

REPORT TO: FINANCE COMMITTEE - 20 OCTOBER 2003

REPORT ON: REVENUE MONITORING 2003/04

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 670-2003

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2003/04 Projected Revenue Outturn as at 31 August 2003 monitored against the adjusted 2003/04 Revenue Budget.

2 RECOMMENDATION

- 2.1 It is recommended that the Committee:

- a notes that the overall General Fund 2003/04 Projected Revenue Outturn as at 31 August 2003 shows an overspend of £62,000 against the adjusted 2003/04 Revenue Budget.
- b notes that the Housing Revenue Account Projected Outturn is in line with the adjusted 2003/2004 Revenue Budget.
- c agrees that the Depute Chief Executive (Finance) will take every reasonable action to ensure that the 2003/04 Revenue expenditure is in line with the adjusted Revenue Budget.
- d instructs the Depute Chief Executive (Finance) in conjunction with all Chief Officers of the Council to continue to monitor the Council's 2003/04 Projected Revenue Outturn.

3 FINANCIAL IMPLICATIONS (see Appendix A)

- 3.1 The overall projected 2003/04 General Fund Revenue outturn position for the City Council shows an overspend of £62,000 based on the financial information available at 31 August 2003. A system of perpetual detailed monitoring will continue to take place up to 31 March 2004 with the objective of the Council achieving a final outturn which is in line with the adjusted 2003/04 Revenue Budget.
- 3.2 The Housing Revenue Account outturn position for 2003/04 is currently projecting an overspend of £196,000 compared with the original approved Revenue Budget based on the financial information available for the period to 31 August 2003. However, this overspend will be met by a corresponding transfer from the Renewal and Repair Fund. The outturn position will then be in line with the adjusted 2003/04 Housing Revenue Account budget. The Director of Housing, in conjunction with the Depute Chief Executive (Finance), will continue to monitor total expenditure to achieve a final outturn position which is as close as possible to the original approved 2003/04 Revenue Budget.

4 LOCAL AGENDA 21 IMPLICATIONS

None.

5 EQUAL OPPORTUNITIES IMPLICATIONS

None.

6 BACKGROUND

- 6.1 Following approval of the Council's 2003/04 Revenue Budget by the Special Finance Committee on 13 February 2003 this report is now submitted in order to monitor the 2003/04 Projected Revenue Outturn position as at 31 August 2003, against the adjusted 2003/04 Revenue Budget.
- 6.2 The Final 2003/04 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. A total of £54,000 has been allocated from this contingency leaving a balance of £146,000. It is anticipated that this balance will be committed during the remainder of the financial year.
- 6.3 As indicated in the 2003/04 Final Revenue Budget a Contingency of £6,506,000 (New Monies) was set aside for new Scottish Executive initiatives. This has now been fully allocated with £5,917,000 transferred to Social Work, £198,000 to Education, £293,000 to Planning and Transportation Department, £97,000 to ECPD and the remaining £1,000 to Support Services.

7 GENERAL FUND - REASONS FOR VARIANCES

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

Overspends

7.1 Education (£77,000)

The department is projecting an overspend of £77,000 due to its share of the additional costs of Residential and Secure Care.

7.2 Leisure & Arts (£75,000)

The Leisure & Arts Department is achieving higher than anticipated income which is being used to offset additional property costs at Olympia. Additional required expenditure within Parks combined with a reduction in income from sources outwith the control of the department results in an overspend of £75,000.

7.3 Economic Development (£68,000)

The projected overspend of £68,000 is largely the net result of anticipated higher expenditure and lower income than that budgeted in respect of Dundee Airport (£316,000), partially offset by savings expected from staff costs and additional income within the Mainstream, Administration and Property sections (£232,000) and sundry savings from supplies and services and property costs (£16,000).

7.4 Finance General (£43,000)

The projected overspend is mainly due to the under-achievement of the target for staff slippage and a lower than anticipated level of income from outside bodies.

7.5 Environmental & Consumer Protection (£25,000)

Additional landfill costs are being incurred as a result of improvements being implemented at the transfer station in the early part of the year. These costs are partially offset by savings in staff costs from the retiral of the previous Director of Environmental & Consumer Protection and by increased income from recycling.

7.6 Social Work

There is a projected overspend of £306,000 in the Corporate Residential and Secure Care budget due to increased demand for external placements. Social Work's share of this overspend is £229,000 (the remainder being transferred to Education). Property costs are higher than budgeted by £146,000 mainly due to the withdrawal of relief on water and wastewater charges for various residential and community living properties as well as essential maintenance of departmental properties. There is an additional spend of £160,000 within the Family Placement budget due to demand for carer places and more expensive specialist placements. The total departmental overspend (£535,000), is being offset by an underspend in a number of other projects due to delays in appointing staff and the time required to get new projects up and running. The net effect is a breakeven position in the Social Work Department Revenue Budget.

Underspends

7.6 Capital Financing Costs/ Interest on Revenue Balances (£250,000)

The projected underspend is due to a reduction in the average Loans Fund interest rate.

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

The Housing Revenue Account (HRA) overall position for 2003/04 is projecting an overspend of £196,000 as compared with the 2003/04 Revenue Budget. The overspend will be met by a corresponding transfer from the Renewal and Repair Fund to bring the net spend in line with the adjusted HRA budget. The main over and underspends within the HRA are highlighted below:

Overspends

8.1 Repairs and Maintenance (£653,000)

The projected overspend of £653,000 is due to an increased level of demand for day to day repairs and relets.

8.2 House Rents (£390,000)

The projected level of rental income is lower than expected due to the impact of increased Council House sales following the implementation of the Housing (Scotland) Act 2001.

Underspends

8.3 Planned Maintenance and CFCR (£423,000)

There is a net saving projected on Multi Storey Development fabric repairs and rewiring repairs.

8.4 Lost Rents and Bad Debts (£199,000)

The projected underspend is due to a decrease in the number of void properties.

8.5 Communal Cleaning Service (£48,000)

An increased level of Communal Cleaning Service has resulted in a higher level of income than budgeted.

8.6 Loan Charges and Interest on Revenue Balances (£185,000)

A reduction in the average Loans Fund interest rate has resulted in a projected net saving of £185,000.

9 **CONSULTATIONS**

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.

10 **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.

DAVID K DORWARD
DEPUTE CHIEF EXECUTIVE (FINANCE)

10 OCTOBER 2003

**DUNDEE CITY COUNCIL
2003/04 REVENUE OUTTURN MONITORING
PERIOD 1 APRIL 2003 - 31 AUGUST 2003**

APPENDIX A

Statement analysing 2003/04 Projected Revenue Outturn to Budget (Capital Charges, Central Support and Central Buildings Recharges have been excluded from Departments as these costs are outwith their control).

	(col 1) Final Revenue Budget 2003/04 £000	(col 2) Transfers from/ (to) Contingency, General & R & R Fund £000	(col 3) Adjusted Revenue Budget 2003/04 £000 (col 1+2)	(col 4) Projected Revenue Expenditure 2003/04 £000	(col 5) Projected Budget Variance 2003/04 £000 (col 4-3) + overspend (underspend)
Department					
Education	87,439	248	87,687	87,764	77
Leisure & Arts	10,156		10,156	10,231	75
Economic Development	3,212	19	3,231	3,299	68
Environmental & Consumer Protection	14,636	343	14,979	15,004	25
Social Work	51,659	5,917	57,576	57,576	
Planning & Transportation	10,106	293	10,399	10,399	
Neighbourhood Resources	8,391		8,391	8,391	
Other Housing	1,281		1,281	1,281	
Miscellaneous Income	(2,381)		(2,381)	(2,381)	
Central Support Services					
Chief Executive	901	28	929	929	
Personnel & Management Services	1,549		1,549	1,549	
Information Technology	4,925		4,925	4,925	
Support Services - Admin/Legal - Architects	2,780 (377)		2,780 (377)	2,780 (377)	
Finance General	2,681	28	2,709	2,752	43
Miscellaneous Services					
Chief Executive	23		23	23	
Support Services	161	8	169	169	
Finance Revenues	3,205		3,205	3,209	4
DCS - Ground Maintenance Client	2,166		2,166	2,166	
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	202,513	6,884	209,397	209,689	292
DSO/DLO Surpluses	(1,114)		(1,114)	(1,094)	20
Housing / Council Tax Benefit	2,949		2,949	2,949	
Capital Financing Costs/ Interest on Revenue Balances	20,584		20,584	20,334	(250)
Contingencies	200	(54)	146	146	
New Monies	6,506	(6,506)	0	0	
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	231,638	324	231,962	232,024	62
Joint Board					
Tayside Fire Joint Board	11,631		11,631	11,631	
Tayside Joint Police Board	16,068		16,068	16,068	
Tayside Valuation Joint Board	918		918	918	
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	260,255	324	260,579	260,641	
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		Note 1			
TOTAL PROJECTED 2003/04 GENERAL FUND OVERSPEND AS AT 31/3/2004					62
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Housing Revenue Account	==	==	==	==	Nil

Note 1 - The £324k represents a transfer of £50k from Renewal and Repair Fund and £274k from the 2002/03 carry forward balances held in the General Fund.