

REPORT TO: POLICY AND RESOURCES COMMITTEE – 25 APRIL 2022

REPORT ON: REVENUE MONITORING 2021/2022

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 102-2022

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2021/2022 projected revenue outturn as at 28 February 2022 monitored against the adjusted 2021/2022 Revenue Budget.

2 RECOMMENDATIONS

- 2.1 It is recommended that Elected Members:
- a note that the overall General Fund as at 28 February 2022 is projecting an underspend of £10,965,000 against the adjusted 2021/2022 Revenue Budget.
 - b note the position on Covid-related expenditure and Covid funding, as set out in Appendix E and paragraph 3.1.
 - c note that the Housing Revenue Account as at 28 February is projecting an underspend of £1,196,000 against the adjusted HRA 2021/2022 Revenue Budget.
 - d agree that the Council Management Team will take every reasonable action to ensure that the 2021/2022 revenue expenditure is below or in line with the adjusted Revenue Budget.
 - e instruct the Executive Director of Corporate Services in conjunction with the Council Management Team to continue to monitor the Council's 2021/2022 projected revenue outturn to assist with the cost pressures resulting from Covid-19.
 - f note the current position on Leisure and Culture Dundee, as set out in paragraph 7.3, and notes the Council's ongoing financial support to offset the impact of Covid-19 on LACD though to at least 31 March 2023.

3 FINANCIAL IMPLICATIONS (see Appendix A)

- 3.1 The overall General Fund as at 28 February is projecting an underspend of £10,965,000 against the adjusted 2021/2022 Revenue Budget. The actual underspend at the year-end will be added to the Council's General Fund balances. This underspend includes £1.550m of funding that will be considered as potential carry forwards by the Executive Director of Corporate Services at the year end. As previously reported there are areas of significant future financial commitment, totalling £7.467m, that will account for a substantial proportion of the General Fund underspend that is currently projected for 2021/22.

The underspend excludes Covid-19 related expenditure and loss of income. The Council is continuing to incur significant additional expenditure and income shortfalls from its response to the Covid-19 pandemic. The latest projections for Covid-19 related costs and funding are shown in Appendix E. It is currently projected that costs will be met by confirmed funding streams and earmarked General Fund balances. The Scottish Government has previously made available some financial flexibilities to enable Councils to fund Covid-related expenditure and loss of income. One of these flexibilities is the option to take a loan

repayment “holiday”, with the deferred loan repayment subsequently being repaid over 20 years. This option would generate a saving on General Services of £5.143m in 2021/2022, with an average repayment (including interest) of £0.329m per annum then required for 25 years from 2022/2023. In light of the funding position set out in Appendix E, it is not proposed at this stage that the Council should implement a loan repayment holiday. This matter will be kept under review by officers and recommendations will be brought back to the Policy and Resources Committee, as required.

- 3.2 The Housing Revenue Account projected outturn position for 2021/2022 is an underspend of £1,196,000 based on the financial information available at 28 February.
- 3.3 The final position at 31 March 2022 for the General Fund and Housing Revenue Account will be confirmed in draft unaudited accounts prepared by 30 June 2022.

4 BACKGROUND

- 4.1 Following approval of the Council's 2021/2022 Revenue Budget by the Special Policy and Resources Committee on 4 March 2021, this report is now submitted in order to monitor the 2021/2022 projected revenue outturn position as at 28 February, against the adjusted 2021/2022 Revenue Budget.

The total 2021/2022 Revenue Budget is £372.852m. For Revenue Monitoring purposes, the Council Tax Reduction Scheme budget of £13.019m is moved from expenditure to income and netted off against Council Tax income. This results in total budgeted expenditure of £359.833m 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 2021/2022 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 (a) of the minute of the meeting of the Special Policy and Resources Committee on 4 March 2021, Report No: 108-2021 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 2021/2022 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 high risk of new cost pressures or responsibilities emerging during the financial year in areas such as financial pressures as a result of the Covid-19 emergency and costs associated with Brexit.

6 GENERAL FUND SERVICES - MONITORING POSITION AS AT 28 FEBRUARY 2022

6.1 The forecast position as at 28 February 2022 for General Fund services is summarised below:

	<u>Adjusted Budget 2021/2022 £000</u>	<u>Forecast 2021/2022 £000</u>	<u>Variance £000</u>
Total Expenditure	375,849	366,044	(9,805)
Total Income	<u>(375,849)</u>	<u>(377,009)</u>	<u>(1,160)</u>
Forecast Position	-	<u>(10,965)</u>	<u>(10,965)</u>

The forecast position as at 28 February 2022 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.

Appendix E sets out the position on Covid-related expenditure and Covid funding.

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 eleven months of the financial year to 28 February 2022. 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

Committee Report No 62-2021, Policy and Resources Committee of 22 February 2021 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 (£3,368,000 underspend)

The service is currently projecting an underspend in staff costs. There are also projected underspends in property costs due to savings on rates partially offset by overspends in cleaning contract. In addition, there are underspends in supplies & services relating to school meals partially offset by overspends in the library service and recreational provision and third party payments. An overspend is projected in Children’s Services due to the costs for additional external placements and delays in returning children to DCC residential housing, in addition to one-off payment to staff for ‘Waking Nights’. The projections include £350k of

funding for the Sistema project in 2021/22 along with an expectation that £630k of underspend will be carried over into the next financial year to fund the project in 2022/23. The service is also reporting additional income for Children's Services from Home Office and SEN additional income.

6.5 Dundee Health & Social Care Partnership (Breakeven)

The financial monitoring position for the Dundee Health and Social Care Partnership (DHSCP) shows a forecast net underspend position of (£1,993k), assuming full funding is received from the Scottish Government for additional Covid-19 pandemic spend. Under the risk sharing arrangement reflected in the Integration Scheme, the IJB retains any underspend within its reserve balances for investment in integrated health and social care services in future years. For Dundee City Council there is no additional financial contribution requirement forecast in 2021/22.

The projected financial position consists of an estimated underspend of (£144k) relating to services delegated from Dundee City Council with an estimated underspend of (£1,848k) in relation to services delegated from NHS Tayside.

DHSCP are continuing to respond to changes in demand and the impact of the pandemic on health and wellbeing, particularly the provision of home and community based social care at a sufficient level to meet increasing demographic demand, increasing complex needs and minimising delayed discharges in hospital, while balancing financial resources.

6.6 City Development (£1,104,000 underspend)

The service is projecting an underspend in staffing budget mainly due to current level of unfilled posts in Architectural and Engineer Service. There are also underspends of £300k in Adult Employability budget and £90k of unspent monies from one off additional funding allocated in 2021/22 for Urban Sustainable Transport Officer's post. This expenditure is committed in 2022/23. In supplies & services, there is an underspend relating to Discretionary Business Support (£50k) which will be required in 2022/23. In addition, in third party payments, there are underspends relating to enhanced cycling/walking infrastructure (£55k) and PESF Funding (£153k), both of which are committed in 2022/23. The underspend has been partly offset against under recovery of fees anticipated during the year, anticipated overspend in Winter Maintenance Programme and higher property maintenance costs. There is also a projected underspend relating to Business Support grant (£101k). Details of further projected variances are included in Appendix B.

6.7 Neighbourhood Services (£1,742,000 underspend)

The service is projecting an underspend in relation to anticipated staff slippage due to the level of unfilled posts. There are also projected underspends in Supplies and Services mainly due to Street Scene and landscaping contract costs. The service is also projecting an underspend in third party payments relating mainly to anticipated Excess Revenue Share from MVV for the Baldovie Waste to Energy plant. Also, delays in the implementation of projects associated with the Rapid Rehousing Transition Plan has resulted in an underspend of £80k and it is anticipated that this will be carried forward into 2022/23. Details of further projected variances are included in Appendix B.

6.8 Chief Executive (£1,360,000 underspend)

The service is projecting an underspend in staff costs due to the level of unfilled posts. In addition, there are underspends in various funding streams including Fairness and Protecting People and other projects as a result in the rephasing of planned expenditure for these projects. The closure of buildings has also led to an underspend on the provision of sanitary products although this expenditure will now be incurred next financial year. Finally, an underspend is also projected in third party payments mainly due to the Climate Change Fund that will also be incurred next financial year.

- 6.9 Corporate Services (£854,000 underspend)
The service is currently projecting an underspend in relation to net anticipated slippage due to current level of unfilled posts and review of staffing structure. There is also an underspend in relation to the Self Isolation Assistance Service (£300k), for which spend will be incurred in 2022/23. Details of further projected variances are included in Appendix B.
- 6.10 DCS Construction (£257,000 income shortfall)
Relates to projected surplus shortfall based on current estimates due to increased overhead costs.
- 6.11 Capital Finance Costs (£1,855,000 underspend)
This underspend reflects a projected saving in capital financing costs due to lower than anticipated interest rates and slippage in the capital programme.
- 6.12 Miscellaneous Items (reduced income £133,000)
Reflects write down of budgeted share of Tayside Contracts surplus.
- 6.13 Supplementary Superannuation (£143,000 underspend)
Projected underspend in Supplementary Superannuation costs.
- 6.14 Bad Debt Provision (reduced income £278,000)
Reflects projected increase in bad debts in the year.
- 6.15 Discretionary NDR Relief (underspend £32,000)
Projected underspend in Discretionary NDR Relief.
- 6.16 Council Tax (underspend £76,000)
Reflects projected underspend on Council Tax Reduction.
- 6.17 Tayside Valuation Joint Board (underspend £15,000)
Tayside Valuation Joint Board is currently projected to underspend.
- 6.18 General Revenue Funding (additional funding £831,000)
Additional funding for pay award.
- 6.19 Capital Grants & Receipts Unapplied (£253,000 additional income)
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.

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 years 2018/2019 to 2020/2021 a total of £4.675m of capital receipts from asset sales were set-aside to fund qualifying expenditure on future transformation projects, in terms of the flexibility arrangements. As at 31 March 2021, £1.146m had been used to fund severance costs, leaving a balance of £3.529m at 31 March 2021.

In financial year 2021/2022 the Council has to date incurred £0.253m of qualifying costs associated with the VR / VER schemes and these costs are included in the monitoring statement at Appendix A. It is likely that further costs will accrue 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. It has previously been agreed that costs associated with the VER/VR schemes, up to a maximum amount of £3.5m will be met from the remaining balance of capital receipts 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 particularly resulting from Covid-19. 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.

Appendix E indicates that the Council expects to provide additional revenue support to LACD of £3m in 2021/2022 to offset lost income due to the COVID-19 pandemic. The measures in place to ensure the safety of employees and customers, alongside continued restrictions on some areas of service delivery, has meant that capacity for income generation has remained low.

As agreed at the meeting of the Policy and Resources Committee on 6 December 2021, the Council has issued a letter of comfort to LACD confirming their continued financial support. The forthcoming tender report in relation to the works at Olympia will consider any revenue implications associated with the closure of the facility and how these will be addressed.

- 7.4 The 2021/2022 budget savings agreed at the meeting of the Special Policy and Resources Committee on 4 March 2021 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 28 FEBRUARY 2022

- 8.1 The forecast position as at 28 February 2022 for the HRA is summarised below:

	<u>Adjusted Budget 2021/2022 £000</u>	<u>Forecast 2021/2022 £000</u>	<u>Variance £000</u>
Total Expenditure	55,762	54,232	(1,530)
Total Income	<u>(55,762)</u>	<u>(55,428)</u>	<u>334</u>
Forecast Position	<u>-</u>	<u>(1,196)</u>	<u>(1,196)</u>

- 8.2 The service is projecting underspends in staff costs, transport costs and capital financing costs. This underspend is partially offset by overspends in property costs, supplies and services and shortfall in rental income.

A system of perpetual detailed monitoring will continue to take place up to 31 March 2022 with the objective of the HRA achieving a final outturn which is below or in line with the adjusted 2021/2022 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

ROBERT EMMOTT
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

15 APRIL 2022

This page is intentionally left blank

DUNDEE CITY COUNCIL										
2021/2022 REVENUE OUTTURN MONITORING										
PERIOD 1 APRIL 2021 - 28 FEBRUARY 2022										
	Approved Revenue Budget 2021/22	Total Budget Adjustments	Adjusted Revenue Budget 2021/22	Projected Outturn 2021/22	Worse Than Budget	Better Than Budget	Net Variance (see Appx B)	Note	Previous Months Projected Variance	Movement since Previous Month
	£000	£000	£000	£000	£000	£000	£000		£000	£000
General Fund Services										
Children & Families	170,555	5,166	175,721	172,353		(3,368)	(3,368)	1	(2,450)	(918)
Dundee Health & Social Care Partnership	82,671	5,443	88,114	88,114			0	2	0	
City Development	13,002	3,293	16,295	15,191		(1,104)	(1,104)	3	(786)	(318)
Neighbourhood Services	28,853	186	29,039	27,297		(1,742)	(1,742)	4	(860)	(882)
Chief Executive	12,957	1,080	14,037	12,677		(1,360)	(1,360)	5	(885)	(475)
Corporate Services	32,014	801	32,815	31,961		(854)	(854)	6	(576)	(278)
DCS Construction	(1,457)		(1,457)	(1,200)	257		257	7	275	(18)
	338,595	15,969	354,564	346,393	257	(8,428)	(8,171)		(5,282)	(2,889)
Capital Financing Costs / Interest on Revenue Balances	21,201	50	21,251	19,396		(1,855)	(1,855)	8	(1,811)	(44)
Contingencies:										
- General	500	(3)	497	497			0		0	
- Cost Pressures	491		491	491			0		0	
- Unallocated Corporate Savings *	(2,714)		(2,714)	(2,714)			0		0	
Miscellaneous Items	(2,161)		(2,161)	(2,028)	133		133	9	0	133
Bad Debt Provision	0		0	278	278		278	10	278	
Discretionary NDR Relief	392		392	360		(32)	(32)	11	(32)	
Supplementary Superannuation Costs	2,566		2,566	2,423		(143)	(143)	12	(129)	(14)
Tayside Valuation Joint Board	963		963	948		(15)	(15)	13	(15)	
Total Expenditure	359,833	16,016	375,849	366,044	668	(10,473)	(9,805)		(6,991)	(2,814)
Sources of Income										
General Revenue Funding	(269,419)	(14,961)	(284,380)	(285,211)		(831)	(831)	14	(831)	
Contribution from NNDR Pool	(33,763)		(33,763)	(33,763)			0		0	
Council Tax	(56,651)		(56,651)	(56,727)		(76)	(76)	15	(76)	
Use of Balances -										
Committed Balances c/f	0	(1,041)	(1,041)	(1,041)			0		0	
Capital Grants & Receipts Unapplied	0		0	(253)		(253)	(253)	16	(253)	
Change Fund	0	(14)	(14)	(14)			0		0	
(Surplus)/Deficit for the year	0	0	0	(10,965)	668	(11,633)	(10,965)		(8,151)	(2,814)
(Surplus)/Deficit for Housing Revenue Acct	0	0	0	(1,196)	0	(1,196)	(1,196)	17	(215)	(981)

REASONS FOR 2021/2022 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES**(Excludes Capital Charges, Central Support Services & Office Recharges)****AT 28 FEBRUARY 2022**

Service	Note	As at 28 Feb £000	As at 31 Jan £000	Cost Centre	Subjective Analysis	As at 28 Feb £000	As at 31 Jan £000	Reason / Basis of Over/(Under)spend
<u>Children & Families Services</u>	1	(3,368)	(2,450)	<u>Departmental</u>	Staff Costs	(3,307)	(2,230)	Reflects anticipated underspends in Early Years staff costs (£1,350k), slippage on teachers element of additional funding (£800k) and LGE element of additional funding (£100k), estimated saving on teacher's pay award based on the latest offer (£300k), balance of underspend anticipated across teachers (£500k) and additional saving of (£769k), partially offset by estimated shortfall in LGE pay award £370k, severance and lump sum payments £100k and training £42k.
					Property Costs	(450)	(570)	Reflects savings on rates charges partially offset by overspends in cleaning contract.
					Supplies & Services	(1,000)	(800)	Relates to savings on school meals partially offset by overspends in the library service and recreational provision.
					Transfer Payments	57	0	Childrens Services - Direct Assistance Payments
					Third Party Payments	1,902	1,150	Reflects costs re Sistema project and additional external placements and delays in returning children to DCC residential housing. Also includes one off payment to staff for 'Waking nights'.
					Income	(570)	0	Reflects SEN additional Income (£170k) and Children's Services - Home Office Income (£400k).
<u>Dundee Health & Social Care Partnership</u>	2	0	0	<u>Departmental</u>		0	0	The financial monitoring position for the Dundee Health and Social Care Partnership (DHSCP) shows a forecast net underspend position of (£1,993k), assuming full funding is received from the Scottish Government for additional Covid-19 pandemic spend. Under the risk sharing arrangement reflected in the Integration Scheme, the IJB retains any underspend within its reserve balances for investment in integrated health and social care services in future years. For Dundee City Council there is no additional financial contribution requirement forecast in 2021/22. The projected financial position consists of an estimated underspend of (£144k) relating to services delegated from Dundee City Council with an estimated underspend of (£1,848k) in relation to services delegated from NHS Tayside. DHSCP are continuing to respond to changes in demand and the impact of the pandemic on health and wellbeing, particularly the provision of home and community based social care at a sufficient level to meet increasing demographic demand, increasing complex needs and minimising delayed discharges in hospital, while balancing financial resources.

REASONS FOR 2021/2022 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES**(Excludes Capital Charges, Central Support Services & Office Recharges)****AT 28 FEBRUARY 2022**

<u>Service</u>	<u>Note</u>	<u>As at</u> <u>28 Feb</u> <u>£000</u>	<u>As at</u> <u>31 Jan</u> <u>£000</u>	<u>Cost Centre</u>	<u>Subjective</u> <u>Analysis</u>	<u>As at</u> <u>28 Feb</u> <u>£000</u>	<u>As at</u> <u>31 Jan</u> <u>£000</u>	<u>Reason / Basis of Over/(Under)spend</u>
<u>City Development</u>	3	(1,104)	(786)	<u>Departmental</u>	Staff Costs	(1,110)	(1,036)	Reflects net anticipated staff slippage mainly due to current level of unfilled posts in Architectural and Engineer Service. There are also underspends of £300k in Adult Employability budget and £90k of unspent monies from one off additional funding allocated in 2021/22 re Urban Sustainable Transport Officer's post. This funding will be required in 2022/23.
					Supplies & Services	(135)	(30)	Reflects underspend in Streetlighting energy costs as a result of the LED investment programme. Underspend also includes £50k re discretionary business support funding which will be required in 2022/23.
					Third Party Payments	(58)	145	Reflects underspends in PESF funding (£153k) and enhanced cycling/walking infrastructure and maintenance project (£55k), both of which will be sought to be carried forward. These underspends are partly offset by anticipated overspend in Winter Maintenance Programme.
					Property Costs	100	(75)	Reflects higher reactive property maintenance costs directly influenced by property assessments/inspections carried out during the year, costs such as Health & Safety, Fire Risk, Asbestos and essential remedial works required arising from these assessments. Overspend in cleaning costs also contributed to the level of projected overspend in property budget due to delay in implementing the property rationalisation programme fully. However, this was partly offset by lower Non Domestic Rates payments as a result of successful appeal on the revaluation for various properties; and cost savings in energy/water charges for closed building during and after lockdown period.
					Income	99	210	Anticipated fee recovery is lower due to underspend in staff budget highlighted above. This is directly influenced by the running costs incurred and the yield margin built in the fee income target. This is partly offset by property rental income from new lease such as Agnes Husband house office and various grants and contributions to cover the staff costs incurred from external funding. In addition, there is an underspend included relating to Business Support Grant (£101k) which will be required in 2022/23.

REASONS FOR 2021/2022 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES**(Excludes Capital Charges, Central Support Services & Office Recharges)****AT 28 FEBRUARY 2022**

Service	Note	As at 28 Feb £000	As at 31 Jan £000	Cost Centre	Subjective Analysis	As at 28 Feb £000	As at 31 Jan £000	Reason / Basis of Over/(Under)spend
Neighbourhood Services	4	(1,742)	(860)		Staff Costs	(36)	(68)	Mainly reflects net anticipated slippage due to current level of unfilled posts, which is partly offset by shortfall of pay award.
					Supplies & Services	(364)	(209)	Underspend relates mainly to Street Scene and landscaping contract costs and lower operational costs anticipated at Communities.
					Transportation	118	124	Overspends relating to increased vehicle hire and fuel costs and effect of additional hires to enable social distancing for operational crews.
					Third Party Payments	(717)	(29)	Relates mainly to anticipated Excess Revenue Share from MVV for the Baldovie plant. Also, delays in the implementation of projects associated with the Rapid Rehousing Transition Plan has resulted in an underspend of £80k and it is anticipated that this will be carried forward into 2022/23
					Various	41	41	Reflects void cost and overspend on other property costs, partly offset by underspend on repairs and maintenance to infrastructure.
					Income	(784)	(719)	Reflects additional income from service charges associated with the creation of the temporary accommodation properties.
Chief Executive	5	(1,360)	(885)	Departmental	Staff Costs	(109)	(78)	Slippage target exceeded due to staff slippage, any underspend relating to National Entitlement Card will be offset reduced income.
					Supplies & Services	(877)	(571)	Reflects underspend on various spending programmes including Fairness and Protecting People (£190k) and provision of Sanitary Products (£170k) and other projects for which spend will be incurred in 2022/23.
					Third Party Payments	(374)	(236)	Mainly reflects underspend on Climate Change Fund (£250k) which the expenditure will be incurred next financial year.
Corporate Services	6	(854)	(576)	Departmental	Staff Costs	(922)	(941)	Mainly reflects net anticipated slippage due to current level of unfilled posts, review of staffing structure, partly offset by the impact of the agreed 2021 Pay Award.
					Supplies & Services	205	500	Mainly reflects projected overspend on Scientific Services, Sheriff Officers Commission and postages, partly offset by an underspend in relation to the Self Isolation Assistance Service (300k), for which spend will be incurred in 2022/23.
					Transport	(40)	(40)	Mainly due to reduced travel.
					Transfer payments	41	36	Various.
					Third Party Payments	8	8	Various.
					Income	(146)	(139)	Relates mainly to Children's Panel, utilisation of Individual Electoral Registration Grants, Admin Penalties and Safety Camera Recovery.

REASONS FOR 2021/2022 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES**(Excludes Capital Charges, Central Support Services & Office Recharges)****AT 28 FEBRUARY 2022**

Service	Note	As at 28 Feb £000	As at 31 Jan £000	Cost Centre	Subjective Analysis	As at 28 Feb £000	As at 31 Jan £000	Reason / Basis of Over/(Under)spend
<u>DCS Construction</u>	7	257	275		Income	257	275	Projected surplus shortfall based on current estimates due to increased overhead costs.
<u>Capital Finance Costs</u>	8	(1,855)	(1,811)		Capital Financing Costs / IORB	(1,855)	(1,811)	Due to lower than expected borrowing / budgeted interest rates.
<u>Miscellaneous Items</u>	9	133	0			133	0	Reflects write down of budgeted share of Tayside Contracts surplus.
<u>Bad Debt Provision</u>	10	278	278			278	278	Reflects projected increase in bad debt provision.
<u>Discretionary NDR Relief</u>	11	(32)	(32)			(32)	(32)	Anticipated underspend in relation to Discretionary NDR Relief.
<u>Supplementary Superannuation costs</u>	12	(143)	(129)			(143)	(129)	Projected underspend in Supplementary Superannuation costs.
<u>Tayside Valuation Joint Board</u>	13	(15)	(15)			(15)	(15)	Anticipated underspend in Tayside Valuation Joint Board.
<u>General Revenue Funding</u>	14	(831)	(831)			(831)	(831)	Additional funding for 2020/21 pay award. Additional cost of pay award is reflected in revenue monitoring projections from Services.
<u>Council Tax</u>	15	(76)	(76)			(76)	(76)	Reflects an underspend on Council Tax Reduction.
<u>Capital Grants & Receipts Unapplied</u>	16	(253)	(253)			(253)	(253)	Reflects the use of Capital receipts already set aside to fund qualifying costs associated with voluntary early retirements / voluntary redundancies.
<u>TOTAL GENERAL FUND</u>		<u>(10,965)</u>	<u>(8,151)</u>			<u>(10,965)</u>	<u>(8,151)</u>	

REASONS FOR 2021/2022 CONTROLLABLE PROJECTED REVENUE OUTTURN VARIANCES**(Excludes Capital Charges, Central Support Services & Office Recharges)****AT 28 FEBRUARY 2022**

Service	Note	As at 28 Feb £000	As at 31 Jan £000	Cost Centre	Subjective Analysis	As at 28 Feb £000	As at 31 Jan £000	Reason / Basis of Over/(Under)spend
Housing Revenue Account	17	(1,196)	(215)		Staff	(789)	(645)	Reflects net anticipated staff slippage mainly due to current level of unfilled posts.
					Property	611	1,323	Mainly due to void losses being greater than budgeted due to properties being unlet for longer periods than was budgeted. The overspend has been partly offset by lower than anticipated repairs and maintenance to existing housing stock.
					Transportation Costs	(17)	(17)	Due to less staff travel.
					Supplies & Services	142	284	Reflects mainly additional legal fees and provision for bad debts (£81k).
					Capital Financing Costs	(1,477)	(1,471)	Due to lower than expected borrowing / budgeted interest rates.
					Income	334	311	Reflects shortfall in rental income due to delays in the completion of the New Build at Derby Street and credit note issued to external party for rental of properties.
TOTAL HOUSING REVENUE ACCOUNT		(1,196)	(215)			(1,196)	(215)	

Dundee City Council								
Revenue Monitoring to 31st March 2022 - Budget Adjustments to date								
	<u>Alloc</u>	<u>2020/21</u>		<u>Alloc</u>	<u>Alloc</u>	<u>Transfer</u>	<u>T/Fs</u>	
	<u>To/From</u>	<u>Under</u>	<u>Funding</u>	<u>from</u>	<u>from</u>	<u>To/From</u>	<u>Between</u>	
	<u>Conts</u>	<u>b/fwd</u>	<u>T/Fs</u>	<u>Fund</u>	<u>R&R</u>	<u>Pension</u>	<u>Depts /</u>	<u>Dept</u>
General Fund Services	£000	£000	£000	£000	£000	£000	£000	£000
Children & Families								
Additional support for learning funding Carry Forward		270						
Expansion of Free School Meals			1,550					
Core Curriculum Charges			104					
Music Tuition redetermination			7					
Children and Families to City Development re External funding staff resource							(31)	
City Development to Children and Families re External funding posts - reimbursement of staff slippage 2021.22							21	
Redetermination re Summer of Play: Activities for Children & Young People			432					
Unaccompanied Asylum Seeking Children			22					
Teacher Induction Scheme			1,331					
Teacher Induction Scheme adjustment for admin costs			(4)					
Educational Psychology Trainees			14					
Additional Teachers /First 100 days			1,287					
Redetermination - SNCT			174					
Educational Psychology Trainees			1					
Transfer of ongoing teachers pensions costs PYE for 21-22 retirements						(12)		
								5,166
Dundee Health & Social Care Partnership								
Living Wage - Health & Social Care			906					
Mental Health Recovery & Renewal			72					
Care at Home Winter Planning			1,787					
Interim Care Winter Planning			1,153					
Social Care workforce uplift			1,384					
Whole Family Wellbeing Funding			112					
Redetermination - Telecare Fire Safety			29					
								5,443
City Development								
Black History Funding	3							
Children and Families to City Development re External funding staff resource							31	
Corporate Service to City Development re External funding staff resource							31	
Neighbourhood Services to City Development External funding staff resource							31	
External funding posts - reimbursement of staff slippage 2021.22							(62)	
Dundee to Stanstead			904					
Allocation of Additional Funding			240					
Redetermination - FWES Employability			2,088					
Dundee PSO			27					
								3,293
Neighbourhood Services								
Allocation of Additional Funding			100					
2020/21 Carry Forwards		70						
Neighbourhood Services to City Development External funding staff resource							(31)	
City Development to Neighbourhood Services re External funding posts - reimbursement of staff slippage 2021.22							21	
Free Child burials			7					
Tenant Hardship Funding Allocation			19					
								186
Chief Executive								
2020/21 Carry Forwards		701						

	<u>Alloc To/From Conts</u> £000	<u>2020/21 Under spends b/fwd</u> £000	<u>Funding T/Fs</u> £000	<u>Alloc from Change Fund</u> £000	<u>Alloc from R&R Fund</u> £000	<u>Transfer To/From Pension Fund</u> £000	<u>T/Fs Between Depts / Conts</u> £000	<u>Dept Totals</u> £000
General Fund Services								
Allocation of Additional Funding			180					
Allocation of Additional Funding			250					
Change Fund - Channel Shift				6				
Chief Executive to General Fund transfer of income re strain on fund costs						(89)		
Chief Executive to General Fund transfer of staff costs re strain on fund costs						32		
								1,080
Corporate Services								
Corporate Services to City Development re External funding staff resource							(31)	
Allocation of Additional Funding			180					
City Development to Corporate Services re External funding posts - reimbursement of staff slippage 2021.22							20	
School Clothing Grant			176					
Implementation of National Trauma Training Programme			50					
Scottish Disability Assistance			40					
Change Fund - Procurement Collaborative				8				
Tenant Hardship Funding Allocation			358					
								801
General Contingency								
Black History Funding	(3)							(3)
Capital Financing Costs								
Allocation of Additional Funding			50					50
								50
Total Adjustments (General Fund)	0	1,041	15,030	14	0	(69)	0	16,016

Risks - Revenue	Assessment	Risk Management / Comment
<u>General Inflation</u> General price inflation may be greater than anticipated.	Medium / High	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.	Medium	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/ Medium	Treasury Mgmt Strategy. Limited exposure to variable rate funding.
<u>Savings</u> Failure to achieve agreed level of savings & efficiencies particularly in light of the Covid-19 emergency.	High	General risk mitigation factors (ref para 5.1), in particular, regular monitoring by services to ensure savings targets are met.
<u>Emerging Cost Pressures</u> Significant cost pressures due to Covid-19 emergency in addition to the possibility of new cost pressures or responsibilities emerging during the course of the financial year, including potential additional costs associated with Brexit.	High	General risk mitigation factors (ref para 5.1), in particular, regular monitoring by services to ensure cost pressures are identified early and corrective action can be taken as necessary. Covid-19 Financial Recovery Plan.
<u>Chargeable income</u> The uncertainty that the level of chargeable income budgeted will be received particularly in light of the Covid-19 emergency	High	General risk mitigation factors (ref para 5.1), in particular, regular monitoring by services to ensure cost pressures are identified early and corrective action can be taken as necessary. Covid-19 Financial Recovery Plan.
<u>Council Tax Collection</u> Provision for non-collection of Council Tax (3.2%) may not be adequate particularly in light of the Covid-19 emergency.	High	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.	High	General risk mitigation factors (ref para 5.1), in particular, regular monitoring by services 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.

Covid 19 - Projected Costs and Funding 2021/22

<u>Projected Costs</u>	<u>Feb-22 £000</u>	<u>Jan-22 £000</u>
<u>Children and Families:</u>		
Additional teachers and support staff	2,941	3,983
Personal protective equipment / additional cleaning	615	1,000
Children services (Care experienced placements/additional staff etc)	1,272	1,272
Mental health and wellbeing	393	393
Lost income from breakfast clubs	100	100
Digital expenditure	299	299
Balance of £1.714m funding	0	614
Additional cost of Meals	300	300
	<u>5,920</u>	<u>7,961</u>
<u>City Development:</u>		
Property costs including costs associated with bringing all lock down properties back into operation	713	713
Standby / retainer payments – Construction Services	82	82
Business Support Fund - Discretionary Grants	1,597	1,592
Car Parking lost income	2,094	2,050
Architect's fee recovery	** 1,050	** 1,150
Reduced income from property rents, planning applications, building warrants, advertising etc	305	376
Parental employability support	0	153
	<u>5,841</u>	<u>6,116</u>
<u>Neighbourhood Services:</u>		
Additional transport costs	125	125
Increase in residual waste disposal costs	61	108
Lower income from community centre lets, café sales, events etc	54	149
Lower income from commercial trade waste	224	249
Operation of mass vaccination centre at Caird Hall	648	648
WiFi in community centres / community based activities	* 80	* 80
Supporting people affected by homelessness	79	79
Other costs	184	105
	<u>1,455</u>	<u>1,543</u>
<u>Chief Executive:</u>		
Community food costs	* 325	* 325
Additional Funding for LACD COVID Income shortfall	3,000	3,000
Other Costs	2	2
	<u>3,327</u>	<u>3,327</u>
<u>Corporate Services:</u>		
Personal protective equipment	112	122
Council tax - additional bad debt provision and CT reductions	650	650
Discretionary housing payments	* 150	* 150
Crisis Grants	0	0
Family and low income pandemic payments	2,688	3,372
Spring hardship payments	* 20	* 20
Fuel Well scheme	* 400	* 400
Lower income from Registrars, Tayside Scientific Services, underground garage	409	405
Self isolation support grants	2,793	2,137
SG Winter covid support	880	880
Various other covid supports	* 500	* 500
Other costs	20	20
	<u>8,622</u>	<u>8,656</u>

<u>Projected Costs (continued)</u>	Feb-22	Jan-22
	£000	£000
<u>DCS Construction:</u>		
Increased overheads	513	495
	513	495
<u>HRA</u>		
Standby / retainer payments – Construction Services	196	196
	196	196
<u>Capital Financing Costs</u>		
Write-off of Site 6 Development Fees	964	964
	964	964
 SUB TOTAL - PROJECTED COSTS	 26,838	 29,258
 Capital (General Services)	 156	 156
 GRAND TOTAL - PROJECTED COSTS	 26,994	 29,414

* Included in Report 155-2021 (Funding for Covid-19 Supports for 2021/22)

** We are currently considering ways of reducing this cost

Funding

Budget Carry Forwards from 2020/21	9,800	9,800
 SG Funding for Mass Vaccination Centre 2021/22	 648	 648
SG Funding for Self-Isolation Grants 2021/22	2,793	2,137
Furlough Claim	91	91
Housing Revenue Account	196	196
 Capital Programme	 156	 156
 SG Additional Funding 2021/22:		
Non-recurring Covid Funding	7,173	7,173
Low Income Households (FPP / LIPP)	2,687	3,371
Education Catch-up	1,722	1,722
CO2 Monitors in Schools	81	81
SG Winter covid support	886	886
Business Support and Support for Low-income Households	2,320	0
Other Miscellaneous	363	363
	15,232	13,596
 Amounts Set-aside within General Fund Balances	 -1,922	 2,790
 GRAND TOTAL - FUNDING	 26,994	 29,414

Services have identified potential carry forwards of £2924k relating to Covid funding.

This page is intentionally left blank