

REPORT TO: POLICY & RESOURCES COMMITTEE - 27 OCTOBER 2008

REPORT ON: REVENUE MONITORING 2008/2009

REPORT BY: HEAD OF FINANCE

REPORT NO: 664-2008

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2008/2009 Projected Revenue Outturn as at 31 August 2008 monitored against the adjusted 2008/2009 Revenue Budget.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Elected Members:
- a note that the overall General Fund 2008/2009 Projected Revenue Outturn as at 31 August 2008 shows an overspend of £375,000 against the adjusted 2008/2009 Revenue Budget.
 - b note that the Housing Revenue Account is projecting an overspend of £192,000 against the adjusted HRA 2008/2009 Revenue Budget.
 - c agree that the Head of Finance will take every reasonable action to ensure that the 2008/2009 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 2008/2009 Projected Revenue Outturn.

3 FINANCIAL IMPLICATIONS (see Appendix A)

- 3.1 The overall projected 2008/2009 General Fund Revenue outturn position for the City Council shows an overspend of £375,000 based on the financial information available at 31 August 2008. A system of perpetual detailed monitoring will continue to take place up to 31 March 2009 with the objective of the Council achieving a final outturn which is below or in line with the adjusted 2008/2009 Revenue Budget.
- 3.2 The Housing Revenue Account outturn position for 2008/2009 is currently projecting an overspend of £192,000 based on the financial information available for the period to 31 August 2008. This overspend will result in a corresponding transfer from the Renewal and Repair Fund. The outturn position will then be in line with the adjusted 2008/2009 Housing Revenue Account Budget.

4 BACKGROUND

- 4.1 Following approval of the Council's 2008/2009 Revenue Budget by the Special Policy and Resources Committee on 14 February 2008 this report is now submitted in order to monitor the 2008/2009 Projected Revenue Outturn position as at 31 August 2008, against the adjusted 2008/2009 Revenue Budget.

4.2 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 AUGUST 2008

5.1 The forecast position as at 31 August 2008 for General Fund services is summarised below:

	<u>Adjusted Budget 2008/09 £000</u>	<u>Forecast 2008/09 £000</u>	<u>Variance £000</u>
Total Expenditure	334,681	334,874	193
Total Income	<u>(334,681)</u>	<u>(334,499)</u>	<u>182</u>
Forecast Overspend	_____ -	_____ 375	<u>375</u>

The forecast position as at 31 August 2008 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 five months of the financial year to 31 August 2008. 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 Social Work (£1,000,000 overspend)

The department are facing a number of cost pressures across all services. The majority of this overspend reflects the significant pressures around adult care including new commissioned services for the resettlement of adults in the community. In addition, these also include an anticipated overspend for family placements, the department's share of the residential schools placement budget and increased payments to other bodies for schemes and care packages for children with disabilities. These are offset by additional non-recurring income, savings in staff costs due to a number of unfilled vacancies and various other savings projected by the department.

5.4 Planning & Transportation (£356,000 overspend)

In Building Quality, income for building warrants, planning applications and property enquiries is lower than budgeted, reflecting a reduction in these activities due to the current economic climate. In Street Lighting, an overspend in supplies and services is projected due to the increased price of electricity, this is offset by a reduction in contract works being carried out for outside bodies. These variances are partly offset by various underspends and additional income projected by the department.

5.5 Education (£71,000 overspend)

This projected overspend relates to the departments share of the residential schools placements budget.

5.6 Environmental Health & Trading Standards (£134,000 underspend)

The department are projecting savings in staff costs due mainly to the staff restructuring and unfilled vacancies.

5.7 Finance Revenues (£400,000 underspend)

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

5.8 Capital Financing Costs/Interest on Revenue Balances (£700,000 underspend)

The above relates to additional income anticipated from interest on revenue balances and lower than budgeted expenditure on capital financing costs.

5.9 General Revenue Funding (£182,000 income shortfall)

Reflects an anticipated reduction in General Revenue Funding received from Scottish Government following an adjustment to the level of support received for Police loan charges.

6 HOUSING REVENUE ACCOUNT - MONITORING POSITION AS AT 31 AUGUST 2008

6.1 The forecast position as at 31 August 2008 for the Housing Revenue Account is summarised below:

	<u>Adjusted Budget 2008/09 £000</u>	<u>Forecast 2008/09 £000</u>	<u>Variance £000</u>
Total Expenditure	45,618	45,828	210
Total Income	(45,618)	(45,636)	(18)
Forecast Overspend	—	192	192

6.2 The above is mainly due to additional repairs and relets expenditure incurred by the department. This is partly offset by various underspends in staff costs and loan charges projected by the department. The net overspend of £192,000 will result in a transfer from 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 2008/2009 Revenue Budget and, through prudent budget management, take every reasonable action to achieve an outturn position below or in line with the approved 2008/2009 Revenue Budget.

8 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major issues.

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**

20 OCTOBER 2008

DUNDEE CITY COUNCIL
2008/2009 REVENUE OUTTURN MONITORING
PERIOD 1 APRIL 2008 - 31 AUGUST 2008

Appendix A

Statement analysing 2008/2009 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 Departments								
Social Work	75,495	824	76,319	77,319	1,000		1,000	1
Planning & Transportation	7,086		7,086	7,442	356		356	2
Education	115,813	258	116,071	116,142	71		71	3
Leisure & Communities	22,196	118	22,314	22,314				4
Economic Development	3,215		3,215	3,215				
Waste Management	15,453	35	15,488	15,488				
<u>Central Support Services</u>								
Chief Executive	1,134		1,134	1,134				
Personnel	1,561		1,561	1,561				
Information Technology	5,205		5,205	5,205				
Support Services - Admin/Legal	3,257		3,257	3,257				
- Architects	(469)		(469)	(469)				
Finance General	3,381	53	3,434	3,434				
Other Housing	2,066		2,066	2,066				
Supporting People	12,262		12,262	12,262				
DCS - Land Services Client	2,165		2,165	2,165				
Environmental Health & Trading Stds	3,078	103	3,181	3,047		(134)	(134)	5
<u>Miscellaneous Services</u>								
Chief Executive	374	240	614	614				
Support Services	175		175	175				
Finance Revenues	3,616		3,616	3,216		(400)	(400)	6
Dundee CAB	110		110	110				
Contribution to Employment Unit	94		94	94				
	-----	-----	-----	-----	-----	-----	-----	
	277,267	1,631	278,898	279,791	1,427	(534)	893	
Miscellaneous Income	(2,824)		(2,824)	(2,824)				
DCS - Contracting Activities	(778)		(778)	(778)				
Capital Financing Costs /								
Interest on Revenue Balances	23,697		23,697	22,997		(700)	(700)	7
Contingencies - General	188	(188)	0	0				
Discretionary NDR Relief	147		147	147				
Supplementary Superannuation Costs	1,590		1,590	1,590				
Resources t/f from Capital Programme	(1,600)		(1,600)	(1,600)				
	-----	-----	-----	-----	-----	-----	-----	
	297,687	1,443	299,130	299,323	1,427	(1,234)	193	
Joint Boards								
Tayside Joint Police Board	19,667		19,667	19,667				
Tayside Fire & Rescue Board	15,037		15,037	15,037				
Tayside Valuation Joint Board	1,066		1,066	1,066				
	-----	-----	-----	-----	-----	-----	-----	
Total Expenditure	333,457	1,443	334,900	335,093	1,427	(1,234)	193	
Sources of Income								
General Revenue Funding	(221,223)	(219)	(221,442)	(221,260)	182		182	8
Contribution from NNDR Pool	(54,535)		(54,535)	(54,535)				
Council Tax	(55,916)		(55,916)	(55,916)				
Use of Balances -								
Committed Balances c/f	(1,783)	(909)	(2,692)	(2,692)				
Other Balances	0	(315)	(315)	(315)				
Renewal & Repair Fund	0		0	0				
	-----	-----	-----	-----	-----	-----	-----	
(Surplus)/Deficit for the year	0	0	0	375	1,609	(1,234)	375	
	=====	=====	=====	=====	=====	=====	=====	
Housing Revenue Account								
	0	192	192	192	NIL	NIL	NIL	
	=====	=====	=====	=====	===	===	===	

REASONS FOR 2008/09 CONTROLLABLE PROJECTED REVENUE OUTFURN VARIANCES
(Excludes Capital Charges, Central Support Services & Office Recharges)

Appendix B

AT 31 AUGUST 2008

<u>Department</u>	<u>Note</u>	<u>Total Variance £000</u>	<u>Cost Centre</u>	<u>Subjective Analysis</u>	<u>Breakdown of Variance £000</u>	<u>Reason / Basis of Over/(Under)spend</u>
<u>Social Work</u>	1	1,000	Departmental	Staff Costs	(300)	Mainly due to the delay in filling staff vacancies.
				Third Party Payments	(300)	Part year effect of implementation of new staff development/training infrastructure to meet care registration standard.
					1,147	Reflects significant pressures around Adult Care and the financial impact of new commissioned services for the resettlement of adults in the community.
				(54)	Part year effect of implementation of initiatives funded from Children and Community Care new monies.	
				(37)	Delays in commissioning an essential needs assessment review of services and client group strategies.	
				(600)	Supporting People funding contribution.	
			Children	Third Party Payments	199	Continued pressure of increase in placements made to avoid inappropriate care settings for children and also due to effect of fee increases being greater than budgeted provision.
					828	Increased number of looked after children and also increase in the numbers of children requiring permanent substitute care away from their birth parents.
					186	Higher spend anticipated on Community Enabler Scheme and Individual Care Packages for children with disabilities.
					76	Shortfall in level of budgeted income currently projected.
			Older People	Supplies & Services	73	Increased costs of purchase of meals from Tayside Contracts.
				Transport Costs	(40)	Expenditure on Transport Hire and Travel Mileage are estimated to be lower than budget.
				Third Party Payments	100	Greater demand for respite and domiciliary care.
				(223)	Higher respite accommodation charges and non recurring clients contribution towards residential accommodation in local authority homes, also additional income from community alarms, lunch clubs and meals partly offset by less than anticipated charging income for home care service.	
			Adults	Income	(8)	Higher contribution from Health Board towards the costs of Young Adults Respite service.
	(47)	This is mainly due to additional supporting people grant from Angus Council to fund client based in Knowelend, also higher respite accommodation charges partly offset by withdrawal of service/contribution from Perth & Kinross Council at Whitetop and from Angus Council at Mackinnon Centre.				

REASONS FOR 2008/09 CONTROLLABLE PROJECTED REVENUE OUTFURN VARIANCES

Appendix B

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

AT 31 AUGUST 2008

<u>Department</u>	<u>Note</u>	<u>Total Variance £000</u>	<u>Cost Centre</u>	<u>Subjective Analysis</u>	<u>Breakdown of Variance £000</u>	<u>Reason / Basis of Over/(Under)spend</u>
<u>Planning & Transportation</u>	2	356	Policy & Regeneration	Various	(22)	Savings anticipated due to non-filling of vacant posts, partly offset by anticipated overspend in supplies and services for e-planning works.
			Building Quality	Income	456	Income for building warrants, planning applications and property enquiries is lower than budgeted, reflecting a reduction in these activities due to the current economic climate.
			Transportation	Staff Costs	(25)	Savings anticipated due to non-filling of vacant posts.
			Traffic	Income	(96)	Professional fees are anticipated to be greater than budgeted.
			Road Maintenance	Third Party Payments	(100)	Reflects a reduction in the level of structural and cyclical works being carried out.
			Winter Maintenance	Third Party Payments	100	Current budgetary provision is inadequate.
			Street Lighting	Supplies & Services	245	Reflects increased electricity charges.
				Third Party Payments	(235)	Reflects reduction in contract works partly offset by anticipated overspend on expenditure for signs and bollards.
				Income	(42)	Reflects increased recharges to outside organisations.
			Off Street Car Parking	Staff Costs	(20)	Savings anticipated due to non-filling of vacant posts.
	Property Costs	57	Non-Domestic Rates are projected to be overspent.			
	Supplies & Services	33	Reflects additional security costs incurred for multi storey car parks.			
<u>Education</u>	3	71	Education Other Than At School	Third Party Payments	71	Projected overspend on residential and secure placements budget.
<u>Leisure & Communities</u>	4	0	Library, Information & Cultural Services	Income	19	Reflects underachievement of chargeable income due to temporary closure of McManus Galleries offset by additional library income.
			Community Learning & Development	Staff Costs	(33)	Mainly due to staff vacancies.
				Income	(93)	Reflects additional income for Community Safety Wardens not included in budget.
			Parks, Sport and Leisure	Transport Costs	72	Reflects anticipated overspend on fuel.
			Business Development & Support Services	Staff Costs	27	Mainly due to staff slippage not being achieved.
<u>Env Health & Trading Standards</u>	5	(134)	Regulation	Staff	(132)	Staff costs are projected to be underspent mainly due to a combination of unfilled vacancies, long term sick and maternity leave. In addition further savings in staff costs are projected following a staff restructuring exercise.

REASONS FOR 2008/09 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES**Appendix B****(Excludes Capital Charges, Central Support Services & Office Recharges)****AT 31 AUGUST 2008**

<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>Finance Revenues</u>	6	(400)	Revenues	Staff	(248)	Projected underspend due to unfilled vacancies, long-term sick and maternity leave.
				Income	(154)	Reflects increased income from departments for collection of rents and other charges at City Square office together with additional income from recharge of diligence and legal fees relating to collection of unpaid accounts. This is partly offset by shortfall in miscellaneous income.
<u>Capital Financing Costs/ORB</u>	7	(700)	Capital Financing Costs/ORB		(700)	Additional income projected from interest on revenue balances and lower than budgeted expenditure on capital financing costs.
<u>General Revenue Funding</u>	8	182	General Revenue Funding		182	Reflects anticipated shortfall in GRF following Police Loan Charges Support redetermination.

<u>General Fund Departments</u>	<u>Alloc From Conts</u> <u>£000</u>	<u>2007/08 Under spends</u> <u>b/fwd</u> <u>£000</u>	<u>2007/08 Quality of Life Brought Forward</u> <u>£000</u>	<u>Funding T/Fs</u> <u>£000</u>	<u>Alloc from R&R Fund</u> <u>£000</u>	<u>Transfers Between Depts</u> <u>£000</u>	<u>Other Transfers</u> <u>£000</u>	<u>Dept Totals</u> <u>£000</u>
<u>Education</u>								
1. DSM Balances		258						258
<u>Social Work</u>								
1. Community Alarms Service		54						
2. Needs Assessment Review		78						
3. Community Equipment Service		23						
4. Transfer from General Contingency	450							
5. Adult Support and Protection Implementation Framework				219				824
<u>Planning & Transportation</u>								
								0
<u>Leisure & Communities</u>								
1. QoL - Parks & Playgrounds			86					
2. Literacy & Numeracy Fund		32						118
<u>Waste Management</u>								
1. QoL - Rapid Response & Cleansing			35					35
<u>Env Health & Trading Standards</u>								
1. Air Quality Monitoring		103						103
<u>Chief Executive</u>								
1. Ext Funded Projects (Integrated Child Servs)		240						240
<u>Support Services</u>								
								0
<u>Finance</u>								
1. Transfer from General Contingency	53							53
<u>General Contingency</u>								
1. Transfer to Social Work	(450)							
2. Transfer from Other Balances							315	
3. Transfer to Finance General	(53)							(188)
Total Adjustments (General Fund)	0	788	121	219	0	0	315	1,443
<u>Housing Revenue Account</u>								
1. T/f projected overspend from R&R Fund						192		192
Total Adjustments (HRA)	0	0	0	0	0	192	0	192