

REPORT TO: SPECIAL FINANCE COMMITTEE – 20 AUGUST 2001

REPORT ON: REVENUE MONITORING 2001/02

REPORT BY: DIRECTOR OF FINANCE

REPORT NO: 509-2001

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2001/02 Projected Revenue Outturn as at 30 June 2001 monitored against the adjusted 2001/02 Revenue Budget.

2 RECOMMENDATION

- 2.1 It is recommended that the Committee:

- a notes that the overall General Fund 2001/02 Projected Revenue Outturn as at 30 June 2001 shows an overspend of £1,075,000 against the adjusted 2001/02 Revenue Budget.
- b notes that the Housing Revenue Account shows an overspend of £853,000 and that notwithstanding the pressures on this budget, action is being taken by the Director of Housing to redress the situation so that the Housing Revenue Account will not be overspent in the current financial year.
- c instructs the Director of Finance to take every reasonable action to eliminate the projected overspend referred to in (a) above.
- d instructs the Director of Finance, in conjunction with all Chief Officers of the Council to continue to monitor the Council's 2001/02 Projected Revenue Outturn.

3 FINANCIAL IMPLICATIONS (see Appendix A)

- 3.1 The overall projected 2001/02 General Fund Revenue outturn position for the City Council shows an overspend of £1,075,000 based on the financial information available at 30 June 2001. The projected overspend of £1,075,000 will in the first instance be met from carried forward General Fund balances. A system of perpetual detailed monitoring will take place up to 31 March 2002 with the objective of the Council achieving a final outturn which is in line with the approved 2001/02 Revenue Budget.
- 3.2 The Housing Revenue Account outturn position for 2001/2002 is currently projecting an overspend of £853,000. However, the Director of Housing is taking action to redress the situation notwithstanding the pressures on this budget and ensure that the Housing Revenue Account is not overspent in the 2001/2002 financial year. 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 in line with the approved 2001/02 Revenue Budget.

4 LOCAL AGENDA 21 IMPLICATIONS

None.

5 EQUAL OPPORTUNITIES IMPLICATIONS

None.

6 BACKGROUND

- 6.1 The Council Plan has as one of its values "efficiently utilise our resources to provide the standards of public service expected by the citizens and at an acceptable cost". It is essential that this value is actioned in the monitoring of the Council's Revenue Budget and the presentation of a regular monitoring report to the Finance Committee is seen as a representation of the achievement of that value.
- 6.2 Following approval of the Council's 2001/02 Revenue Budget by the Special Finance Committee on 15 February and subsequent adjustments at the Special Policy & Resources Committee and Finance Committees on 19 March 2001, it was acknowledged that the current year's Revenue Budget had been set at a very constrained level which would require considerable efforts to ensure it was effectively managed during the current financial year. This report is now submitted in order to monitor the 2001/02 Projected Revenue Outturn position as at 30 June 2001, against the adjusted 2001/02 Revenue Budget.
- 6.3 The Final 2001/02 Revenue Budget included a contingency provision of £450,000 to cover any unforeseen items of expenditure, which may occur during the course of the financial year. A total of £450,000 has now been allocated from or earmarked within this contingency.
- 6.4 As indicated in the 2001/2002 Final Revenue Budget a Contingency of £1,432,000 (New Monies) was set aside for new Scottish Executive initiatives. This has now been fully allocated with £1,317,000 transferred to Social Work and the remaining £115,000 to Education

7 REASONS FOR VARIANCES

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

Overspends

7.1 Social Work (£549,000)

The projected overspend is mainly due to the increase in placements and levels of charges for Secure and Residential Care schools, which will result in additional costs of £667,000 above the budgeted level of £1.9m. Under the agreed funding arrangements £167,000 will be funded by the Education Department with the remaining £500,000 being funded by the Social Work Department, resulting in a major contribution to the overspend of that Department's Revenue Budget.

A further net overspend of £49,000 which is principally due to demand led expenditure on Domiciliary and Nursing/ Residential care will result in the projected total overspend of £549,000 in the Social Work Department Revenue Budget.

7.2 Education (£337,000)

The projected overspend of £337,000 is principally due to the shortfall in the additional grant following the McCrone Teachers' settlement announced after the setting of the 2001/2002 Final Revenue Budget of £170,000 and the impact of the Education Department's share of the increase in placements and level of charges for Secure and Residential Care Schools of £167,000 (25% of £667,000).

7.3 Insurance Arrangements (£360,000)

The increased insurance renewal premiums will result in an increased spend against the 2001/2002 Final Revenue Budget of £918,000. This is based on a pro rata basis for the current financial year as reported to Recess Sub Committee on 16 July 2001.

A total of £558,000 is expected to be attributed to non General Fund Services (ie DLO, DSOs and Housing Revenue) leaving a balance of £360,000 to be allocated across the General Fund departments.

7.4 Planning & Transportation

The Planning & Transportation Department is projecting shortfall in income of £100,000 from off street Car Parks, which is a demand led service. The resulting overspend will be met by savings in the overall Planning & Transportation Revenue Budget.

7.5 Housing Revenue Account

The projected overspend in the Housing Revenue Account is mainly the result of increased insurance premiums of £385,000 and a lower level of rental income than anticipated of £526,000. The total of £911,000 is offset by a net current underspend of £58,000 in other areas leaving £853,000, as the projected overspend for 2001/2002 Revenue Budget. However, the Director of Housing is taking action to redress the situation, notwithstanding the pressures on this budget and ensure that the Housing Revenue Account is not overspent in the 2001/2002 financial year.

7.6 Tayside Fire Joint Board (£219,000)

The revenue monitoring for the Tayside Fire Joint Board to the end of June 2001 projected an overspend of £429,000. The principal reason being the ill health retirals, which are higher than, budgeted. The City Council will have to pay an additional requisition of some £219,000 being its proportionate share of the projected overspend. This will be met by allocating £126,000 being the balance of the contingencies, leaving a net overspend of £93k.

Underspends

7.7 DSO/DLO Surpluses (£264,000)

The projected additional surplus of £264,000 has principally been generated by Dundee Contract Services due to an increase in turnover and the effects of management and workforce working together to minimise overheads and improve efficiency.

8 **CONSULTATIONS**

- 8.1 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

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
2001/02 REVENUE OUTFURN MONITORING
PERIOD 1 APRIL 2001 - 30 JUNE 2001

APPENDIX A

Statement analysing 2001/02 Projected Revenue Outturn to Budget (Capital Charges, Central Support & Central Buildings Recharges have been excluded from Departments as these costs are outwith their control).

	(col 1) Final Revenue Budget 2001/02 £000	(col 2) Transfers from/ (to) Contingency, General & R & R Fund £000	(col 3) Adjusted Revenue Budget 2001/02 £000 (col 1+2)	(col 4) Projected Revenue Expenditure 2001/02 £000	(col 5) Projected Budget Variance 2001/02 £000 (col 4-3) + overspend (underspend)
Department					
Social Work	42,692	1,374	44,066	44,615	549
Education	71,377	2,061	73,438	73,775	337
Planning & Transport	7,270		7,270	7,270	
Neighbourhood Resources	7,379		7,379	7,379	
Leisure & Parks	8,794		8,794	8,794	
Environment & Consumer Prot	12,558		12,558	12,558	
Housing/Council Tax Benefit	2,935		2,935	2,935	
Economic Development	3,001		3,001	3,001	
Arts & Heritage	2,454		2,454	2,454	
Other Housing	1,244		1,244	1,244	
Miscellaneous Income	(2,426)		(2,426)	(2,426)	
<u>Central Support Services</u>					
Chief Executive	266		266	266	
Personnel & Mgmt Serv	1,229	9	1,238	1,238	
Support Services-Admin/Legal	1,549		1,549	1,549	
-Architects	(349)		(349)	(349)	
Information Technology	4,266		4,266	4,266	
Finance General	1,290		1,290	1,290	
Insurance (Gen Services)	0		0	360	360
<u>Miscellaneous Services</u>					
Chief Executive	801		801	801	
Support Services-Admin/Legal	1,042		1,042	1,042	
Finance Revenues	4,506		4,506	4,506	
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	171,878	3,444	175,322	176,568	1,246
DSO/DLO Surpluses	(1,082)		(1,082)	(1,346)	(264)
Capital Financing Costs/Interest on Revenue Balances	18,952		18,952	18,952	
Contingencies	450	(139)	311	311	
New Monies	1,432	(1,432)	0	0	
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	191,630	1,873	193,503	194,485	982
Joint Board					
Tayside Fire Joint Board	10,134	126	10,260	10,353	93
Tayside Joint Police Board	14,494		14,494	14,494	
Tayside Valuation Jt Board	842		842	842	
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	217,100	1,999	219,099	220,174	
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		[note 1]			-----
TOTAL PROJECTED 2001/02 GENERAL FUND OVERSPEND AS AT 31/3/2002					1,075
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Housing Revenue Account	-	-	-	-	NIL
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Note 1. £1999k represents transfers from General Fund (£33k) & Renewal & Repair Fund (£74k) and the McCrone settlement of £1,892k.