

REPORT TO: FINANCE COMMITTEE - 11 NOVEMBER 2002

REPORT ON: REVENUE MONITORING 2002/03

REPORT BY: DIRECTOR OF FINANCE

REPORT NO: 777-2002

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2002/03 Projected Revenue Outturn as at 30 September 2002 monitored against the adjusted 2002/03 Revenue Budget.

2 RECOMMENDATION

- 2.1 It is recommended that the Committee:
- a notes that the overall General Fund 2002/03 Projected Revenue Outturn as at 30 September 2002 shows an overspend of £39,000 against the adjusted 2002/03 Revenue Budget.
 - b notes that the Housing Revenue Account Projected Outturn is in line with the adjusted 2002/03 Revenue Budget.
 - c agrees that the Director of Finance will take every reasonable action to ensure that the 2002/03 Revenue expenditure is in line with the approved Revenue Budget.
 - d instructs the Director of Finance in conjunction with all Chief Officers of the Council to continue to monitor the Council's 2002/03 Projected Revenue Outturn.

3 FINANCIAL IMPLICATIONS (see Appendix A)

- 3.1 The overall projected 2002/03 General Fund Revenue outturn position for the City Council shows an overspend of £39,000 based on the financial information available at 30 September 2002. The projected overspend of £39,000 will be met from the General Fund balances. A system of perpetual detailed monitoring will continue to take place up to 31 March 2003 with the objective of the Council achieving a final outturn which is in line with the approved 2002/03 Revenue Budget.
- 3.2 The Housing Revenue Account outturn position for 2002/03 is currently projecting an overspend of £229,000 compared with the overall budget based on the financial information available for the period to 30 September 2002. The overspend will be met with a transfer from the Housing Revenue Account Renewal and Repairs Fund of £229,000. The outturn position will then be in line with the adjusted 2002/03 Housing Revenue Account budget. 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 adjusted 2002/03 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 this 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 2002/03 Revenue Budget by the Special Finance Committee on 14 February 2002 this report is now submitted in order to monitor the 2002/03 Projected Revenue Outturn position as at 30 September 2002, against the adjusted 2002/03 Revenue Budget.
- 6.3 The Final 2002/03 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 £33,000 has been allocated and the remainder earmarked within this contingency.
- 6.4 As indicated in the 2002/03 Final Revenue Budget a Contingency of £3,174,000 (New Monies) was set aside for new Scottish Executive initiatives. This has now been fully allocated, with £2,540,000 transferred to Social Work and £58,000 to Education, £191,000 to Neighbourhood Resources Development Department, £6,000 to ECPD and the remaining £379,000 to Other Housing.
- 6.5 The Policy and Resources Committee on 9 September 2002 approved the proposed utilisation of £2.9M additional resources provided by the Scottish Executive. These additional resources will be used for additional expenditure as identified within the report in accordance with the following themes; Supporting children and young people, (with emphasis on "making healthy choices easy choices"); and local environment (with emphasis on quality of life, visible impact, tackling community concerns). The £2.9M has been fully allocated in line with the approved spending proposals detailed in the report and further reports will be submitted to individual Service Committees where appropriate.

7 GENERAL FUND - REASONS FOR VARIANCES

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

Overspends

7.1 Planning & Transportation (£89,000)

The projected overspend of £89,000 is due to the cost of implementing the national Free Concessionary Travel Scheme and the insufficient allocation of funding for this purpose from the Scottish Executive. The gross shortfall in funding is £129,000, however the Planning and Transportation Department are able to contain £40,000. Firstly by a reduction in the Public Transport Infrastructure budget, (£20,000), due to replacement items being funded from the Capital programme in 2002/03. Secondly, a saving of £20,000 is achieved by a combination of reduction in the Traffic Monitoring budget, with expenditure now being included in the Public Transport Fund bid and additional miscellaneous income due to the recovery of legal fees and expenses in respect of the Kingsway West retail development.

7.2 Leisure and Arts (£60,000)

The projected overspend is due to staff costs overspends in the Olympia budget of £40,000 and in the Ground Maintenance budget of £30,000; and a reduced level of Outdoor Activities income of £35,000 due to poor summer weather conditions. These overspends are partly offset by a reduction in repairs and maintenance and additional fee income for landscaping work (£45,000) resulting in a net projected overspend of £60,000 in the Leisure and Arts Department Revenue Budget.

7.3 Finance Revenues (£50,000)

The projected overspend is mainly due to additional staff being employed to provide a smoother transition during staff turnover.

Underspends

7.4 Other Housing (£60,000)

The projected underspend of £60,000 is mainly due to a reduction in grants to third parties facilitated by the Supporting People initiative.

7.5 Capital Financing Costs/ Interest on Revenue Balances (£100,000)

The projected underspend is due to a saving in the Councils average cost of borrowing.

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

The Housing Revenue Account (HRA) overall position for 2002/03 is projecting an overspend of £229,000 as compared with the 2002/03 Revenue Budget. The overspend will be met from a transfer from the HRA Renewal and Repairs 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 (incl Planned Maintenance and CFCR) (£750,000)

The projected overspend of £750,000 is due to the provision of an increased level of demand for day to day repairs and relets. There are also a number of approved Planned Maintenance projects, which are incurring additional necessary expenditure.

Underspends

8.2 Loan Charges (£163,000)

A reduction in the loan interest rate has resulted in a saving of £163,000.

8.3 Insurance (£100,000)

A revision in the allocation of insurance premiums has led to a saving on the budgeted provision of £100,000.

8.4 Lost Rents and Bad Debts (£143,000)

The projected underspend is due to a higher level of houses being let.

8.5 Hostel Support Grant (£101,000)

The amount of grant as notified by the Scottish Executive was £101,000 higher than budget.

9 **CONSULTATIONS**

- 9.1 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
2002/03 REVENUE OUTTURN MONITORING
PERIOD 1 APRIL 2002 - 30 SEPTEMBER 2002

APPENDIX A

Statement analysing 2002/03 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 2002/03 £000	(col 2) Transfers from/ (to) Contingency, General & R & R Fund £000	(col 3) Adjusted Revenue Budget 2002/03 £000 (col 1+2)	(col 4) Projected Revenue Expenditure 2002/03 £000	(col 5) Projected Budget Variance 2002/03 £000 (col 4-3) + overspend (underspend)
<u>Department</u>					
Planning & Transportation	8,236	201	8,437	8,526	89
Leisure & Arts	9,267		9,267	9,327	60
Education	81,412	73	81,485	81,485	
Social Work	46,496	6,598	53,094	53,094	
Environmental & Consumer Protection	13,743	9	13,752	13,752	
Neighbourhood Resources	7,598	233	7,831	7,831	
Economic Development	3,318		3,318	3,318	
Other Housing	918	379	1,297	1,237	(60)
Miscellaneous Income	(2,560)		(2,560)	(2,560)	
<u>Central Support Services</u>					
Chief Executive	142		142	142	
Personnel & Management Services	1,303		1,303	1,303	
Support Service- Admin/Legal	1,555		1,555	1,555	
- Architects	(377)		(377)	(377)	
Information Technology	4,531		4,531	4,531	
Finance General	1,366	4	1,370	1,370	
<u>Miscellaneous Services</u>					
Chief Executive	922		922	922	
Support Services	1,030	25	1,055	1,055	
Finance Revenues	4,828	138	4,966	5,016	50
DCS - Ground Maintenance Client	2,015		2,015	2,015	
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	185,743	7,660	193,403	193,542	139
DSO/DLO Surpluses	(1,072)		(1,072)	(1,072)	
Housing/Council Tax Benefit	3,082	(138)	2,944	2,944	
Capital Financing Costs/ Interest on Revenue Balances	19,572		19,572	19,472	(100)
Contingencies	200	(33)	167	167	
New Monies	3,174	(3,174)	-	-	
Additional Resources Allocation	-	2,900	2,900	2,900	
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	210,699	7,215	217,914	217,953	39
<u>Joint Board</u>					
Tayside Fire Joint Board	10,986		10,986	10,986	
Tayside Joint Police Board	14,997		14,997	14,997	
Tayside Valuation Joint Board	882		882	882	
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	<u>237,564</u>	<u>7,215</u> (Note 1)	<u>244,779</u>	<u>244,818</u>	
TOTAL PROJECTED 2002/03 GENERAL FUND OVERSPEND AS AT 31/3/2003					<u>39</u>
Housing Revenue Account	<u>-</u>	<u>229</u> (Note 2)	<u>229</u>	<u>229</u>	<u>Nil</u>

Note 1 £7,215k represents transfers from General Fund (£76k), and from the Renewal & Repair Fund (£61k) and allocation of free Nursing Care of (£3,018k), Care Home Fees of (£1,000k) and Concessionary Travel (£160k) and additional Scottish Executive Resources Allocation (£2,900k).

Note 2 A transfer of £229k to the Housing Revenue Account is from the HRA Repairs & Renewals Fund.