

REPORT TO: POLICY AND RESOURCES COMMITTEE – 21 FEBRUARY 2022

REPORT ON: REVENUE MONITORING 2021/2022

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 37-2022

1 PURPOSE OF REPORT

1.1 To provide Elected Members with an analysis of the 2021/2022 projected revenue outturn as at 31 December 2021 monitored against the adjusted 2021/2022 Revenue Budget.

2 RECOMMENDATIONS

2.1 It is recommended that Elected Members:

- a note that the overall General Fund as at 31 December 2021 is projecting an underspend of £7,499,000 against the adjusted 2021/2022 Revenue Budget.
- b note the position on Covid-related expenditure and Covid funding, as set out in Appendix E and paragraph 3.1.
- c note that the Housing Revenue Account as at 31 December is projecting an underspend of £296,000 against the adjusted HRA 2021/2022 Revenue Budget.
- d agree that the Council Management Team will take every reasonable action to ensure that the 2021/2022 revenue expenditure is below or in line with the adjusted Revenue Budget.
- e instruct the Executive Director of Corporate Services in conjunction with the Council Management Team to continue to monitor the Council's 2021/2022 projected revenue outturn to assist with the cost pressures resulting from Covid-19.
- f note the current position on Leisure and Culture Dundee, as set out in paragraph 7.3, and notes the Council's ongoing financial support to offset the impact of Covid-19 on LACD though to at least 31 March 2023.
- g note the significant future financial commitments, as set out in paragraph 3.1, that are currently ear-marked against the projected General Fund underspend for 2021/2022

3 FINANCIAL IMPLICATIONS (see Appendix A)

3.1 The overall General Fund as at 31 December is projecting an underspend of £7,499,000 against the adjusted 2021/2022 Revenue Budget. The actual underspend at the year-end will be added to the Council's General Fund balances. The Policy and Resources Committee, at its meeting on 22 November 2021, considered Report No 335-2021 on Roof Tile Fixing to Domestic Properties. The Committee approved works to be undertaken by Construction Services to bring the affected roofs up to the standard recommended in British Standards, at an estimated cost of £4.4m. As no budget exists for this expenditure, this would have to be met from General Fund balances and therefore requires to be identified as a commitment against the £7,499,000 projected underspend for 2021/2022. The Policy and Resources Committee, at its meeting on 6 December 2021, considered Report No 311-2021 on Financial Outlook and Revenue Budget 2022/2023. This report noted a specific area of concern around energy costs, where supply-side issues in the sector have led to significant

price increases which will impact on the cost of gas and electricity. There are also other general inflationary pressures emerging in the economy that are not adequately reflected in existing budgets. It is considered prudent to ear-mark an amount of £2.2m from the projected underspend in 2021/2022, in order to help offset inflationary pressures (including energy) in 2022/23. In addition, it is proposed to earmark £0.63m to meet the 2022/23 costs of the Sistema project. Also, it will be necessary to ear-mark £0.237m for the one-off costs of the May 2022 local government elections. These areas of significant future financial commitment, totalling £7.467m, will largely account for the General Fund underspend that is currently projected for 2021/22.

The underspend excludes Covid-19 related expenditure and loss of income. The Council is continuing to incur significant additional expenditure and income shortfalls from its response to the Covid-19 pandemic. The latest projections for Covid-19 related costs and funding are shown in Appendix E. It is currently projected that costs will be met by confirmed funding streams and earmarked General Fund balances. The Scottish Government has previously made available some financial flexibilities to enable Councils to fund Covid-related expenditure and loss of income. One of these flexibilities is the option to take a loan repayment "holiday", with the deferred loan repayment subsequently being repaid over 20 years. This option would generate a saving on General Services of £5.143m in 2021/2022, with an average repayment (including interest) of £0.329m per annum then required for 25 years from 2022/2023. In light of the funding position set out in Appendix E, it is not proposed at this stage that the Council should implement a loan repayment holiday. This matter will be kept under review by officers and recommendations will be brought back to the Policy and Resources Committee, as required.

- 3.2 The Housing Revenue Account projected outturn position for 2021/2022 is an underspend of £296,000 based on the financial information available at 31 December.
- 3.3 The final position at 31 March 2022 for the General Fund and Housing Revenue Account will be confirmed in draft unaudited accounts prepared by 30 June 2022.

4 BACKGROUND

- 4.1 Following approval of the Council's 2021/2022 Revenue Budget by the Special Policy and Resources Committee on 4 March 2021, this report is now submitted in order to monitor the 2021/2022 projected revenue outturn position as at 31 December, against the adjusted 2021/2022 Revenue Budget.

The total 2021/2022 Revenue Budget is £372.852m. For Revenue Monitoring purposes, the Council Tax Reduction Scheme budget of £13.019m is moved from expenditure to income and netted off against Council Tax income. This results in total budgeted expenditure of £359.833m 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 2021/2022 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 (a) of the minute of the meeting of the Special Policy and Resources Committee on 4 March 2021, Report No: 108-2021 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 2021/2022 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. This includes the high risk of new cost pressures or responsibilities emerging during the financial year in areas such as financial pressures as a result of the Covid-19 emergency and costs associated with Brexit.

6 GENERAL FUND SERVICES - MONITORING POSITION AS AT 31 DECEMBER 2021

6.1 The forecast position as at 31 December 2021 for General Fund services is summarised below:

	<u>Adjusted Budget 2021/2022 £000</u>	<u>Forecast 2021/2022 £000</u>	<u>Variance £000</u>
Total Expenditure	372,599	366,184	(6,415)
Total Income	<u>(372,599)</u>	<u>(373,683)</u>	<u>(1,084)</u>
Forecast Position	-	<u>(7,499)</u>	<u>(7,499)</u>

The forecast position as at 31 December 2021 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.

Appendix E sets out the position on Covid-related expenditure and Covid funding.

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 nine months of the financial year to 31 December 2021. 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 General

Committee Report No 62-2021, Policy and Resources Committee of 22 February 2021 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.

6.4 Children & Families Services (£2,888,000 underspend)

The service is currently projecting an underspend in staff costs. There are also projected underspends in property costs due to savings on rates partially offset by overspends in cleaning contract. In addition, there are underspends in supplies & services relating to school meals partially offset by overspends in the library service and recreational provision and third party payments. The projections include £592k of funding for the Sistema project in 2021/22 along with an expectation that £630k of underspend will be carried over into the next financial year to fund the project in 2022/23.

6.5 Dundee Health & Social Care Partnership (Breakeven)

The financial monitoring position for the Dundee Health and Social Care Partnership (DHSCP) shows a forecast net underspend position of (£576k), assuming full funding is received from the Scottish Government for additional Covid-19 pandemic spend. Under the risk sharing arrangement reflected in the Integration Scheme, the IJB retains any underspend within its reserve balances for investment in integrated health and social care services in future years. For Dundee City Council there is no additional financial contribution requirement forecast in 2021/22.

The projected financial position consists of an estimated overspend of £395k relating to services delegated from Dundee City Council with an estimated underspend of (£971k) in relation to services delegated from NHS Tayside.

DHSCP are continuing to respond to changes in demand and the impact of the pandemic on health and wellbeing, particularly the provision of home and community based social care at a sufficient level to meet increasing demographic demand, increasing complex needs and minimising delayed discharges in hospital, while balancing financial resources.

6.6 City Development (£654,000 underspend)

The service is projecting an underspend in staffing budget mainly due to current level of unfilled posts in Architectural and Engineer Service, underspend in Adult Employability budget and unspent monies from one off additional funding allocated in 2021/22 such as £89k for Urban Sustainable Transport Officer’s post and £55k for enhanced cycling/walking infrastructure. The underspend has been partly offset against under recovery of fees anticipated during the year and estimated overspend in Winter Maintenance Programme. Details of further projected variances are included in Appendix B.

6.7 Neighbourhood Services (£929,000 underspend)

The service is projecting an underspend in relation to anticipated staff slippage due to the level of unfilled posts, which is partly offset by shortfall against the agreed 2021 pay award. There are also projected underspends in Supplies and Services mainly due to Street Scene and landscaping contract costs, and lower operational costs anticipated in Communities. Details of further projected variances are included in Appendix B.

6.8 Chief Executive (£377,000 underspend)

The service is projecting an underspend in supplies and services and an underspend in staff costs due to the level of unfilled posts and the impact against the agreed 2021 pay award. Details of further projected variances are included in Appendix B.

- 6.9 Corporate Services (£687,000 underspend)
The service is currently projecting an underspend in relation to net anticipated slippage due to current level of unfilled posts and review of staffing structure. This is partly offset by a shortfall against the agreed 2021 pay award. Details of further projected variances are included in Appendix B.
- 6.10 DCS Construction (£257,000 income shortfall)
Relates to projected surplus shortfall based on current estimates due to increased overhead costs.
- 6.11 Capital Finance Costs (£1,811,000 underspend)
This underspend reflects a projected saving in capital financing costs due to lower than anticipated interest rates and slippage in the capital programme.
- 6.12 Supplementary Superannuation (£129,000 underspend)
Projected underspend in Supplementary Superannuation costs.
- 6.13 Bad Debt Provision (reduced income £850,000)
Reflects projected increase in bad debts in the year.
- 6.14 Discretionary NDR Relief (underspend £32,000)
Projected underspend in Discretionary NDR Relief.
- 6.15 Council Tax (Breakeven)
Council Tax is currently projected to breakeven. The position will continue to be monitored closely in the coming months.
- 6.16 Tayside Valuation Joint Board (underspend £15,000)
Tayside Valuation Joint Board is currently projected to underspend. The position will continue to be monitored closely in the coming months.
- 6.17 General Revenue Funding (additional funding £831,000)
Additional funding for pay award.
- 6.18 Capital Grants & Receipts Unapplied (£253,000 additional income)
Additional income in relation to Capital Receipts enhanced financial flexibility arrangements detailed below:

Capital Receipts – Flexibility Scheme

In March 2019, the Scottish Government issued details of enhanced financial flexibility arrangements that allow local authorities to vary proper accounting practice and use capital receipts to fund qualifying expenditure on a transformation project. Qualifying expenditure is deemed to be non-recurring expenditure on a transformation / service redesign project where incurring upfront costs will generate on-going savings.

Elected members will be aware that, for a number of years now, the Council has used Voluntary Early Retirement and Voluntary Redundancy (VER / VR) schemes as part of its workforce strategy, to assist in service redesign and transformation projects. As well as helping to modernise services, the VER / VR schemes have also generated significant budget savings to help address the financial challenges facing the Council. There are upfront, non-recurring costs associated with the VER / VR schemes, in the form of redundancy payments and pension strain-on-fund costs, however these costs are more than offset by the subsequent savings in staffing budgets.

In financial years 2018/2019 to 2020/2021 a total of £4.675m of capital receipts from asset sales were set-aside to fund qualifying expenditure on future transformation projects, in terms of the flexibility arrangements. As at 31 March 2021, £1.146m had been used to fund severance costs, leaving a balance of £3.529m at 31 March 2021.

In financial year 2021/2022 the Council has to date incurred £0.253m of qualifying costs associated with the VR / VER schemes and these costs are included in the monitoring statement at Appendix A. It is likely that further costs will accrue as further VERs / VRs are approved. It is considered that these costs meet the definition of “qualifying expenditure” in terms of the Scottish Government’s flexibility arrangements. It has previously been agreed that costs associated with the VER/VR schemes, up to a maximum amount of £3.5m will be met from the remaining balance of capital receipts set-aside. The monitoring statement at Appendix A has been prepared on this assumption.

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 to improve the outcome.
- 7.2 In addition, further Council-wide initiatives are underway to help manage existing and emerging cost pressures particularly resulting from Covid-19. 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 HSCP and LACD on revenue requirements for current and future funding.

Appendix E indicates that the Council expects to provide additional revenue support to LACD of £3m in 2021/2022 to offset lost income due to the COVID-19 pandemic. The measures in place to ensure the safety of employees and customers, alongside continued restrictions on some areas of service delivery, has meant that capacity for income generation has remained low.

As agreed at the meeting of the Policy and Resources Committee on 6 December 2021, the Council has issued a letter of comfort to LACD confirming their continued financial support. The forthcoming tender report in relation to the works at Olympia will consider any revenue implications associated with the closure of the facility and how these will be addressed.

- 7.4 The 2021/2022 budget savings agreed at the meeting of the Special Policy and Resources Committee on 4 March 2021 are monitored on a monthly basis. The Revenue Monitoring position reported reflects the position with regard to achieving these savings.

8 HOUSING REVENUE ACCOUNT - MONITORING POSITION AT 31 DECEMBER 2021

- 8.1 The forecast position as at 31 December 2021 for the HRA is summarised below:

	<u>Adjusted Budget 2021/2022 £000</u>	<u>Forecast 2021/2022 £000</u>	<u>Variance £000</u>
Total Expenditure	55,762	55,164	(598)
Total Income	<u>(55,762)</u>	<u>(55,460)</u>	<u>302</u>
Forecast Position	<u>_____</u> -	<u>(296)</u>	<u>(296)</u>

- 8.2 The service is projecting underspends in staff costs, transport costs and capital financing costs. This underspend is partially offset by overspends in property costs and shortfall in rental income.

A system of perpetual detailed monitoring will continue to take place up to 31 March 2022 with the objective of the HRA achieving a final outturn which is below or in line with the adjusted 2021/2022 HRA Revenue Budget.

9 POLICY IMPLICATIONS

This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues. Details of the risk assessment are included in Appendix D to this report.

10 CONSULTATIONS

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

11 BACKGROUND PAPERS

None

ROBERT EMMOTT
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

11 FEBRUARY 2022

DUNDEE CITY COUNCIL										
2021/2022 REVENUE OUTTURN MONITORING										
PERIOD 1 APRIL 2021 - 31 DECEMBER 2021										
	Approved Revenue Budget 2021/22	Total Budget Adjustments	Adjusted Revenue Budget 2021/22	Projected Outturn 2021/22	Worse Than Budget	Better Than Budget	Net Variance (see Appx B)	Note	Previous Months Projected Variance	Movement since Previous Month
	£000	£000	£000	£000	£000	£000	£000		£000	£000
General Fund Services										
Children & Families	170,555	5,003	175,558	172,670		(2,888)	(2,888)	1	(2,200)	(688)
Dundee Health & Social Care Partnership	82,671	5,472	88,143	88,143			0	2	0	
City Development	13,002	938	13,940	13,286		(654)	(654)	3	(75)	(579)
Neighbourhood Services	28,853	160	29,013	28,084		(929)	(929)	4	(1,074)	145
Chief Executive	12,957	711	13,668	13,291		(377)	(377)	5	(358)	(19)
Corporate Services	32,014	435	32,449	31,762		(687)	(687)	6	(1,257)	570
DCS Construction	(1,457)		(1,457)	(1,200)	257		257	7	194	63
	338,595	12,719	351,314	346,036	257	(5,535)	(5,278)		(4,770)	(508)
Capital Financing Costs / Interest on Revenue Balances	21,201	50	21,251	19,440		(1,811)	(1,811)	8	(1,802)	(9)
Contingencies:										
- General	500	(3)	497	497			0		0	
- Cost Pressures	491		491	491			0		0	
- Unallocated Corporate Savings *	(2,714)		(2,714)	(2,714)			0		0	
Miscellaneous Items	(2,161)		(2,161)	(2,161)			0		0	
Bad Debt Provision	0		0	850	850		850	9	474	376
Discretionary NDR Relief	392		392	360		(32)	(32)	10	17	(49)
Supplementary Superannuation Costs	2,566		2,566	2,437		(129)	(129)	11	(132)	3
Tayside Valuation Joint Board	963		963	948		(15)	(15)	12	0	(15)
Total Expenditure	359,833	12,766	372,599	366,184	1,107	(7,522)	(6,415)		(6,213)	(202)
Sources of Income										
General Revenue Funding	(269,419)	(11,725)	(281,144)	(281,975)		(831)	(831)	13	0	(831)
Contribution from NNDR Pool	(33,763)		(33,763)	(33,763)			0		0	
Council Tax	(56,651)		(56,651)	(56,651)			0		0	
Use of Balances -										
Committed Balances c/f	0	(1,041)	(1,041)	(1,041)			0		0	
Capital Grants & Receipts Unapplied	0		0	(253)		(253)	(253)	14	(244)	(9)
Change Fund	0		0	0			0		0	
(Surplus)/Deficit for the year	0	0	0	(7,499)	1,107	(8,606)	(7,499)		(6,457)	(1,042)
(Surplus)/Deficit for Housing Revenue Acct	0	0	0	(296)	0	(296)	(296)	15	(294)	(2)

REASONS FOR 2021/2022 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES

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

AT 31 DECEMBER 2021

<u>Service</u>	<u>Note</u>	<u>As at</u> <u>31 Dec</u> <u>£000</u>	<u>As at</u> <u>30 Nov</u> <u>£000</u>	<u>Cost Centre</u>	<u>Subjective</u> <u>Analysis</u>	<u>As at</u> <u>31 Dec</u> <u>£000</u>	<u>As at</u> <u>30 Nov</u> <u>£000</u>	<u>Reason / Basis of Over/(Under)spend</u>
<u>Children & Families</u> <u>Services</u>	1	(2,888)	(2,200)	<u>Departmental</u>	Staff Costs	(2,230)	(1,200)	Reflects anticipated underspends in Early Years staff costs (£1,300k), slippage on teachers element of additional funding (£800k) and LGE element of additional funding (£100k), estimated saving on teacher's pay award based on the latest offer (£300k) and additional saving of (£330k), partially offset by estimated shortfall in LGE pay award £500k and severance and lump sum payments £100k.
					Property Costs	(450)	(690)	Reflects savings on rates charges partially offset by overspends in cleaning contract.
					Supplies & Services	(800)	(400)	Relates to savings on school meals partially offset by overspends in the library service and recreational provision.
					Transport	0	140	Overspend relating to additional transport associated with curriculum changes and attendance at college now offset by underspend in special sector.
					Transfer Payments	0	150	Level of overspend on summer school and direct assistance in Children's Services has now reduced.
					Third Party Payments Income	592 0	0 (200)	Reflects costs re 'Big Noise' project Additional income from Additional Support Needs recoveries no longer anticipated.
<u>Dundee Health &</u> <u>Social Care</u> <u>Partnership</u>	2	0	0	<u>Departmental</u>		0	0	The financial monitoring position for the Dundee Health and Social Care Partnership (DHSCP) shows a forecast net underspend position of (£576k), assuming full funding is received from the Scottish Government for additional Covid-19 pandemic spend. Under the risk sharing arrangement reflected in the Integration Scheme, the IJB retains any underspend within its reserve balances for investment in integrated health and social care services in future years. For Dundee City Council there is no additional financial contribution requirement forecast in 2021/22. The projected financial position consists of an estimated overspend of £395k relating to services delegated from Dundee City Council with an estimated underspend of (£971k) in relation to services delegated from NHS Tayside. DHSCP are continuing to respond to changes in demand and the impact of the pandemic on health and wellbeing, particularly the provision of home and community based social care at a sufficient level to meet increasing demographic demand, increasing complex needs and minimising delayed discharges in hospital, while balancing financial resources.

REASONS FOR 2021/2022 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES

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

AT 31 DECEMBER 2021

<u>Service</u>	<u>Note</u>	<u>As at</u> <u>31 Dec</u> <u>£000</u>	<u>As at</u> <u>30 Nov</u> <u>£000</u>	<u>Cost Centre</u>	<u>Subjective</u> <u>Analysis</u>	<u>As at</u> <u>31 Dec</u> <u>£000</u>	<u>As at</u> <u>30 Nov</u> <u>£000</u>	<u>Reason / Basis of Over/(Under)spend</u>
<u>City Development</u>	3	(654)	(75)	<u>Departmental</u>	Staff Costs	(979)	(525)	Reflects net anticipated staff slippage mainly due to current level of unfilled posts in Architectural and Engineer Service. It also reflects projected underspend of £300k in Adult Employability budget which will be sought to be carried forward to be reinvested reinvest in employability activities in 2022/23; unspent monies from one off additional funding allocated in 2021/22 such as £89k for Urban Sustainable Transport Officer's post and £55k for enhanced cycling/walking infrastructure.
					Supplies & Services	(75)	0	Reflects underspend in Streetlighting energy costs as a result of the LED investment programme.
					Third Party Payments	245	0	Early indication of estimated overspend in Winter Maintenance Programme which is partly offset by underspend in enhanced cycling/walking infrastructure and maintenance project.
					Property Costs	(75)	0	Mainly due to lower Non Domestic Rates payments as a result of successful appeal on the revaluation for various properties; and cost savings in energy/water charges for closed buildings. This is partly offset by increased property maintenance costs for property assessments/inspections carried out during the year. Overspend in cleaning costs also reduced the level of projected underspend in property budget due to delay in implementing the property rationalisation programme fully.
					Income	230	450	Anticipated fee recovery is lower due to underspend in staff budget highlighted above. This is directly influenced by the running costs incurred and the yield margin built in the fee income target. This is partly offset by property rental income from new lease such as Agnes Husband house office.

REASONS FOR 2021/2022 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES**(Excludes Capital Charges, Central Support Services & Office Recharges)****AT 31 DECEMBER 2021**

<u>Service</u>	<u>Note</u>	<u>As at</u> <u>31 Dec</u> <u>£000</u>	<u>As at</u> <u>30 Nov</u> <u>£000</u>	<u>Cost Centre</u>	<u>Subjective</u> <u>Analysis</u>	<u>As at</u> <u>31 Dec</u> <u>£000</u>	<u>As at</u> <u>30 Nov</u> <u>£000</u>	<u>Reason / Basis of Over/(Under)spend</u>
<u>Neighbourhood Services</u>	4	(929)	(1,074)		Staff Costs	(65)	(368)	Mainly reflects net anticipated slippage due to current level of unfilled posts, which is partly offset by shortfall of pay award.
					Supplies & Services	(318)	(240)	Underspend relates mainly to Street Scene and landscaping contract costs, and lower operational costs anticipated at Communities.
					Transportation	109	103	Overspends relating to increased vehicle hire and fuel costs and effect of additional hires to enable social distancing for operational crews.
					Third Party Payments	3	6	Overspend relates to increased Baldovie gate fees. Increased volume through residential bins due to Covid lifestyle change.
					Various	40	64	Reflects void cost and overspend on other property costs, partly offset by underspend on repairs and maintenance to infrastructure.
					Income	(698)	(639)	Reflects additional income from service charges associated with the creation of the temporary accommodation properties.
<u>Chief Executive</u>	5	(377)	(358)	<u>Departmental</u>	Staff Costs	(78)	(43)	Slippage target exceeded due to vacant posts, posts not at top of grade and impact of pay award.
					Supplies & Services	(299)	(315)	Reflects underspend on Drugs and Mental Health. The funding is to be utilised for projects in the next financial year.
<u>Corporate Services</u>	6	(687)	(1,257)	<u>Departmental</u>	Staff Costs	(1,077)	(1,410)	Mainly reflects net anticipated slippage due to current level of unfilled posts, review of staffing structure, partly offset by the impact of the agreed 2021 Pay Award.
					Supplies & Services	516	410	Mainly reflects projected overspend on Scientific Services, Sheriff Officers Commission and postages.
					Transport	(39)	(29)	Mainly due to reduced travel.
					Transfer payments	30	(108)	Various.
					Third Party Payments	9	3	Various.
					Income	(126)	(123)	Relates mainly to Children's Panel, utilisation of Individual Electoral Registration Grants, Admin Penalties and Safety Camera Recovery.

REASONS FOR 2021/2022 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES**(Excludes Capital Charges, Central Support Services & Office Recharges)****AT 31 DECEMBER 2021**

Service	Note	As at 31 Dec £000	As at 30 Nov £000	Cost Centre	Subjective Analysis	As at 31 Dec £000	As at 30 Nov £000	Reason / Basis of Over/(Under)spend
<u>DCS Construction</u>	7	257	194		Income	257	194	Projected surplus shortfall based on current estimates due to increased overhead costs.
<u>Capital Finance Costs</u>	8	(1,811)	(1,802)		Capital Financing Costs / IORB	(1,811)	(1,802)	Due to lower than expected borrowing / budgeted interest rates.
<u>Bad Debt Provision</u>	9	850	474			850	474	Reflects projected increase in bad debt provision.
<u>Discretionary NDR Relief</u>	10	(32)	17			(32)	17	Anticipated underspend in relation to Discretionary NDR Relief.
<u>Supplementary Superannuation costs</u>	11	(129)	(132)			(129)	(132)	Projected underspend in Supplementary Superannuation costs.
<u>Tayside Valuation Joint Board</u>	12	(15)	0			(15)	0	Anticipated underspend in Tayside Valuation Joint Board.
<u>General Revenue Funding</u>	13	(831)	0			(831)	0	Additional funding for 2020/21 pay award. Additional cost of pay award is reflected in revenue monitoring projections from Services.
<u>Capital Grants & Receipts Unapplied</u>	14	(253)	(244)			(253)	(244)	Reflects the use of Capital receipts already set aside to fund qualifying costs associated with voluntary early retirements / voluntary redundancies.
<u>TOTAL GENERAL FUND</u>		(7,499)	(6,457)			(7,499)	(6,457)	

REASONS FOR 2021/2022 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES**(Excludes Capital Charges, Central Support Services & Office Recharges)****AT 31 DECEMBER 2021**

Service	Note	As at 31 Dec £000	As at 30 Nov £000	Cost Centre	Subjective Analysis	As at 31 Dec £000	As at 30 Nov £000	Reason / Basis of Over/(Under)spend
Housing Revenue Account	15	(296)	(294)		Staff	(600)	(598)	Reflects net anticipated staff slippage mainly due to current level of unfilled posts.
					Property	1,261	1,236	Reflects remedial works costs associated with the electrical inspection and the level of void losses being greater than budgeted due to properties being unlet for longer periods than was budgeted. The overspend has been partly offset by anticipated repairs and maintenance to existing housing stock to be fund from Repairs and Renewals Fund.
					Transportation Costs	(17)	(17)	Due to less staff travel.
					Supplies & Services	229	221	Reflects mainly additional legal fees.
					Capital Financing Costs	(1,471)	(1,442)	Due to lower than expected borrowing / budgeted interest rates.
					Income	302	306	Reflects shortfall in rental income due to delays in the completion of the New Build at Derby Street and credit note issued to external party for rental of properties.
TOTAL HOUSING REVENUE ACCOUNT		(296)	(294)			(296)	(294)	

Dundee City Council							
Revenue Monitoring to 31st March 2022 - Budget Adjustments to date							
	<u>Alloc</u>	<u>2020/21</u>		<u>Alloc</u>	<u>Alloc</u>	<u>T/Fs</u>	
	<u>To/From</u>	<u>Under</u>	<u>Funding</u>	<u>from</u>	<u>from</u>	<u>Between</u>	
	<u>Conts</u>	<u>spends</u>	<u>T/Fs</u>	<u>Fund</u>	<u>R&R</u>	<u>Depts /</u>	<u>Dept</u>
<u>General Fund Services</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>Conts</u>	<u>Totals</u>
						<u>£000</u>	<u>£000</u>
<u>Children & Families</u>							
Additional support for learning funding Carry Forward		270					
Expansion of Free School Meals			1,550				
Core Curriculum Charges			104				
Music Tuition redetermination			7				
Children and Families to City Development re External funding staff resource						(31)	
City Development to Children and Families re External funding posts - reimbursement of staff slippage 2021.22						21	
Redetermination re Summer of Play: Activities for Children & Young People			432				
Unaccompanied Asylum Seeking Children			22				
Teacher Induction Scheme			1,331				
Teacher Induction Scheme adjustment for admin costs			(4)				
Educational Psychology Trainees			14				
Additional Teachers /First 100 days			1,287				
							5,003
<u>Dundee Health & Social Care Partnership</u>							
Chief Executive to Dundee Health and Social Care Partnership re domestic violence funding						170	
Living Wage - Health & Social Care			906				
Mental Health Recovery & Renewal			72				
Care at Home Winter Planning			1,787				
Interim Care Winter Planning			1,153				
Social Care workforce uplift			1,384				
							5,472
<u>City Development</u>							
Black History Funding	3						
Children and Families to City Development re External funding staff resource						31	
Corporate Service to City Development re External funding staff resource						31	
Neighbourhood Services to City Development External funding staff resource						31	
External funding posts - reimbursement of staff slippage 2021.22						(62)	
Dundee to Stanstead			904				
							938
<u>Neighbourhood Services</u>							
Allocation of Additional Funding			100				
2020/21 Carry Forwards		70					
Neighbourhood Services to City Development External funding staff resource						(31)	
City Development to Neighbourhood Services re External funding posts - reimbursement of staff slippage 2021.22						21	
							160
<u>Chief Executive</u>							
2020/21 Carry Forwards		701					
Chief Executive to Dundee Health and Social Care Partnership re domestic violence funding						(170)	
Allocation of Additional Funding			180				
							711
<u>Corporate Services</u>							
Corporate Services to City Development re External funding staff resource						(31)	
Allocation of Additional Funding			180				
City Development to Corporate Services re External funding posts - reimbursement of staff slippage 2021.22						20	
School Clothing Grant			176				
Implementation of National Trauma Training Programme			50				
Scottish Disability Assistance			40				

	<u>Alloc To/From Conts</u>	<u>2020/21 Under spends b/fwd</u>	<u>Funding T/Fs</u>	<u>Alloc from Change Fund</u>	<u>Alloc from R&R Fund</u>	<u>T/Fs Between Depts / Conts</u>	<u>Dept Totals</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
General Fund Services							435
General Contingency							
Black History Funding	(3)						(3)
Capital Financing Costs							
Allocation of Additional Funding			50				50
Total Adjustments (General Fund)	0	1,041	11,725	0	0	0	12,766

Risks - Revenue	Assessment	Risk Management / Comment
<u>General Inflation</u> General price inflation may be greater than anticipated.	Medium / High	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.	Medium	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/ Medium	Treasury Mgmt Strategy. Limited exposure to variable rate funding.
<u>Savings</u> Failure to achieve agreed level of savings & efficiencies particularly in light of the Covid-19 emergency.	High	General risk mitigation factors (ref para 5.1), in particular, regular monitoring by services to ensure savings targets are met.
<u>Emerging Cost Pressures</u> Significant cost pressures due to Covid-19 emergency in addition to the possibility of new cost pressures or responsibilities emerging during the course of the financial year, including potential additional costs associated with Brexit.	High	General risk mitigation factors (ref para 5.1), in particular, regular monitoring by services to ensure cost pressures are identified early and corrective action can be taken as necessary. Covid-19 Financial Recovery Plan.
<u>Chargeable income</u> The uncertainty that the level of chargeable income budgeted will be received particularly in light of the Covid-19 emergency	High	General risk mitigation factors (ref para 5.1), in particular, regular monitoring by services to ensure cost pressures are identified early and corrective action can be taken as necessary. Covid-19 Financial Recovery Plan.
<u>Council Tax Collection</u> Provision for non-collection of Council Tax (3.2%) may not be adequate particularly in light of the Covid-19 emergency.	High	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.	High	General risk mitigation factors (ref para 5.1), in particular, regular monitoring by services 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.

Covid 19 - Projected Costs and Funding 2021/22

<u>Projected Costs</u>	Dec-21 £000	Nov-21 £000
<u>Children and Families:</u>		
Additional teachers and support staff	3,983	3,983
Personal protective equipment / additional cleaning	1,000	1,000
Children services (Care experienced placements/additional staff etc)	1,272	1,272
Mental health and wellbeing	393	393
Lost income from breakfast clubs	100	100
Digital expenditure	299	299
Balance of £1.714m funding	614	614
Additional cost of Meals	300	0
	7,961	7,661
<u>City Development:</u>		
Property costs including costs associated with bringing all lock down properties back into operation	610	610
Standby / retainer payments – Construction Services	82	82
Business Support Fund - Discretionary Grants	1,647	1,647
Car Parking lost income	2,050	1,961
Architect's fee recovery	** 1,150	** 800
Reduced income from property rents, planning applications, building warrants, advertising etc	348	315
Parental employability support	153	153
	6,040	5,568
<u>Neighbourhood Services:</u>		
Additional transport costs	122	127
Increase in residual waste disposal costs	166	206
Lower income from community centre lets, café sales, events etc	141	156
Lower income from commercial trade waste	295	320
Operation of mass vaccination centre at Caird Hall	645	700
WiFi in community centres / community based activities	* 80	* 80
Supporting people affected by homelessness	79	79
Other costs	45	12
	1,573	1,680
<u>Chief Executive:</u>		
Community food costs	* 406	* 406
Additional Funding for LACD COVID Income shortfall	3,000	3,000
Other Costs	2	2
	3,408	3,408
<u>Corporate Services:</u>		
Personal protective equipment	140	210
Council tax - additional bad debt provision and CT reductions	850	900
Discretionary housing payments	* 155	* 155
Crisis Grants	0	146
Family and low income pandemic payments	3,372	3,372
Spring hardship payments	* 20	* 20
Fuel Well scheme	* 400	* 400
Lower income from Registrars, Tayside Scientific Services, underground garage	405	406
Self isolation support grants	1,963	1,898
SG Winter covid support	880	0
Various other covid supports	* 754	* 754
Other costs	25	25
	8,964	8,286

<u>Projected Costs (continued)</u>	Dec-21	Nov-21
	£000	£000
<u>DCS Construction:</u>		
Increased overheads	483	470
	483	470
<u>HRA</u>		
Standby / retainer payments – Construction Services	196	194
	196	194
<u>Capital Financing Costs</u>		
Write-off of Site 6 Development Fees	964	0
	964	0
 SUB TOTAL - PROJECTED COSTS	 29,589	 27,267
 Capital (General Services)	 277	 277
 GRAND TOTAL - PROJECTED COSTS	 29,866	 27,544
 <i>* Included in Report 155-2021 (Funding for Covid-19 Supports for 2021/22)</i>		
<i>** We are currently considering ways of reducing this cost</i>		
 <u>Funding</u>		
Budget Carry Forwards from 2020/21	9,800	9,800
 SG Funding for Mass Vaccination Centre 2021/22	 645	 700
SG Funding for Self-Isolation Grants 2021/22	1,963	1,898
Furlough Claim	91	91
Housing Revenue Account	196	194
 Capital Programme	 277	 277
 SG Additional Funding 2021/22:		
Non-recurring Covid Funding	7,173	7,173
Low Income Households (FPP / LIPP)	3,371	3,371
Education Catch-up	1,722	1,722
CO2 Monitors in Schools	81	81
SG Winter covid support	886	0
Other Miscellaneous	363	325
	13,596	12,672
 Amounts Set-aside within General Fund Balances	 3,298	 1,912
 GRAND TOTAL - FUNDING	 29,866	 27,544