

PERTH AND KINROSS COUNCIL

Strategic Policy and Resources Committee –20 April 2016

REVENUE BUDGET 2015/16 – MONITORING REPORT NUMBER 4

Report by the Head of Finance

PURPOSE OF REPORT

This report provides an update on progress with the 2015/16 General Fund Revenue Budget based upon the January 2016 ledger, updated for any subsequent known material movements, and the projected financial position of the Housing Revenue Account.

The total net projected under spend on the 2015/16 General Fund Management Budget is £9,182,000 (see Appendix 1).

The report also proposes a number of adjustments to the 2016/17 Final Revenue Budget.

1. BACKGROUND / MAIN ISSUES

- 1.1. This is the fourth report updating the Committee on progress with the 2015/16 Revenue Budget. Appendix 1 to this report summarises the current projected year end (outturn) position for each Service based upon the January 2016 ledger, updated for any subsequent known material movements.
- 1.2. The budget total reflected in column 1 of Appendix 1 to this report is that approved by the Council in setting the Final Revenue Budget for 2015/16 on 11 February 2015 (Report No. 15/34 refers). In addition, adjustments that were approved by the Strategic Policy and Resources Committee on 22 April 2015, 23 September 2015, 2 December 2015 and 10 February 2016 (Report Nos. 15/167, 15/395, 15/551, 16/45 refer) are reflected in Appendix 1 (Column 2).
- 1.3. This report details the latest projected outturns and proposed adjustments to the 2015/16 General Fund and Housing Revenue Account budgets.

2. PROPOSALS**2.1 Service Budgets**

- 2.1.1 Details of variances against Service budgets are shown in Appendix 2 to this report with the most significant variances summarised below. The total net projected under spend on Service budgets, as set out in Appendix 1 to this report, is £7,490,000 which represents 2.37% of total net Service expenditure. (In the corresponding report for financial year 2014/15 the projected under

spend was £6,296,000 or 2.01%). The majority of the Service under spends detailed below and in Appendix 2 were considered as part of the 2016/17 to 2018/19 Revenue Budget strategy. Proposals to utilise the Revenue Budget flexibility scheme to carry resources totalling £5,783,000 forward were approved by the Council on 11 February 2016 (Report No 16/46 refers). Furthermore in line with the approved Reserves Strategy final under spends in excess of the Revenue Budget Flexibility scheme and the assumptions made in the Strategy will initially augment Reserves and may be available to support further transformation across the Council.

- 2.1.2 **Education & Children's Services:** The projected outturn (excluding Devolved School Management (DSM)) is currently anticipated to be £2,880,000 less than budget – a favourable movement of £260,000 from the position last reported to Committee.
- 2.1.3 This favourable movement is made up of additional staff slippage across the Service (£30,000), an increase in the projected under spends on staff transport costs (£25,000) and residential schools (£70,000) due to updated placements and a reduction in the projected over spend on young people with severe anti-social behaviour problems (£25,000) following changes to individual placements. In addition there is projected additional income (£45,000) from a number of sources including the Scottish Qualifications Authority and the National Health Service and an increase in the projected under spend on Supplies and Services (£100,000) due, primarily, to a rephasing of expenditure on the City of Culture bid and Evidence to Success project.
- 2.1.4 This favourable movement is partially offset by reductions in the projected under spends on non-domestic rates (£5,000) and foster / kinship care (£30,000) primarily in relation to foster care activity.
- 2.1.5 There is also a projected under spend of £985,000 on Devolved School Management budgets (DSM) due to projected under spends on staff costs, property costs, supplies and services and the receipt of additional income. It is anticipated that, in line with the approved DSM scheme, the eventual under spend will be carried forward into 2016/17.
- 2.1.6 The projected carry forward of £985,000 represents 1.20% of the overall DSM budget.
- 2.1.7 **Housing & Community Care:** The projected outturn is currently anticipated to be £1,810,000 less than budget – a movement of £35,000 from the position last reported to Committee.
- 2.1.8 This movement is made up of reductions in projected under spends in Other Community Care Services (£205,000) due in the main to revised income projections from the Client Contributions Policy, in Older People (£45,000) due primarily to further pressures on the residential and home care budgets and in Strategic Support and Commissioning (£40,000) due to updated projections on staff slippage and income. In addition there are increases in

the projected overspends in Housing (£10,000) following a review of income projections and Community Safety (£15,000) due to a projected increase in expenditure on supplies and services.

- 2.1.9 These movements are partially offset by an increase in the projected under spend in Learning Disabilities (£220,000) following revised care package projections for external day care, respite and supported living services and in Finance and Support (£60,000) due to updated Housing Benefit and staff slippage projections.
- 2.1.10 **The Environment Service:** The projected outturn is currently anticipated to be £2,500,000 less than budget – a favourable movement of £220,000 from the position last reported to Committee.
- 2.1.11 This favourable movement is made up of an increase in the projected under spends for energy (£100,000) due to further price reductions, water (£30,000), the Carbon Reduction Scheme (£40,000) due to reduced prices and Energy Performance Certificates (£45,000) due to rephasing of the programme. In addition there has been a further rephasing of the bridge refurbishment / landslip / retaining wall works (£30,000) due to weather conditions. These energy / utilities / carbon reduction scheme related savings have been factored into the 2016/17 Final Revenue Budget.
- 2.1.12 These favourable movements are partially offset by a projected over spend on Perth Harbour (£25,000) due to survey work expenditure and a shortfall in harbour dues.
- 2.1.13 Revenue Monitoring Report No.3 that was considered by the Strategic Policy and Resources Committee on 10 February 2015 advised that expenditure in relation to the various weather events that took place in 2015/16 was still being collated (Report No. 16/45 refers). Due to the complexity of the engineering solutions involved the Scottish Government has now extended the date by which the Council has to submit a Bellwin claim for eligible expenditure to the end of April.
- 2.1.14 Revenue Monitoring Report No. 3 also included reference to the availability of a scheme for households and businesses directly affected by flooding to access grant funding. As at 8 April 2016 the Council had received applications from 104 businesses and 143 households affected by flooding. Of these applications payments of £71,250 had been made to 48 businesses and £170,250 to 115 households. The remaining applications are currently being assessed pending payment. Further funding of £183,000 has also been provided to 61 businesses in the form of Business Grant payments funded separately by the Scottish Government.
- 2.1.15 In addition Council officers are working with other Councils, Transport Scotland, the Society of Local Authority Chief Executives (SOLACE) and the Society of Chief Officers for Transport in Scotland (SCOTS) to identify other funding solutions that might support capital works following the weather events.

- 2.1.16 Once information is received in relation to the Bellwin Scheme and other sources of funding further proposals on the use of any available resources will be submitted to a future meeting of this Committee or the Council.
- 2.1.17 **Corporate and Democratic Services:** The projected outturn is currently anticipated to be £300,000 less than budget – a favourable movement of £50,000 from the position last reported to Committee.
- 2.1.18 This favourable movement is made up of additional staff slippage across the Service (£45,000) and other small movements in projected income and expenditure (£5,000).
- 2.1.19 It was intended that, in line with the Corporate Charging Policy, Corporate and Democratic Services would update this Committee on future levels of charges. However, the Registrar General is yet to confirm a new schedule of charges for statutory registration activities. Therefore, until the anticipated increase is advised there is no proposed change to registration charges at this time.
- 2.1.20 In addition the Licensing Committees of 18 February 2016 and 31 March 2016 (Report Nos. 16/63 and 16/160 refer) approved the civic charges for 2016/17, 2017/18 and 2018/19.
- 2.1.21 Once the information is received from the Registrar General a charging report will be presented to a future meeting of this Committee providing details of all charges in place within Corporate and Democratic Services.

2015/16 Unaudited Annual Accounts

- 2.1.22 It is proposed that the 2015/16 Unaudited Annual Accounts will be considered by the Audit Committee, as “those charged with governance” on 29 June 2016. Subject to approval, this will allow the Head of Finance to authorise the Accounts and submit them to Audit Scotland by 30 June 2016 to allow commencement of the external audit process.
- 2.1.23 **ACTION:** The Committee are asked to endorse the proposal for the Audit Committee to consider the 2015/16 Unaudited Annual Accounts at its meeting on 29 June 2016.

2.2 Movements in Funding

- 2.2.1 Since Revenue Monitoring Report Number 3 was approved by this Committee (Report No. 16/45 refers) notification has been received of additional resources in the current financial year from a number of sources as set out in paragraphs 2.2.2 and 2.2.5.

2.2.2 Scottish Government: Revenue Support Grant (£29,000)

- Additional Support for National Qualifications: £26,000 (Education & Children's Services – ECS)
- Children and Young People Adjustment: £3,000 (ECS)

2.2.3 The Scottish Government has advised that the increase in Revenue Support Grant identified at 2.2.2 of £29,000 will be made through a redetermination of the Council's Revenue Support Grant. It is therefore necessary to adjust the net budget for Education & Children's Services and Revenue Support Grant.

2.2.4 **ACTION:** The Committee is asked to approve an adjustment of £29,000 to Education & Children's Services with these additional resources being made available through Revenue Support Grant. These adjustments are reflected in Appendix 1 (Column 3) to this report.

2.2.5 Other Funding (£19,478)

- Scottish Government – Participatory Budgeting Match Funding: £10,000 (Corporate and Democratic Services)
- Youthlink Scotland – Cashback for Creativity Open Arts Fund: £7,500 (ECS)
- Scottish Library & Information Council – Read Write Count Campaign: £1,000 (ECS)
- Museums Galleries Scotland – Museums in Miniature: £788 (ECS)
- National Museums Scotland – Treasure Trove: £190 (ECS)

2.2.6 The other funding amounting to £19,478 will be paid outside the Revenue Support Grant mechanism as Other Grant income and is therefore cost neutral in terms of the budget summary.

2.2.7 **ACTION:** the Committee is also asked to note the receipt of £19,478 of additional resources, with this funding being reflected within Education & Children's Services (£9,478) and Corporate and Democratic Services (£10,000) as additional grant income. The current projected outturn assumes that all of these additional resources were fully expended in 2015/16 or will be carried forward in the Annual Accounts under proper accounting practice.

2.3 **Virements**

Contribution to/from Capital Fund

2.3.1 In line with the strategy for managing the Council's Capital Programme over the medium term (as reported to Council on 11 February 2015 – Report No. 15/37 refers) it is recommended that the eventual over or under spend on Capital Financing Costs and Interest on Revenue Balances be transferred from or to the Capital Fund.

- 2.3.2 The latest monitoring indicates an increase in the projected outturn for capital financing costs (loan charges) of £30,000 due primarily to accelerated Public Works Loan Board borrowing to take advantage of historically low rates of interest. There is also a small increase in the projected income from Interest on Revenue Balances of £7,000.
- 2.3.3 **ACTION:** The Committee is requested to approve the virement of £30,000 to the Capital Financing Costs (Loan Charges) Budget; £7,000 to Interest on Revenue Balances with a net reduction of £23,000 in the projected Contribution to the Capital Fund. These adjustments have been reflected in Appendix 1 (Column 4) to this report.
- 2.3.4 A rephasing of expenditure on the Perth Theatre Redevelopment Project (£142,000) and Dalweem Residential Care Home (£336,000) will result in funding from the Capital Fund being required in 2016/17 rather than 2015/16 – both programmes remain on target. Approval is therefore sought to adjust the budgets for Education and Children’s Services by £142,000, Housing and Community Care by £336,000 and the Contribution to the Capital Fund by £478,000.
- 2.3.5 **ACTION:** The Committee is requested to approve the virement of £142,000 from Education and Children’s Service and £336,000 from Housing to Community Care to the Capital Fund (£478,000). These adjustments are reflected in Appendix 1 (Column 4) and Appendix 4 (Column 4) to this report.

2.4 Movements in Reserves

Corporate Feasibility Studies

- 2.4.1 The 2015/16 Final Revenue Budget includes funding of £100,000 for corporate feasibility studies. This funding will not be required in the current financial year and therefore approval is sought to transfer it to Reserves where it will be earmarked for use in future financial years.
- 2.4.2 **ACTION:** The Committee is requested to approve the transfer of the Corporate Feasibility Studies from Corporate and Democratic Services to be earmarked for future years. This adjustment has been reflected in Appendix 1 (Column 5) to this report. These resources will be carried forward to 2016/17 in Reserves.

Voluntary Severance Scheme

- 2.4.3 The special meeting of the Council on 11 February 2016 approved the 2016/17 to 2018/19 Revenue Budget (Report No. 16/51 refers) which included proposals to fund 128 applications to leave the organisation under the approved Voluntary Severance Scheme.

- 2.4.4 Since the special meeting of the Council the number of final applications has reduced to 119 for the General Fund which reduces the upfront cost of the scheme to £3,211,217. In addition 3 applications from Housing Revenue Account staff will proceed at a cost of £106,844.
- 2.4.5 The Voluntary Severance Scheme was introduced to avoid compulsory redundancies as far as possible, and to facilitate significant levels of recurring savings to the Council. The anticipated level of savings in a full year from these unfilled posts will be in the region of £3,225,000 for the General Fund and £73,000 for the Housing Revenue Account.
- 2.4.6 Approval is now sought to transfer from Reserves to General Fund Services the funding required to meet the cost of the scheme, which will be accounted for in 2015/16. This comprises redundancy, strain on the fund and added year lump sums.
- 2.4.7 The costs for the General Fund are as follows –
- Education & Children's Services - £729,000
 - Housing & Community Care - £1,693,000
 - The Environment Service -£404,000
 - Corporate and Democratic Services - £386,000
- 2.4.8 **ACTION:** The Committee is asked to approve the transfer of funding to Education & Children's Services (£729,000); Housing & Community Care (£1,693,000); the Environment Service (£404,000) and Corporate and Democratic Services (£386,000) from Reserves to fund the Voluntary Severance Scheme. This adjustment is reflected in Appendix 1 (Column 5) to this report.
- 2.4.9 **ACTION:** The Committee is also asked to note the cost of £106,844 to the Housing Revenue Account.

3. CORPORATE BUDGETS

Contributions to Tayside Valuation Joint Board

- 3.1 The Treasurer of the Tayside Valuation Joint Board is currently projecting an under spend of £112,000 primarily due to reduced staff costs and a reduction in valuation appeals. Perth and Kinross Council's share of this projected under spend remains at approximately £45,000. In addition a refund of £8,000 is anticipated in respect of 2014/15. These adjustments are reflected in Appendix 1.

Contingency Budget

- 3.2 There is an under spend on the Contingency Budget of £174,000 which will ultimately accrue to Reserves as part of the 2015/16 Annual Accounts process. This under spend has been reflected in Appendix 1.

- 3.3 A Local Government By-Election took place on Thursday April 7. It is estimated that the By-Election will cost in the region of £38,000. It is proposed to earmark this amount in the 2015/16 Annual Accounts to fund the By-Election.
- 3.4 **ACTION:** The Committee is asked to approve the earmarking of £38,000 from the 2015/16 under spend on the Contingency Budget to fund the By-Election that took place on Thursday 7 April 2016.

Council Tax Income

- 3.5 The projected levels of Council Tax income continues to rise due to both an increase in the number of Band D equivalent properties and improved collection levels. This has resulted in a further £125,000 of income being reflected in Appendix 1 from the position last reported to Committee.
- 3.6 The Council Tax Reduction Scheme also continues to under spend due to reductions in demand for this support. The updated position is reflected in Appendix 1 with a further projected under spend of £100,000 from the position last reported to Committee.
- 3.7 The Final Revenue Budget for 2016/17 that was approved by the Council on 11 February 2016 (Report No. 16/51 refers) included both this additional income and reduced expenditure.

4. HOUSING REVENUE ACCOUNT (HRA)

- 4.1 The Director (Housing and Community Care) is currently projecting a break even position on the Housing Revenue Account (HRA).
- 4.2 There is an improved position in terms of income (£59,000) reflecting the most recent projections and reduced projected over spends on Housing Repairs (£23,000) due primarily to reduced fleet costs and Housing Needs (£2,000).
- 4.3 These favourable movements are partially offset by reductions in the projected under spends on Administration (£28,000) due, primarily, to a reduced projected saving on insurance costs and Sheltered Housing and Neighbourhood Services (£8,000 and £8,000 respectively) due to updated staff slippage projections.
- 4.4 The net projected movements described above result in an increase in the projected contribution to Capital Financed from Current Revenue (CFCR) (£40,000) available for the HRA Capital Programme.
- 4.5 Full details of the movement against the HRA Revenue Budget are set out in Appendix 3.

5. 2016/17 REVENUE BUDGET

- 5.1. Since the 2016/17 Final Revenue Budget was set by Council on 11 February 2016 there have been a number of adjustments identified.

Scottish Government: Revenue Support Grant

- 5.2. Finance Circular 1/2016 that was issued by the Scottish Government on 25 February 2016 included confirmation of funding in relation to Free School Meals (£1,514,000) and Discretionary Housing Payments (£48,000). This funding was in line with Council expectations and it is proposed that this funding is added to Education and Children's Services and Housing and Community Care respectively.
- 5.3. **ACTION:** The Committee is asked to approve an adjustment to the 2016/17 Revenue Budgets of £1,514,000 for Education and Children's Services in respect of Free School Meals and £48,000 for Housing and Community Care in respect of Discretionary Housing Payments. This adjustment is reflected in Appendix 4 (Column 2) to this report

Other Funding (£1,561,203)

- Home Energy Efficiency Programmes for Scotland - £1,172,797 (HCC)
 - Discretionary Housing Payments - £388,406 (HCC)
- 5.4. The other funding amounting to £1,561,203 will be paid outside the Revenue Support Grant mechanism as Other Grant income and is therefore cost neutral in terms of the budget summary
- 5.5. **ACTION:** The Committee is also asked to note the receipt of £1,561,203 of additional resources, with this funding being reflected within Housing and Community Care as additional grant income.

Virements

- 5.6. The updated management arrangements approved in Building Ambition – A Blueprint for a 21st Century Council (Report No. 15/258 refers) require the Revenue Budget to be updated to reflect revised responsibilities. Strategic Commissioning and Organisational Development which is hosted within the Environment Service now has responsibility for Corporate Procurement (£287,000).
- 5.7. Approval is therefore sought to transfer £287,000 from Housing and Community Care to the Environment Service to reflect operational responsibility.

- 5.8. In addition as part of the Perth Office Project the Council has recently vacated the Whitefriars building. This allows £23,000 to be transferred from Housing and Community Care to the Environment Service to contribute towards the overall savings that will be delivered by this project.
- 5.9. **ACTION:** The Committee is asked to approve the transfer of £310,000 from Housing and Community Care to the Environment Service in 2016/17. This adjustment is reflected in Appendix 4 (Column 3) to this report.
- 5.10. The 2016/17 Final Revenue Budget for Education and Children's Services includes a contribution of £4,725,000, funded from Capital Grant, towards the PH20 project. This funding will not be required in 2016/17 and therefore approval is sought to adjust the budgets accordingly with the funding being utilised when required in future years.
- 5.11. **ACTION:** The Committee is asked to approve the transfer of £4,725,000 from Education and Children's Services to Capital Grant to reflect the rephasing of financial support to the PH20 project. This adjustment is reflected in Appendix 4 (column 3) to this report.

Corporate Transformation Programme

- 5.12. The Council meeting on 1 July 2015 (Report No. 15/292) and Strategic Policy and Resources Committee on 10 February 2016 (Report No's 16/45 and 16/50) have approved the funding for the following projects for 2016/17.
- Procurement Reform Review (The Environment Service (TES)) - £255,000
 - Smart Perth and Kinross (Education and Children's Services (ECS)) - £91,000
 - Online Services and MyAccount (Corporate and Democratic Services (CDS)) - £62,000
 - Mobile Working Review (CDS) - £96,000
 - Communities First (Housing and Community Care (HCC)) - £330,000
 - Transformation of Older Peoples Services – Residential Care (HCC) - £100,000
 - Review of Homeless Service Temporary Accommodation (HCC) - £122,000
 - Review of Facility Management Service Arrangements (ECS) - £50,000
 - Review of Community Care Packages (Adult) (HCC) - £292,000
 - Review of Roads Activities (TES) - £40,000
 - Modernising Licenses, Permissions and Approvals (TES) - £13,000
 - Capacity to Deliver Transformation (TES) - £100,000
 - Review of Community Development and Engagement (ECS) - £40,000
 - Residential Care Services (Children & Young People) (ECS) - £115,000
 - Review of Inclusion Services (ECS) - £20,000
 - Expansion of Family Based Day Care (ECS) - £67,000

- Sponsorship of Council Assets (TES) - £40,000
- Community Greenspace Review (TES) - £20,000
- Review of Administration Support Activities (TES) - £90,000
- Review of Finance (CDS) - £45,000
- Transformation Support (ECS) - £51,000
- Collaboration Funding (CDS) - £201,000
- Council Vehicle Fleet Utilisation and Optimisation Review (TES) - £96,000

- 5.13. **ACTION:** The Committee is asked to approve the transfer of £434,000 to Education and Children's Services, £844,000 to Housing and Community Care, £654,000 to the Environment Service and £404,000 to Corporate and Democratic Services from the earmarked Reserve for Transformation (including Workforce Management) in 2016/17. These adjustments are reflected in Appendix 4 (Column 4) to this report

Movement in Reserves

- 5.14. On 17 June 2015 the Strategic Policy and Resources Committee approved Building Ambition – A Blueprint for a 21st Century Council (Report No. 15/258 refers). The structure approved within this report required an amount of transitional funding whilst the new senior management structure was rolled out across the Council. To that end approval is sought to allocate £118,000 to Housing and Community Care and £102,000 to the Environment Service in 2016/17 from the Transformation (including Workforce Management) Earmarked Reserve.
- 5.15. **ACTION:** The Committee is asked to approve the transfer of £118,000 to Housing and Community Care and £102,000 to the Environment Service from the earmarked Reserve for Transformation (including Workforce Management) in 2016/17. These adjustments are reflected in Appendix 4 (Column 4) to this report

Perth and Kinross Integrated Joint Board

- 5.16. At its meeting on 23 March 2016 Perth and Kinross Integrated Joint Board considered a report on the outcome of the Financial Assurance process by their Chief Financial Officer. The report advised that the Chief Financial Officer had assessed the resources delegated to the Board from both the Council and NHS Tayside in terms of "Transparency", "Proportionality" and "Adequacy".
- 5.17. In relation to Perth and Kinross Council the Chief Financial Officer was able to advise the Board that the Council had satisfied all three requirements.
- 5.18. **ACTION:** The Committee is asked to note that the Council has satisfied Perth and Kinross Integrated Joint Board as to the "Transparency", "Proportionality" and "Adequacy" of the Social Care budget for 2016/17.

6. CONCLUSION AND RECOMMENDATIONS

- 6.1. The total net projected under spend on the General Fund net expenditure, as set out in Appendix 1 to this report, is £9,182,000.
- 6.2. Additionally the projected planned under spend on Devolved School Management Budgets currently stands at £985,000.
- 6.3. The Director (Housing and Community Care) is currently projecting a break even position for the Housing Revenue Account for 2015/16.
- 6.4. The Committee is requested to:
- Note the contents of the report;
 - Approve the adjustments to the 2015/16 Management Revenue Budget detailed in Appendix 1 and Section 2 above;
 - Endorse the proposal for the Audit Committee to consider the 2015/16 Unaudited Annual Accounts at its meeting on 29 June 2016 – see paragraph 2.1.21.
 - Approve Service virements summarised in Appendices 2 and 3.
 - Approve the adjustment to the 2016/17 Final Revenue Budget detailed in Section 5 above.
 - Note that the Council has satisfied Perth and Kinross Integrated Joint Board as to the Transparency”, “Proportionality” and “Adequacy” of the Social Care budget for 2016/17 – see paragraph 5.18.

Author(s)

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Approved

Name	Designation	Date
John Symon	Head of Finance	11 April 2016

If you or someone you know would like a copy of this document in another language or format, (on occasion only, a summary of the document will be provided in translation), this can be arranged by contacting (*Scott Walker – 01738 475515*)



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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	None
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	Yes
Asset Management (land, property, IST)	Yes
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	Yes
Sustainability (community, economic, environmental)	Yes
Legal and Governance	None
Risk	None
Consultation	
Internal	Yes
External	None
Communication	
Communications Plan	None

1. Strategic Implications

1.1. Corporate Plan

1.1.1. The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

1.1.2 This report relates to all of these objectives.

2. Resource Implications

2.1. Financial

2.1.1. There are no direct financial implications arising from this report other than those reported within the body of the main report.

2.2. Workforce

- 2.2.1. There are no direct workforce implications arising from this report other than those reported within the body of the main report.

2.3. Asset Management (land, property, IT)

- 2.3.1. There are no direct asset management implications arising from this report other than those reported within the body of the main report.

3. **Assessments**

3.1. Equality Impact Assessment

- 3.1.1. Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.1.2. The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

3.2 Strategic Environmental Assessment

- 3.2.1 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.2.2 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

3.3 Sustainability

- 3.3.1 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.3.2 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

4. Consultation

4.1 Internal

- 4.1.1 The Chief Executive, Depute Chief Executives and Directors have been consulted in the preparation of this report.

2. BACKGROUND PAPERS

- 2.1 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.

3. APPENDICES

Appendix 1 – General Fund 2015/16 Projected Outturn – Summary.

Appendix 2 – General Fund 2015/16 Projected Outturn – Service Analysis.

Appendix 3 – Housing Revenue Account 2015/16 Projected Outturn.

Appendix 4 – General Fund 2016/17 Revenue Budget Summary.

PERTH & KINROSS COUNCIL GENERAL FUND
2015/16 PROJECTED OUTTURN - SUMMARY

APPENDIX 1

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	2015/16 Council Approved Budget Feb-15	Previously Approved Adjustments (Net)	Movements in Funding	Virements	Movements in Reserves	2015/16 Revised Mgt Budget	Projected Outturn	Variance to Revised Mgt Budget	Variance to Revised Mgt Budget
<i>Reference: Section in Report</i>		1.2	2.2	2.3	2.4				
SERVICE	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
Education & Children's Services	176,586	(5,607)	29	(142)	729	171,595	168,715	(2,880)	(1.68%)
Housing and Community Care	69,160	1,669		(336)	1,693	72,186	70,376	(1,810)	(2.51%)
The Environment Service	61,428	647			404	62,479	59,979	(2,500)	(4.00%)
Corporate and Democratic Services	9,849	206			286	10,341	10,041	(300)	(2.90%)
Sub - Total: Service Budgets	317,023	(3,085)	29	(478)	3,112	316,601	309,111	(7,490)	(2.37%)
Corporate Budgets									
Contribution to Valuation Joint Board	1,166					1,166	1,113	(53)	(4.55%)
Capital Financing Costs	14,200	(57)		30		14,173	14,173	0	0.00%
Interest on Revenue Balances	(70)	(44)		(7)		(121)	(121)	0	0.00%
Net Contribution to/(from) Capital Fund	1,552	2,574		455		4,581	4,581	0	0.00%
Contribution to/(from) Insurance Fund	200	400				600	600	0	0.00%
Contribution to/(from) Renewal and Repair Fund	(1,050)	810				(240)	(240)	0	0.00%
Trading Operations Surplus	(190)					(190)	(190)	0	0.00%
Support Service External Income	(1,888)					(1,888)	(1,888)	0	0.00%
Un-Funded Pension Costs	1,516					1,516	1,451	(65)	(4.29%)
Discretionary Relief	150					150	150	0	0.00%
Contingency Budget	210	(36)				174	0	(174)	(100.00%)
Net Expenditure (General Fund)	332,819	562	29	0	3,112	336,522	328,740	(7,782)	(2.31%)
Financed By:									
Revenue Support Grant	(182,069)	(10,110)	(29)			(192,208)	(192,208)	0	0.00%
Ring Fenced Grant	(80)	(33)				(113)	(113)	0	0.00%
Non Domestic Rate Income	(61,348)					(61,348)	(61,348)	0	0.00%
Council Tax Income	(72,251)	(1,360)				(73,611)	(74,611)	(1,000)	(1.36%)
Council Tax Reduction Scheme	0	6,628				6,628	6,228	(400)	(6.04%)
Capital Grant	(7,240)	5,179				(2,061)	(2,061)	0	0.00%
Total Financing	(322,988)	304	(29)	0	0	(322,713)	(324,113)	(1,400)	(0.43%)
Financed from/(returned to) Reserves including use of Budget Flexibility b/fwd	9,831	866	0	0	3,112	13,809	4,627	(9,182)	

PERTH AND KINROSS COUNCIL - GENERAL FUND 2015/16 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 31 January 2016)

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
Education & Children's Services (ECS)			
Total	(2,880)		
			<u>Devolved School Management (DSM)</u>
		(435)	<u>Staff Costs</u> There is a projected under spend on teachers' salaries of £1,230,000 as a result of proactive workforce planning measures which ensure that teacher numbers are maintained. The budget for Single Status staff groups is projected to under spend by £675,000. These projected under spends exceed the overall slippage target of £1,470,000.
		(150)	<u>Property Costs</u> Projected under spend on repairs and maintenance due to slippage on a number of projects.
		(150)	<u>Supplies and Services</u> Projected net under spend on supplies and services across all schools.
		(250)	<u>Income</u> Additional income for secondments and SQA work.
		985	The projected DSM carry forward for 2015/16 is £985,000 which is a reduction of £299,000 on the balance brought forward from 2014/15. This level of carry forward represents approximately 1.20% of the overall DSM budget.
			<u>Other Education & Children's Services Sectors:</u>
		(1,710)	<u>Staff Costs</u> This projected under spend is made up of movements across all sectors and cost centres and is after recognising a slippage target of £755,000.
		(345)	<u>Property Costs</u> Projected under spend due to the actual Retail Price Index inflation rate being lower than the estimate used in setting the IIL Unitary Charge budget (£210,000) and lower than anticipated non-domestic rates bills for new schools (£135,000).
		(515)	<u>Supplies and Services</u> Projected under spends on the provision of early learning and childcare provision (£125,000), Evidence 2 Success (£305,000), Closing the Gap (£150,000) and portable appliance testing (£21,000). These projected under spends are partially offset by projected over spends on postages and photocopying (£32,000) IT (£35,000) and Cultural and Community Services (£19,000).
		(55)	<u>Transport Costs</u> Projected under spend on car allowances, travel and subsistence payments.
		90	<u>Pupil Transport</u> Based on the latest estimate from the Public Transport Unit there is a projected over spend on School Transport following a recent retendering exercise that took place over the summer.
		(50)	<u>Third Party Payments</u> There are projected under spends on partner provider payments (£103,000) based on the latest forecasts on uptake partially offset by over spends on copyright licences (£16,000), Direct Payments within the Child Health Team (£8,000) and Supporting Young People (£29,000).
		(350)	<u>Residential Schools/Foster Care and Kinship Care:</u> The budget for young people with Additional Support Needs (ASN) who are educated out with the Council's mainstream school provision is projected to under spend in the current financial year due to a lower level of placements than that assumed in setting the original revenue budget.
		720	The budget for young people with complex behavioural issues which includes a number of pupils placed within secure schools is projected to over spend due to additional and extended placements.
		(100)	There are projected under spends on Kinship Care (£209,000) which are partially offset by a projected over spend on Foster Care (£109,000).
		40	<u>Loan Charges</u> Projected overspend on prudential borrowing loan charges due to revised projections for land disposals.

PERTH AND KINROSS COUNCIL - GENERAL FUND 2015/16 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 31 January 2016)

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
		(605)	<u>Income</u> Projected additional income from recharges to other Councils for pupil support assistants (£60,000), secondments within Learning Support (£21,000) and Education Scotland (£53,000), Scottish Qualifications Authority (£19,000), kids clubs (£50,000), evidence to success (£34,000), a contribution towards a residential placement (£36,000), Duke of Edinburgh (£15,000), gymnastics (£8,000) and music activities (£45,000). In addition the Council has received an insurance rebate in relation to the IIL contract (£117,000) and funding towards Developing Scotland's Young Workforce (£290,000). This is partially offset by a shortfall in income from libraries (£26,000), outdoor centres (£9,000) and a delay in approval of the Renewable Heat Incentive grant (£108,000).
Housing and Community Care			
Total	(1,810)		
		250	<u>Housing</u> There is a projected reduction in income due to increased voids and the changing profile of clients.
		(620)	<u>Finance and Support</u> Accelerated delivery of savings, increased staff slippage and increased recovery of Housing Benefit overpayments.
		(150)	<u>Strategic Support and Commissioning</u> Projected under spend on payments to housing support providers, the receipt of additional non-recurring income and additional staff slippage.
		(215)	<u>Older People</u> There is a net projected under spend across Older People Services. However, within this projection there are projected over spends on residential placements due to increased demand (£575,000), on homecare services due to increased additional demand and as a consequence of the frailer ageing population (£664,000) and reduced staff turnover in Home Care (£226,000). In the current year these projected over spends are partially offset by the budget flexibility funding that was carried forward from 2014/15 on a non-recurring basis (£525,000). In addition there are further projected under spends on staff slippage (£512,000), additional income from the Councils residential homes (£201,000), further non-recurring income (£65,000), a projected under spend on occupational therapy maintenance costs (£24,000), revised projections for Direct Payments (£50,000) and savings from uncommitted budgets that will contribute to the 2016/17 Revenue Budget (£303,000).
		(685)	<u>Learning Disabilities</u> Projected under spend due to accelerated savings, staff slippage, clawback of surplus from the Respite Bureau and revised projections for respite commitments.
		(460)	<u>Other Community Care Services</u> This projected under spend is made up additional income from the Contributions Policy (£312,000), the delivery of accelerated savings (£200,000), additional staff slippage (£118,000) and one-off clawbacks from external organisations (£37,000). This is partially offset by additional temporary staff costs (£90,000), increased bad debts (£57,000) and integration costs (£60,000).
		70	<u>Community Safety</u> Projected overspend due to additional property costs at the OWLS project and St Martins House and a projected over spend on supplies and services.

PERTH AND KINROSS COUNCIL - GENERAL FUND 2015/16 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 31 January 2016)

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
<u>The Environment Service</u>			
Total	(2,500)		
			<u>Roads & Street Lighting</u>
		(25)	Projected saving on street lighting power costs based on current price and consumption estimates.
		(610)	Slippage on delivery of bridge refurbishment and landslip/retaining wall works due to adverse weather conditions.
		(250)	Saving on gully emptying project. Project being delivered on time and under budget, complete by early 2016/17.
		240	Increased operating costs in relation to Tayside Contracts.
		(240)	Increased income from Tayside Contracts in relation to depot charges.
			<u>Operations & Waste Strategy</u>
		(250)	Projected saving on fuel costs based on current price and consumption estimates.
		(300)	Projected saving on waste disposal contract costs based on year to date tonnage and price.
		100	Projected shortfall in income for sale of recyclates and commercial waste due to market forces.
		(25)	Projected saving on depot rates charges.
		200	Short term unbudgeted loan charges for historical waste services capital expenditure.
			<u>Fleet</u>
		200	Projected increase in loan charges based on current vehicle replacement programme and cost of borrowing.
		(60)	Projected saving on contract vehicle hire costs based on current profile of fleet on full contract maintenance agreements.
			<u>Planning and Regeneration</u>
		(300)	Projected additional income from building warrants and planning applications
		(100)	Projected additional rental income from commercial property investment programme
		(230)	Planned underspend on Broadband initiative to contribute towards LEADER programme.
		(205)	Planned underspend on P&K Employment Recruitment Initiative to contribute towards ESF programme for match funding.
		(85)	Projected saving on Indoor Bowling project contribution due to project funding issues.
		(100)	Projected saving on support for Visit Scotland tourist information centre in Perth.
		25	Projected shortfall in income from harbour dues and survey work expenditure.
			<u>Parking</u>
		400	Provision for car park investment projects in Perth City and Ben Vrackie.
		150	Projected shortfall in parking income.
		(550)	Drawdown from car parking reserve to meet cost of car park investment.
			<u>Corporate Asset Management</u>
		(25)	Planned underspend on Property Business System implementation to meet future costs in 2016/17.
			<u>Regulation</u>
		(20)	Planned underspend on Crieff Air Quality Action plan to meet future costs in 2016/17.
		40	Increased number of local authority funded burials.
			<u>Community Greenspace</u>
		50	Projected contribution towards Blairgowrie Cuttleburn culvert project.
			<u>Property</u>
		(400)	Projected saving on energy costs due to lower than anticipated price increases.
		(100)	Projected saving on water costs.
		(60)	Projected saving on Carbon Reduction Commitment (CRC) scheme payments due to reduced price and conversion factor.
		(30)	Projected income from Renewable Heat Incentive (RHI) for 2 approved school projects.
		(45)	Projected saving on Energy Performance Certificate (EPC) payments due to a rephasing of the programme.
		(70)	Projected saving from Pullar House facilities management contract renewal.
		30	Unbudgeted rates associated with mothballed buildings.
		(55)	Planned underspend on property compliance maintenance budget to meet future costs of temporary Compliance Officers.
		200	Projected increase in external consultants costs arising from planned and reactive maintenance programmes.

PERTH AND KINROSS COUNCIL - GENERAL FUND 2015/16 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 31 January 2016)

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
Corporate and Democratic Services			
Total	(300)		
		(5)	<u>Core Costs</u> Projected net under spend on staff costs due to slippage.
		(35)	<u>Legal Services</u> Projected additional income due to the cyclical nature of a number of the income streams.
		(75)	Projected under spend on staff costs due to vacancies.
		55	Projected over spend on other costs across the Division, primarily publications and photocopying.
		(145)	<u>Finance</u> Projected under spend on staff costs due to slippage in excess of budgeted levels.
		5	Miscellaneous over spends across the Finance Division
		(30)	<u>Human Resources</u> Various net projected under spends across staff costs, supplies and services, third party payments and transport costs
		(35)	<u>Democratic Services</u> Projected under spend on staff costs due to slippage in excess of budgeted levels.
		(65)	Additional income from elections and outside bodies.
		30	Projected over spends across the Division, including courier recharges and communications.
TOTAL	(7,490)		

PERTH AND KINROSS COUNCIL - HOUSING REVENUE ACCOUNT 2015/16 PROJECTED OUTTURN
(Based on Expenditure to 31 January 2016)

£'000	Summary of Service Variances
470	Housing Repairs & Improvement Service There are overspends on responsive repairs (£80k), void repairs (£432k), and Building Services costs (£124k). These are partially offset by projected under spends on property costs (following closure of Inveralmond Depot (£16k), supplies & services (£26k), transport fleet costs (£61k) and Lock Ups & Garages sites (£63k).
3	Housing Needs This projected over spend is made up property costs for York Place partially offset by additional income from housing associations.
(27)	Sheltered Housing The projected under spend is made up of staff slippage.
(106)	Neighbourhood Services There are projected under spends on property costs (following the relocation of the Kinross office to the Community Campus (£7k), supplies & services (£47k), and the capitalisation of costs associated with the Glenearn Road project now that it is going ahead (£70k). This is partially offset by expenditure on recent flood related events (£18k).
(155)	Administration The projected under spend is due to reduced capital financing costs (£131k), a reduced recharge for insurance costs (£35k) and reduced projections for void Council Tax (£40k). These are partially offset by backdated rates for HRA properties (£11k), IT consultancy costs (£8k), Housing Stock Valuation costs (£8k), and other smaller overspends on Supplies & Services (£24k).
268	Income There is projected under recovery of income from reduced Interest on Revenue Balances due to low interest rates (£45,000), rents (£12,000) and an increased provision for bad debts (£211,000).
(453)	Capital Financed from Current Revenue As a result of the projected net over spends highlighted above, this is the reduction in the amount available to invest in the HRA capital programme.
0	

**PERTH & KINROSS COUNCIL GENERAL FUND
2016/17 REVENUE BUDGET - SUMMARY**

APPENDIX 4

	(1)	(2)	(3)	(4)	(5)
	2016/17 Council Approved Budget Feb-16	Movements in Funding	Virements	Movements in Reserves	2016/17 Revised Mgt Budget
<i>Reference: Section in Report</i>		5.3	5.9	5.11/5.13/5.15	
SERVICE	£'000	£'000	£'000	£'000	£'000
Education & Children's Services	171,854	1,514	(4,583)	434	169,219
Housing and Community Care	65,466	48	26	962	66,502
The Environment Service	57,969		310	756	59,035
Corporate and Democratic Services	14,399			404	14,803
Sub - Total: Service Budgets	309,688	1,562	(4,247)	2,556	309,559
Corporate Budgets					
Contribution to Valuation Joint Board	1,166				1,166
Capital Financing Costs	16,352				16,352
Interest on Revenue Balances	(200)				(200)
Net Contribution to/(from) Capital Fund	(586)		(478)		(1,064)
Trading Operations Surplus	(250)				(250)
Support Service External Income	(1,888)				(1,888)
Un-Funded Pension Costs	1,551				1,551
Discretionary Relief	150				150
Net Expenditure (General Fund)	325,983	1,562	(4,725)	2,556	325,376
Financed By:					
Revenue Support Grant	(184,101)	(1,562)			(185,663)
Ring Fenced Grant	(113)				(113)
Non Domestic Rate Income	(57,555)				(57,555)
Council Tax Income	(73,664)				(73,664)
Council Tax Reduction Scheme	6,249				6,249
Capital Grant	(6,944)		4,725		(2,219)
Total Financing	(316,128)	(1,562)	4,725	0	(312,965)
Financed from/(returned to) Reserves including use of Budget Flexibility b/fwd	9,855	0	0	2,556	12,411

