

REPORT TO: FINANCE COMMITTEE - 10 FEBRUARY 2003

REPORT ON: REVENUE MONITORING 2002/03

REPORT BY: DIRECTOR OF FINANCE

REPORT NO: 116-2003

1 PURPOSE OF REPORT

1.1 To provide Elected Members with an analysis of the 2002/03 Projected Revenue Outturn as at 31 December 2002 monitored against the adjusted 2002/03 Revenue Budget.

2 RECOMMENDATION

2.1 It is recommended that the Committee:

a notes that the overall General Fund 2002/03 Projected Revenue Outturn as at 31 December 2002 shows an underspend of £67,000 against the adjusted 2002/03 Revenue Budget.

b notes that the Housing Revenue Account Projected Outturn is in line with the 2002/03 Revenue Budget.

c agrees that the Director of Finance will take every reasonable action to ensure that the 2002/03 Revenue expenditure is in line with the approved Revenue Budget.

d instructs the Director of Finance in conjunction with all Chief Officers of the Council to continue to monitor the Council's 2002/03 Projected Revenue Outturn.

3 FINANCIAL IMPLICATIONS (see Appendix A)

3.1 The overall projected 2002/03 General Fund Revenue outturn position for the City Council shows an underspend of £67,000 based on the financial information available at 31 December 2002. A system of perpetual detailed monitoring will continue to take place up to 31 March 2003 with the objective of the Council achieving a final outturn which is at or below the approved 2002/03 Revenue Budget.

3.2 The Housing Revenue Account for 2002/03 is currently projecting an outturn in line with the 2002/03 Revenue Budget based on the financial information available for the period to 31 December 2002. The Director of Housing, in conjunction with the Director of Finance, will continue to monitor total expenditure to achieve a final outturn position, which is at or below the 2002/03 Revenue Budget.

4 LOCAL AGENDA 21 IMPLICATIONS

None.

5 EQUAL OPPORTUNITIES IMPLICATIONS

None.

6 BACKGROUND

- 6.1 Following approval of the Council's 2002/03 Revenue Budget by the Special Finance Committee on 14 February 2002 this report is now submitted in order to monitor the 2002/03 Projected Revenue Outturn position as at 31 December 2002, against the adjusted 2002/03 Revenue Budget.
- 6.2 The Final 2002/03 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. A total of £33,000 has been allocated and the remainder earmarked within this contingency.
- 6.3 As indicated in the 2002/03 Final Revenue Budget a Contingency of £3,174,000 (New Monies) was set aside for new Scottish Executive initiatives. This has now been fully allocated, with £2,540,000 transferred to Social Work and £58,000 to Education, £191,000 to Neighbourhood Resources Development Department, £6,000 to ECPD and the remaining £379,000 to Other Housing.
- 6.4 The Policy and Resources Committee on 9 September 2002 approved the proposed utilisation of £2.9M additional resources provided by the Scottish Executive. These additional resources will be used for additional expenditure as identified within the report in accordance with the following themes; Supporting children and young people, (with emphasis on "making healthy choices easy choices"); and local environment (with emphasis on quality of life, visible impact, tackling community concerns). The £2.9M has been fully allocated in line with the approved spending proposals detailed in the report and further reports will be submitted to individual Service Committees where appropriate.

7 GENERAL FUND - REASONS FOR VARIANCES

The main areas of Departmental variances and associated explanations are as follows:

Overspends

7.1 Planning & Transportation (£89,000)

The projected overspend of £89,000 is due to the cost of implementing the national Free Concessionary Travel Scheme and the insufficient allocation of funding for this purpose from the Scottish Executive. The gross shortfall in funding is £129,000, however the Planning and Transportation Department are able to contain £40,000. Firstly by a reduction in the Public Transport Infrastructure budget, (£20,000), due to replacement items being funded from the Capital programme in 2002/03. Secondly, a saving of £20,000 is achieved by a combination of reduction in the Traffic Monitoring budget, with expenditure now being included in the Public Transport Fund bid and additional miscellaneous income due to the recovery of legal fees and expenses in respect of the Kingsway West retail development.

7.2 Leisure and Arts (£50,000)

The projected overspend is due to a higher than budgeted spend £80,000 on staff costs in the Olympia and Ground Maintenance budgets; higher than budgeted spend of £54,000 on Property Costs in Leisure Centres and a reduced level of Outdoor activities income of £45,000 due to poor summer weather conditions. These overspends are partly offset by savings in Property Costs and Supplies & Services as well as overachievement of income targets for landscaping work and at Olympia resulting in a net projected overspend of £50,000 in the Leisure and Arts Department Revenue Budget.

7.3 Finance Revenues (£10,000)

The projected overspend is mainly due to additional staff being employed to provide a smoother transition during staff turnover (£42,000), offset by additional income resulting in a net overspend of £10,000.

7.4 Economic Development

The department is currently projecting a spend in line with its 2002/2003 adjusted Revenue Budget. There are, however, significant over and underspends which are highlighted below. The outturn for Dundee Airport is projecting an overspend of £194,000. This is due mainly to additional costs in relation to staffing issues and in meeting the requirements of the Civil Aviation Authority. These costs have resulted in an increase from budget in Fire Crew staff costs (£88,000), additional technical equipment required (£39,000) and further equipment maintenance (£39,000). Income for the Airport is also anticipated to be lower than budgeted by £28,000. The department has contained the Dundee Airport projected overspend of £194,000 by savings achieved in leasing charges and water charges in the Tayside House and City Square budgets which brings the total projected spend for Economic Development in line with the departmental Revenue Budget.

7.5 Environmental & Consumer Protection

The department is currently projecting a spend which is in line with its 2002/2003 adjusted Revenue Budget. Following the introduction of new regulations on the safe disposal of fridges containing ozone depleting gas, the department has incurred additional costs for transport and disposal of these amounting to £181,710. This expenditure is, being partially offset by Scottish Executive grants of £80,212 in 2002/03 and £34,100 carried forward from 2001/02 with the balance (£67,398) being funded by underspends within the overall Environmental & Consumer Protection departmental Revenue Budget.

Underspends

7.6 Other Housing (£16,000)

The projected underspend of £16,000 is mainly due to a reduction in grants to third parties facilitated by the Supporting People initiative.

7.7 Capital Financing Costs/ Interest on Revenue Balances (£200,000)

The projected underspend is due to a saving in the Councils average cost of borrowing.

8 **HOUSING REVENUE ACCOUNT - REASONS FOR VARIANCES**

The Housing Revenue Account (HRA) overall position for 2002/03 is projecting an outturn in line with the 2002/03 Revenue Budget. The main over and underspends within the HRA are highlighted below:

Overspends

8.1 Repairs and Maintenance (incl Planned Maintenance and CFCR) (£425,000)

The projected overspend of £425,000 comprises the provision of an increased level of demand for day to day repairs and relets, partially offset by slippage in the Planned Maintenance and CFCR programmes

Underspends8.2 **Loan Charges (£163,000)**

A reduction in the loan interest rate has resulted in a saving of £163,000.

8.3 **Insurance (£100,000)**

A revision in the allocation of insurance premiums has led to a saving on the budgeted provision of £100,000.

8.4 **Lost Rents and Bad Debts (£117,000)**

The projected underspend is due to a higher level of houses being let.

8.5 **Hostel Support Grant (£101,000)**

The amount of grant as notified by the Scottish Executive was £101,000 higher than budget.

9 CONSULTATIONS

- 9.1 All Chief Officers have been consulted in the calculation of projected outturns included in this report, insofar as they apply to their own individual department.

DAVID K DORWARD
DIRECTOR OF FINANCE

31 JANUARY 2003

BACKGROUND PAPERS

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

**DUNDEE CITY COUNCIL
2002/03 REVENUE OUTTURN MONITORING
PERIOD 1 APRIL 2002 - 31 DECEMBER 2002**

APPENDIX A

Statement analysing 2002/03 Projected Revenue Outturn to Budget (Capital Charges, Central Support and Central Buildings Recharges have been excluded from Departments as these costs are outwith their control).

	(col 1) Final Revenue Budget 2002/03 £000	(col 2) Transfers from/ (to) Contingency, General & R & R Fund £000	(col 3) Adjusted Revenue Budget 2002/03 £000 (col 1+2)	(col 4) Projected Revenue Expenditure 2002/03 £000	(col 5) Projected Budget Variance 2002/03 £000 (col 4-3) + overspend (underspend)
Department					
Planning & Transportation	8,236	201	8,437	8,526	89
Leisure & Arts	9,267	(233)	9,034	9,084	50
Education	81,412	1,970	83,382	83,382	
Social Work	46,496	6,712	53,208	53,208	
Environmental & Consumer Protection	13,743	9	13,752	13,752	
Neighbourhood Resources	7,598	466	8,064	8,064	
Economic Development	3,318		3,318	3,318	
Other Housing	918	379	1,297	1,281	(16)
Miscellaneous Income	(2,560)		(2,560)	(2,560)	
Central Support Services					
Chief Executive	852	25	877	877	
Personnel & Management Services	1,479		1,479	1,479	
Information Technology	4,551		4,551	4,551	
Support Service- Admin/Legal	2,532		2,532	2,532	
- Architects	(377)		(377)	(377)	
Finance General	2,539	4	2,543	2,543	
Miscellaneous Services					
Chief Executive	16		16	16	
Support Services	53	25	78	78	
Finance Revenues	3,655	138	3,793	3,803	10
DCS - Ground Maintenance Client	2,015		2,015	2,015	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	185,743	9,696	195,439	195,572	133
DSO/DLO Surpluses	(1,072)		(1,072)	(1,072)	
Housing/Council Tax Benefit	3,082	(138)	2,944	2,944	
Capital Financing Costs/ Interest on Revenue Balances	19,572		19,572	19,372	(200)
Contingencies	200	(33)	167	167	
New Monies	3,174	(3,174)	-	-	
Additional Resources Allocation	-	2,900	2,900	2,900	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	210,699	9,251	219,950	219,883	(67)
Joint Board					
Tayside Fire Joint Board	10,986		10,986	10,986	
Tayside Joint Police Board	14,997		14,997	14,997	
Tayside Valuation Joint Board	882		882	882	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>237,564</u>	<u>9,251</u> (Note 1)	<u>246,815</u>	<u>246,748</u>	<hr/>
TOTAL PROJECTED 2002/03 GENERAL FUND OVERSPEND AS AT 31/3/2003					<u>(67)</u>
Housing Revenue Account	<hr/>	<hr/>	<hr/>	<hr/>	<u>Nil</u>

Note 1 £9,251k represents transfers from General Fund (£76k), and from the Renewal & Repair Fund (£121k) and allocation of free Nursing Care of (£3,018k), Care Home Fees of (£1,000k) and Concessionary Travel (£160k), Local Money Advice (£114k), National Priorities Action Fund (£1,862) and additional Scottish Executive Resources Allocation (£2,900k).