

REPORT TO: FINANCE COMMITTEE - 14 NOVEMBER 2005

REPORT ON: REVENUE MONITORING 2005/2006

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 657-2005

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2005/2006 Projected Revenue Outturn as at 30 September 2005 monitored against the adjusted 2005/2006 Revenue Budget.

2 RECOMMENDATION

- 2.1 It is recommended that the Elected Members:
- a note that the overall General Fund 2005/2006 Projected Revenue Outturn as at 30 September 2005 shows an overspend of £176,000 against the adjusted 2005/2006 Revenue Budget.
 - b note that the Housing Revenue Account Projected Outturn is projecting an overspend of £307,000 against the adjusted 2005/2006 Revenue Budget.
 - c agree that the Depute Chief Executive (Finance) will take every reasonable action to ensure that the 2005/2006 Revenue expenditure is below or in line with the adjusted Revenue Budget.
 - d instruct the Depute Chief Executive (Finance) in conjunction with all Chief Officers of the Council to continue to monitor the Council's 2005/2006 Projected Revenue Outturn.

3 FINANCIAL IMPLICATIONS (see Appendix A)

- 3.1 The overall projected 2005/2006 General Fund Revenue outturn position for the City Council shows an overspend of £176,000 based on the financial information available at 30 September 2005. A system of perpetual detailed monitoring will continue to take place up to 31 March 2006 with the objective of the Council achieving a final outturn which is below or in line with the adjusted 2005/2006 Revenue Budget.
- 3.2 It should be noted that the Contingency provision for unforeseen or emergency expenditure within the 2005/2006 Revenue Budget is only £200,000, therefore departments are expected to review expenditure and income to ensure that the actual outturn is in line with the 2005/2006 Revenue Budget.
- 3.3 The Housing Revenue Account outturn position for 2005/2006 is currently projecting an overspend of £307,000 based on the financial information available for the period to 30 September 2005. 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 2005/2006 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 2005/2006 Revenue Budget by the Special Finance Committee on 10 February 2005 this report is now submitted in order to monitor the 2005/2006 Projected Revenue Outturn position as at 30 September 2005, against the adjusted 2005/2006 Revenue Budget.
- 6.2 The Final 2005/2006 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 September 2005, £56,000 of this provision has been spent and it is anticipated that the remainder of that this money will be fully committed by the end of the financial year.

7 GENERAL FUND - REASONS FOR VARIANCES

- 7.1 Appendix A shows the variances between budget and projected outturn for each department/service of the Council and the following paragraphs identify 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 six months of the financial year to 30 September 2005. The figures are therefore indicative at this stage and are used by the Chief Executive, Depute Chief Executive (Finance) and Chief Officers to identify variances against budget and enable corrective action to be taken as appropriate.

Overspends

7.3 Social Work (£506,000)

There is a projected overspend of £930,000 in the Care Home Placements Budget due to the continued pressure on the department to meet delayed discharge from hospital targets. To date Dundee City Council has made good progress against these targets, however, a reduction in placements is now being implemented and this is likely to adversely impact on this performance. In addition, an overspend of £100,000 is projected for the Family Placements scheme due to the increase in the number of children being looked after. These overspends are offset by additional monies that have been received for new initiatives including Supporting People, Youth Justice, Children's Services and Mental Health.

7.4 Economic Development (£399,000)

The overspend is due to the anticipated shortfall in the level of external rental income that will be received this financial year. The Director of Economic Development has advised that the budgeted rental income is not achievable given the current commercial/industrial rental market situation. In addition to this, the department is projecting a shortfall in the level of advertising income that will be achieved.

7.5 DCS - Contracting Activities (£355,000)

Due to reductions in the level of turnover, actual outturn to September indicates that DCS - Contracting Activities will not achieve its budgeted surplus in full. A review of investment requirements is currently being undertaken with a view to deferring purchases that will result in savings during the current financial year. In addition, the Director of Dundee Contract Services is targeting reductions in overhead expenditure, which will generate savings of £250,000 per annum.

7.6 Waste Management (£124,000)

This relates mainly to a projected overspend in third party payments due to the increased cost of recycling and disposing of cyclone and filter ash from the DERL waste-to-energy plant following the renegotiation of this contract (£208,000). This anticipated overspend will be offset by various budget underspends and additional income.

Underspends

7.7 Education (£800,000)

The projected underspend reflects savings arising from the impact of falling school rolls and delays in appointing Business Managers. Whilst a projected underspend of £800,000 may appear to be a large figure, it equates to under 1% of the Education Department's net revenue budget of £97m. In addition, the department is attempting to contain the impact of substantial increases in energy prices, the full extent of which is not yet known.

7.8 Communities (£94,000)

The above relates mainly to Staff Costs due to non-filling of vacancies in order to contain the impact of substantial increases in energy prices, the full extent of which is not yet known.

7.9 Finance Revenues (£65,000)

The projected underspend reflects additional monies received for fraud initiatives and the purchase of replacement computer hardware that were not included in the department's budget.

7.10 Finance General (£55,000)

This is mainly due to a projected underspend in Staff Costs because of unfilled vacant posts together with various other miscellaneous underspends.

8 **HOUSING REVENUE ACCOUNT - REASONS FOR VARIANCES**

The approved 2005/2006 Housing Revenue Account Revenue Budget was reduced by £1,000,000 in the submission to meet the Scottish Housing Quality Standard. The Housing Revenue Account overall position for 2005/2006 is projecting an overspend of £307,000 as compared with the adjusted 2005/2006 Revenue Budget. This overspend is mainly due to the level of repairs and relets currently being carried out together with a shortfall in budgeted rental income due to increased council house sales.

9 **CONCLUSION**

As in previous years, the Depute Chief Executive (Finance) will work with all Chief Officers of the Council to monitor the Council's 2005/2006 Revenue expenditure and, through prudent budget management, take every reasonable action to achieve an outturn position at or below the approved 2005/2006 Revenue Budget.

10 **CONSULTATIONS**

The Chief Executive, the 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.

DAVID K DORWARD
DEPUTE CHIEF EXECUTIVE (FINANCE)

9 NOVEMBER 2005

DUNDEE CITY COUNCIL
2005/2006 REVENUE OUTTURN MONITORING
PERIOD 1 APRIL 2005 - 30 SEPTEMBER 2005

Statement analysing 2005/2006 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)	(col 2)	(col 3)	(col 4)	(col 5)	(col 6)
Department	Final Revenue Budget 2005/06 £000	Transfers from/ (to) Contingency, General & R & R Fund £000	Adjusted Revenue Budget 2005/06 £000 (col 1+2)	Projected Revenue Expenditure 2005/06 £000	Projected Budget Variance 2005/06 £000 (col 4-3) + overspend (underspend)	Previous Months Projected Variance 2005/06 £000 N/A
Social Work	61,225	645	61,870	62,376	506	461
Economic Development	3,717		3,717	4,116	399	400
Waste Management	13,794		13,794	13,918	124	104
Other Housing	1,133		1,133	1,138	5	5
Leisure & Arts	10,843	321	11,164	11,164		
Planning & Transportation	10,875	229	11,104	11,104		
Miscellaneous Income	(2,627)		(2,627)	(2,627)		
Supporting People	0	14	14	14		
Env Health, Trading Stds & Scien Servs	2,485	59	2,544	2,518	(26)	(28)
DCS - Land Services Client	2,237	24	2,261	2,228	(33)	(33)
<u>Central Support Services</u>						
Chief Executive	1,046	26	1,072	1,053	(19)	(19)
Personnel	1,713		1,713	1,691	(22)	(22)
Information Technology	5,372		5,372	5,325	(47)	(47)
Support Services - Admin/Legal	2,887		2,887	2,852	(35)	(35)
- Architects	(409)		(409)	(409)		
Finance General	2,942	67	3,009	2,954	(55)	(48)
<u>Miscellaneous Services</u>						
Chief Executive	68		68	72	4	4
Support Services	117		117	116	(1)	(1)
Finance Revenues	3,836		3,836	3,771	(65)	87
DCAB , Payment to Other Bodies	118		118	118		
Communities	9,613	247	9,860	9,766	(94)	(89)
Education	97,173	670	97,843	97,043	(800)	(800)
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	228,158	2,302	230,460	230,301	(159)	(61)
DCS - Contracting Activities	(755)		(755)	(400)	355	355
Housing / Council Tax Benefit	(227)		(227)	(227)		
Capital Financing Costs /						
Interest on Revenue Balances	21,294		21,294	21,294		
Contingencies	200	(56)	144	144		
Discretionary NDR Relief	80		80	80		
Suppl Superann Costs	1,439		1,439	1,439		
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	250,189	2,246	252,435	252,631	196	294
Joint Board						
Tayside Fire Joint Board	17,639		17,639	17,639		
Tayside Joint Police Board	13,109		13,109	13,109		
Tayside Valuation Joint Board	953		953	933	(20)	(20)
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	281,890	2,246 (N1)	284,136	284,312		
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TOTAL PROJECTED 2005/2006 GENERAL FUND OVERSPEND AS AT 31/3/2006					176	274
					=====	=====
Housing Revenue Account	-	307 (N2)	307	307	NIL	NIL
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(N1) £2,246k represents the total departmental balances carried forward that are all held in the overall General Fund.

(N2) The £307k represents the transfer to the Housing Revenue Account from the Housing Revenue Renewal & Repair Fund.