

REPORT TO: FINANCE COMMITTEE - 11 SEPTEMBER 2006

REPORT ON: REVENUE MONITORING 2006/2007

REPORT BY: HEAD OF FINANCE

REPORT NO: 514-2006

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2006/2007 Projected Revenue Outturn as at 31 July 2006 monitored against the adjusted 2006/2007 Revenue Budget.

2 RECOMMENDATION

- 2.1 It is recommended that the Elected Members:
- a note that the overall General Fund 2006/2007 Projected Revenue Outturn as at 31 July 2006 shows an overspend of £144,000 against the adjusted 2006/2007 Revenue Budget.
 - b note that the Housing Revenue Account Projected Outturn is projecting a spend in line with the HRA 2006/2007 Revenue Budget.
 - c agree that the Head of Finance will take every reasonable action to ensure that the 2006/2007 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 2006/2007 Projected Revenue Outturn.

3 FINANCIAL IMPLICATIONS (see Appendix A)

- 3.1 The overall projected 2006/2007 General Fund Revenue outturn position for the City Council shows an overspend of £144,000 based on the financial information available at 31 July 2006. A system of perpetual detailed monitoring will continue to take place up to 31 March 2007 with the objective of the Council achieving a final outturn which is below or in line with the adjusted 2006/2007 Revenue Budget.
- 3.2 It should be noted that the general contingency provision for unforeseen or emergency expenditure within the 2006/2007 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 2006/2007 Revenue Budget. An additional contingency of £1,000,000 is held for costs related to Single Status.
- 3.3 The Housing Revenue Account outturn position for 2006/2007 is currently projecting an underspend of £221,000 based on the financial information available for the period to 31 July 2006. 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 2006/2007 Housing Revenue Account Budget.

4 LOCAL AGENDA 21 IMPLICATIONS

None.

5 EQUAL OPPORTUNITIES IMPLICATIONS

None.

6 BACKGROUND

- 6.1 Following approval of the Council's 2006/2007 Revenue Budget by the Special Finance Committee on 13 February 2006 this report is now submitted in order to monitor the 2006/2007 Projected Revenue Outturn position as at 31 July 2006, against the adjusted 2006/2007 Revenue Budget.
- 6.2 The Final 2006/2007 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 31 July 2006, £70,000 of this provision has been allocated and it is anticipated that the remainder of this money will be fully committed by the end of the financial year. The contingency for Single Status is £1,000,000 in 2006/2007, however, it is not anticipated that this will all be required as the results of Single Status are unlikely to be fully implemented before 31 March 2007.
- 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 31 JULY 2006

- 7.1 The forecast position as at 31 July 2006 for General Fund services is summarised below:

	<u>Adjusted</u> <u>Budget</u> <u>2006/07</u> <u>£000</u>	<u>Forecast</u> <u>2006/07</u> <u>£000</u>	<u>Variance</u> <u>£000</u>
Total Expenditure	285,943	286,087	144
Total Income	<u>(285,943)</u>	<u>(285,943)</u>	—
Forecast Overspend	—	<u>144</u>	<u>144</u>

The forecast position as at 31 July 2006 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 General Contingency 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 four months of the financial year to 31 July 2006. 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 Economic Development (£347,000 - overspend)

The overspend relates to a number of areas within the department. There is an anticipated shortfall in the level of external rental income that will be received this financial year. In addition to this, the department is projecting a shortfall in the level of advertising income that will be achieved. There is a projected overspend at Dundee Airport due to additional property costs and lower than expected income from airlines. Overspends on City Square and Tayside House are expected due to additional property maintenance, non-domestic rates and energy costs. The overspends are partly offset by savings in staff budgets within the department to give a projected net departmental overspend of £347,000.

7.4 Social Work (£169,000 - overspend)

The projected overspend is largely due to acknowledged pressures in the care home placements budget, in the residential schools budget and in various community care services.

7.5 Planning & Transportation (£65,000 - overspend)

In off-street car parking a shortfall in income of £150,000 is anticipated, together with additional security costs of £62,000. In street lighting, additional electricity costs of £116,000 are anticipated following the contract renewal. These projected overspends will be partly offset by additional income and savings from vacant posts.

7.6 Finance Revenues (£52,000 - overspend)

The above is mainly due to an anticipated overspend in staff costs, partly offset by additional income and other miscellaneous savings.

7.7 Education

Whilst Education is projecting a break-even position at present, an overspend arising from the increase in energy costs will require to be managed.

7.8 Capital Financing Costs/IORB (£200,000 - underspend)

The above relates to additional income projected from interest on revenue balances.

7.9 Single Status (£250,000 - underspend)

The delay in the introduction of Single Status has reduced the likely spend during the financial year 2006/2007.

8 HOUSING REVENUE ACCOUNT - MONITORING POSITION AS AT 31 JULY 2006

8.1 The forecast position as at 31 July 2006 for the Housing Revenue Account is summarised below:

	<u>Approved</u> <u>Budget</u> <u>2006/07</u> <u>£000</u>	<u>Forecast</u> <u>2006/07</u> <u>£000</u>	<u>Variance</u> <u>£000</u>
Total Expenditure	44,561	44,268	(293)
Total Income	<u>(44,561)</u>	<u>(44,489)</u>	<u>72</u>
Forecast Underspend	<u>-</u>	<u>(221)</u>	<u>(221)</u>

8.2 The above underspend is mainly due to projected savings in property maintenance and housing administration costs. These underspends are offset by various other miscellaneous overspends anticipated by the department. The net underspend of £221,000 will result in a transfer to the Renewal & 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 2006/2007 Revenue Budget and, through prudent budget management, take every reasonable action to achieve an outturn position below or in line with the approved 2006/2007 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

01 SEPTEMBER 2006

DUNDEE CITY COUNCIL
2006/2007 REVENUE OUTTURN MONITORING
PERIOD 1 APRIL 2006 - 31 JULY 2006

Statement analysing 2006/2007 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								
Economic Development	4,037		4,037	4,384	347		347	1
Social Work	64,402	857	65,259	65,428	169		169	2
Planning & Transportation	9,999	(2,888)	7,111	7,176	65		65	3
<u>Miscellaneous Services</u>								
Chief Executive	65		65	65				
Support Services	180		180	180				
Finance Revenues	3,205	70	3,275	3,327	52		52	4
Payments to Other Bodies	112		112	112				
Education	97,475	607	98,082	98,082				
Leisure & Communities	18,909	504	19,413	19,413				
Waste Management	13,810		13,810	13,810				
Environmental Health & Trading Stds	2,481	81	2,562	2,562				
DCS - Land Services Client	2,201		2,201	2,201				
Other Housing	1,237		1,237	1,205		(32)	(32)	5
Supporting People	0		0	0				
Miscellaneous Income	(2,480)		(2,480)	(2,480)				
<u>Central Support Services</u>								
Chief Executive	1,017	69	1,086	1,086				
Personnel	1,433		1,433	1,433				
Information Technology	5,266		5,266	5,266				
Support Services - Admin/Legal	3,054		3,054	3,042		(12)	(12)	6
- Architects	(433)		(433)	(433)				
Finance General	2,878		2,878	2,878				
	-----	-----	-----	-----	-----	-----	-----	
	228,848	(700)	228,148	228,737	633	(44)	589	
DCS - Contracting Activities	(475)		(475)	(475)				
Capital Financing Costs /								
Interest on Revenue Balances	22,011	260	22,271	22,071		(200)	(200)	7
Contingencies - General	200	(70)	130	130				
- Single Status	1,000		1,000	750		(250)	(250)	8
Discretionary NDR Relief	118		118	132	14		14	9
Supplementary Superannuation Costs	1,549	20	1,569	1,569				
	-----	-----	-----	-----	-----	-----	-----	
	253,251	(490)	252,761	252,914	647	(494)	153	
Joint Boards								
Tayside Joint Police Board	18,269		18,269	18,269				
Tayside Fire & Rescue Board	13,929		13,929	13,929				
Tayside Valuation Joint Board	984		984	975		(9)	(9)	10
	-----	-----	-----	-----	-----	-----	-----	
Total Expenditure	286,433	(490)	285,943	286,087	647	(503)	144	
Sources of Income								
Revenue Support Grant	(178,918)	2,693	(176,225)	(176,225)				
Contribution from NNDR Pool	(51,982)		(51,982)	(51,982)				
Council Tax	(55,533)		(55,533)	(55,533)				
Use of Balances -								
Committed Balances c/f	0	(2,203)	(2,203)	(2,203)				
	-----	-----	-----	-----	-----	-----	-----	
(Surplus)/Deficit for the year	0	0	0	144	647	(503)	144	
	=====	=====	=====	=====	=====	=====	=====	
Housing Revenue Account	0	0	0	(221)		(221)	(221)	
	=====	=====	=====	=====	===	===	===	

REASONS FOR 2006/07 CONTROLLABLE PROJECTED REVENUE OVERTURN VARIANCES
(Excludes Capital Charges, Central Support Services & Office Recharges)
AT 31ST JULY 2006

<u>Department</u>	<u>Note</u>	<u>Total Variance £000</u>	<u>Breakdown of 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>Economic Development</u>	1	347	88	Dundee Airport	Staff Costs	(7)	Savings on training costs, partly offset by additional overtime for fire crews.	
					Property Costs	92	Overspend on non-domestic rates due to revaluation, currently being appealed. Repairs and maintenance and energy costs are also expected to exceed the available budget.	
					Supplies & Services	(22)	Savings on security and other outlays. These will be partly offset by additional expenditure on equipment and fuel purchases.	
					Transport Costs	(6)	Sundry savings are anticipated in respect of travel & subsistence and car allowances.	
						Income	31	Income from ScotAirways is not expected to be achieved as passenger numbers are less than projected. Partly offset by additional fuel sales.
				140	City Square	Property Costs	140	Additional expenditure on repairs due to the age of the buildings. Overspend on non-domestic rates due to revaluation, currently being appealed. Energy costs are also expected to exceed the available budget.
				(68)	Directorate & Admin	Staff Costs	(54)	Savings are expected in staff costs due to vacant posts and family friendly working arrangements.
						Supplies & Services	(14)	Sundry savings are anticipated on telephones, periodicals, other outlays and postages. These are partly offset by additional expenditure on stationery.
				(83)	Mainstream	Staff Costs	(167)	Projected savings from vacant posts in the Business Development Section.
						Supplies & Services	42	Additional expenditure on projects which is not matched completely by increased income. Computer costs are also higher than budget due to the development of departmental and corporate systems.
			Transport Costs	(3)	Sundry savings on car allowances.			
			Income	45	The Tay Training income budget is not expected to be entirely achieved as the number of trainees has declined.			

REASONS FOR 2006/07 CONTROLLABLE PROJECTED REVENUE OVERTURN VARIANCES
(Excludes Capital Charges, Central Support Services & Office Recharges)
AT 31ST JULY 2006

<u>Department</u>	<u>Note</u>	<u>Total Variance £000</u>	<u>Breakdown of 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>Economic Development contd</u>			230	Property Management	Staff Costs	(19)	Savings are expected in staff costs due to vacant posts.
					Property Costs	95	Security costs are also expected to be higher than budgeted due to the impact of the minimum wage alteration. An overspend is also anticipated on repairs and maintenance.
					Supplies & Services	31	Computer costs are expected to exceed budget due to additional requirements for the GVA system.
					Transport Costs	(5)	Sundry savings on car allowances are anticipated.
					Income	<u>128</u>	The department anticipates a shortfall in advertising income. In addition, property rental income will be less than budget given the current commercial / industrial rental market situation.
				<u>40</u>	Tayside House	Staff Costs	2
					Property Costs	25	Projected overspends on energy, security and non-domestic rates.
					Supplies & Services	<u>13</u>	Additional expenditure is projected on telephones and miscellaneous costs.
<u>Social Work</u>	2	169	75	Children	Third Party Payments	<u>75</u>	Mainly due to residential & secure care fee increases being greater than the budgeted provision.
			124	Older People	Transport Costs	(30)	Expenditure on transport hire and car allowances / mileage is estimated to be lower than budget.
					Third Party Payments	120	Due to continued pressure to meet delayed discharge from hospital targets, impact of withdrawal of residential allowance on 2006/07 budget and greater demand for respite care and supported accommodation
					Income	<u>34</u>	Due to a shortfall in income from charging.
			(30)	Adults	Transport Costs	(30)	Expenditure on transport hire and car allowances / mileage is estimated to be lower than budget.
<u>Planning & Transportation</u>	3	65	(100)	Building Quality	Income	(100)	Higher than anticipated number of applications for building warrants .
			(20)	Support Services	Staff Costs	(20)	Staff savings due to reorganisation of Support Services Section.
			(55)	Policy & Regeneration	Staff Costs	(55)	Savings expected in staff costs due to the non-filing of vacant posts.

REASONS FOR 2006/07 CONTROLLABLE PROJECTED REVENUE OVERTURN VARIANCES
(Excludes Capital Charges, Central Support Services & Office Recharges)
AT 31ST JULY 2006

<u>Department</u>	<u>Note</u>	<u>Total Variance £000</u>	<u>Breakdown of 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>Planning & Transportation contd</u>			(20)	Traffic	Staff Costs	(20)	Savings expected in staff costs due to the non-filing of vacant posts.
			48	Street Lighting	Staff Costs	(22)	Savings expected in staff costs due to the non-filing of vacant posts.
					Supplies & Services	116	Reflects electricity contract renewal terms, effective from 1 July 2006.
					Income	(46)	Increased income due to higher than anticipated level of rechargeable works.
			212	Off Street Car Parking	Supplies & Services	62	This is mainly due to increased security services.
					Income	150	Mainly due to a potential shortfall in the expected level of parking income.
<u>Miscellaneous Services - Finance Revenues</u>	4	52	52	Finance Revenues	Staff Costs	92	Projected overspend on APT&C staff costs.
					Property Costs	8	Non domestic rates for Floor 7 City House. Additional repairs & maintenance expenditure for health & safety reasons.
					Supplies & Services	(20)	Reduced telephone and postage charges, partly offset by additional expenditure on maintenance, advertising and security.
					Transport Costs	(7)	Lower than anticipated expenditure on contract car hire and car allowances.
					Income	(21)	Increase in expected income from Scottish Water for revenue collection services.
<u>Other Housing</u>	5	(32)	(7)	Travelling People's Site	Property Costs	(7)	Projected savings in non-domestic rates and water charges.
			(25)	Miscellaneous	Supplies & Services	(20)	Internal recharges expected to be below the budgeted level. Legal fees relating to home loans, not included in budget.
						(5)	
<u>Central Support Services - Admin & Legal</u>	6	(12)	(12)	Admin & Legal	Supplies and Services	(12)	Projected savings on other outlays.
<u>Capital Financing Costs/ Interest on Revenue Balances</u>	7	(200)	(200)		Income	(200)	Additional income projected from interest on revenue balances
<u>Single Status Contingency</u>	8	(250)	(250)		Contingency	(250)	The delay in the implementation of Single Status has reduced the projected outturn.
<u>Discretionary NDR Relief</u>	9	14	14		Reliefs Granted	14	Increased costs arising from new discretionary reliefs being awarded.
<u>Joint Boards - Tayside Valuation JB</u>	10	(9)	(9)		Requisitions	(9)	Saving in staff costs due mainly to vacant post and reduced overtime.

SUMMARY OF BUDGET ADJUSTMENTS AS AT 31 JULY 2006

	<u>Allocation</u> <u>From General</u> <u>Contingency</u> <u>£000</u>	<u>2005/06</u> <u>Underspends</u> <u>Brought</u> <u>Forward</u> <u>£000</u>	<u>2005/06</u> <u>Q of Life</u> <u>Brought</u> <u>Forward</u> <u>£000</u>	<u>Funding</u> <u>Transfers</u> <u>£000</u>	<u>Budget</u> <u>Transfers</u> <u>Between</u> <u>Departments</u> <u>£000</u>	<u>Departmental</u> <u>Totals</u> <u>£000</u>
<u>Education</u>						
1. DSM Balances		555				
2. PPP Development Costs		332				
3. NGfL Leasing Budget t/f (now capital)					(260)	
4. Early Retirals - Additional Pension Costs					(20)	
						607
<u>Social Work</u>						
1. Community Care Equipment & Adaptations		8				
2. Community Alarms		54				
3. Working with Families Fund		7				
4. Choose Life Funding		50				
5. Additional Specific Training Grant		92				
6. Intensive Support and Monitoring Services		138				
7. Cowan Grove		100				
8. Changing Children's Services Fund (t/f to RSG)				408		
						857
<u>Planning & Transport</u>						
1. White Street Lighting			128			
2. Unadopted Footpaths			34			
3. Adopted Footpaths			3			
4. E-Planning Compact (IT Equipment)		48				
5. Concessionary Fares (t/f to TSEA)				(3,101)		
						(2,888)
<u>Leisure & Communities</u>						
1. Playgrounds/Skateparks/ Parks Improvements			85			
2. Factory Skatepark			60			
3. Joint Health Work / Young People			25			
4. Literacy & Numeracy		70				
5. Youth Justice - Local Action Fund (Community Safety)		74				
6. BNSF Admin Fee		190				
						504
<u>Environmental Health & Trading Standards</u>						
1. Environmental Wardens		70				
2. Enforcement of Smoking Ban		11				
						81
<u>Chief Executive</u>						
1. Community Planning Partnerships		49				
2. Employment Disability Unit		20				
						69
<u>Finance Revenues</u>						
1. Security Against Fraud & Error	70					
						70
<u>Capital Financing Costs / IORB</u>						
1. NGfL Leasing Budget t/f from Education					260	
						260
<u>General Contingency</u>						
1. Transfer to Finance Revenues	(70)					
						(70)
<u>Supplementary Superannuation Costs</u>						
1. Transfer from Education for Early Retirals					20	
						20
	0	1,868	335	(2,693)	0	(490)