

PERTH AND KINROSS COUNCIL

Strategic Policy and Resources Committee – 23 April 2014

REVENUE BUDGET 2013/14 – MONITORING REPORT NUMBER 4**Report by the Head of Finance****PURPOSE OF REPORT**

This report provides an update on progress with the 2013/14 General Fund Revenue Budget based upon the January 2014 ledger, updated for any subsequent known material movements and further information in relation to financial years 2014/15 and 2015/16. The report also provides an update on the projected financial position of the Housing Revenue Account.

1. BACKGROUND / MAIN ISSUES

- 1.1. This is the fourth report updating the Committee on progress with the 2013/14 Revenue Budget. Appendix 1 to this report summarises the current projected year end (out-turn) position for each Service based upon the January 2014 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 2013/14 Revenue Budget on 14 February 2013 (Report No. 13/53 refers). In addition, adjustments subsequent to 14 February 2013 that were approved by the Strategic Policy and Resources Committee on 17 April 2013, 18 September 2013, 27 November 2013 and 12 February 2014 are reflected in Appendix 1 (Column 2) to this report (Report No's 13/150, 13/445, 13/557 and 14/47 refer).
- 1.3. This report details the latest projected outturns and proposed adjustments to the 2013/14 General Fund and Housing Revenue Account budgets. In addition the report includes a number of adjustments in relation to the Final Revenue Budget for 2014/15 and an update in relation to financial year 2015/16.

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 narrative below focusses primarily on movements in projections since the last monitoring report was presented to this Committee.

- 2.1.2 **Education & Children's Services:** The projected outturn (excluding Devolved School Management (DSM)) is currently anticipated to be £1,218,000 less than budget – a favourable movement of £152,000 from the position last reported to Committee.
- 2.1.3 There are further projected under spends on staff costs due to additional slippage (£173,000) and on support for young people with additional support needs due to the ending of a placement (£106,000).
- 2.1.4 These projected additional under spends are partially offset by projected over spends on property costs due to further feasibility studies and improvement works (£44,000), pupil transport costs based on the latest information (£55,000) and supplies and services (£80,000) due primarily to increased demand for school meals.
- 2.1.5 There is also a projected under spend of £1,120,000 on Devolved School Management budgets (DSM) due to projected staff slippage in excess of budgeted levels, projected under spends on supplies and services and property costs 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 2014/15.
- 2.1.6 The projected carry forward of £1,120,000 represents 1.36% of the overall DSM budget and is £110,000 less than the balance carried forward from 2012/13 into 2013/14.
- 2.1.7 **Housing & Community Care:** The projected outturn is currently anticipated to be £3,351,000 less than budget – a favourable movement of £554,000 from the position last reported to Committee.
- 2.1.8 Within Older People's Services there is an increase in the projected under spend (£196,000) due to further staff slippage, service redesign and the continued early delivery of approved savings. Within Finance and Support there is a projected reduction in the level of housing benefit subsidy loss (£183,000) due to improved performance. Within Other Community Care Services there is a reduction in the projected over spend (£138,000) due the receipt of additional non-recurring income. Within Housing there is a further projected under spend (£35,000) due to an increase in rental income and within Community Safety (£64,000) due, in the main, to the receipt of additional grant income.
- 2.1.9 These favourable movements are partially offset by projected reductions in the under spend in Strategic Support and Commissioning (£21,000) and Learning Disabilities (£41,000).

In addition there is a projected under spend on Rural Discretionary Housing Payments of £276,000. Under the terms of the grant award there were restrictions on eligibility which will result in a reduced claim for reimbursement from the Department of Work and Pensions.

2.1.10 **The Environment Service:** The projected outturn is currently anticipated to be £2,555,000 less than budget – a favourable movement of £1,155,000 from the position last reported to Committee.

2.1.11 The Council has recently received a rates refund in relation to the former Kinross High School following a revaluation of the site (£350,000). In addition there has been slippage on the planned improvements at the South Inch Car Park (£100,000) and income from planning fees is now further exceeding the budget (£50,000). In addition there is a projected under spend on Property Maintenance (£250,000) due to slippage in the upgrade of a number of houses held on the General Fund.

2.1.12 In relation to Winter Maintenance there is a potential projected under spend of up to £500,000 due to the recent mild winter. However a number of invoices have still to be submitted to the Council which will impact on the final outturn.

2.1.13 This projected under spend is partially offset by an additional contribution to the East of Scotland Investment Fund (£95,000) which will increase the availability of borrowing to local companies. This additional support is augmented by a further 45% from the European Union.

2.1.14 **Chief Executive's Service:** The projected outturn is currently anticipated to be £205,000 less than budget – a favourable movement of £1,000 from the position last reported to Committee.

2.2 Movements in Funding

2.2.1 Since Revenue Monitoring Report Number 3 was approved by this Committee (Report No 14/47 refers) notification has been received of additional resources in the current financial year from a number of sources.

2.2.2 Scottish Government: Revenue Support Grant (£1,112,000)

- Council Tax Reduction Scheme: £1,112,000: Housing and Community Care (HCC) – this funding is in line with financial planning assumptions.

2.2.3 Other Funding (£7,279)

- Numeracy Partnership Working Programme: £6,000: (Education & Children's Services - ECS)
- Museums Galleries Scotland – Music, making and more at Perth Museums: £1,279 (ECS)

2.2.4 The Scottish Government has advised that the increase in Revenue Support Grant funding identified at 2.2.2 of £1,112,000 will be made through a redetermination of the Council's Revenue Support Grant. It is therefore necessary to adjust the net budgets for Housing and Community Care and Revenue Support Grant.

- 2.2.5 The other funding amounting to £7,279 will be paid outside the Revenue Support Grant mechanism as Other Grant income and is therefore cost neutral in terms of the budget summary.
- 2.2.6 **ACTION:** The Committee is asked to approve an adjustment of £1,112,000 to the Housing and Community Care budget to reflect the additional resources being made available through the Revenue Support Grant. These adjustments are reflected in Appendix 1 (Column 3) to this report.
- 2.2.7 **ACTION:** The Committee is also asked to note the receipt of £7,279 of additional resources, with this funding being reflected within Education & Children's Services as additional grant income. The current projected outturn assumes that all of these additional resources will be fully expended in 2013/14.

2.3 Virements

2.3.1 Contribution to Capital Fund

- 2.3.2 In line with the strategy for managing the Council's Capital Programme over the medium term (as reported to Council on the 12 February 2014 – Report No. 14/48 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.
- 2.3.3 The latest monitoring indicates an increase in the projected outturn for capital financing costs (loan charges) (£20,000) and an increase in income from Interest on Revenue Balances (£5,000) due primarily due to movements in interest rates, particularly in relation to short term borrowing.
- 2.3.4 **ACTION:** The Committee is requested to approve the virement of £20,000 to the Capital Financing Costs (Loan Charges) Budget; £5,000 to Interest on Revenue Balances with a net reduction of £15,000 in the projected Contribution to the Capital Fund. This adjustment has been reflected in Appendix 1 (Column 4) to this report.

2.3.5 Service Virements

- 2.3.6 In order to ensure that the revenue budget continues to reflect current service needs the following virement between Services is required:
- Education and Children's Services to Housing and Community Care - £54,000 – transfer of funding for licenses to support the social work management information system (SWIFT). This is a permanent adjustment.
- 2.3.7 **ACTION:** The Committee is asked to approve the virement of £54,000 from Education and Children's Services to Housing and Community Care. This adjustment has been reflected in Appendix 1 (Column 4) to the report.

2.3.8 Voluntary Severance Scheme

2.3.9 On 13 February 2014 the Council set the Final Revenue Budget for 2014/15 and Provisional Revenue Budget for 2015/16 (Report No. 14/44 refers). That report also sought approval for the departure of 112 members of staff under the voluntary severance scheme of which 100 related to the General Fund and 12 related to the Housing Revenue Account.

2.3.10 The final number of staff in the General Fund affected has now reduced to 96 with the costs and savings set out in the following table.

	Number Approved	Total Cost £'000	Total Annual Saving (Recurring) £'000
Education & Children's Services	28	369	567
Housing & Community Care	44	694	945
The Environment Service	16	203	238
Chief Executive's Service	8	281	234
General Fund Total	96	1,547	1,984

2.3.11 In accordance with proper accounting practice the costs of these severance packages will be recognised in the current financial year. Therefore approval is sought for the virement of £369,000 to Education and Children's Services; £694,000 to Housing and Community Care; £203,000 to the Environment Service and £281,000 to the Chief Executive's Service. This is funded from the Council Approved Budget for workforce planning measures.

2.3.12 **ACTION:** The Committee is asked to approve the virement of £369,000 to Education and Children's Services; £694,000 to Housing and Community Care; £203,000 to the Environment Service and £281,000 to the Chief Executive's Service from the Council Approved Budget for workforce planning measures. This adjustment is reflected in Appendix 1(Column 4).

2.4 **Movements in Reserves**

2.4.1 Workforce Planning Measures

2.4.2 It is anticipated that the recent Voluntary Severance Scheme will cost £2,453,000 less than the Council Approved Budget of £4,000,000. It is proposed that the remaining budget be transferred to Reserves to augment the existing earmarked Reserve for workforce planning measures. This transfer to Reserves was included in the Reserves Strategy approved by Council on 13 February 2014 (Report No. 14/46 refers).

- 2.4.3 **ACTION:** The Committee is asked to approve the transfer of £2,453,000 to Reserves to augment the existing earmarked Reserve for workforce planning. This adjustment has been reflected in Appendix 1 (Column 5) to this report.

3. CORPORATE BUDGETS

3.1 Contributions to Tayside Valuation Joint Board

- 3.1.1 The Treasurer of the Tayside Valuation Joint Board has advised that the Council's projected requisition level has been revised. The latest projected outturn for the Tayside Valuation Joint Board is a reduction in the requisition of £1,000. This adjustment has been reflected in Appendix 1 to this report.

4. HOUSING REVENUE ACCOUNT (HRA)

- 4.1 The Executive Director (Housing and Community Care) is currently projecting a break even position on the Housing Revenue Account (HRA).
- 4.2 There is a projected reduction in the level of income being collected due to void rent loss from garages, garage sites, and lock ups (£125,000) and a small projected loss of void rents from mainstream houses (£34,000). The Housing & Health Committee agreed on 13 August 2013 to consult with interested parties on the future of garages, garage sites, and lock up facilities (Report No. 13/380 refers). There is also a projected increase in the provision for bad debts required for uncollected rents based on the 2012/13 rent collection performance (£110,000) and a projected reduction in interest on revenue balances (£39,000) due to lower interest rates.
- 4.3 There are also projected over spends within Housing Repairs (£222,000) due primarily to increased voids works, safe and secure works and responsive repairs and Housing Needs (£12,000).
- 4.4 Within Housing Administration there is projected additional expenditure (£258,000) following confirmation of the costs of the recent Voluntary Severance Scheme to the Housing Revenue Account. The Housing Revenue Account information for the Scheme is summarised in the following table. The final number of staff affected from the Housing Revenue Account has reduced from 12 to 11.

	Number Approved	Total Cost £'000	Total Annual Saving (Recurring) £'000
Housing Revenue Account Total	11	322	313

- 4.5 The projected over spends are partially offset by projected under spends in Sheltered Housing (£138,000) due to savings on staff costs as the Service is transformed and the write back of a potential tax liability and within Neighbourhood Services (£60,000) due to savings on supplies and services.
- 4.6 The net projected over spends described above result in a reduced projected contribution to Capital Financed from Current Revenue (CFCR) (£602,000) to the HRA Capital Programme.
- 4.7 Full details of the movement against the HRA Revenue Budget are set out in Appendix 3.

5. 2014/15 FINAL REVENUE BUDGET

- 5.1 Finance Circular 1/2014 which was received by the Council on 6 February 2014 included confirmation of the following additional funding:
- 1 + 2 Language Policy (Education and Children's Services) - £106,000.
 - New National Qualifications: Grant for Additional Teacher Support and School Level Events with Parents (ECS) - £134,000.
 - Discretionary Housing Payments (Housing and Community Care) (HCC) - £349,000.
 - Council Tax Reduction Scheme (HCC) - £131,000
 - Single Fraud Investigation Service (HCC) - £7,000
- 5.2 **ACTION:** The Committee is asked to approve adjustments to the 2014/15 Final Revenue Budgets for Education and Children's Services (£106,000) and Housing and Community Care (£487,000) to reflect these additional resources.
- 5.3 The Council will also receive £21,321 from the Department of Work and Pensions to meet the costs of implementing Welfare Reform changes in 2014/15.
- 5.4 The Financial Assistance Panel Revenue Budget includes funding for the recurring support of a number of organisations as set out in the following table.

	£'000	Vire to
Perth Citizen's Advice Bureau	149	HCC
Centre for Inclusive Learning (Perth and Kinross)	39	HCC
Cruse Bereavement Scotland (Perth and Kinross)	17	HCC
Perth Six Circle	9	HCC
Birnam Arts	15	ECS
Perthshire Woman's Aid	49	ECS
PKAVS: Voluntary Action Perthshire	30	ECS
Innerpeffray Library	4	ECS

- 5.5 It is proposed that the budgets to fund these organisations are transferred to the Services identified in the right hand column of the table above to facilitate more comprehensive monitoring and scrutiny. This transfer will leave £122,000 within the Financial Assistance Panel budget to support applications for funding from eligible organisations.
- 5.6 **ACTION:** The Committee is asked to approve the virement in 2014/15 of £214,000 to Housing and Community Care and £98,000 to Education and Children's Services from the Environment Service to fund the organisations listed in the table above.
- 5.7 The Council is required to carry out site investigation works at three sites across Perthshire at an estimated cost of £75,000. It is proposed that this is funded from the earmarked Reserve for contaminated land.
- 5.8 **ACTION:** The Committee is asked to approve the transfer of £75,000 from the Contaminated Land Earmarked Reserve to the Environment Service to fund site investigation works in 2014/15.
- 5.9 The Council has recently been advised of further refunds in relation to Non-Domestic Rates on a number of community campuses. It is proposed that £240,000 of this refund is vired Property Costs to Children's Services to assist in the implementation of a number of projects over the next three years
- 5.10 **ACTION:** The Committee is asked to approve the virement of resources from Non-Domestic Rates to Children's Services to assist in the implementation of a number of projects through to 2016/17.
- 5.11 The Strategic Planning and Improvement function transferred from Education and Children's Services to the Environment Service on 1 April 2014. It is necessary to reflect this adjustment of £193,000 to Service Revenue Budgets.
- 5.12 **ACTION:** The Committee is asked to approve the virement of £193,000 from Education and Children's Service to the Environment Service following the transfer of the Strategic Planning and Improvement function on 1 April 2014.

6. 2015/16 PROVISIONAL REVENUE BUDGET

- 6.1 The 2015/16 Provisional Revenue Budget that was approved by Council on 13 February 2014 (Report No. 14/44 refers) included an assumption that the Council would receive additional funding of £750,000 in 2015/16 to reflect the impact of changes in population and other indicators that impact on the financial settlement.
- 6.2 That report also advised that a recent COSLA Leaders meeting had proposed a change in the methodology for allocating local government funding in financial year 2015/16 and that at that time the Scottish Government had not agreed to this proposal.

- 6.3 However on 21 February 2014 the Cabinet Secretary for Finance and Sustainable Growth wrote to Councils providing two sets of figures. The first set provided individual Council funding levels based on what would have happened had funding been updated for distributional changes and the second based on “flat cash”. The issue will be debated again by COSLA at the Leaders meeting on 25 April 2014. Given the continued uncertainty it is proposed that any changes are factored into the update of the 2015/16 Provisional Revenue Budget that will be approved by Council in February 2015 when more detailed and definitive information should be available.
- 6.4 **ACTION:** The Committee is asked to approve the proposal to update the 2015/16 Provisional Revenue Budget in February 2015 once funding levels are known.

7. CONCLUSION AND RECOMMENDATIONS

- 7.1. The total net projected under spend on Service budgets, as set out in Appendix 1 to this report, is £7,329,000 which represents 2.38% of total net Service budgets.
- 7.2. The projected under spend on Service budget is made up of Revenue Budget Flexibility of £4,413,000 that was approved by Council on 13 February 2013 (Report No. 14/44 refers); additional grant income that was received during 2013/14 of £928,000 (Report No. 14/47 refers); a projected under spend on Winter Maintenance of £500,000 and other under spends generated primarily from the early delivery of approved savings.
- 7.3. The total net projected under spend on the 2013/14 General Fund Management Budget based upon expenditure to January 2014, updated for known material movements is £7,449,000 (see Appendix 1). The total variance represents 2.28% of the Council’s Revised Net Management Revenue Budget for 2013/14. Additionally the projected under spend on Devolved School Management Budgets currently stands at £1,120,000.
- 7.4. The Executive Director (Housing and Community Care) is currently projecting a break even position for the Housing Revenue Account for 2013/14.
- 7.5. The Committee is requested to:
- 7.5.1. Note the contents of the report;
 - 7.5.2. Approve the adjustments to the 2013/14 Management Revenue Budget detailed in Appendix 1 and Sections 2, 3 and 4 above;
 - 7.5.3. Approve Service virements summarised in Appendices 2 and 3.
 - 7.5.4. Approve the adjustments to the 2014/15 Final Revenue Budget as detailed in Section 5.
 - 7.5.5. Approve the proposal to update the 2015/16 Provisional Revenue Budget in February 2015 as set out in Section 6.

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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 and all Executive 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 2013/14 Projected Outturn - Summary

Appendix 2 – General Fund 2013/14 Projected Outturn – Service Analysis

Appendix 3 – Housing Revenue Account 2013/14 Projected Outturn

PERTH & KINROSS COUNCIL - GENERAL FUND 2013/14 PROJECTED OUTTURN - SUMMARY

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	2013/14 Council Approved Budget	Previously Approved Adjustments (Net)	Movements in Funding	Virements	Movements in Reserves	2013/14 Revised Mgt Budget	Projected Outturn	Variance to Revised Mgt Budget	Variance to Revised Mgt Budget
<i>Reference: Section in Report</i>		2.1.2	2.2	2.3	2.4				
SERVICE	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
Education & Children's Services	162,481	1,417		315		164,213	162,995	(1,218)	(0.74%)
Housing and Community Care	66,815	6,230	1,112	748		74,905	71,554	(3,351)	(4.47%)
The Environment Service	59,966	(344)		203		59,825	57,270	(2,555)	(4.27%)
Chief Executive's Services	9,298	16		281		9,595	9,390	(205)	(2.14%)
Sub - Total: Service Budgets	298,560	7,319	1,112	1,547	0	308,538	301,209	(7,329)	(2.38%)
Corporate Budgets									
Contribution to Joint Boards: Valuation	1,155					1,155	1,154	(1)	(0.09%)
Capital Financing Costs	12,714	30		20		12,764	12,764	0	0.00%
Interest on Revenue Balances	(59)	(59)		(5)		(123)	(123)	0	0.00%
Contribution to/(from) Capital Fund	2,996	29		(15)		3,010	3,010	0	0.00%
Contribution to/(from) Insurance Fund	0	1,000				1,000	1,000	0	0.00%
Trading Operations Surplus	(190)					(190)	(286)	(96)	(50.53%)
Support Service External Income	(1,888)					(1,888)	(1,888)	0	0.00%
Un-Funded Pension Costs	1,421					1,421	1,398	(23)	(1.62%)
Discretionary Relief	150					150	150	0	0.00%
Contribution to Investment in Improvement Fund 4	380	(380)				0	0	0	0.00%
Contribution to Workforce Planning	4,000			(1,547)	(2,453)	0	0	0	0.00%
Contingency Budget	250					250	250	0	0.00%
Net Expenditure (General Fund)	319,489	7,939	1,112	0	(2,453)	326,087	318,638	(7,449)	(2.28%)
Financed By:									
Revenue Support Grant	(185,987)	(6,074)	(1,112)			(193,173)	(193,173)	0	0.00%
Non Domestic Rate Income	(50,928)					(50,928)	(50,928)	0	0.00%
Council Tax Income	(71,269)	(1,100)				(72,369)	(72,369)	0	0.00%
Capital Grant	(4,478)	1,412				(3,066)	(3,066)	0	0.00%
Total Financing	(312,662)	(5,762)	(1,112)	0	0	(319,536)	(319,536)	0	0.00%
Financed from/(returned to) Reserves including use of Budget Flexibility b/fwd	6,827	2,177	0	0	(2,453)	6,551	(898)	(7,449)	(2.28%)

APPENDIX 1

PERTH AND KINROSS COUNCIL - GENERAL FUND 2013/14 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 31 January 2014)

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
Education & Children's Services (ECS)			
Total	(1,218)		
			<u>Devolved School Management (DSM)</u>
		(764)	<u>Staff Costs</u> There is a projected under spend on teachers salaries of £1,405,000 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 £532,000. These projected under spends contribute towards the overall slippage target of £1,173,000.
		(50)	<u>Property Costs</u> Projected under spend on repairs and maintenance on a number of school building improvement projects.
		(70)	<u>Supplies and Services</u> Projected under spend on supplies and services due to future expenditure plans within schools.
		12	<u>Transport Costs</u> Projected over spend on car allowances and subsistence within various schools.
		(248)	<u>Income</u> Projected additional income of £248,000. The additional income offsets additional expenditure on staff costs for secondments and SQA work and on supplies and services from pupils for curriculum materials.
		1,120	The projected DSM carry forward for 2013/14 is £1,120,000 which is a reduction of £110,000 on the balance brought forward from 2012/13. The carry forward of £1,120,000 represents approximately 1.4% of the overall DSM budget.
			<u>Other Education & Children's Services Sectors:</u>
		(1,071)	<u>Staff Costs</u> There is currently a projected under spend on staff costs of £1,071,000. This is made up of over and under spends in various sectors and cost centres and is after recognising a slippage target of £558,000.
		97	<u>Property Costs</u> Projected over spend is due mainly to works on various buildings (improvements and feasibility studies) partially offset by an insurance refund in relation to the Investment in Learning contract.
		(146)	<u>Supplies and Services</u> Projected under spend on Evidence 2 Success (£100,000); general supplies and services across the Service (£203,000) and projected savings on portable electric testing (£60,000). These projected under spends are partially offset by projected over spends on legal costs in relation to ASN / EBD (£80,000); internal recharges relating to postages and photocopying (£24,000); school meals (net) (£47,000) and kitchen equipment within schools (£66,000).
		55	<u>Pupil Transport</u> There is a projected over spend on School Transport of £55,000 based on the latest estimate from the Public Transport Unit.
		(96)	<u>Third Party Payments</u> Projected underspend in relation to various service level agreements including Action for Children and Direct Payments partially offset by a projected over spend on payments to the Scottish Qualifications Agency.
		(124)	Residential Schools/Foster Care and Kinship Care: 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 by £124,000 in the current financial year due to the ending of a placement.
		234	The budget for young people with severe behavioural problems which includes a number of pupils placed within secure schools is now projected to over spend due to extensions to two placements and the receipt of revised projections.
		389	The Foster care budget is projecting an over spend due to additional external placements.

PERTH AND KINROSS COUNCIL - GENERAL FUND 2013/14 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 31 January 2014)

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
		(556)	<u>Income</u> Projected increase in income due to £75,000 of grant income which will be utilised post 31/3/14; additional £12,000 received for Child Protection Inter Agency work; £9,000 for placements at Woodlea from other local authorities; £6,000 for Asylum Seekers; £6,000 additional income for Wellbank; £40,000 from NHS to offset costs within Change is a Must; £16,000 rental income from School Houses; £4,000 for the sale of IST vehicles; additional kids Clubs income of £40,000; income from a secondment of £40,000; miscellaneous other income of £3,000 and £14,000 of income from other local authorities for pupil support assistants. This projection also includes additional grant income in relation to the teachers induction scheme (£213,000) and foreign languages (£67,000). This is partially offset by a projected shortfall in library income of £50,000 and school lets of £15,000.
Housing and Community Care			
Total	(3,351)		
		(1,599)	<u>Finance and Support</u> Accelerated 2014/15 savings (£385,000), staff slippage (£240,000), additional income in relation to Discretionary Housing Payments (£698,000), reduced Housing Benefit clawback for 2012/13 and 2013/14 following completion of the final audit for 2012/13 (£52,000), a projected under spend on transport costs (£54,000) and a reduction in the projected housing benefit subsidy loss (£240,000). These are partially offset by additional IT costs in relation to the migration to Windows 7 and Public Services Network compliance (£70,000).
		(276)	Projected under spend on rural discretionary housing payments due to the restrictions on how the Council can use this funding.
		276	Funding from the Department of Work and Pensions in relation to rural discretionary housing payments, that under the terms of the funding will not be claimed.
		(125)	<u>Strategy Support and Commissioning</u> Accelerated 2014/15 savings (£68,000) and reduced Housing Support payments (£110,000). These are partially offset by a projected over spend on property costs (£53,000) due to expenditure associated with relocation from Riverview.
		(1,228)	<u>Older People</u> There are projected under spends across a range of Older Peoples Services (£980,000) due to recruitment delays and service redesign, plus accelerated 2014/15 savings (£282,000). These are partially offset by an overspend on Residential Placements due to the effect of the inflationary increase on the National Care Home Contract, anticipated winter pressures, and current placement activity (£34,000).
		(213)	<u>Learning Disabilities</u> There is a projected under spend across Learning Disabilities (£283,000) due to recruitment delays, service redesign and additional income as well as accelerated 2014/15 savings (£81,000). These are partially offset by projected over spends on residential placements due to the inflationary increase for the National Care Home Contract (£34,000) and supported living services (£117,000).
		35	<u>Other Community Care Services</u> There are projected over spends on backfill costs for staff undertaking MHO training (£22,000), reduced income following delays to the implementation of the new Contributions Policy (£30,000), an increased provision for bad debts (£47,000) and additional non recurring grants (£47,000). These over spends are partially offset by accelerated 2014/15 savings and non recurring income (£111,000).
		(176)	<u>Community Safety</u> Accelerated 2014/15 savings (£35,000), staff slippage (£103,000) due to recruitment delays and the receipt of additional grant from Dundee City Council (£38,000).
		(45)	<u>Housing</u> There is projected over recovery of Hostel Grant income (£111,000) and an under spend on Bed & Breakfast provision (£52,000). These are partially offset by a projected loss of rental income from the Private Sector Landlord scheme as a consequence of the planned withdrawal from this scheme when leases reach their end date (£53,000) and a projected increase in bad debts in relation to homeless clients (£61,000). There are other over spends across the Division (£4,000).

PERTH AND KINROSS COUNCIL - GENERAL FUND 2013/14 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 31 January 2014)

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
The Environment Service			
Total	(2,555)		
			<u>Service-wide Budgets</u>
		(120)	Projected slippage in excess of Service target
		50	Additional staff costs associated with Ryder Cup preparation
			<u>Roads</u>
		100	Anticipated reduction in income to the Parking Account as a result of implementing the "free from 2" promotion
		250	Deferral of depot charge to Tayside Contracts pending review of Minute of Agreement.
		(500)	Projected under spend on Winter Maintenance due to the mild winter.
			<u>Operations</u>
		70	Projected shortfall in commercial waste income due to increased competition from private sector contractors.
		(200)	Additional income from the sale of recyclates due to current commodity prices.
		(100)	Projected saving on fuel costs based on current price and consumption estimates.
		(50)	Projected saving on Waste Strategy equipment purchase and consultancy fees
			<u>Fleet</u>
		(300)	Projected net saving on loan charges due to reprofiling of the vehicle replacement programme.
			<u>Planning & Regeneration</u>
		(150)	Projected increase in planning fee income based on year to date performance.
		(140)	Rephasing of Super Connected Perth City Plan broadband project following report to E&I Committee (13/550).
		(120)	Slippage in delivery of additional regeneration Events programme.
		(70)	Planned underspend to support relocation of the HUB in 2014/15.
		(75)	Planned underspend to support pre-market remediation in 2014/15.
		(236)	Projected slippage on Tactran projects.
		236	Use Tactran capital grant to fund other projects.
		240	Public inquiry costs associated with planning process.
		(120)	Projected transfer from earmarked reserve.
		95	Payment to East of Scotland Investment Fund
			<u>Bereavement Services</u>
		78	Planned equipment maintenance and mercury abatement costs.
		(78)	Projected transfer from earmarked reserve.
			<u>Community Greenspace</u>
		55	Shortfall in income generated at North Inch Golf Course and Aberfeldy Caravan Park.
			<u>Property</u>
		(90)	Projected saving on energy costs based on current price and consumption estimates.
		(120)	Projected saving on water costs based on current consumption estimates.
		(50)	Rephased implementation of Energy Performance Certificate programme to meet statutory target of January 2015.
		(270)	Rates relief on mothballed properties offset by property costs associated with the delay in disposal of schools replaced as part of IIL schools programme.
		(190)	Projected slippage in excess of target across the Division.
		(500)	Projected net increase in construction team fee income based on current programme of works.
		(250)	Projected under spend on property maintenance due to slippage on the upgrade of a number of houses held on the General Fund.

PERTH AND KINROSS COUNCIL - GENERAL FUND 2013/14 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 31 January 2014)

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
Chief Executive's Service			
Total	(205)		
		(13)	<u>Legal Services</u>
		51	Projected under spend on staff costs due to vacancies and staff training
			Net projected over spend on supplies and services and travel costs primarily due to potential legal costs
		18	Projected shortfall in income due to the cyclical nature of a number of the income streams
		(247)	<u>Finance</u>
		118	Projected under spend on staff costs due to vacancies
			Projected over spend on supplies and services to fund a number of system and software upgrades
		(68)	<u>Democratic Services</u>
		(3)	Projected under spend on staff costs due to delays in filling vacancies
			Projected net under spend on supplies and services, third party payments and transport costs
		(8)	<u>Human Resources</u>
		(53)	Various net projected under spends across supplies and services, third party payments and transport costs
			Projected planned under spend on Modern Apprentices and Professional Trainees
TOTAL	(7,329)		

PERTH AND KINROSS COUNCIL - HOUSING REVENUE ACCOUNT 2013/14 PROJECTED OUTTURN
(Based on Expenditure to 31 January 2014)

£'000	Summary of Service Variances
222	Housing Repairs & Improvement Service There are projected over spends on voids works, safe and secure work and responsive repairs. These are partly offset by a projected underspend in staff costs and planned maintenance costs. The movement since last month reflects revised projections for fleet costs notified by the Environment Service.
12	Housing Needs There are small variances within property costs and supplies & services.
(138)	Sheltered Housing The projected under spend is mainly on staff costs due to vacancies as the Service moves towards a new model of service delivery. There are also small projected under spends on property costs, supplies & services, and transport costs across all complexes. In addition a provision for a possible tax liability for Housing Wardens which had been accrued from previous years is not now required following a ruling by HMRC. These are partially offset by a loss of Housing Support income which is a General Fund approved saving.
(60)	Neighbourhood Services The main projected under spends are in relation to Sheriff Officer fees and Cash Collection.
258	Administration This projected over spend includes the cost of the voluntary severance scheme to the Housing Revenue Account as well as projected over spends on capital financing costs and property insurance partially offset by projected under spends on IT license costs.
308	Income The projected overspend is in relation to an increased provision for bad and doubtful debts (£110k) and an overspend in void rent loss mainly from garages / lock ups (£125k) and houses (£34k). There is also a projected reduction in the interest on revenue balances due to low interest rates (£39k).
(602)	CFCR 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.
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