

REPORT TO: POLICY & RESOURCES COMMITTEE – 24 FEBRUARY 2020

REPORT ON: REVENUE MONITORING 2019/2020

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 40-2020

1 PURPOSE OF REPORT

1.1 To provide Elected Members with an analysis of the 2019/2020 projected revenue outturn as at 31 December 2019 monitored against the adjusted 2019/2020 Revenue Budget.

2 RECOMMENDATIONS

2.1 It is recommended that Elected Members:

- a note that the overall General Fund 2019/2020 projected revenue outturn as at 31 December 2019 is projecting an overspend of £503,000 against the adjusted 2019/2020 Revenue Budget. This projected overspend is approximately 0.09% of the approved Gross Revenue Expenditure figure of £571,450,000.
- b note that the Housing Revenue Account as at 31 December 2019 is projecting an underspend of £729,000 against the adjusted HRA 2019/2020 Revenue Budget.
- c agree that the Council Management Team will take every reasonable action to ensure that the 2019/2020 revenue expenditure is below or in line with the adjusted Revenue Budget.
- d instruct the Executive Director of Corporate Services in conjunction with the Council Management Team to continue to monitor the Council's 2019/2020 projected revenue outturn and to implement a recovery plan to reduce the projected overspend.

3 FINANCIAL IMPLICATIONS (see Appendix A)

- 3.1 The overall projected 2019/2020 General Fund Revenue outturn position for the City Council is a projected overspend of £503,000 based on the financial information available at 31 December 2019.
- 3.2 The Housing Revenue Account outturn position for 2019/2020 is a projected underspend of £729,000 based on the financial information available at 31 December 2019.
- 3.3 The final position at 31 March 2020 for the General Fund and Housing Revenue Account will be confirmed in draft unaudited accounts prepared by 30 June 2020.

4 BACKGROUND

4.1 Following approval of the Council's 2019/2020 Revenue Budget by the Special Policy and Resources Committee on 21 February 2019, this report is now submitted in order to monitor the 2019/2020 projected revenue outturn position as at 31 December 2019, against the adjusted 2019/2020 Revenue Budget.

The total Revenue Budget per page 6 of the 2019/2020 Final Revenue Budget Volume is £353.705m. For Revenue Monitoring purposes, the Council Tax Reduction Scheme budget of £12.265m is moved from expenditure to income and netted off against Council Tax

income. This results in total budgeted expenditure of £341.440m 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 2019/2020 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 of the minute of the meeting of the Special Policy & Resources Committee on 21 February 2019, Report No: 72-2019 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 2019/2020 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 medium/high risk of new cost pressures or responsibilities emerging during the financial year in areas such as procurement costs as a result of Brexit.

6 GENERAL FUND SERVICES - MONITORING POSITION AS AT 31 DECEMBER 2019

- 6.1 The forecast position as at 31 December 2019 for General Fund services is summarised below:

	<u>Adjusted Budget 2019/2020 £000</u>	<u>Forecast 2019/2020 £000</u>	<u>Variance £000</u>
Total Expenditure	347,585	348,556	971
Total Income	<u>(347,585)</u>	<u>(348,053)</u>	<u>(468)</u>
Forecast Position	-	<u>503</u>	<u>503</u>

The forecast position as at 31 December 2019 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.

- 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 2019. 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

Article XIII, Committee Report No 18-2019, Policy and Resources Committee of 7 January 2019 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 (£168,000 underspend)

The service is currently projecting an underspend of £200k in energy costs which have contributed to the discretionary expenditure savings target for the service.

This underspend is partly offset by an overspend of £32k in relation to costs associated with voluntary early retirements / voluntary redundancies which will be met by capital receipts as detailed at point 6.17 below.

6.5 Dundee Health & Social Care Partnership (£1,299,000 overspend – Net of Application of IJB Reserves - £981,000 overspend).

The financial monitoring position for the Dundee Health and Social Care Partnership (DHSCP) based on the 2019/2020 financial year as at 31 December 2019 shows a net overspend position of £3.897m.

The projected financial position is primarily due to an overspend of £4.246m which relates to services delegated from Dundee City Council.

A significant financial challenge facing the IJB’s delegated budget continues to be the provision of home and community based social care at a sufficient level to meet increasing demographic demand and reduce delayed discharges in hospital while balancing financial resources. At this stage of the financial year, the activity in this area is at such a level that a significant overspend is projected across a range of services. An overspend of approximately £1m is anticipated within externally purchased care at home services and home based direct payments while expenditure on private and voluntary sector care homes for older people is significantly higher than projected with an increased number of placements compared to the previous year’s position and anticipated trajectory resulting in a further overspend of around £505k. Similar challenges exist within Adult services where care home expenditure is £700k over budget. Further overspends are projected in respite care for older people of around £200k.

Staff costs are projected to be overspent by around £1.3m, partly due to the delay in fully implementing the home care review and through the non-achievement of other planned savings during the year. Income from fees and charges is anticipated to be below budget by around £170k.

The financial projection for services delegated from NHS Tayside to the IJB indicates a projected underspend of around £349k by the end of the financial year. Community based

health services managed directly by Dundee Health and Social Care Partnership are projected to be underspent by approximately £743k with overall prescribing underspent by £576k. A further overspend of £167k relates to General Medical /Family Health services and an overspend of £826k as a result of the net effect of hosted services risk sharing.

Under the risk sharing arrangement reflected in the Integration Scheme, the IJB must apply any residual reserves not committed for another purpose to any overspend at the end of the financial year prior to the Council and NHS Tayside picking up the balance on a proportionate basis. The potential net impact to the Council is £981k.

6.6 City Development (£3,859,000 overspend)

The City Development Committee, at its meeting on 28 October 2019, considered a detailed report on the budgetary pressures facing the service (report 350-2019).

Corporate Properties

The principal overspends arise where planned rationalisation of property has not been fully implemented. This is due to changes in circumstances relating to building availability and service requirements. This is partly offset by refund due to successful NDR appeal on the revaluation of a number of properties. Additionally an increase in service charge for Central Library based in Wellgate Centre and increased cleaning costs for corporate buildings have also contributed to the overspend.

The cost of keeping Council properties in good condition and fit for purpose has risen in recent years. This increased reactive repairs and maintenance is mainly due to assessments/inspections such as Health & Safety, Fire Risk, Asbestos and essential remedial works required arising from these assessments.

Monitoring of these costs is being undertaken jointly by City Development and Corporate Finance staff with mitigating actions being taken where appropriate.

The overall property overspend is partly offset by one off refund of overpayment in energy bills, energy efficiency programme and also implementing revised operational hours at Dundee House.

Street Lighting Energy

An anticipated change in tariff billing for street lighting has not materialised. Lower savings from LED replacement programme also contribute to the deficit identified in Street Light budget. The LED programme will continue to deliver cash savings, however these will be less than originally anticipated leading to an ongoing costs pressure within City Development's budget.

Staffing

The service is projecting an overspend in staff costs attributed to savings which are partially realised due to lower than anticipated staff turnover. All vacancies are being reviewed and opportunities for voluntary early retirement are being considered. The overspend includes £24k in relation to costs associated with voluntary early retirements / voluntary redundancies which will be met by capital receipts as detailed at point 6.17 below.

Third Party Payments

The service is projecting an overspend in the Winter Maintenance Programme of £100k in the current financial year.

Income

The service is anticipating a shortfall in external rental income including investment properties. The ground-lease on the Wellgate Centre is generating significantly less income than expected. The property portfolio is being managed proactively to maximise income from commercial lets, although this is challenging for various reasons such as location, design, specification and condition of the properties.

The service's 2019/2020 Revenue Budget includes assumed income of £2.898m from the Scottish Government in respect of projects at the Waterfront which were developed under the

Growth Accelerator Model (GAM). Access to this funding is contingent upon meeting agreed economic targets e.g. around non-domestic rates growth, international visitor numbers, additional employment etc. The Council has currently assured approximately £2.4m of this and is engaging with the Scottish Government and Scottish Futures Trust to ensure that the desired outcomes and level of GAM funding are maximised. Whilst negotiations continue it is deemed prudent to recognise the non-domestic rates and employment targets will not be fully met in this year. This results in a loss of income of £345k.

6.7 Neighbourhood Services (£200,000 underspend)

The service is projecting an underspend of £232,000 in relation to anticipated staff slippage due to the level of unfilled posts, offset by £32,000 re costs associated with voluntary early retirements / voluntary redundancies which will be met by capital receipts as detailed at point 6.17 below. This net underspend has been attributed to the discretionary expenditure savings target for the service.

In addition, whilst the monthly payments to MVV are currently greater than had been originally expected we anticipate these payments will be offset following rebate adjustments that are expected during the annual year end reconciliation process. We will continue to monitor the impact of this budget closely and report any further variances in due course.

6.8 Chief Executive (£171,000 underspend)

The service is projecting underspends in staff costs and supplies and services as well as additional income re contribution to NEC. Of the savings achieved, £92,000 are attributed to the discretionary expenditure savings target for the service.

6.9 Corporate Services (£225,000 overspend)

This projected overspend reflects Perth and Kinross Council's decision to source Scientific Services from alternative providers and a reduction in Angus Council and Fife Council's budgets for Scientific Services. This overspend is partially offset by additional grant income from DWP.

In addition, the projected overspend includes £192,000 of costs relating to voluntary early retirements / voluntary redundancies which will be met from capital receipts as detailed in point 6.17 below. Projected underspends of £109,000 in Apprenticeship Levy and staff costs contribute to the discretionary expenditure savings target for the service.

6.10 DCS Construction (£700,000 additional income)

This reflects projected additional income based on current estimates on project volume.

6.11 Capital Finance Costs (£2,715,000 underspend)

This underspend reflects a projected saving in capital financing costs.

6.12 Discretionary Expenditure (underspend £24,000)

A total of £601,000 of the initial discretionary expenditure savings target of £625,000 has been achieved to date. All services are currently reviewing areas to ensure the target is fully met.

6.13 Miscellaneous Items (£131,000 additional income)

Additional £131,000 income anticipated in relation to share of Tayside Contracts surplus for the year.

6.14 Discretionary NDR Relief (overspend £42,000)

An overspend is projected in relation to the discretionary element of the non domestic rates relief that has been awarded to the V&A.

6.15 Supplementary Superannuation (underspend £27,000)

Projected underspend in Supplementary Superannuation costs.

- 6.16 Council Tax (additional income £188,000)
This reflects projected additional Council Tax income partially offset by an overspend on Council Tax reductions.
- 6.17 Capital Grants & Receipts Unapplied (additional income £280,000)
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. In financial year 2018/2019, £1.5m of capital receipts from asset sales were set-aside to fund qualifying expenditure on future transformation projects, in terms of these flexibility arrangements.

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 year 2019/2020, the Council has to date incurred £0.280m of costs associated with the VER / VR schemes and these costs are included in the monitoring statement at Appendix A. It is likely that further costs will accrue across the remainder of the financial year 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. As agreed at Policy & Resources Committee on 13th January 2020, the costs associated with the VER / VR schemes, up to a maximum amount of £0.750m in 2019/2020, will be met from the capital receipts already 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. 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.
- 7.4 The 2019/2020 budget savings agreed at the meeting of the Special Policy & Resources Committee on 21 February 2019 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 2019

8.1 The forecast position as at 31 December 2019 for the HRA is summarised below:

	<u>Adjusted Budget 2019/2020 £000</u>	<u>Forecast 2019/2020 £000</u>	<u>Variance £000</u>
Total Expenditure	54,219	53,702	(517)
Total Income	<u>(54,219)</u>	<u>(54,431)</u>	<u>(212)</u>
Forecast Position	<u>-</u>	<u>(729)</u>	<u>(729)</u>

8.2 The service is projecting underspends in staff costs and capital financing costs in addition to additional income. This underspend will be partially offset by overspends in property costs, supplies and services and central support recharges.

A system of perpetual detailed monitoring will continue to take place up to 31 March 2020 with the objective of the HRA achieving a final outturn which is below or in line with the adjusted 2019/2020 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.

GREGORY COLGAN
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

13 FEBRUARY 2020

DUNDEE CITY COUNCIL										
2019/2020 REVENUE OUTTURN MONITORING										
PERIOD 1 APRIL 2019 - 31 DECEMBER 2019										
	Approved Revenue Budget	Total Budget Adjustments	Adjusted Revenue Budget	Projected Outturn	Worse Than Budget	Better Than Budget	Net Variance	Note	Previous Months Projected Variance	Movement since Previous Month
	£000	£000	£000	£000	£000	£000	(see Appx B)		£000	£000
General Fund Services										
Children & Families	162,190	3,674	165,864	165,696		(168)	(168)	1	(168)	
Dundee Health & Social Care Partnership	76,198	1,081	77,279	78,260	981		981	2	1,041	(60)
City Development	10,407	(190)	10,217	14,076	3,859		3,859	3	3,454	405
Neighbourhood Services	28,968	511	29,479	29,279		(200)	(200)	4	(200)	
Chief Executive	11,657	227	11,884	11,713		(171)	(171)	5	(159)	(12)
Corporate Services	31,169	670	31,839	32,064	225		225	6	225	
DCS Construction	(2,585)	150	(2,435)	(3,135)		(700)	(700)	7	(350)	(350)
	318,004	6,123	324,127	327,953	5,065	(1,239)	3,826		3,843	(17)
Capital Financing Costs / Interest on Revenue Balances	22,747		22,747	20,032		(2,715)	(2,715)	8	(2,460)	(255)
Contingencies:									0	
- General	500	(100)	400	400			0		0	
- Cost Pressures	422	(50)	372	372			0		0	
- Unallocated Corporate Savings	(1,866)	60	(1,806)	(1,806)			0		0	
Discretionary Expenditure Savings	0		0	(24)		(24)	(24)	9	(24)	
Miscellaneous Items	(2,055)	64	(1,991)	(2,122)		(131)	(131)	10	(131)	
Discretionary NDR Relief	308		308	350	42		42	11	42	
Supplementary Superannuation Costs	2,516		2,516	2,489		(27)	(27)	12	(27)	
Tayside Valuation Joint Board	864	48	912	912			0		0	
Total Expenditure	341,440	6,145	347,585	348,556	5,107	(4,136)	971		1,243	(272)
Sources of Income										
General Revenue Funding	(223,217)	(4,972)	(228,189)	(228,189)			0		0	
Contribution from NNDR Pool	(64,307)		(64,307)	(64,307)			0		0	
Council Tax	(53,916)		(53,916)	(54,104)		(188)	(188)	13	0	(188)
Use of Balances -									0	
Committed Balances c/f		(1,049)	(1,049)	(1,049)			0		0	
Capital Grants & Receipts Unapplied			0	(280)		(280)	(280)	14	(300)	20
Change Fund		(124)	(124)	(124)			0		0	
(Surplus)/Deficit for the year	0	0	0	503	5,107	(4,604)	503		943	(440)
Housing Revenue Account	0	0	0	(729)	0	(729)	(729)	15	(939)	210

REASONS FOR 2019/2020 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES
(Excludes Capital Charges, Central Support Services & Office Recharges)
AT 31 DECEMBER 2019

<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 Services</u>	1	(168)	(168)	<u>Departmental</u>	Staff Costs	32	32	Overspend relates to costs associated with voluntary early retirements / voluntary redundancies which will be met by capital receipts already set aside.
					Discretionary Expenditure Savings	(200)	(200)	Savings of £200k in discretionary expenditure relate to projected savings in energy costs.
<u>Dundee Health & Social Care Partnership</u>	2	981	1,041	<u>Departmental</u>		981	1,041	The financial monitoring position for the Dundee Health and Social Care Partnership (DHSCP) based on the financial year as at 31 December 2019 shows a net overspend position of £3.897m. A significant financial challenge facing the IJB's delegated budget continues to be the provision of home and community based social care at a sufficient level to meet increasing demographic demand and reduce delayed discharges in hospital while balancing financial resources. The potential impact to the Council should the overspend not be contained is approximately £981k after using reserves.
<u>City Development</u>	3	3,859	3,454	<u>Departmental</u>	Staff Costs	336	330	Staff savings are partially realised due to lower than anticipated staff turnover, however all vacancies are being reviewed and opportunities for VER are being considered. This overspend includes £24k re costs associated with voluntary early retirements / voluntary redundancies which will be met by capital receipts already set aside.
					Supplies & Services	995	925	Despite successes from the LED Street Lighting Programme, it has not been possible to realise the level of savings envisaged due to changes in a number of assumptions that were included in the original business case. Changes in the deregulated electricity market meant that the savings from new smart metering methodology could not be realised. There is also higher costs of securing various car parks buildings which can be reduced by CCTV installations.
						20	0	Overspend anticipated on Fleet SLA charges, Electric pool car and travel & subsistence.

REASONS FOR 2019/2020 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES
(Excludes Capital Charges, Central Support Services & Office Recharges)
AT 31 DECEMBER 2019

<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> <u>(cont)</u>					Third Party Payments	(398)	(430)	One off underspend in 2019.20 due to change over to new approach through Challenge Fund for the delivery of services in an Employability Pathway from 1st October 2019 to March 2023. Non recurring lower spend projected in Street Lighting maintenance costs and air subsidies grant also contributed to the net underspend which is partially offset by a projected overspend of £100k in Winter Maintenance costs..
					Property	1,103	1,272	The net overspend on property costs are due to rent & rates (£80k); repairs & maintenance £1,031k and cleaning costs £152k. Non Domestic Rates and Rent - reflects business rates refund as a result of successful NDR appeal on the revaluation for Dundee House, City Square and Jack Martin Way properties; and first-year business rates relief on new premises such as Menzieshill Community Facilities and energy centre at Regional Performance Centre. However, this is partly offset by overspend mainly due to delay in implementing the property rationalisation programme fully which includes buildings such as Claverhouse Social Work office £ 101k, Dudhope Castle £46k, 353 Clepington Road £97k, Rockwell Buildings £67k, Music Centre Bell Street £19k ; also increased costs of rent service charge for Central Library £66k. Repairs & Maintenance/Energy Costs: cost of keeping council properties in good conditions and fit for purpose has risen in recent years. This increased reactive repairs & maintenance is mainly due to assessments/inspections such as Health & Safety, Fire Risk, Asbestos and essential remedial works required arising from these assessments. This is partly offset by one off refund of overpayment in energy bills, energy efficiency programme and also implementing revised operational hours at Dundee House. Cleaning costs - mainly due to delay in implementing the property rationalisation programme fully Dudhope Castle £35k, Rockwell £22k, Claverhouse Social Work office £27k, Music Centre Bell Street £6k; also higher cleaning costs than budgeted for at Central Library £14k and DCA £12k.
					Property	0	84	Higher repairs and maintenance of buildings for multi storey car parks met by one off refund of overpayment of energy costs paid in 2018.19.

REASONS FOR 2019/2020 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES
(Excludes Capital Charges, Central Support Services & Office Recharges)
AT 31 DECEMBER 2019

<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> <u>(cont)</u>					Income	1,803	1,273	Reflects lower than budgeted income in the following areas: Planning/Building warrants £355k, Economic Development £221k, ESF grant on various projects £160k, Property rental income £59k, Investment properties £363k & Architect fees £300k, GAM funding £345k.
<u>Neighbourhood</u> <u>Services</u>	4	(200)	(200)		Staff Costs	0	0	Includes £32k re one-off costs associated with voluntary early retirements / voluntary redundancies which will be met by capital receipts already set aside. This overspend is offset by anticipated slippage due to current level of unfilled posts
					Third Party Payments	0	0	Whilst the monthly payments to MVV are currently greater than had been originally expected we anticipate these payments will be offset following rebate adjustments that are expected during the annual year end reconciliation process. We will continue to monitor the impact of this budget closely and report any further variances in due course.
					Discretionary Expenditure Savings	(200)	(200)	Mainly reflects net anticipated slippage due to current level of unfilled posts.
<u>Chief Executive</u>	5	(171)	(159)	<u>Departmental</u>	Staff Costs	(29)	(17)	Slippage target exceeded due to vacant posts
					Income	(50)	(50)	Contribution to NEC Central support for 18/19
					Discretionary Expenditure Savings	(92)	(92)	Savings achieved in staff costs and supplies & services.
<u>Corporate Services</u>	6	225	225	<u>Departmental</u>	Staff Costs	(34)	(34)	Underspend in staff costs due to vacancies and slippage offset by £192k of costs associated with voluntary early retirements / voluntary redundancies which will be met from capital receipts already set aside.
					Income	432	432	Relates to reduced income from Angus, Perth & Kinross and Fife re Scientific Services (£412k), and reduction in income from property enquiry fees (£20k)
					Income	(64)	(64)	Additional Grant Income from DWP
					Discretionary Expenditure Savings	(109)	(109)	Savings achieved in Apprenticeship Levy.

REASONS FOR 2019/2020 CONTROLLABLE PROJECTED REVENUE OVERTURN VARIANCES
(Excludes Capital Charges, Central Support Services & Office Recharges)
AT 31 DECEMBER 2019

<u>Service</u>	<u>Note</u>	<u>As at 31 Dec £000</u>	<u>As at 30 Nov £000</u>	<u>Cost Centre</u>	<u>Subjective Analysis</u>	<u>As at 31 Dec £000</u>	<u>As at 30 Nov £000</u>	<u>Reason / Basis of Over/(Under)spend</u>
<u>DCS Construction</u>	7	(700)	(350)	<u>Departmental</u>	Income	(700)	(350)	Additional income from DCS based on current estimates on project volume.
<u>Capital Finance Costs</u>	8	(2,715)	(2,460)		Capital Financing Costs / IORB	(2,715)	(2,460)	Anticipated saving in relation to Capital Financing Costs.
<u>Discretionary Expenditure Savings</u>	9	(24)	(24)		Discretionary Expenditure Savings	(24)	(24)	Initial discretionary expenditure savings achieved to date as detailed above.
<u>Miscellaneous Items</u>	10	(131)	(131)		Miscellaneous Items	(131)	(131)	Additional income anticipated in relation to share of Tayside Contracts surplus for the year.
<u>Discretionary NDR Relief</u>	11	42	42			42	42	An overspend is projected in relation to the discretionary element of the non domestic rates relief that has been awarded to the V&A.
<u>Supplementary Superannuation</u>	12	(27)	(27)			(27)	(27)	Projected underspend in Supplementary Superannuation costs.
<u>Council Tax</u>	13	(188)	0			(188)	0	Projected additional Council Tax income partially offset by an overspend on Council Tax reductions
<u>Capital Grants & Receipts Unapplied</u>	14	(280)	(300)			(280)	(300)	Reflects use of Capital receipts already set aside to fund costs associated with voluntary early retirements / voluntary redundancies.
<u>TOTAL GENERAL FUND</u>		503	943			503	943	

REASONS FOR 2019/2020 CONTROLLABLE PROJECTED REVENUE OUTFURN VARIANCES
(Excludes Capital Charges, Central Support Services & Office Recharges)
AT 31 DECEMBER 2019

<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>Housing Revenue</u> <u>Account</u>	15	(729)	(939)		Staff Costs	(603)	(571)	Reflects net anticipated staff slippage mainly due to current level of unfilled posts. In addition, the level of expenditure on supplementary superannuation is expected to be lower than budgeted.
					Property Costs	1,451	1,136	Mainly reflects higher than anticipated costs for repairs and relets due to increased demand. The level of void losses are also greater than budgeted due to properties being unlet for longer periods than was budgeted for. In addition, expenditure on planned maintenance is expected to be greater than budgeted reflecting the level of asbestos surveys and other timber treatments that are expected to be required. Finally, the level of rent arrears has increased following the rollout of Universal Credit and as such the level of bad debt provision will be greater than budgeted.
					Supplies and Services	127	112	Reflects greater than anticipated expenditure on various items including storage costs, legal fees are recharges for services such as anti-social behaviour and welfare form.
					Central Support Services	52	52	Expected recharge is projected to be greater than provided in approved budget.
					Capital Financing Costs	(1,544)	(1,504)	Reflects projected saving following the implementation of a revised loans fund repayment policy. It should be noted that much of this projection is one-off the recurring saving in future years will be closer to £750,000.
					Income	(212)	(164)	Includes additional income from interest on revenue balances and rental income.
<u>TOTAL HOUSING</u> <u>REVENUE ACCOUNT</u>		<u>(729)</u>	<u>(939)</u>			<u>(729)</u>	<u>(939)</u>	

Dundee City Council
Revenue Monitoring to 31st March 2020 - Budget Adjustments to date

	<u>2018/19</u>		<u>Funding</u>	<u>Alloc</u>	<u>Alloc</u>	<u>T/Fs</u>	<u>Dept</u>
	<u>To/From</u>	<u>spends</u>		<u>from</u>	<u>from</u>	<u>Between</u>	
	<u>Conts</u>	<u>b/fwd</u>		<u>Fund</u>	<u>R&R</u>	<u>Depts /</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>Change</u>	<u>Fund</u>	<u>Conts</u>	<u>Totals</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<u>General Fund Services</u>							
<u>Children & Families</u>							
2018/19 Carry Forwards		380					
Apprenticeship Levy Allocations						439	
Transfer of post from Cosporate Services						22	
SNCT Pay Award Funding Allocation			3,694				
Return of excess budget for pension increase			(900)				
Redetermination - 1 + 2 languages			80				
Xerox Copier savings	(41)						
							3,674
<u>Dundee Health & Social Care Partnership</u>							
Redetermination - Free Personal Care Under 65s			834				
Transfer of Women's Aid budget						82	
Redetermination - Appropriate Adult Service			14				
Apprenticeship Levy Allocations						141	
Redetermination - Carers Act Extension			15				
Xerox Copier savings	(5)						
							1,081
<u>City Development</u>							
Transfer of Budget to SARC						(54)	
Transfer of post from City Development						(20)	
Transfer 1 month salary re posts above						2	
Apprenticeship Levy Allocations						55	
Regional Performance Centre						(169)	
Xerox Copier savings	(4)						
							(190)
<u>Neighbourhood Services</u>							
Transfer of Women's Aid budget						(82)	
2018/19 Carry Forwards		37					
Rapid Rehousing Transition Plan			300				
Transfer of Budget to SARC						54	
TFR post no 213881						(23)	
Apprenticeship Levy Allocations						95	
Tfr post no 257042 to CEX						(13)	
Regional Performance Centre						105	
Xerox Copier savings	(3)						
Garden Waste Collection Service				41			
							511
<u>Chief Executive</u>							
2018/19 Carry Forwards		107					
Apprenticeship Levy Allocations						7	
Transfer of post 257042 from NS						13	
Redetermination - Brexit Costs			50				
LACD	50						
							227
<u>Corporate Services</u>							
2018/19 Carry Forwards		409					
Transfer of post no 252341						(22)	
Transfer of post to Corporate Services						20	
Transfer 1 month salary re posts above						(2)	
Change Fund - Firmstep				50			
TFR post no 213881						23	
Apprenticeship Levy Allocations						(793)	
Dovetail	100						
Redetermination - Discretionary Housing Payments			833				
Xerox Copier savings	(6)						
Garden Waste Collection Service				14			
2018/19 Carry Forwards		21					
Redetermination - Alcohol Personal Licence			4				
Procurement Collaborative				19			
							670

	<u>2018/19</u>			<u>Alloc</u>	<u>Alloc</u>	<u>T/Fs</u>	<u>Dept</u>
	<u>Alloc</u>	<u>Under</u>	<u>Funding</u>	<u>from</u>	<u>from</u>	<u>Between</u>	
	<u>To/From</u>	<u>spends</u>	<u>T/Fs</u>	<u>Change</u>	<u>Fund</u>	<u>Depts /</u>	
	<u>Confs</u>	<u>b/fwd</u>	<u>£000</u>	<u>Fund</u>	<u>Fund</u>	<u>Confs</u>	<u>Totals</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<u>General Fund Services</u>							
<u>Construction</u>							
Apprenticeship Levy Allocations						56	
2018/19 Carry Forwards		95					
Xerox Copier savings	(1)						
							150
<u>Capital Finance Costs / IORB</u>							
							0
<u>Miscellaneous Items</u>							
Regional Performance Centre						64	
							64
<u>General Contingency</u>							
Dovetail	(100)						
							(100)
<u>Savings & Other Contingencies</u>							
							0
<u>Supplementary Superannuation</u>							
							0
<u>Contingency - Savings</u>							
Xerox Copier savings	60						
							60
<u>Contingency - Cost Pressures</u>							
LACD	(50)						
							(50)
<u>Tayside Valuation Joint Board</u>							
Redetermination - Barclay Implementation			48				
							48
Total Adjustments (General Fund)	0	1,049	4,972	124	0	0	6,145

Risks - Revenue	Assessment		Risk Management / Comment
	Original	Revised	
<u>General Inflation</u> General price inflation may be greater than anticipated.	Med	Med	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.	Low	Low	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/ Med	Low/ Med	Treasury Mgmt Strategy. Limited exposure to variable rate funding.
<u>Savings</u> Failure to achieve agreed level of savings & efficiencies.	Low/ Med	Low/ Med	General risk mitigation factors (ref para 5.1), in particular, regular monitoring by departments to ensure savings targets are met.
<u>Emerging Cost Pressures</u> The possibility of new cost pressures or responsibilities emerging during the course of the financial year, including potential additional costs associated with Brexit (especially in the event that the UK leaves the EU without a deal).	Med/ High	Med/ High	General risk mitigation factors (ref para 5.1), in particular, regular monitoring by departments to ensure cost pressures are identified early and corrective action can be taken as necessary.
<u>Chargeable income</u> The uncertainty that the level of chargeable income budgeted will be received.	Med/ High	Med/ High	General risk mitigation factors (ref para 5.1), in particular, regular monitoring by departments to ensure any shortfalls are identified as early as possible and corrective action can be taken as necessary.
<u>Council Tax Collection</u> Provision for non-collection of Council Tax (3.2%) may not be adequate.	Low	Low	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.	Low/ Med	Low/ Med	General risk mitigation factors (ref para 5.1), in particular, regular monitoring by departments 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.

