

REPORT TO: POLICY & RESOURCES COMMITTEE - 13 AUGUST 2007

REPORT ON: REVENUE MONITORING 2007/2008

REPORT BY: HEAD OF FINANCE

REPORT NO: 410-2007

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2007/2008 Projected Revenue Outturn as at 30 June 2007 monitored against the adjusted 2007/2008 Revenue Budget.

2 RECOMMENDATION

- 2.1 It is recommended that the Elected Members:

- a note that the overall General Fund 2007/2008 Projected Revenue Outturn as at 30 June 2007 shows an overspend of £11,000 against the adjusted 2007/2008 Revenue Budget.
- b note that the Housing Revenue Account is projecting an underspend of £192,000 against the adjusted HRA 2007/2008 Revenue Budget.
- c agree that the Head of Finance will take every reasonable action to ensure that the 2007/2008 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 2007/2008 Projected Revenue Outturn.

3 FINANCIAL IMPLICATIONS (see Appendix A)

- 3.1 The overall projected 2007/2008 General Fund Revenue outturn position for the City Council shows an overspend of £11,000 based on the financial information available at 30 June 2007. A system of perpetual detailed monitoring will continue to take place up to 31 March 2008 with the objective of the Council achieving a final outturn which is below or in line with the adjusted 2007/2008 Revenue Budget.
- 3.2 It should be noted that the general contingency provision for unforeseen or emergency expenditure within the 2007/2008 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 adjusted 2007/2008 Revenue Budget.
- 3.3 The Housing Revenue Account outturn position for 2007/2008 is currently projecting an underspend of £192,000 based on the financial information available for the period to 30 June 2007. 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 2007/2008 Housing Revenue Account Budget.

4 SUSTAINABILITY POLICY IMPLICATIONS

None

5 EQUAL OPPORTUNITIES IMPLICATIONS

None

6 BACKGROUND

- 6.1 Following approval of the Council's 2007/2008 Revenue Budget by the Special Finance Committee on 20 February 2007 this report is now submitted in order to monitor the 2007/2008 Projected Revenue Outturn position as at 30 June 2007, against the adjusted 2007/2008 Revenue Budget.
- 6.2 The Final 2007/2008 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 30 June 2007, none of this provision has been allocated to departments, although it is anticipated that this money will be fully spent by the end of the 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 30 JUNE 2007

- 7.1 The forecast position as at 30 June 2007 for General Fund services is summarised below:

	<u>Adjusted Budget 2007/08 £000</u>	<u>Forecast 2007/08 £000</u>	<u>Variance £000</u>
Total Expenditure	296,038	296,049	11
Total Income	<u>(296,038)</u>	<u>(296,038)</u>	-
Forecast Overspend	<u>-</u>	<u>11</u>	<u>11</u>

The forecast position as at 30 June 2007 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 three months of the financial year to 30 June 2007. 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 Education (£180,000 - overspend)

This relates to a shortfall in income that is projected in the Special Education sector due to a reduction in the number of placements made by other authorities.

7.4 Leisure & Communities (£64,000 - overspend)

This projection mainly relates to an overspend in property costs and a shortfall income. On property costs, it is anticipated there will be an overspend as there is currently no budgetary provision to cover Dudhope Arts Centre costs. In the Parks, Sports and Leisure sector it is projected that there will be a shortfall in rental income due to the termination of the McTaggart Sports Centre lease and revised rental agreement for Mains Castle.

7.5 Environmental Health & Trading Standards (£31,000 - underspend)

This reflects various underspends and additional income anticipated by the department, partly offset by a projected overspend in third party payments for kennelling fees following the closure of Brown Street kennels.

7.6 Finance Revenues (£232,000 - underspend)

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

8 **HOUSING REVENUE ACCOUNT - MONITORING POSITION AS AT 30 JUNE 2007**

8.1 The forecast position as at 30 June 2007 for the Housing Revenue Account is summarised below:

	<u>Adjusted Budget 2007/08 £000</u>	<u>Forecast 2007/08 £000</u>	<u>Variance £000</u>
Total Expenditure	45,288	45,713	425
Total Income	<u>(45,288)</u>	<u>(45,905)</u>	<u>(617)</u>
Forecast Underspend	_____ -	_____(192)	<u>(192)</u>

8.2 The above is mainly due to projected underspends in staff costs, property costs and additional grant income received by the department. These are partly offset by additional repairs and maintenance expenditure projected to be incurred and various other overspends anticipated by the department. The net underspend of £192,000 will result in a transfer to the Renewal and 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 2007/2008 Revenue Budget and, through prudent budget management, take every reasonable action to achieve an outturn position below or in line with the approved 2007/2008 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 AUGUST 2007

DUNDEE CITY COUNCIL
2007/2008 REVENUE OUTTURN MONITORING
PERIOD 1 APRIL 2007 - 30 JUNE 2007

Statement analysing 2007/2008 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								
Education	100,573	779	101,352	101,532	180		180	1
Leisure & Communities	19,559	260	19,819	19,883	64		64	2
Social Work	68,715	535	69,250	69,250				
Planning & Transportation	7,035	17	7,052	7,052				
Economic Development	2,877		2,877	2,877				
Waste Management	13,901	27	13,928	13,928				
<u>Central Support Services</u>								
Chief Executive	1,101	52	1,153	1,153				
Personnel	1,487		1,487	1,487				
Information Technology	5,232	30	5,262	5,262				
Support Services - Admin/Legal	3,248		3,248	3,248				
- Architects	(454)		(454)	(454)				
Finance General	3,032		3,032	3,032				
Other Housing	1,008		1,008	1,008				
DCS - Land Services Client	2,231		2,231	2,231				
Supporting People	0		0	0				
Miscellaneous Income	(2,607)		(2,607)	(2,607)				
Environmental Health & Trading Stds	2,628	20	2,648	2,617		(31)	(31)	3
<u>Miscellaneous Services</u>								
Chief Executive	72	396	468	468				
Support Services	214	66	280	280				
Finance Revenues	3,449		3,449	3,247		(202)	(202)	4
Dundee CAB	109		109	109				
Contribution to EDU	93		93	93				
	233,503	2,182	235,685	235,696	244	(233)	11	
DCS - Contracting Activities	(839)		(839)	(839)				
Capital Financing Costs /								
Interest on Revenue Balances	23,185		23,185	23,185				
Contingencies - General								
- Single Status	1,870		1,870	1,870				
Discretionary NDR Relief	137		137	137				
Supplementary Superannuation Costs	1,532		1,532	1,532				
	259,588	2,182	261,770	261,781	244	(233)	11	
Joint Boards								
Tayside Joint Police Board	18,934		18,934	18,934				
Tayside Fire & Rescue Board	14,284		14,284	14,284				
Tayside Valuation Joint Board	1,050		1,050	1,050				
	293,856	2,182	296,038	296,049	244	(233)	11	
Sources of Income								
Revenue Support Grant	(184,955)	(66)	(185,021)	(185,021)				
Contribution from NNDR Pool	(51,896)		(51,896)	(51,896)				
Council Tax	(55,705)		(55,705)	(55,705)				
Use of Balances -								
Committed Balances c/f	(1,300)	(2,116)	(3,416)	(3,416)				
Renewal & Repair Fund			0	0				
	0	0	0	11	244	(233)	11	
(Surplus)/Deficit for the year								
	0	0	0	11	244	(233)	11	
Housing Revenue Account								
	0	(192)	(192)	(192)	NIL	NIL	NIL	

REASONS FOR 2007/08 CONTROLLABLE PROJECTED REVENUE OVERTURN VARIANCES
(Excludes Capital Charges, Central Support Services & Office Recharges)
AT 30 JUNE 2007

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>Education</u>	1	180	Special	Income	180	Reduction in Special Education Needs recoveries due to a drop in the number of placements made by other authorities.
<u>Leisure & Communities</u>	2	64	Library, Information & Cultural Services	Property	24	Mainly additional costs for Dudhope Arts Centre not budgeted for.
			Parks, Sports & Leisure	Staff	9	Additional costs incurred following industrial tribunal.
				Income	33	Reflects loss of rental income for McTaggart Sport Centre following termination of lease by Dundee College (£23k) and revised rental agreement for Mains Castle (£11k).
<u>Environmental Health & Trading Standards</u>	3	(31)	Regulation	Staff	(19)	Reflects savings anticipated in various posts.
				Income	(29)	Additional grant funding not budgeted for.
			Pest & Animal Control	Property	(19)	Reflects savings projected due to closure of Brown St kennels.
				Third Party Payments	50	Payments for kennelling fees following closure of Brown St.
				Income	(10)	Additional funding for dog litter bags.
<u>Finance Revenues</u>	4	(202)	Revenues	Staff	(164)	Projected underspend due to unfilled vacancies, reduced hours and maternity leave.
				Income	(38)	Reflects additional miscellaneous income received.

Appendix C

<u>General Fund Departments</u>	<u>Allocation</u>	<u>2006/07</u>	<u>2006/07</u>	<u>Funding</u>	<u>Budget</u>	<u>Departmental</u>
	<u>From</u>	<u>Underspend</u>	<u>Q of Life</u>		<u>Transfers</u>	
	<u>Contingencies</u>	<u>Brought Forward</u>	<u>Brought Forward</u>		<u>Between Departments</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<u>Education</u>						
1. Various grant income		268				
2. DSM Balances		511				779
<u>Social Work</u>						
1. Community alarms control room refurbishment		54				
2. Choose Life Funding		40				
3. Cowan Grove refurbishment		118				
4. Case file storage accommodation		58				
5. Community Care		80				
6. Secure GSX Email		12				
7. Kinship Carers (accrued costs)		173				535
<u>Planning & Transportation</u>						
1. Quality of Life - Unadopted Footways				12		
2. Quality of Life - Adopted Footways				2		
3. Quality of Life - Traffic Calming				3		17
<u>Leisure & Communities</u>						
1. Quality of Life - Parks Improvements				66		
2. Quality of Life - Skate Parks				54		
3. Quality of Life - Joint Health Work / Young People				21		
4. Adult Literacy		44				
5. Youth Justice - Local Action Fund		75				260
<u>Waste Management</u>						
1. Quality of Life - Rapid Response Team & Cleansing Equipment				27		27
<u>Environmental Health & Trading Standards</u>						
1. Smoking in Public Places		20				20
<u>Chief Executive</u>						
1. Community Planning Partnership		52				
2. New Computer Centre		30				
3. Employment Disability Unit		60				
4. Integrated Children's Services		336				478
<u>Support Services</u>						
1. Electoral Registration - RSG redetermination for elections funding				66		66
Total Adjustments (General Fund)	0	1,931	185	66	0	2,182
<u>Housing Revenue Account</u>						
1. Transfer of projected HRA underspend to R&R Fund					(192)	(192)
Total Adjustments (HRA)	0	0	0	0	(192)	(192)