

**REPORT TO: POLICY & RESOURCES COMMITTEE - 8 SEPTEMBER 2008**

**REPORT ON: REVENUE MONITORING 2008/2009**

**REPORT BY: HEAD OF FINANCE**

**REPORT NO: 438-2008**

## **1 PURPOSE OF REPORT**

- 1.1 To provide Elected Members with an analysis of the 2008/2009 Projected Revenue Outturn as at 31 July 2008 monitored against the adjusted 2008/2009 Revenue Budget.

## **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Elected Members:
- a note that the overall General Fund 2008/2009 Projected Revenue Outturn as at 31 July 2008 shows an overspend of £380,000 against the adjusted 2008/2009 Revenue Budget.
  - b note that the Housing Revenue Account is projecting an overspend of £283,000 against the adjusted HRA 2008/2009 Revenue Budget.
  - c agree that the Head of Finance will take every reasonable action to ensure that the 2008/2009 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 2008/2009 Projected Revenue Outturn.

## **3 FINANCIAL IMPLICATIONS (see Appendix A)**

- 3.1 The overall projected 2008/2009 General Fund Revenue outturn position for the City Council shows an overspend of £380,000 based on the financial information available at 31 July 2008. A system of perpetual detailed monitoring will continue to take place up to 31 March 2009 with the objective of the Council achieving a final outturn which is below or in line with the adjusted 2008/2009 Revenue Budget.
- 3.2 The Housing Revenue Account outturn position for 2008/2009 is currently projecting an overspend of £283,000 based on the financial information available for the period to 31 July 2008. This overspend will result in a corresponding transfer from the Renewal and Repair Fund. The outturn position will then be in line with the adjusted 2008/2009 Housing Revenue Account Budget.

## **4 BACKGROUND**

- 4.1 Following approval of the Council's 2008/2009 Revenue Budget by the Special Policy and Resources Committee on 14 February 2008 this report is now submitted in order to monitor the 2008/2009 Projected Revenue Outturn position as at 31 July 2008, against the adjusted 2008/2009 Revenue Budget.

- 4.2 The Final 2008/2009 Revenue Budget included a contingency provision of £188,000 to cover any unforeseen items of expenditure, which may occur during the course of the financial year. This was increased by £315,000 following a refund that was received for telephones costs. As at 31 July 2008, this provision has been fully allocated to departments.
- 4.3 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.

## 5 GENERAL FUND SERVICES - MONITORING POSITION AS AT 31 JULY 2008

- 5.1 The forecast position as at 31 July 2008 for General Fund services is summarised below:

	<u>Adjusted</u> <u>Budget</u> <u>2008/09</u> <u>£000</u>	<u>Forecast</u> <u>2008/09</u> <u>£000</u>	<u>Variance</u> <u>£000</u>
Total Expenditure	334,681	334,879	198
Total Income	<u>(334,681)</u>	<u>(334,499)</u>	<u>182</u>
Forecast Overspend	_____ -	_____ 380	<u>380</u>

The forecast position as at 31 July 2008 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.

- 5.2 It should be emphasised that this report identifies projections based on the first four months of the financial year to 31 July 2008. 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

- 5.3 Social Work (£750,000 overspend)

The department are facing a number of cost pressures across all services. The majority of this overspend reflects the significant pressures around adult care including new commissioned services for the resettlement of adults in the community. In addition, these also include an anticipated overspend for family placements, the department's share of the residential schools placement budget and increased payments to other bodies for schemes

and care packages for children with disabilities. These are offset by additional non-recurring income, savings in staff costs due to a number of unfilled vacancies and various other savings projected by the department.

5.4 Planning & Transportation (£426,000 overspend)

In Building Quality, income for building warrants, planning applications and property enquiries is lower than budgeted, reflecting a reduction in these activities due to the current economic climate. In Street Lighting, an overspend in supplies and services is projected due to the increased price of electricity, this is partly offset by a reduction in contract works being carried out for outside bodies. These variances are partly offset by various underspends and additional income projected by the department.

5.5 Leisure & Communities (£180,000 overspend)

This mainly relates to overspends in staff costs and transport costs. In staff costs, an overspend is anticipated following the implementation of the single status agreement and transport costs are expected to be over budget due to the increase in fuel charges.

5.6 Education (£27,000 overspend)

This projected overspend relates to the departments share of the residential schools placements budget.

5.7 Environmental Health & Trading Standards (£135,000 underspend)

The department are projecting savings in staff costs due mainly to the staff restructuring and unfilled vacancies.

5.8 Finance Revenues (£350,000 underspend)

This reflects a projected underspend in staff costs due mainly to unfilled vacancies and various streams of additional income anticipated by the department. This is partly offset by a projected overspend in supplies and services for legal fees incurred by the department.

5.9 Capital Financing Costs/Interest on Revenue Balances (£700,000 underspend)

The above relates to additional income anticipated from interest on revenue balances and lower than budgeted expenditure on capital financing costs.

5.10 General Revenue Funding (£182,000 income shortfall)

Reflects an anticipated reduction in General Revenue Funding received from Scottish Government following an adjustment to the level of support received for Police loan charges.

## 6 HOUSING REVENUE ACCOUNT - MONITORING POSITION AS AT 31 JULY 2008

6.1 The forecast position as at 31 July 2008 for the Housing Revenue Account is summarised below:

	<u>Adjusted Budget 2008/09 £000</u>	<u>Forecast 2008/09 £000</u>	<u>Variance £000</u>
Total Expenditure	45,618	45,942	324
Total Income	<u>(45,618)</u>	<u>(45,659)</u>	<u>(41)</u>
Forecast Overspend	<u>-</u>	<u>283</u>	<u>283</u>

6.2 The above is mainly due to additional repairs and relets expenditure incurred by the department. This is partly offset by various underspends in staff costs and ban charges projected by the department. The net overspend of £283,000 will result in a transfer from the Renewal and Repair Fund and so bring the HRA outturn in line with the approved Revenue Budget.

## 7 CONCLUSION

As in previous years, the Head of Finance will work with all Chief Officers of the Council to monitor the Council's 2008/2009 Revenue Budget and, through prudent budget management, take every reasonable action to achieve an outturn position below or in line with the approved 2008/2009 Revenue Budget.

## 8 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major issues.

## 9 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.

## 10 BACKGROUND PAPERS

None

**MARJORY M STEWART  
HEAD OF FINANCE**

**01 SEPTEMBER 2008**

**DUNDEE CITY COUNCIL**  
**2008/2009 REVENUE OUTTURN MONITORING**  
**PERIOD 1 APRIL 2008 - 31 JULY 2008**

**Appendix A**

Statement analysing 2008/2009 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
<b>General Fund Departments</b>								
Social Work	75,495	605	76,100	76,850	750		750	1
Planning & Transportation	7,086		7,086	7,512	426		426	2
Leisure & Communities	22,196	118	22,314	22,494	180		180	3
Education	115,813	258	116,071	116,098	27		27	4
Economic Development	3,215		3,215	3,215				
Waste Management	15,453	35	15,488	15,488				
<b>Central Support Services</b>								
Chief Executive	1,134		1,134	1,134				
Personnel	1,561		1,561	1,561				
Information Technology	5,205		5,205	5,205				
Support Services - Admin/Legal	3,257		3,257	3,257				
- Architects	(469)		(469)	(469)				
Finance General	3,381	53	3,434	3,434				
Other Housing	2,066		2,066	2,066				
Supporting People	12,262		12,262	12,262				
DCS - Land Services Client	2,165		2,165	2,165				
Environmental Health & Trading Stds	3,078	103	3,181	3,046		(135)	(135)	5
<b>Miscellaneous Services</b>								
Chief Executive	374	240	614	614				
Support Services	175		175	175				
Finance Revenues	3,616		3,616	3,266		(350)	(350)	6
Dundee CAB	110		110	110				
Contribution to Employment Unit	94		94	94				
	277,267	1,412	278,679	279,577	1,383	(485)	898	
Miscellaneous Income	(2,824)		(2,824)	(2,824)				
DCS - Contracting Activities	(778)		(778)	(778)				
<b>Capital Financing Costs /</b>								
Interest on Revenue Balances	23,697		23,697	22,997		(700)	(700)	7
Contingencies - General	188	(188)	0	0				
- Single Status	0		0	0				
Discretionary NDR Relief	147		147	147				
Supplementary Superannuation Costs	1,590		1,590	1,590				
Resources t/f from Capital Programme	(1,600)		(1,600)	(1,600)				
	297,687	1,224	298,911	299,109	1,383	(1,185)	198	
<b>Joint Boards</b>								
Tayside Joint Police Board	19,667		19,667	19,667				
Tayside Fire & Rescue Board	15,037		15,037	15,037				
Tayside Valuation Joint Board	1,066		1,066	1,066				
	333,457	1,224	334,681	334,879	1,383	(1,185)	198	
<b>Total Expenditure</b>								
<b>Sources of Income</b>								
General Revenue Funding	(221,223)		(221,223)	(221,041)	182		182	8
Contribution from NNDR Pool	(54,535)		(54,535)	(54,535)				
Council Tax	(55,916)		(55,916)	(55,916)				
<b>Use of Balances -</b>								
Committed Balances c/f	(1,783)	(909)	(2,692)	(2,692)				
Other Balances	0	(315)	(315)	(315)				
Renewal & Repair Fund	0		0	0				
	0	0	0	380	1,565	(1,185)	380	
<b>(Surplus)/Deficit for the year</b>								
<b>Housing Revenue Account</b>								
	0	283	283	283	NIL	NIL	NIL	

**REASONS FOR 2008/09 CONTROLLABLE PROJECTED REVENUE O  
(Excludes Capital Charges, Central Support Services & Office  
AT 31 JULY 2008**

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>Social Work</u>	1	750	Departmental	Staff Costs	(300)
				Third Party Payments	(300)
					1,147
					(54)
					(37)
				Income	(600)
			Children	Third Party Payments	81
					657
					186
				Income	76
			Older People	Supplies & Services	63
				Transport Costs	(40)
				Third Party Payments	100
				Income	(201)
Adults	Income	(8)			
		(20)			

**REASONS FOR 2008/09 CONTROLLABLE PROJECTED REVENUE O  
(Excludes Capital Charges, Central Support Services & Office  
AT 31 JULY 2008**

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>Planning &amp; Transportation</u>	2	426	Building Quality	Income	440
			Traffic	Income	(96)
			Road Maintenance	Third Party Payments	(100)
			Winter Maintenance	Third Party Payments	100
			Street Lighting	Supplies & Services	310
				Third Party Payments	(245)
				Income	(33)
			Off Street Car Parking	Staff Costs	(19)
				Property Costs	46
				Supplies & Services	28
<u>Leisure &amp; Communities</u>	3	180	Various	Staff Costs	68
				Supplies & Services	7
			Parks, Sport and Leisure	Property Costs	9
				Transport Costs	66
				Income	30
<u>Education</u>	4	27	Education Other Than At School	Third Party Payments	27
<u>Env Health &amp; Trading Standards</u>	5	(135)	Regulation	Staff	(128)
<u>Finance Revenues</u>	6	(350)	Revenues	Staff	(278)
				Supplies & Services	60
				Income	(134)

**REASONS FOR 2008/09 CONTROLLABLE PROJECTED REVENUE O**  
**(Excludes Capital Charges, Central Support Services & Office**  
**AT 31 JULY 2008**

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>Capital Financing Costs/IORB</u>	7	(700)	Capital Financing Costs/IORB		(700)
<u>General Revenue Funding</u>	8	182	General Revenue Funding		182

## TURN VARIANCES

### (e Recharges)

#### Reason / Basis of Over/(Under)spend

Mainly due to the delay in filling staff vacancies.

Part year effect of implementation of new staff development/training infrastructure to meet care registration standard.

Reflects significant pressures around Adult Care and the financial impact of new commissioned services for the resettlement of adults in the community.

Part year effect of implementation of initiatives funded from Children and Community Care new monies.

Delays in commissioning an essential needs assessment review of services and client group strategies.

Supporting People funding contribution.

Continued pressure of increase in placements made to avoid inappropriate care settings for children and also due to effect of fee increases being greater than budgeted provision.

Increased number of looked after children and also increase in the numbers of children requiring permanent substitute care away from their birth parents.

Higher spend anticipated on Community Enabler Scheme and Individual Care Packages for children with disabilities.

Shortfall in level of budgeted income currently projected.

Increased costs of purchase of meals from Tayside Contracts.

Expenditure on Transport Hire and Travel Mileage are estimated to be lower than budget.

Greater demand for respite and domiciliary care.

Higher respite accommodation charges and non recurring clients contribution towards residential accommodation in local authority homes, also additional income from community alarms, lunch clubs and meals partly offset by less than anticipated charging income for home care service.

Higher contribution from Health Board towards the costs of Young Adults Respite service.

This is mainly due to additional supporting people grant from Angus Council to fund client based in Knowelend, also higher respite accommodation charges partly offset by withdrawal of service/contribution from Perth & Kinross Council at Whitetop and from Angus Council at Mackinnon Centre.

## OUTTURN VARIANCES

### Mobile Recharges

#### Reason / Basis of Over/(Under)spend

Income for building warrants, planning applications and property enquiries is lower than budgeted, reflecting a reduction in these activities due to the current economic climate.

Professional fees are anticipated to be greater than budgeted.

Reflects a reduction in the level of structural and cyclical works being carried out.

Current budgetary provision is inadequate.

Reflects increased electricity charges.

Reflects reduction in contract works partly offset by anticipated overspend on expenditure for signs and bollards.

Reflects increased recharges to outside organisations.

Savings anticipated due to non-filling of vacant posts.

Non-Domestic Rates are projected to be overspent.

Reflects additional security costs incurred for multi storey car parks.

Reflects projected overspend in staff costs following implementation of Single Status Agreement.

Projected overspend in mobile telephones following reduction in this budget.

Reflects maintenance costs for Green Circular route.

Increase in fuel charges

Reflects loss of lease income for McTaggart Centre.

Projected overspend on residential and secure placements budget.

Staff costs are projected to be underspent mainly due to a combination of unfilled vacancies, long term sick and maternity leave. In addition further savings in staff costs are projected following a staff restructuring exercise.

Projected underspend due to unfilled vacancies, long-term sick and maternity leave.

Projected overspend on legal fees.

Reflects increased income from departments for collection of rents and other charges at City Square office together with additional income from recharge of diligence and legal fees relating to collection of unpaid accounts. This is partly offset by shortfall in miscellaneous income.

**TURN VARIANCES**

**(e Recharges)**

**Reason / Basis of Over/(Under)spend**

Additional income projected from interest on revenue balances and lower than budgeted expenditure on capital financing costs.

Reflects anticipated shortfall in GRF following Police Loan Charges Support redetermination.

<u>General Fund Departments</u>	<u>Alloc From ConTs</u> <u>£000</u>	<u>2007/08 Under spends b/fwd</u> <u>£000</u>	<u>2007/08</u>	<u>Funding T/Fs</u> <u>£000</u>	<u>Alloc from R&amp;R Fund</u> <u>£000</u>	<u>Transfers Between Depts</u> <u>£000</u>	<u>Other Transfers</u> <u>£000</u>	<u>Dept Totals</u> <u>£000</u>
			<u>Quality of Life Brought Forward</u> <u>£000</u>					
<u>Education</u>								
1. DSM Balances		258						258
<u>Social Work</u>								
1. Community Alarms Service		54						
2. Needs Assessment Review		78						
3. Community Equipment Service		23						
4. Transfer from General Contingency	450							605
<u>Planning &amp; Transportation</u>								
								0
<u>Leisure &amp; Communities</u>								
1. QoL - Parks & Playgrounds			86					
2. Literacy & Numeracy Fund		32						118
<u>Waste Management</u>								
1. QoL - Rapid Response & Cleansing			35					35
<u>Env Health &amp; Trading Standards</u>								
1. Air Quality Monitoring		103						103
<u>Chief Executive</u>								
1. Ext Funded Projects (Integrated Child Servs)		240						240
<u>Support Services</u>								
								0
<u>Finance</u>								
1. Transfer from General Contingency	53							53
<u>General Contingency</u>								
1. Transfer to Social Work	(450)							
2. Transfer from Other Balances							315	
3. Transfer to Finance General	(53)							(188)
<b>Total Adjustments (General Fund)</b>	0	788	121	0	0	0	315	1,224
<u>Housing Revenue Account</u>								
1. T/f projected overspend from R&R Fund						283		283
<b>Total Adjustments (HRA)</b>	0	0	0	0	0	283	0	283