valuation Joint Board	984		984	976		(8)	(8)	11
	286,433	(358)	286,075	286,184	1,174	(1,065)	109	
<b>Total Expenditure</b>								
<b>Sources of Income</b>								
Revenue Support Grant	(178,918)	2,661	(176,257)	(175,630)	627		627	12
Contribution from NNDR Pool	(51,982)		(51,982)	(52,625)		(643)	(643)	13
Council Tax	(55,533)		(55,533)	(55,533)				
Use of Balances -								
Committed Balances c/f	0	(2,203)	(2,203)	(2,203)				
Renewal & Repair Fund	0	(100)	(100)	(100)				
	0	0	0	93	1,801	(1,708)	93	
<b>(Surplus)/Deficit for the year</b>								
<b>Housing Revenue Account</b>								
	0	(36)	(36)	(36)	NIL	NIL	NIL	

**REASONS FOR 2006/07 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES**  
**(Excludes Capital Charges, Central Support Services & Office Recharges)**  
**AT 30 NOVEMBER 2006**

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	445	Various	Staff Costs	(110)	Delays in filling vacant posts to achieve staff slippage targets.
					(270)	Part year effect of implementation of initiatives funded from new monies for Upskilling Workforce.
			Children	Third Party Payments	358	Mainly due to residential and secure care fee increases being greater than budgeted provision.
					286	Increased number of looked after children in family placement.
			Older People	Property Costs	41	Mainly due to withdrawal of non-domestic rates relief for Douglas House.
				Third Party Payments	287	Continued pressure to meet delayed discharge from hospital targets, impact of withdrawal of residential allowance on 2006/07 budget and greater demand for respite care and supported accommodation.
				(100)	Part-year effect of introducing extended block contracts for older people respite.	
	Income	75	Charging income less than anticipated.			
<u>Other Housing</u>	2	257	Miscellaneous	Income	(80)	Internal Recharges: Amount to be allocated to Houses of Multiple Occupation (HMO) licences.
			Homeless Payments	Subsidy	381	Bed & breakfast accommodation costs for homeless clients above amounts recoverable as Housing Benefit / Council Tax Benefit subsidy.
			<u>Leisure &amp; Communities</u>	3	223	Parks
	Income	(52)	Backdated recharges for events at Caird Park & Riverside and higher than anticipated income from Wildlife Centre, golf memberships & cemeteries.			
Library & Information	Staff Costs	65	Budgeted slippage not being met.			
	Property Costs	63	Mainly increase in rates for Central Library, cleaning costs and energy costs.			
Community Based Functions	Supplies & Services	(29)	Underspends on various supplies & services.			
Community Regeneration	Staff Costs	27	Budgeted slippage not being met.			
Corporate & Management	Staff Costs	34	Mainly additional costs for sessional staff at translation service due to higher demand together with budgeted slippage not being met.			

**REASONS FOR 2006/07 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES**  
**(Excludes Capital Charges, Central Support Services & Office Recharges)**  
**AT 30 NOVEMBER 2006**

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>Economic Development</u>	4	153	Dundee Airport	Property Costs & Supplies and Services	130	Overspend on non-domestic rates due to revaluation, partly offset by refund expected from appeal. Repairs and maintenance and energy costs are also expected to exceed the available budgets, as are fuel purchases.
				Income	(63)	Additional fuel sales partly offset by the lower than expected income.
			Mainstream	Staff Costs	(170)	Projected savings from vacant posts in the Business Development section.
				Third Party Payments	42	Additional expenditure in respect of the rental underwriting guarantee for Incubator 2. This is offset by reduced expenditure on Business Development and 'Off the Job' training.
				Income	45	The Tay Training income budget is not expected to be entirely achieved as the number of trainees has declined.
			Property Management	Property Costs	116	An overspend is expected in the repairs and maintenance areas. Also security costs are expected to be higher than budgeted due to the impact of the minimum wage alteration and surplus property requirements. Partly offset by savings on rent and service charges due to the reduction in the number of leased properties.
				Income	95	The department anticipates a shortfall in advertising income. In addition, property rental income will be less than budget given the current commercial / industrial rental market situation.
<u>Education</u>	5	63	Primary	Income	(346)	Various grants carried forward from 2005/06 resulting in additional income this year.
			Secondary	Third Party Payments	40	Higher than budgeted Scottish Qualifications Authority fees. Budgets based on previous 3 years pupil to exam ratio trends. Ratios will vary year on year with resulting over or underspends.
			Special	Income	250	Reduction in Special Education Needs recoveries due to a drop in the number of placements made by other authorities.
			Education Other Than At School	Third Party Payments	119	Projected overspend on residential schools placements.
<u>Planning &amp; Transportation</u>	6	14	Building Quality	Income	(300)	Higher than anticipated number of applications for building warrants.
			Policy & Regeneration	Staff Costs	(59)	Savings expected in staff costs due to the non-filling of vacant posts.
			Sustainable Transport	Property Costs	49	Additional revenue costs due to installation of the Smart-Bus shelters
				Income	79	Shortfall in bus shelter advertising income.
			Street Lighting	Supplies & Services	116	Reflects electricity contract renewal terms. Effective from 1 July 2006.
	Income	(61)	Increased income due to higher than anticipated level of rechargeable works.			

**REASONS FOR 2006/07 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES**  
**(Excludes Capital Charges, Central Support Services & Office Recharges)**  
**AT 30 NOVEMBER 2006**

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>Planning &amp; Transportation contd</u>			Traffic & Transportation	Staff Costs	(42)	Savings expected in staff costs due to the non-filing of vacant posts.
			Off Street Car Parking	Supplies & Services	58	This is mainly due to increased security services.
				Income	212	Mainly due to a potential shortfall in the expected level of parking income..
<u>Finance Revenues</u>	7	(237)	Revenues	Staff	(45)	Projected savings due to staffing restructure.
				Income	(36)	Additional income from Department for Works & Pensions Performance Standard Fund.
					(48)	Increased recovery of legal fees, sequestration interest & diligence.
					(120)	Increase in Housing Benefit / Council Tax Benefit subsidy.
<u>DCS - Contracting Activities</u>	8	(120)		CFCR	(120)	Savings on capital financed by current revenue (CFCR) expenditure for vehicles, plant and equipment.
<u>Capital Financing Costs / Interest on Revenue Balances</u>	9	(200)	Interest on Revenue Balances		(200)	Additional income projected from interest on revenue balances.
<u>Discretionary NDR Relief</u>	10	19	Discretionary NDR Relief	Reliefs Granted	19	Increased costs arising from new discretionary reliefs being awarded.
<u>Joint Boards - Tayside Valuation JB</u>	11	(8)		Requisitions	(8)	Saving in staff costs due mainly to vacant posts and reduced overtime.
<u>Revenue Support Grant</u>	12	627		Income	627	Re-profiling of Revenue Support Grant / contribution from National Non-Domestic Rates Pool.
<u>Contribution from NNDR Pool</u>	13	(643)		Income	(643)	Re-profiling of Revenue Support Grant / contribution from National Non-Domestic Rates Pool.



## SUMMARY OF BUDGET ADJUSTMENTS AS AT 30 NOVEMBER 2006

	<u>Allocation</u>	<u>2005/06</u> <u>Underspends</u>	<u>2005/06</u> <u>Q of Life</u>	<u>Funding</u>	<u>Budget</u> <u>Transfers</u>	<u>Departmental</u>
	<u>From</u>	<u>Brought</u>	<u>Brought</u>	<u>Transfers</u>	<u>Between</u>	<u>Totals</u>
	<u>Contingencies</u>	<u>Forward</u>	<u>Forward</u>	<u>£000</u>	<u>Departments</u>	<u>£000</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<u>Education</u>						
1. DSM Balances		555				
2. PPP Development Costs		332				
3. NGfL Leasing Budget t/f (now capital)					(260)	
4. Staff Restructuring Costs					(20)	
						607
<u>Social Work</u>						
1. Community Care Equipment & Adaptations		8				
2. Community Alarms		54				
3. Working with Families Fund		7				
4. Choose Life Funding		50				
5. Additional Specific Training Grant		92				
6. Intensive Support and Monitoring Services		138				
7. Cowan Grove		100				
8. Changing Children's Services Fund (t/f to RSG)				408		
						857
<u>Planning &amp; Transport</u>						
1. White Street Lighting			128			
2. Unadopted Footpaths			34			
3. Adopted Footpaths			3			
4. E-Planning Compact (IT Equipment)		48				
5. Concessionary Fares (t/f to TSEA)				(3,101)		
6. Staff Restructuring Costs					(53)	
						(2,941)
<u>Economic Development</u>						
1. Xmas Lights	37					
2. Transfer from Renewal & Repair Fund	100					
3. Transfer of staff from L & C merger					49	
						186
<u>Leisure &amp; Communities</u>						
1. Playgrounds/Skateparks/ Parks Improvements			85			
2. Factory Skatepark			60			
3. Joint Health Work / Young People			25			
4. Literacy & Numeracy		70				
5. Youth Justice - Local Act Fund		74				
6. BNSF Admin Fee		190				
7. Transfer of staff to Ec Dev following merger					(49)	
						455
<u>Waste Management</u>						
1. Tayside Bio-diversity Action Fund	3					
						3
<u>Environmental Health &amp; Trading Standards</u>						
1. Environmental Wardens		70				
2. Enforcement of Smoking Ban		11				
						81
<u>Chief Executive</u>						
1. Community Planning Partnerships		49				
2. Employment Disability Unit		20				
						69
<u>Personnel</u>						
1. Staff Restructuring Costs					(7)	
						(7)
<u>Admin / Legal</u>						
1. Staff Restructuring Costs					(3)	
						(3)
<u>Electoral Registration</u>						
1. 2007 Elections costs				32		
						32
<u>Architects</u>						
1. Staff Restructuring Costs					(5)	
						(5)
<u>Finance Revenues</u>						
1. Security Against Fraud & Error	70					
						70
<u>Capital Financing Costs / IORB</u>						
1. NGfL Leasing Budget t/f from Education					260	
						260
<u>General Contingency</u>						
1. Transfer to Finance Revenues	(70)					
2. Transfer to Economic Development	(37)					
3. Transfer to Waste Management	(3)					
						(110)
<u>Supplementary Superannuation Costs</u>						
1. Transfer from Education for Staff Restructuring					20	
2. Transfer from P&T for Staff Restructuring					53	
3. Transfer from Personnel for Staff Restructuring					7	
2. Transfer from Admin / Legal for Staff Restructuring					3	
2. Transfer from Architects for Staff Restructuring					5	
						88
	100	1,868	335	(2,661)	0	(358)