

REPORT TO: FINANCE COMMITTEE - 14 AUGUST 2006

REPORT ON: REVENUE MONITORING 2006/2007

REPORT BY: HEAD OF FINANCE

REPORT NO: 447-2006

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2006/2007 Projected Revenue Outturn as at 30 June 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 June 2006 shows an overspend of £237,000 against the adjusted 2006/2007 Revenue Budget.
 - b note that the Housing Revenue Account Projected Outturn is projecting a spend in line with 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 £237,000 based on the financial information available at 30 June 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. An additional contingency of £1,000,000 is held for costs related to Single Status.
- 3.3 The Housing Revenue Account outturn position for 2006/2007 is currently projecting an underspend of £167,000 based on the financial information available for the period to 30 June 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 LOCAL AGENDA 21 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 June 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 June 2006, £70,000 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. The contingency for Single Status is £1,000,000 in 2006/2007, however, it is not anticipated that this will all be required as the results of Single Status are unlikely to be fully implemented before 31 March 2007.
- 6.3 Following External Audit recommendations contained in the Financial Strategy and Best Value Audit Reviews, Elected Members were consulted on the frequency, format and content of Revenue Monitoring reports.
- 6.4 The format of the Revenue Monitoring report has now been amended in light of comments received and also incorporates improvements following a review of best practice by finance officers. This has resulted in the report being expanded to include a more detailed breakdown of departmental revenue monitoring information along with explanations of material variances against adjusted budgets.
- 6.5 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.
- 6.6 This report reflects the amended format which has been agreed in consultation with Elected Members and now meets the objectives contained in the Best Value Improvement Plan.

7 GENERAL FUND SERVICES - MONITORING POSITION AS AT 30 JUNE 2006

- 7.1 The forecast position as at 30 June 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	288,636	288,873	237
Total Income	<u>(288,636)</u>	<u>(288,636)</u>	—
Forecast Overspend	—	<u>237</u>	<u>237</u>

The forecast position as at 30 June 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 the transfer of budgets between budget headings within the Revenue Budget, allocations from General Contingency 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 three months of the financial year to 30 June 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 Economic Development (£344,000 - 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 that will be achieved. There is a projected overspend at Dundee Airport due to additional overtime for fire crews and lower than expected income from airlines. Overspends on City Square and Tayside House are expected due to additional property maintenance and energy costs. The overspends are offset by savings in staff budgets within the department to give a projected net departmental overspend of £344,000.

7.4 Waste Management (£75,000 - overspend)

The above is due to a number of projected miscellaneous overspends.

7.5 Finance Revenues (£32,000 - overspend)

The above is mainly due to an anticipated overspend in staff costs.

7.6 Planning & Transportation (£22,000 - overspend)

The department is projecting an overspend in property maintenance expenditure for new bus shelters. In addition, a shortfall in off-street car parking income of £100,000 is anticipated. These projected variances will be partly offset by various budget underspends and additional income.

7.7 Education

Whilst Education is projecting a break even position at present, an overspend arising from the increase in energy charges will require to be managed.

7.8 Social Work

Social Work is projecting a break even position at this point in time. However, pressures are already apparent in the care home placements budget, in the residential schools budget and in various community care services. As a result, it is likely that future monitoring statements will show a projected overspend for 2006/2007.

7.9 Single Status (£250,000 - underspend)

The delay in the introduction of Single Status has reduced the likely spend during the financial year 2006/2007.

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

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

	<u>Adjusted Budget 2006/07 £000</u>	<u>Forecast 2006/07 £000</u>	<u>Variance £000</u>
Total Expenditure	44,561	44,279	(282)
Total Income	<u>(44,561)</u>	<u>(44,446)</u>	<u>115</u>
Forecast Underspend	_____ -	<u>(167)</u>	<u>(167)</u>

8.2 The above underspend is mainly due to projected savings in contributions for Sheltered Housing and property maintenance expenditure for open spaces. These underspends are offset by various other miscellaneous overspends anticipated by the department. The net underspend of £167,000 will result in a transfer to the Renewal & Repair Fund and so bring the HRA outturn in line with the adjusted 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**

4 AUGUST 2006

DUNDEE CITY COUNCIL
2006/2007 REVENUE OUTTURN MONITORING
PERIOD 1 APRIL 2006 - 30 JUNE 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
General Fund Department								
Economic Development	4,037		4,037	4,381	344		344	1
Waste Management	13,810		13,810	13,885	75		75	2
<u>Miscellaneous Services</u>								
Chief Executive	65		65	65				
Support Services	180		180	180				
Finance Revenues	3,205	70	3,275	3,307	32		32	3
Payment to Other Bodies	112		112	112				
Planning & Transportation	9,999	213	10,212	10,234	22		22	4
Education	97,475	887	98,362	98,362				
Social Work	64,402	349	64,751	64,751				
Leisure & Communities	18,909	504	19,413	19,413				
Env Health, Trading Standards	2,481	81	2,562	2,562				
DCS - Land Services Client	2,201		2,201	2,201				
Other Housing	1,237		1,237	1,237				
Supporting People	0	100	100	100				
Miscellaneous Income	(2,480)		(2,480)	(2,480)				
<u>Central Support Services</u>								
Chief Executive	1,017	69	1,086	1,086				
Personnel	1,433		1,433	1,433				
Information Technology	5,266		5,266	5,266				
Support Services - Admin/Legal	3,054		3,054	3,054				
- Architects	(433)		(433)	(433)				
Finance General	2,878		2,878	2,878				
	228,848	2,273	231,121	231,594	473	0	473	
DCS - Contracting Activities	(475)		(475)	(475)				
Capital Financing Costs /								
Interest on Revenue Balances	22,011		22,011	22,011				
Contingencies - General	200	(70)	130	130				
- Single Status	1,000		1,000	750		(250)	(250)	5
Discretionary NDR Relief	118		118	132	14		14	6
Suppl Superann Costs	1,549		1,549	1,549				
	253,251	2,203	255,454	255,691	487	(250)	237	
Joint Boards								
Tayside Police Joint Board	18,269		18,269	18,269				
Tayside Fire & Rescue Board	13,929		13,929	13,929				
Tayside Valuation Joint Board	984		984	984				
	286,433	2,203	288,636	288,873	487	(250)	237	
Total Expenditure								
Sources of Income								
Revenue Support Grant	(178,918)		(178,918)	(178,918)				
Contribution from NNDR Pool	(51,982)		(51,982)	(51,982)				
Council Tax	(55,533)		(55,533)	(55,533)				
Use of Balances -								
Committed Balances c/f	0	(2,203)	(2,203)	(2,203)				
	0	0	0	237	487	(250)	237	
(Surplus)/Deficit for the year								
	0	0	0	237	487	(250)	237	
	=====	=====	=====	=====	=====	=====	=====	
Housing Revenue Account								
	0	(167)	(167)	(167)	NIL	NIL	NIL	
	=====	=====	=====	=====	===	===	===	

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

Appendix B

<u>Department</u>	<u>Total Variance £000</u>	<u>Breakdown of 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> (Note 1)	344	91	Dundee Airport	Staff Costs	10	It is anticipated that this budget will overspend.
				Property Costs	91	Rates budget exceeded due to property revaluation. Repairs and maintenance, including runway repairs, and energy costs are also expected to exceed the available budget.
				Supplies & Services	(17)	Savings on security expenditure and other outlays. These will be partially offset by additional expenditure on equipment and Jet A1 and Avgas fuel purchases.
				Transport Costs	(7)	Sundry savings anticipated in travel & subsistence and transport running costs.
				Income	<u>14</u>	Income from ScotAirways is not expected to be achieved as the passenger numbers are less than projected.
		190	Tayside House & City Square	Property Costs	190	Additional repairs costs, rates charges, energy costs, cleaning charges and security costs. These are partially offset by anticipated savings on water charges.
		(77)	Directorate & Admin	Staff Costs	(63)	Savings are expected in staff costs due to unfilled posts and family friendly working arrangements.
				Supplies & Services	<u>(14)</u>	Sundry savings are anticipated in respect of telephones and other outlays.
		(87)	Mainstream	Staff Costs	(190)	Projected savings from posts currently vacant in Business Development Section.
				Supplies & Services	<u>103</u>	Additional expenditure on projects not matched completely by increased income. Computer costs budget projected to overspend due to development of departmental and corporate systems.
		<u>227</u>	Property Management	Staff Costs	(44)	Savings are expected in staff costs due to vacant posts.
				Property Costs	118	Security costs are expected to be overspent due to the impact of the minimum wage alteration. Overspend also expected in the repairs and maintenance. These are partially offset by savings on rent, service charges and rates expenditure.
				Supplies & Services	52	Computer costs are expected to be overspent due to the additional requirements for the GVA system.
			Income	<u>101</u>	The department anticipates a shortfall in advertising income. In addition, property rental income received will be less than budgeted given the current commercial/industrial rental market situation.	

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

<u>Department</u>	<u>Total Variance £000</u>	<u>Breakdown of 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>Waste Management</u> (Note 2)	75	33	Conveniences	Staff Costs	33	Staff to be transferred to Refuse Disposal
		26	Refuse Disposal	Staff Costs	(36)	Savings on overtime
				Transport Costs	59	Generator hire and fuel usage/increases
				Third Party Payments	89	Fridge disposal & transport operations
				Income	(86)	Increased commercial income
		(54)	Refuse Collection	Staff Costs	40	Increase in Trade and Grant-funded activity
				Transport Costs	(4)	Contract Car Hire
				Income	(90)	Increased Trade Waste Collections.
		10	Waste Strategy	Staff Costs	10	Trainee expenses etc
		60	Support Services	Staff Costs	14	Maternity cover
				Property Costs	46	Rates/rents on sites/portacabins/SEPA licences
<u>Finance Revenues</u> (Note 3)	32	32	Revenues	Staff Costs	57	Projected overspend on APT&C Staff Costs
				Property Costs	8	Rates for Floor 7 City House. Repairs & Maintenance Health & Safety.
				Supplies & Services	(10)	Reduced telephone charges offset by increased maintenance costs.
				Transport	(5)	Contract Car Hire
				Income	18	Reduction in income from Scottish Water and Fraud Incentive scheme.
<u>Planning & Transportation</u> (Note 4)	22	(100)	Building Quality	Income	(100)	Additional income generated from building warrants
		(20)	Support Services	Staff Costs	(20)	Staff savings due to reorganisation of Support Services Section
		(55)	Policy & Regeneration	Staff Costs	(55)	Savings expected in staff costs due to the non-filing of vacant posts
		(20)	Traffic	Staff Costs	(20)	Savings expected in staff costs due to the non-filing of vacant posts
		48	Street Lighting	Staff Costs	(22)	Savings expected in staff costs due to the non-filing of vacant posts
				Supplies & Services	116	Increased electricity costs
				Income	(46)	Increased income from rechargeable works
		169	Off Street Car Parking	Supplies & Services	69	This is mainly due to increased security services
				Income	100	This is mainly due to a potential shortfall in the off street car parking fees
<u>Single Status Contingency</u> (Note 5)	(250)	(250)		Contingency	(250)	The delay in the implementation of Single Status has reduced the projected outturn.
<u>Discretionary NDR Relief</u> (Note 6)	14	14		Reliefs Granted	14	Increased costs arising from new discretionary rates relief being awarded.

SUMMARY OF BUDGET ADJUSTMENTS AS AT 30JUNE 2006

	<u>Allocation</u> <u>From General</u> <u>Contingency</u> <u>£000</u>	<u>2005/06</u> <u>Underspend</u> <u>Brought</u> <u>Forward</u> <u>£000</u>	<u>2005/06</u> <u>Q of Life</u> <u>Brought</u> <u>Forward</u> <u>£000</u>	<u>Budget</u> <u>Transfers</u> <u>Between</u> <u>Departments</u> <u>£000</u>	<u>Departmental</u> <u>Totals</u> <u>£000</u>
<u>Education</u>					
1. DSM Balances		555			
2. PPP Development Costs		332			
					887
<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			
					349
<u>Planning & Transport</u>					
1. White Street Lighting			128		
2. Unadopted Footpaths			34		
3. Adopted Footpaths			3		
4. E-Planning Compact (IT Equipment)		48			
					213
<u>Leisure & 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			
					504
<u>Environmental Health & 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>Supporting People</u>					
1. Cowan Grove		100			
					100
<u>Finance Revenues</u>					
1. Security Against Fraud & Error	70				70
	70	1,868	335	0	2,273