

REPORT TO: FINANCE COMMITTEE - 12 FEBRUARY 2007

REPORT ON: REVENUE MONITORING 2006/2007

REPORT BY: HEAD OF FINANCE

REPORT NO: 84-2007

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2006/2007 Projected Revenue Outturn as at 31 December 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 31 December 2006 shows an overspend of £74,000 against the adjusted 2006/2007 Revenue Budget.
- b note that the Housing Revenue Account is projecting an underspend of £277,000 against the adjusted 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 £74,000 based on the financial information available at 31 December 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.
- 3.3 The Housing Revenue Account outturn position for 2006/2007 is currently projecting an underspend of £277,000 based on the financial information available for the period to 31 December 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 SUSTAINABILITY POLICY 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 31 December 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 31 December 2006, £147,000 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.
- 6.3 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.

7 GENERAL FUND SERVICES - MONITORING POSITION AS AT 31 DECEMBER 2006

- 7.1 The forecast position as at 31 December 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	286,038	286,160	122
Total Income	<u>(286,075)</u>	<u>(286,123)</u>	<u>(48)</u>
Forecast Overspend	<u>(37)</u>	<u>37</u>	<u>74</u>

The forecast position as at 31 December 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 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.

- 7.2 It should be emphasised that this report identifies projections based on the first nine months of the financial year to 31 December 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 Other Housing (£371,000 - overspend)

The projected overspend relates to additional homeless accommodation costs of £575,000 for homeless clients, in excess of the amounts that can be recovered as Housing Benefit/Council Tax Benefit subsidy. However, it should be noted that the ongoing payments for accommodation costs have significantly reduced. This is partly offset by additional income and various other projected savings.

7.4 Education (£251,000 - overspend)

A shortfall in income of £250,000 is projected in the Special Education sector. This is due to a drop in the number of placements made by other authorities. An overspend is also anticipated in respect of the department's share of residential school placements budget. The projected overspends are partly offset by various grants carried forward from 2005/06.

7.5 Leisure & Communities (£240,000 - overspend)

The projected overspend relates mainly to staff costs and property costs. On staff costs, the number of vacant posts is less than anticipated meaning that the slippage allowances built into the budget are not being met. On property costs, a number of budget heads (eg rates, energy, maintenance, cleaning etc) are expected to be overspent. These overspends are partly offset by various other projected savings.

7.6 Economic Development (£153,000 - 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 and other income that will be achieved. There is a projected overspend at Dundee Airport due mainly to additional property costs. Additional property costs relating to repairs, maintenance and security have also resulted in a projected overspend within Property Management. The overspends are partly offset by savings in staff budgets and additional income within the department to give a projected net departmental overspend of £153,000.

7.7 Social Work (£150,000 - overspend)

The projected overspend is largely due to acknowledged cost pressures in the Children & Families sector. This includes an anticipated overspend for family placements and the department's share of residential schools budget. In addition, the department are also projecting an overspend in third party payments for Older People in community care. These overspends are partly offset by additional non-recurring income and various other projected savings.

7.8 Finance Revenues (£227,000 - underspend)

The above is mainly due to projected additional income from the Department for Works and Pensions, together with projected savings in staff costs due to staffing restructure.

7.9 DCS - Contracting Activities (£120,000 - underspend)

The department are projecting that CFCR expenditure on vehicles, plant and equipment will be lower than budgeted.

7.10 Capital Financing Costs/IORB (£200,000 - underspend)

The above relates to additional income anticipated from interest on revenue balances.

7.11 Single Status (£500,000 - underspend)

The projected outturn for the costs of Single Status in 2006/2007 is £500,000. This figure comprises interim pay settlements already approved by committee and an allowance for further possible equal pay claims including Dundee City Council's share of Tayside Contracts. The net outcome is a projected underspend of £500,000 due to a delay in the implementation of the Single Status Agreement.

8 HOUSING REVENUE ACCOUNT - MONITORING POSITION AS AT 31 DECEMBER 2006

8.1 The forecast position as at 31 December 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	45,511	45,104	(407)
Total Income	<u>(45,474)</u>	<u>(45,344)</u>	<u>130</u>
Forecast Underspend	<u>37</u>	<u>(240)</u>	<u>(277)</u>

8.2 The above underspend is mainly due to projected savings in staff costs, property costs and housing administration costs. These underspends are partly offset by various other miscellaneous overspends anticipated by the department. The net underspend of £277,000 will result in a transfer to the Renewal & Repair Fund and so bring the HRA outturn in line with the approved 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**

02 FEBRUARY 2007

DUNDEE CITY COUNCIL

2006/2007 REVENUE OUTTURN MONITORING

PERIOD 1 APRIL 2006 - 31 DECEMBER 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 Departments								
Other Housing	1,237	(37)	1,200	1,571	371		371	1
Education	97,475	607	98,082	98,333	251		251	2
Leisure & Communities	18,909	455	19,364	19,604	240		240	3
Economic Development	4,037	186	4,223	4,376	153		153	4
Social Work	64,402	857	65,259	65,409	150		150	5
Environmental Health & Trading Stds	2,481	81	2,562	2,594	32		32	6
Planning & Transportation	9,999	(2,982)	7,017	7,017				7
Waste Management	13,810	3	13,813	13,813				
DCS - Land Services Client	2,201		2,201	2,201				
Supporting People	0		0	0				
Miscellaneous Income	(2,480)		(2,480)	(2,480)				
Central Support Services								
Chief Executive	1,017	49	1,066	1,066				
Personnel	1,433	(7)	1,426	1,426				
Information Technology	5,266		5,266	5,266				
Support Services - Admin/Legal	3,054	(3)	3,051	3,051				
- Architects	(433)	(5)	(438)	(438)				
Finance General	2,878	37	2,915	2,881		(34)	(34)	8
Miscellaneous Services								
Chief Executive	65	20	85	85				
Support Services	180	32	212	212				
Finance Revenues	3,204	70	3,274	3,047		(227)	(227)	9
Payments to Other Bodies	113		113	113				
	228,848	(637)	228,211	229,147	1,197	(261)	936	
DCS - Contracting Activities	(475)		(475)	(595)		(120)	(120)	10
Capital Financing Costs /								
Interest on Revenue Balances	22,011	260	22,271	22,071		(200)	(200)	11
Contingencies - General	200	(147)	53	53				
- Single Status	1,000		1,000	500		(500)	(500)	12
Discretionary NDR Relief	118		118	135	17		17	13
Supplementary Superannuation Costs	1,549	129	1,678	1,678				
	253,251	(395)	252,856	252,989	1,214	(1,081)	133	
Joint Boards								
Tayside Joint Police Board	18,269		18,269	18,269				
Tayside Fire & Rescue Board	13,929		13,929	13,929				
Tayside Valuation Joint Board	984		984	973		(11)	(11)	14
	286,433	(395)	286,038	286,160	1,214	(1,092)	122	
Sources of Income								
Revenue Support Grant	(178,918)	2,661	(176,257)	(175,662)	595		595	15
Contribution from NNDR Pool	(51,982)		(51,982)	(52,625)		(643)	(643)	16
Council Tax	(55,533)		(55,533)	(55,533)				
Use of Balances -								
Committed Balances c/f	0	(2,203)	(2,203)	(2,203)				
Renewal & Repair Fund	0	(100)	(100)	(100)				
	0	(37)	(37)	37	1,809	(1,735)	74	
(Surplus)/Deficit for the year								
	0	(37)	(37)	37	1,809	(1,735)	74	
Housing Revenue Account								
	0	(240)	(240)	(240)	NIL	NIL	NIL	

REASONS FOR 2006/07 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES
(Excludes Capital Charges, Central Support Services & Office Recharges)
AT 31 DECEMBER 2006

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>Other Housing</u>	1	371	Miscellaneous	Income	(80)	Additional income from Houses of Multiple Occupation (HMO) licences.
					(30)	Reduction in internal recharges due to staff restructuring within Housing department.
					(80)	External funding contribution towards Anti Social Behaviour Team.
			Homeless Payments	Subsidy	575	Bed & breakfast accommodation costs for homeless clients above amounts recoverable as Housing Benefit / Council Tax Benefit subsidy.
<u>Education</u>	2	251	Primary	Income	(233)	Various grants carried forward from 2005/06 resulting in additional income this year.
			Secondary	Third Party Payments	40	Higher than budgeted Scottish Qualifications Authority fees. Budgets based on previous 3 years pupil to exam ratio trends. Ratios will vary year on year with resulting over or underspends
			Special	Income	250	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	191	Projected overspend on residential schools placements.
<u>Leisure & Communities</u>	3	240	Parks	Staff Costs	113	Budgeted slippage not being met.
				Income	(52)	Backdated recharges for events at Caird Park & Riverside and higher than anticipated income from Wildlife Centre, golf memberships & cemeteries.
			Library & Information	Staff Costs	60	Budgeted slippage not being met.
				Property Costs	66	Mainly increase in rates for Central Library, water charges, cleaning costs and energy costs.
			Community Based Functions	Income	(37)	Increased income from hire of equipment at Ancrum Centre.
			Community Regeneration	Staff Costs	31	Budgeted slippage not being met.
			Corporate & Management	Staff Costs	43	Mainly additional costs for sessional staff at translation service due to higher demand together with budgeted slippage not being met.
<u>Economic Development</u>	4	153	Dundee Airport	Property Costs & Supplies and Services	130	Overspend on non-domestic rates due to revaluation, partly offset by refund expected from appeal. Repairs and maintenance and energy costs are also expected to exceed the available budgets, as are fuel purchases.
				Income	(63)	Additional fuel sales partly offset by the lower than expected income.
			Mainstream	Staff Costs	(170)	Projected savings from vacant posts in the Business Development section.
				Third Party Payments	42	Additional expenditure in respect of the rental underwriting guarantee for Incubator 2. This is offset by reduced expenditure on Business Development and 'Off the Job' training.
				Income	45	The Tay Training income budget is not expected to be entirely achieved as the number of trainees has declined.

REASONS FOR 2006/07 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES
(Excludes Capital Charges, Central Support Services & Office Recharges)
AT 31 DECEMBER 2006

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>Economic Development</u> cont'd			Property Management	Property Costs	116	An overspend is expected in the repairs and maintenance areas. Also security costs are expected to be higher than budgeted due to the impact of the minimum wage alteration and surplus property requirements. Partly offset by savings on rent and service charges due to the reduction in the number of leased properties.
				Income	95	The department anticipates a shortfall in advertising income. In addition, property rental income will be less than budget given the current commercial / industrial rental market situation.
<u>Social Work</u>	5	150	Various	Staff Costs	(390)	Delays in filling vacant posts to achieve staff slippage targets.
					(349)	Part year effect of implementation of initiatives funded from new monies for Upskilling Workforce.
			Children	Property Costs	44	Mainly due to increased energy costs.
				Third Party Payments	277	Mainly due to residential and secure care fee increases being greater than budgeted provision partly offset by non recurring additional monies received from Scottish Executive to pay for improved outcomes for vulnerable children.
					286	Increased number of looked after children in family placement.
			Older People		51	Shortfall in level of budgeted income currently projected.
				Third Party Payments	211	Continued pressure to meet delayed discharge from hospital targets, impact of withdrawal of residential allowance on 2006/07 budget and greater demand for respite care and supported accommodation.
					(86)	Part-year effect of introducing extended block contracts for older people respite.
				Income	187	Charging income less than anticipated.
			Adults	Third Party Payments	90	Reflects current demand for Day Care services.
	70	Additional payments for services provided to Social Work clients.				
			Income	(249)	Mainly due to non-recurring additional income for learning disabilities clients.	
<u>Environmental Health & Trading Standards</u>	6	32	Pest & Animal Control	Staff Costs	30	Reflects Temporary Pest Control Officers posts extended to 31 March 2007 that are not included in budget.

REASONS FOR 2006/07 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES
(Excludes Capital Charges, Central Support Services & Office Recharges)
AT 31 DECEMBER 2006

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>Planning & Transportation</u>	7	Nil	Building Quality	Income	(310)	Higher than anticipated number of applications for building warrants.
			Policy & Regeneration	Staff Costs	(60)	Savings expected in staff costs due to the non-filing of vacant posts.
			Sustainable Transport	Property Costs	49	Additional revenue costs due to installation of the Smart-Bus shelters
				Income	79	Shortfall in bus shelter advertising income.
			Street Lighting	Supplies & Services	116	Reflects electricity contract renewal terms. Effective from 1 July 2006.
				Income	(61)	Increased income due to higher than anticipated level of rechargeable works.
			Traffic & Transportation	Staff Costs	(46)	Savings expected in staff costs due to the non-filing of vacant posts.
			Off Street Car Parking	Supplies & Services	68	This is mainly due to increased security services.
Income	212	Mainly due to a potential shortfall in the expected level of parking income..				
<u>Finance General</u>	8	(34)	General	Third Party Payments	(43)	Projected saving on external audit fee.
<u>Finance Revenues</u>	9	(227)	Revenues	Staff	(100)	Projected savings due to staffing restructure.
				Income	(120)	Increase in Housing Benefit / Council Tax Benefit subsidy.
<u>DCS - Contracting Activities</u>	10	(120)		CFCR	(120)	Savings on capital financed by current revenue (CFCR) expenditure for vehicles, plant and equipment.
<u>Capital Financing Costs / Interest on Revenue Balances</u>	11	(200)	Interest on Revenue Balances		(200)	Additional income projected from interest on revenue balances.
<u>Contingencies - Single Status</u>	12	(500)	Single Status	Contingency	(500)	Anticipated saving due to the delay in implementation of the Single Status Agreement. The projected spend for 2006/2007 includes interim pay settlements already approved by committee and an allowance for further possible equal pay claims including Dundee City Council's share of Tayside Contracts.
<u>Discretionary NDR Relief</u>	13	17	Discretionary NDR Relief	Reliefs Granted	17	Increased costs arising from new discretionary reliefs being awarded.
<u>Joint Boards - Tayside Valuation JB</u>	14	(11)		Requisitions	(8)	Saving in staff costs due mainly to vacant posts and reduced overtime.
<u>Revenue Support Grant</u>	15	595		Income	595	Re-profiling of Revenue Support Grant / contribution from National Non-Domestic Rates Pool.
<u>Contribution from NNDR Pool</u>	16	(643)		Income	(643)	Re-profiling of Revenue Support Grant / contribution from National Non-Domestic Rates Pool.

SUMMARY OF BUDGET ADJUSTMENTS AS AT 31 DECEMBER 2006

General Fund Departments	Allocation	2005/06	2005/06	Funding	Budget	Departmental
	From	Underspends	Q of Life		Transfers	
	Contingencies	Brought Forward	Brought Forward	Transfers	Between Departments	Totals
	£000	£000	£000	£000	£000	£000
Education						
1. DSM Balances		555				
2. PPP Development Costs		332				
3. NGfL Leasing Budget t/f (now capital)					(260)	
4. Staff Restructuring Costs					(20)	607
Social Work						
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				
7. Cowan Grove		100				
8. Changing Children's Services Fund (t/f to RSG)				408		857
Planning & Transport						
1. White Street Lighting			128			
2. Unadopted Footpaths			34			
3. Adopted Footpaths			3			
4. E-Planning Compact (IT Equipment)		48				
5. Concessionary Fares (t/f to TSEA)				(3,101)		
6. Staff Restructuring Costs					(94)	(2,982)
Economic Development						
1. Xmas Lights	37					
2. Transfer from Renewal & Repair Fund	100					
3. Transfer of staff from L & C merger					49	186
Leisure & Communities						
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				
7. Transfer of staff to Ec Dev following merger					(49)	455
Waste Management						
1. Tayside Bio-diversity Action Fund	3					3
Environmental Health & Trading Standards						
1. Environmental Wardens		70				
2. Enforcement of Smoking Ban		11				81
Chief Executive						
1. Community Planning Partnerships		49				69
2. Employment Disability Unit		20				
Personnel						
1. Staff Restructuring Costs					(7)	(7)
Admin / Legal						
1. Staff Restructuring Costs					(3)	(3)
Electoral Registration						
1. 2007 Elections costs				32		32
Architects						
1. Staff Restructuring Costs					(5)	(5)
Other Housing						
1. Transfer of Lily Walker Homeless Centre to HRA					(37)	(37)
Finance Revenues						
1. Security Against Fraud & Error	70					70
Finance General						
1. ABC Consortium Fee	37					37
Capital Financing Costs / IORB						
1. NGfL Leasing Budget t/f from Education					260	260
General Contingency						
1. Transfer to Finance Revenues	(70)					
2. Transfer to Economic Development	(37)					
3. Transfer to Waste Management	(3)					
4. Transfer to Finance General	(37)					
						(147)
Supplementary Superannuation Costs						
1. Transfer from Education for Staff Restructuring					20	
2. Transfers from P&T for Staff Restructuring					94	
3. Transfer from Personnel for Staff Restructuring					7	
4. Transfer from Admin / Legal for Staff Restructuring					3	
5. Transfer from Architects for Staff Restructuring					5	
						129
Total Adjustments (General Fund)	100	1,868	335	(2,661)	(37)	(395)
Housing Revenue Account						
1. Transfer of Lily Walker Homeless Centre from Other Housing					37	
2. Transfer of projected HRA underspend to R&R Fund					(277)	(240)
Total Adjustments (HRA)	0	0	0	0	(240)	(240)