

**REPORT TO: POLICY & RESOURCES COMMITTEE - 10 SEPTEMBER 2007**

**REPORT ON: REVENUE MONITORING 2007/2008**

**REPORT BY: HEAD OF FINANCE**

**REPORT NO: 461-2007**

## **1 PURPOSE OF REPORT**

- 1.1 To provide Elected Members with an analysis of the 2007/2008 Projected Revenue Outturn as at 31 July 2007 monitored against the adjusted 2007/2008 Revenue Budget.

## **2 RECOMMENDATION**

- 2.1 It is recommended that the Elected Members:
- a note that the overall General Fund 2007/2008 Projected Revenue Outturn as at 31 July 2007 shows an overspend of £211,000 against the adjusted 2007/2008 Revenue Budget.
  - b note that the Housing Revenue Account is projecting an underspend of £397,000 against the adjusted HRA 2007/2008 Revenue Budget.
  - c agree that the Head of Finance will take every reasonable action to ensure that the 2007/2008 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 2007/2008 Projected Revenue Outturn.

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

- 3.1 The overall projected 2007/2008 General Fund Revenue outturn position for the City Council shows an overspend of £211,000 based on the financial information available at 31 July 2007. A system of perpetual detailed monitoring will continue to take place up to 31 March 2008 with the objective of the Council achieving a final outturn which is below or in line with the adjusted 2007/2008 Revenue Budget.
- 3.2 It should be noted that the general contingency provision for unforeseen or emergency expenditure within the 2007/2008 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 adjusted 2007/2008 Revenue Budget.
- 3.3 The Housing Revenue Account outturn position for 2007/2008 is currently projecting an underspend of £397,000 based on the financial information available for the period to 31 July 2007. 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 2007/2008 Housing Revenue Account Budget.

## **4 BACKGROUND**

- 4.1 Following approval of the Council's 2007/2008 Revenue Budget by the Special Finance Committee on 20 February 2007 this report is now submitted in order to monitor the 2007/2008 Projected Revenue Outturn position as at 31 July 2007, against the adjusted 2007/2008 Revenue Budget.

- 4.2 The Final 2007/2008 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 31 July 2007, £58,000 of this provision has been allocated to departments, and it is anticipated that this money will be fully committed by the end of the year.
- 4.3 This report provides a detailed breakdown of departmental revenue monitoring information along with explanations of material variances against adjusted budgets. Where departments are projecting a significant under or overspend against adjusted budget, additional details have been provided. Where departmental expenditure is on target, additional information has not been provided.

## 5 GENERAL FUND SERVICES - MONITORING POSITION AS AT 31 JULY 2007

- 5.1 The forecast position as at 31 July 2007 for General Fund services is summarised below:

	<u>Adjusted Budget 2007/08 £000</u>	<u>Forecast 2007/08 £000</u>	<u>Variance £000</u>
Total Expenditure	296,038	296,249	211
Total Income	<u>(296,038)</u>	<u>(296,038)</u>	—
Forecast Overspend	—	<u>211</u>	<u>211</u>

The forecast position as at 31 July 2007 is shown in more detail in the appendices to this report, as follows:

**Appendix A** shows the variances between budget and projected outturn for each department/service of the Council.

**Appendix B** provides detailed explanations for the variances against budget that are shown in Appendix A.

**Appendix C** lists the budget adjustments that have been undertaken to date. These adjustments include funding transfers and the transfer of budgets between budget headings within the Revenue Budget, allocations from Contingencies and also unspent budgets that have been carried forward from the previous financial year.

The following paragraphs summarise the main areas of variance by department along with appropriate explanations.

- 5.2 It should be emphasised that this report identifies projections based on the first four months of the financial year to 31 July 2007. 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**

- 5.3 Education (£382,000 - overspend)

This mainly relates to a shortfall in income that is projected in the Special Education sector due to a reduction in the number of placements made by other authorities. In addition, within primary and secondary schools it is anticipated that property costs will be overspent due to increased expenditure on Health and Safety contracts.

#### 5.4 Leisure & Communities (£91,000 - overspend)

This projection mainly relates to an overspend in property costs and a shortfall in income. On property costs, it is anticipated there will be an overspend as there is currently no budgetary provision to cover Dudhope Arts Centre costs. In the Parks, Sports and Leisure sector it is projected that there will be a shortfall in rental income due to the termination of the McTaggart Sports Centre lease and revised rental agreement for Mains Castle.

#### 5.5 Waste Management (£29,000 overspend)

In Refuse Disposal, it is anticipated that property costs will be overspent due to increased expenditure on SEPA licences and security costs. This will be offset by additional income from recycling and waste charges. Within Refuse Collection, a shortfall in income from special collections and skip hires is projected.

#### 5.6 Environmental Health & Trading Standards (£19,000 - underspend)

This reflects various underspends and additional income anticipated by the department, partly offset by a projected overspend in third party payments for kennelling fees following the closure of Brown Street kennels.

#### 5.7 Finance Revenues (£272,000 - underspend)

This reflects a projected underspend in staff costs due mainly to unfilled vacancies and additional miscellaneous income anticipated by the department.

### 6 HOUSING REVENUE ACCOUNT - MONITORING POSITION AS AT 31 JULY 2007

6.1 The forecast position as at 31 July 2007 for the Housing Revenue Account is summarised below:

	<u>Adjusted Budget 2007/08 £000</u>	<u>Forecast 2007/08 £000</u>	<u>Variance £000</u>
Total Expenditure	45,288	45,626	338
Total Income	<u>(45,288)</u>	<u>(46,023)</u>	<u>(735)</u>
Forecast Underspend	_____ -	_____(397)	<u>(397)</u>

6.2 The above is mainly due to projected underspends in staff costs, property costs and additional grant income received by the department. These are partly offset by additional repairs and maintenance expenditure projected to be incurred by the department. The net underspend of £397,000 will result in a transfer to the Renewal and Repair Fund and so bring the HRA outturn in line with the approved Revenue Budget.

### 7 CONCLUSION

As in previous years, the Head of Finance will work with all Chief Officers of the Council to monitor the Council's 2007/2008 Revenue Budget and, through prudent budget management, take every reasonable action to achieve an outturn position below or in line with the approved 2007/2008 Revenue Budget.

### 8 POLICY IMPLICATIONS

None.

9 **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.

10 **BACKGROUND PAPERS**

None

**MARJORY M STEWART  
HEAD OF FINANCE**

**30 AUGUST 2007**

**DUNDEE CITY COUNCIL**  
**2007/2008 REVENUE OUTTURN MONITORING**  
**PERIOD 1 APRIL 2007 - 31 JULY 2007**

Statement analysing 2007/2008 Projected Revenue Outturn to Budget (Capital Charges, Central Support & Central Buildings Recharges have been excluded from Departments as these costs are outwith their control).

	Approved Budget £000	Budget Adjustments £000	Adjusted Budget £000	Forecast £000	Worse Than Budget £000	Better Than Budget £000	Net Variance £000	Notes
<b>General Fund Departments</b>								
Education	100,573	779	101,352	101,734	382		382	1
Leisure & Communities	19,559	301	19,860	19,951	91		91	2
Waste Management	13,901	27	13,928	13,957	29		29	3
Social Work	68,715	486	69,201	69,201				
Planning & Transportation	7,035	25	7,060	7,060				
Economic Development	2,877		2,877	2,877				
<u>Central Support Services</u>								
Chief Executive	1,101	52	1,153	1,153				
Personnel	1,487	28	1,515	1,515				
Information Technology	5,232	78	5,310	5,310				
Support Services - Admin/Legal	3,248		3,248	3,248				
- Architects	(454)		(454)	(454)				
Finance General	3,032		3,032	3,032				
Other Housing	1,008	(259)	749	749				
DCS - Land Services Client	2,231		2,231	2,231				
Supporting People	0	259	259	259				
Miscellaneous Income	(2,607)		(2,607)	(2,607)				
Environmental Health & Trading Stds	2,628	20	2,648	2,629		(19)	(19)	4
<u>Miscellaneous Services</u>								
Chief Executive	72	396	468	468				
Support Services	214	66	280	280				
Finance Revenues	3,449		3,449	3,177		(272)	(272)	5
Dundee CAB	109		109	109				
Contribution to EDU	93		93	93				
	233,503	2,258	235,761	235,972	502	(291)	211	
DCS - Contracting Activities	(839)		(839)	(839)				
Capital Financing Costs /								
Interest on Revenue Balances	23,185		23,185	23,185				
Contingencies - General	200	(58)	142	142				
- Single Status	1,870	(18)	1,852	1,852				
Discretionary NDR Relief	137		137	137				
Supplementary Superannuation Costs	1,532		1,532	1,532				
	259,588	2,182	261,770	261,981	502	(291)	211	
<b>Joint Boards</b>								
Tayside Joint Police Board	18,934		18,934	18,934				
Tayside Fire & Rescue Board	14,284		14,284	14,284				
Tayside Valuation Joint Board	1,050		1,050	1,050				
<b>Total Expenditure</b>	293,856	2,182	296,038	296,249	502	(291)	211	
<b>Sources of Income</b>								
Revenue Support Grant	(184,955)	(66)	(185,021)	(185,021)				
Contribution from NNDR Pool	(51,896)		(51,896)	(51,896)				
Council Tax	(55,705)		(55,705)	(55,705)				
Use of Balances -								
Committed Balances c/f	(1,300)	(2,116)	(3,416)	(3,416)				
Renewal & Repair Fund			0	0				
<b>(Surplus)/Deficit for the year</b>	0	0	0	211	502	(291)	211	
<b>Housing Revenue Account</b>	0	(397)	(397)	(397)	NIL	NIL	NIL	

**REASONS FOR 2007/08 CONTROLLABLE PROJECTED REVENUE OVERTURN VARIANCES**  
**(Excludes Capital Charges, Central Support Services & Office Recharges)**  
**AT 31 JULY 2007**

Appendix B

<u>Department</u>	<u>Note</u>	<u>Total Variance £000</u>	<u>Cost Centre</u>	<u>Subjective Analysis</u>	<u>Breakdown of Variance £000</u>	<u>Reason / Basis of Over/(Under)spend</u>
<u>Education</u>	1	382	Primary	Property	55	Reflects projected overspend on Health & Safety Contracts.
			Secondary	Property	80	Reflects projected overspend on Health & Safety Contracts.
			Special	Income	230	Reduction in Special Education Needs recoveries due to a drop in the number of placements made by other authorities.
			Education Other Than At School	Third Party Payments	17	Projected overspend on residential schools placements.
<u>Leisure &amp; Communities</u>	2	91	Library, Information & Cultural Services	Property	30	Additional costs for Dudhope Arts Centre not budgeted for. In addition, it is anticipated that there will be in overspend in cleaning costs.
			Parks, Sports & Leisure	Staff	9	Additional costs incurred following industrial tribunal.
				Property	9	Reflects additional security costs projected for Camperdown Wildlife Centre.
				Income	45	Mainly reflects loss of rental income for McTaggart Sport Centre following termination of lease by Dundee College (£23k) and revised rental agreement for Mains Castle (£11k).
<u>Waste Management</u>	3	29	Refuse Disposal	Property	26	Increased expenditure on SEPA licences and security costs.
				Income	(79)	Reflects additional income from recycling and waste charges.
			Refuse Collection	Income	66	Reduced income on special collections and skips partly offset by additional income from increase in sale of recycled materials.
			Waste Strategy	Third Party Payments	16	Mainly additional grant paid to Tayside Furniture Project.
<u>Environmental Health &amp; Trading Standards</u>	4	(19)	Regulation	Staff	(12)	Reflects savings anticipated in various posts.
				Income	(27)	Additional grant funding not budgeted for.
			Pest & Animal Control	Property	(19)	Reflects savings projected due to closure of Brown St kennels.
				Third Party Payments	50	Payments for kennelling fees following closure of Brown St.
				Income	(11)	Additional grant funding for dog litter bags.
<u>Finance Revenues</u>	5	(272)	Revenues	Staff	(189)	Projected underspend due to unfilled vacancies, reduced hours and maternity leave.
				Income	(78)	Reflects increased chargeable income from Housing for collection of rent partly offset by shortfall in income projected from Scottish water.

<u>General Fund Departments</u>	<u>Allocation</u>	<u>2006/07</u>	<u>2006/07</u>	<u>Budget</u>	<u>Departmental</u>
	<u>From</u>	<u>Underspend</u>	<u>Q of Life</u>	<u>Transfers</u>	
	<u>Contingencies</u>	<u>Brought Forward</u>	<u>Brought Forward</u>	<u>Between</u>	<u>Totals</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>Departments</u>	<u>£000</u>
<u>Education</u>					
1. Various grant income		268			
2. DSM Balances		511			
					779
<u>Social Work</u>					
1. Community alarms control room refurbishment		54			
2. Choose Life Funding		40			
3. Cowan Grove refurbishment		118			
4. Case file storage accommodation		58			
5. Community Care		80			
6. Secure GSX Email		12			
7. Kinship Carers (accrued costs)		173			
8. Disabled Persons car parking facilities				(8)	
9. Dundee Voluntary Action				(41)	
					486
<u>Planning &amp; Transportation</u>					
1. Quality of Life - Unadopted Footways			12		
2. Quality of Life - Adopted Footways			2		
3. Quality of Life - Traffic Calming			3		
4. Disabled Persons car parking facilities				8	
					25
<u>Leisure &amp; Communities</u>					
1. Quality of Life - Parks Improvements			66		
2. Quality of Life - Skate Parks			54		
3. Quality of Life - Joint Health Work / Young People			21		
4. Adult Literacy		44			
5. Youth Justice - Local Action Fund		75			
6. Dundee Voluntary Action				41	
					301
<u>Waste Management</u>					
1. Quality of Life - Rapid Response Team & Cleansing Equipment			27		
					27
<u>Environmental Health &amp; Trading Standards</u>					
1. Smoking in Public Places		20			
					20
<u>Chief Executive</u>					
1. Community Planning Partnership		52			
2. Employment Disability Unit		60			
3. Integrated Children's Services		336			
					448
<u>Personnel</u>					
1. Equalities Scheme Implementation	10				
2. Job Evaluation Adviser	18				
					28
<u>Information Technology</u>					
1. New Computer Centre		30			
2. Corporate GIS Manager	48				
					78
<u>Support Services</u>					
1. Electoral Registration - RSG redetermination for elections funding				66	
					66
<u>Supporting People</u>					
1. Supporting People Management and Administration Grant				259	
					259
<u>Other Housing</u>					
1. Supporting People Management and Administration Grant				(259)	
					(259)
<u>General Contingency</u>					
1. Transfer to Personnel	(10)				
2. Transfer to Information Technology	(48)				
					(58)
<u>Single Status Contingency</u>					
1. Transfer to Personnel	(18)				
					(18)
<b>Total Adjustments (General Fund)</b>	<b>0</b>	<b>1,931</b>	<b>185</b>	<b>66</b>	<b>0</b>
					<b>2,182</b>
<u>Housing Revenue Account</u>					
1. Transfer of projected HRA underspend to R&R Fund				(397)	
					(397)
<b>Total Adjustments (HRA)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(397)</b>
					<b>(397)</b>