

**ITEM No ...4.....**

**REPORT TO: CITY GOVERNANCE COMMITTEE – 19 AUGUST 2024**  
**REPORT ON: REVENUE MONITORING 2024/2025**

**REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**REPORT NO: 202-2024**

**1 PURPOSE OF REPORT**

1.1 To provide Elected Members with an analysis of the 2024/25 projected revenue outturn as at 31 May 2024 and the impact on the Council’s overall balances position.

**2 RECOMMENDATIONS**

2.1 It is recommended that the Committee:

- (a) note that as at 31 May 2024 the General Fund is projecting an overall overspend of £5.084m against the adjusted 2024/2025 Revenue Budget and the impact this has on the projected Council’s General Fund Balances;
- (b) note the budget adjustments totalling £3.658m and detailed in second column of Appendix A as virements to the previously approved Revenue Budget;
- (c) note that as at 31 May 2024 the Housing Revenue Account (HRA) is projecting an overspend of £0.400m against the adjusted HRA 2024/25 Revenue Budget and the impact this has on the element of the projected Renewal & Repair Fund balance earmarked to HRA;
- (d) note the key strategic, operational and financial risks being faced by the Council outlined in Appendix B;
- (e) note that the Chief Executive and Executive Directors are developing financial recovery plans to bring expenditure within budget in the current financial year and these will be reported back to the Committee. In addition, officers will continue to take appropriate steps to manage current and recurring revenue expenditure, including reviewing vacancies and any new recurring commitments, reducing expenditure and reviewing service provision; and
- (f) notes the current position on Leisure and Culture Dundee (LACD), as set out in paragraph 7.1.

**3 FINANCIAL IMPLICATIONS**

3.1 The unallocated portion of the General Fund as at 31 May 2024 is projecting an overspend of £5.084m against the adjusted 2024/25 Revenue Budget. The impact this would have on the Council’s General Fund Balances is outlined below:

<b>General Fund</b>	<b>Opening Balance 1 April 2024 £000</b>	<b>(Surplus) / Deficit for the Year £000</b>	<b>Projected Balance 31 March 2025 £000</b>
Earmarked Carry-forwards*	4,124		4,124
Organisational Change Fund	2,388		2,388
Covid cost related pressures*	2,750	700	2,050
Covid recovery measures	405		405
Service change initiatives	5,000		5,000
Roof Remedial Works	2,702	1,982	720

Cost of Living Pressures	200		200
Contribution to 2024/25 budget	6,640	6,640	0
Other Earmarked Funds	3,934		3,934
Service concessions flexibility	39,773		39,773
<b>Total earmarked funds</b>	<b>67,916</b>	<b>9,322</b>	<b>58,594</b>
Unallocated Balance	9,815	5,084	4,731
<b>Total General Fund</b>	<b>77,731</b>	<b>14,406</b>	<b>63,325</b>

\* These balances will be drawn down as required during the year.

- 3.2 The approved budget included an allowance of 3% for the 2024/25 pay awards for both LGE and teachers. Provision for this is included within contingencies and has not yet been allocated to service budgets. It should be noted that CoSLA's latest pay offer is 3.2%. Also to be noted is the receipt from Scottish Government of an additional £0.601m relating to last year's pay awards that have already been paid. This funding has been included in this report, with the assumption that this will cover any pay award in excess of 3%. Officers will reflect in future reports the actual increase once pay negotiations are concluded.
- 3.3 Based on the financial information available as at 31 May 2024 the HRA outturn position for 2024/25 is projecting an overspend of £0.400m. Further details are provided in section 8 of this report.

#### 4 BACKGROUND

- 4.1 Following approval of the Council's 2024/25 Revenue Budget by the City Governance Committee on 29 February 2024, this report provides the projected revenue outturn position as at 31 May 2024, against the adjusted 2024/25 Revenue Budget.
- 4.2 The total 2024/25 Revenue Budget is £468.789m. For revenue monitoring purposes, the Council Tax Reduction Scheme budget of £13.772m is moved from expenditure to income and netted off against Council Tax income. This results in total budgeted expenditure of £455.017m for revenue monitoring purposes, as set out in Appendix A.
- 4.3 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 (underspend) 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.
- 4.4 The forecast position 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.

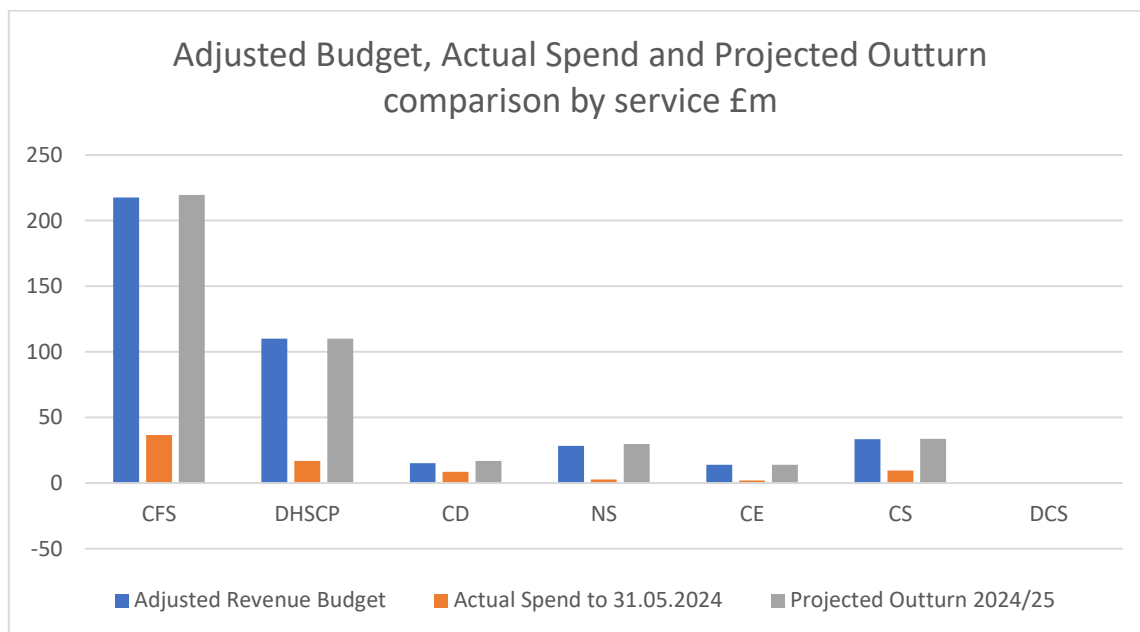
**Appendix B** lists the key strategic, operational and financial risks being faced by the Council.

#### 5 GENERAL FUND SERVICES - MONITORING POSITION AS AT 31 MAY 2024

- 5.1 The forecast position as at 31 May 2024 for General Fund services is summarised below.

	<b>(Under)/ Over Spend as at 31 May £m</b>
Net Expenditure	5.227
Sources of Income	(0.143)
<b>Net projected reduction uncommitted balances</b>	<b>5.084</b>

The graph below details the comparison between each service's actual spend and projected outturn.



## 6 DETAILED ANALYSIS

The following paragraphs summarise the main areas of variance by service along with appropriate explanations. These figures reflect movements for the full year to date.

### 6.1 Children & Families Services: £2.039m overspend

	£m
Projected overspend in LGE mainly as result of demand for Additional Support Needs staff	1.326
Projected increase in Non-Domestic Rates payable due to the increase in poundage rate for properties with Intermediate and Higher rateable values	0.529

Please note that a detailed review of teacher numbers and costs is currently underway, the results of which will be reflected in a future Revenue Monitoring report. In the meantime, the working assumption contained within this report is that teachers budget will break even.

### 6.2 Dundee Health & Social Care Partnership (DHSCP)

Under the risk sharing arrangement reflected in the Integration Scheme, the Integration Joint Board (IJB) retains any underspend within its reserve balances for investment in integrated health and social care services in future years. Any overspend is met from available reserves in the first instance. In accordance with the Integration Scheme, any projected overspend requires the development of a recovery plan with NHS Tayside and the DHSCP. The DHSCP is continuing to respond to changes in demand and demographics, and in particular staffing challenges, complexity of needs in community settings, and the wider impact of whole system pressures across health and social care sector. An overspend is expected in 2024/25 and details will be reported to the Integrated Joint Board on 21 August 2024. The Council will work with NHS Tayside and the DHSCP to establish a recovery plan. It is anticipated that there will be no additional contribution requirement from Dundee City Council in 2024/25 due to the current level of DHSCP reserves.

6.3 City Development: £1.697m overspend

	<b>£m</b>
Projected overspend in property mainly due to costs of unplanned and health and safety related repairs	1.370
Forecasted reduction in income relating to the decrease in off-street parking income	0.700
Funded by earmarked Covid earmarked reserve to meet associated loss of income	(0.700)
Reflects projected increased provision for bad debts mainly as a result of commercial rents	0.327

The Executive Director of City Development is reviewing whether staff slippage may offset some of the additional costs by the end of the year.

Dundee's Low Emissions Zone (LEZ) scheme was launched on 31 May 2024. It is noted that the Transport (Scotland) Act 2019 states that all income from the Low Emission Zone must be first used to facilitate the scheme. It is forecast that income from the LEZ will decline over time and revenue received in the first year will be set aside to contribute to future years costs of operating and maintaining the LEZ infrastructure. The value of fines issued to 28 July 2024 amounted to £314k though it should be noted that there will be a degree of unrecoverable fines the extent of which is not yet known. This compares with an estimated cost of £230k for operating the LEZ in 2024/25.

Following a government review in 2022 the level of planning fees has been increased. Officers are considering the impact of this and will report this in future reports. It is also noted the above position excludes any variance relating to Winter Maintenance which may occur if weather conditions are similar to previous years.

6.4 Neighbourhood Services: £1.302m overspend

	<b>£m</b>
Projected underspend in staff costs due to vacancies	(0.497)
Projected overspend in waste management third party payments, mainly relating to increased MEB Gates Fees due to increased tonnage and forecasted lower additional income expected to be gained from excess revenue share for the waste to energy contract	1.012
Projected shortfall in income generated from trade waste and recyclables	0.249
Streetscene & Land Management: income mainly from projects, interment fees and ground maintenance activities are forecasted to be lower than budgeted	0.505

6.5 Corporate Services: £0.169m overspend

	<b>£m</b>
Projected underspend in staff costs due to various vacancies	(0.433)
Overspend in supplies and services relating to increased IT licence fees and expenditure on electoral registration activities	0.134
Projected deficit relating to Scientific Services as a result of other local authorities no longer participating in this arrangement. In addition, fees and charges are lower than budget due to reduced income for underground garage.	0.347

6.6 Council Tax: (£0.143m) underspend

	<b>£m</b>
There is a projected underspend on Council Tax Reduction if uptake continues at current levels. There has been a gradual reduction in caseload since April 2024.	(0.143)

6.7 New Monies: (£1.790m) underspend

Reflects the share of additional £62.7m monies announced by Scottish Government after the budget was agreed that will now be used to replenish any balances used. In addition, the Council will receive a share of an additional £21.0m (£0.601m) which will go towards pay awards in excess of what has been budgeted.

6.8 Corporate Fleet: £2.000m overspend

Reflects the projected net overspend associated with the corporate fleet. The cost of the Council's fleet remains a budget pressure due to rising expenditure in relation to the external hire of vehicles used by services together with the cost of parts and materials for vehicle repairs. A review is underway to ensure the overall fleet utilised by services is in line with the budget provision available and that the true cost of fleet managed on behalf of external bodies is recovered accordingly. The outcome of this review will be reported to members as part of future monitoring reports.

## 7 EXTERNAL ORGANISATIONS

7.1 Leisure and Culture Dundee (LACD) suffered considerable income shortfalls during the Covid-19 pandemic, due to the effects of lockdowns and operating restrictions once facilities re-opened. It is recognised that, whilst facilities are now fully operational, income levels will take some time to be restored to pre-pandemic levels. To provide certainty, stability and time for Leisure and Culture Dundee to develop a balanced budget from 2024/25 onwards Dundee City Council confirmed its continuing financial support to cover the deficit position for a period until 31 March 2024. In December 2023, it was further agreed that the Chief Executive be authorised to extend the support to Leisure and Culture Dundee to 30 June 2024 should this be necessary. The Council will also continue to undertake cash flow management support to LACD to allow it to remain in credit at all times, and therefore have sufficient cash to continue to operate, thus allowing it to proceed as a going concern and meet its everyday cash liabilities. Any additional financial support provided will be met from reserves.

7.2 Our budget includes the assumption that Tayside Contracts will return a surplus in 2024/25, our share of which will be £0.343m. It is too early in the year to assess the likelihood or otherwise of this particular assumption and we will update likely outturns when we can. Please note we have set aside an allowance for Tayside Contracts pay awards within our pay contingency and will track the cost of Tayside Contracts services against service and central budgets.

## 8 HOUSING REVENUE ACCOUNT - MONITORING POSITION AT 31 MAY 2024

8.1 The forecast position as at 31 May 2024 for the HRA is summarised below:

	<b>(Under)/ Over Spend as at 31 May £m</b>
Net Expenditure	0.500
Sources of Income	(0.100)
<b>Net over/ (underspend)</b>	<b>0.400</b>

Please note that the forecast position is compared to the HRA budget as recast in report 139-2024 submitted to and approved by the Neighbourhood Regeneration, Housing and Estate Management Committee on 13 May 2024.

- 8.2 The key variances that make up the May position are shown in the table below. These figures reflect movements for the full year to date.

	<b>£m</b>
Additional void costs due to empty properties being let for longer than budgeted	0.500
Additional rental income	(0.100)

- 8.3 Any final variance will be adjusted against the Renewal & Repair Fund and any final overspend will be offset against the Renewal & Repair Fund, the housing element of which amounted to £7.317m as at 31 March 2024. A system of ongoing monitoring will continue to take place up to 31 March 2025 with the objective of the HRA achieving a final outturn which is below or in line with the adjusted 2024/25 HRA Revenue Budget.

## **9 RISK ASSESSMENT**

- 9.1 In preparing the Council's 2024/25 Revenue Budget, the key strategic, operational and financial risks faced by the Council over this period were considered. To alleviate the impact these risks may have if they occur, a number of general risk mitigation factors are utilised by the Council.
- 9.2 The key risks in 2024/25 have 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 are included in Appendix B to this report. Any changes to the assessment from the previous reporting period, together with any additional comments included, are highlighted in bold type.

## **10 POLICY IMPLICATIONS**

- 10.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

## **11 CONSULTATIONS**

- 11.1 The Council Leadership Team were consulted in the preparation of this report.

## **12 BACKGROUND PAPERS**

- 12.1 None

**ROBERT EMMOTT**  
**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**08 AUGUST 2024**

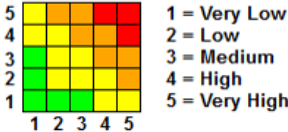
DUNDEE CITY COUNCIL							
2024/2025 REVENUE OUTFURN MONITORING							
PERIOD 1 APRIL 2024 - 31 MAY 2024							
	Approved		Adjusted		Projected		Actual
	Revenue	Total	Revenue	Actual	Projected	Variance	31.05.2024
	Budget	Budget	Budget	Spend to	Outturn	Over/(under)	as a % of
	2024/25	Adjustments	2024/25	31.05.2024	2024/25	spend	Adjusted
	£m	£m	£m	£m	£m	£m	Budget
<b>General Fund Services</b>							
Children & Families	213.996	3.658	217.654	36.564	219.693	2.039	17%
Dundee Health & Social Care Partnership	110.180		110.180	16.925	110.180	0.000	15%
City Development	15.258		15.258	8.554	16.955	1.697	56%
Neighbourhood Services	28.439		28.439	2.672	29.741	1.302	9%
Chief Executive	13.835		13.835	1.904	13.835	0.000	14%
Corporate Services	33.568		33.568	9.471	33.737	0.169	28%
Construction Services	0.000		0.000	(0.184)	0.000	0.000	
	415.276	3.658	418.934	75.907	424.141	5.207	18%
Capital Financing Costs / Interest on Revenue Balances	22.429		22.429	0.000	22.429	0.000	
Contingencies:							
- General	0.500		0.500		0.500		
- Budget growth/Cost Pressures	13.278	(2.399)	10.879		10.879		
- New monies	0.599	1.790	2.389		0.599	(1.790)	
Tayside Contracts surplus	(0.343)		(0.343)		(0.343)		
Corporate Fleet	0.000		0.000		2.000	2.000	
Miscellaneous Items	(2.044)		(2.044)	(0.341)	(2.044)		17%
Discretionary Non Domestic Rates (NDR) Relief	0.392		0.392	0.483	0.392	0.000	123%
Supplementary Superannuation Costs	2.938		2.938	0.676	2.746	(0.192)	23%
Tayside Valuation Joint Board	0.945		0.945	0.155	0.945		16%
Empty Property Relief Devolution	1.048		1.048	0.175	1.048		17%
<b>Total Expenditure</b>	<b>455.017</b>	<b>3.049</b>	<b>458.066</b>	<b>77.056</b>	<b>463.292</b>	<b>5.225</b>	17%
<b>Sources of Income</b>							
General Revenue Funding	(304.241)	(3.049)	(307.290)	(74.607)	(307.290)		24%
Contribution from National Non Domestic Rates (NNDR) Pool	(73.695)		(73.695)	(12.283)	(73.695)		17%
Council Tax	(63.906)		(63.906)	(13.629)	(64.049)	(0.143)	21%
Assumed SPPA Teachers Superannuation Contrib	(2.280)		(2.280)	(0.380)	(2.280)	0.000	17%
Use of Capital Grant to fund pay award			0.000		0.000		
Use of Balances -							
Balance on Covid Recovery Fund	(6.640)		(6.640)		(6.640)		0%
Committed Balances c/f	0.000		0.000		0.000		
Service concessions	(4.255)		(4.255)		(4.255)		0%
Change Fund	0.000		0.000		0.000		
<b>(Surplus)/Deficit for the year</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>(23.843)</b>	<b>5.084</b>	<b>5.084</b>	
<b>(Surplus)/Deficit for Housing Revenue Acct</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>(5.654)</b>	<b>0.400</b>	<b>0.400</b>	

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Risks - Revenue Assessment

Corporate Risk Matrix



Risk Title	Causes	Impact	Inherent Risk	Controls	Residual Risk (Previous Month)	Residual Risk (Current Month)
1. General price inflation may be greater than anticipated.	<ul style="list-style-type: none"> <li>• Government policies and regulations</li> <li>• Poor economic conditions</li> <li>• Impact of rising price rises e.g. energy</li> </ul>	<ul style="list-style-type: none"> <li>• Increased financial cost / rising prices</li> <li>• Potential budget overspends</li> <li>• Potential for interest rate rises through intervention measures</li> </ul>		<ul style="list-style-type: none"> <li>• Corporate Procurement strategy in place, including access to nationally tendered contracts for goods and services</li> <li>• Fixed price contracts agreed for major commodities i.e. gas and electricity.</li> <li>• Budgetary controls are in place, to identify potential overspends and take remedial action as required or possible, for example by utilising budget virements.</li> </ul>	n/a	
2. Capital Financing Costs - level of interest rates paid will be greater than anticipated.	<ul style="list-style-type: none"> <li>• Substantial decline of global financial market</li> <li>• Economic factors impacting on interest rates</li> </ul>	<ul style="list-style-type: none"> <li>• Increased borrowing costs</li> <li>• Greater return on investments / cash balances</li> </ul>		<ul style="list-style-type: none"> <li>• Treasury Management Strategy. Limited exposure to variable rate funding.</li> <li>• Budgetary controls are in place, to identify potential overspends and take remedial action as required or possible.</li> </ul>	n/a	
3. Unforeseen new cost pressures arising during the course of the financial year.	<ul style="list-style-type: none"> <li>• Financial constraints</li> <li>• Demand pressures</li> <li>• Cost of Living</li> </ul>	<ul style="list-style-type: none"> <li>• Potential overspends</li> </ul>		<ul style="list-style-type: none"> <li>• Budgetary controls are in place, to identify potential overspends and take remedial action as required or possible, for example by utilising budget virements.</li> </ul>	n/a	
4. Chargeable income budget not achieved.	<ul style="list-style-type: none"> <li>• Reduced demand for chargeable services, for example due to cost of living crisis</li> <li>• Market competition</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of income</li> <li>• Revision of budgeted income collection levels required</li> </ul>		<ul style="list-style-type: none"> <li>• Budgetary controls are in place, to identify potential overspends and take remedial action as required or possible, for example by utilising budget virements.</li> </ul>	n/a	

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