

## PERTH AND KINROSS COUNCIL

Strategic Policy and Resources Committee - 17 April 2013

## REVENUE BUDGET 2012/13 – MONITORING REPORT NUMBER 4

Report by the Head of Finance

**PURPOSE OF REPORT**

This report provides an update on progress with the 2012/13 General Fund Revenue Budget based upon the January 2013 ledger, updated for any subsequent known material movements. The report also provides an update on the projected financial position of the Housing Revenue Account, proposed adjustments to the 2013/14 General Fund Revenue Budget and an update on legislative changes within Local Taxes.

**1. BACKGROUND / MAIN ISSUES**

- 1.1. This is the fourth report updating the Committee on progress with the 2012/13 Revenue Budget. Appendix 1 to this report summarises the current projected year end (out-turn) position for each Service based upon the January 2013 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 2012/13 Revenue Budget on 9 February 2012 (Report No. 12/52 refers). In addition, adjustments subsequent to 9 February 2012 that have been approved by the Strategic Policy and Resources Committee on 28 March 2012, 19 September 2012, 21 November 2012 and 13 February 2013 are shown in Appendix 1 (Column 2) to this report (Report No's. 12/136, 12/390, 12/526 and 13/51 refer).
- 1.3. This report details the latest projected outturns and proposed adjustments to the 2012/13 General Fund and Housing Revenue Account budgets. In addition there are a number of proposed adjustments to the 2013/14 General Fund Revenue Budget and an update on legislative changes within Local Taxes.

**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.
- 2.1.2 **Education & Children's Services:** The projected out-turn (excluding Devolved School Management (DSM)) is currently anticipated to be

£2,383,000 less than budget – the same position as last reported to this Committee.

- 2.1.3 Within this projection there are further projected under spends in relation to staff costs (£30,000); supplies and services (£35,000) and third party payments (£32,000). In addition, additional income (£118,000) is projected in relation to extra-curricular activities provided by the Service due to increased demand including music based tuition and music camps.
- 2.1.4 These projected under spends are partially offset by a projected net over spend on third party payments in relation to residential schools and foster care (£70,000) due to further changes in placements and a reduced projected under spend on pupil transport costs (£145,000) based on the latest available information.
- 2.1.5 There is also a projected under spend of £1,100,000 on Devolved School Management budgets (DSM) due to projected staff slippage in excess of budgeted levels and anticipated under spends on supplies and services.
- 2.1.6 It is anticipated that in line with the approved DSM scheme the eventual under spend will be carried forward into 2013/14.
- 2.1.7 **Housing & Community Care:** The projected out-turn is currently anticipated to be £1,920,000 less than budget – a favourable movement of £70,000 from the position previously reported to Committee.
- 2.1.8 This favourable movement is made up of a reduced over spend in Older People (£368,000) due to the updating of the projection for external residential placements to recognise recent admissions and discharges and a further projected under spend in Finance and Support (£102,000) due to improved performance and reduction in costs with the implementation of the new sheriff officer contract and lower housing benefit payments.
- 2.1.9 This favourable movement has been partially offset by a net projected overspend in Other Community Care Services (£275,000) due to workforce planning costs, and revised projections for mental health and other services. The Department of Work and Pensions have also adjusted the level of clawback for previous financial years (£125,000).
- 2.1.10 **The Environment Service:** The projected out-turn is currently anticipated to be £204,000 more than budget – a movement of £775,000 from the position last reported to this Committee.
- 2.1.11 This revised projection includes a movement in respect of Winter Maintenance (£900,000) as estimates have been updated to reflect recent activity levels.
- 2.1.12 There are also other movements across the Service including further projected under spends in relation to the planned contribution to the Super

Connected Broadband Project (£70,000) in the current year and in property maintenance (£70,000) due to delays in dilapidation works. These projected under spends are partially offset by a net reduction in the projected level of income from construction fees (£15,000).

2.1.13 **Chief Executive's Service:** The projected out-turn is currently anticipated to be £140,000 less than budget – the same position as last reported to this Committee.

2.1.14 Within this projection there are further projected under spends on direct staff costs which are offset by potential additional workforce management costs.

## 2.2 Movements in Funding

2.2.1 Since Revenue Monitoring Report Number 3 was approved by this Committee (Report No 13/51 refers) notification has been received of additional resources in the current financial year.

### 2.2.2 Scottish Government: Revenue Support Grant:

Scottish Welfare Fund: £40,242 (Housing & Community Care) (HCC)

Council Tax Reduction Scheme Set Up Costs: £119,000 (HCC)

Council Tax Reduction Scheme Software: £7,000 (HCC)

### 2.2.3 Other Funding Sources:

Heritage Lottery Fund – Exploring the Glass Heritage of Perth: £15,000 (Education & Children's Services) (ECS)

NHS Tayside – Effective Prevention Bundle: £10,500 (ECS)

Scotland's National Centre for Languages - China: £6,000 (ECS)

Education Scotland – Innovation Fund Project: £3,000 (ECS)

Department of Work and Pensions - Welfare Reform: £27,748 (HCC)

2.2.4 The Scottish Government has advised that the funding identified at 2.2.2 (£166,242) will be paid through a redetermination of the Council's Revenue Support Grant. With this funding being made available through a redetermination of Revenue Support Grant, it is necessary to adjust the net budgets for Housing & Community Care and Revenue Support Grant.

2.2.5 To the extent that these grants are not fully utilised in the current financial year, accounting regulations allow them to be carried forward (where certain criteria are met) to meet expenditure in future years.

2.2.6 **ACTION:** The Committee is asked to approve an adjustment of £166,242 to the Housing & Community Care budget to reflect the additional resources being made available through Revenue Support Grant. This adjustment has been reflected in Appendix 1 (Column 3) to this report.

2.2.7 The balance of these additional resources (non-Revenue Support Grant) identified at 2.2.3 amounting to £62,248 will be paid out with the Revenue

Support Grant mechanism as Other Grant income and are therefore cost neutral in terms of the budget summary.

- 2.2.8 The Committee is, therefore, also asked to note the receipt of £62,248 of additional resources, with this funding being reflected within Education & Children's Services and Housing & Community Care as additional grant income. The current projected outturns assume that all of these additional resources will be fully expended in 2012/13.

## **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 9 February 2012 – Report No. 12/53 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 projected increase in Capital Financing Costs (£4,000) and projected increase in income from Interest on Revenue Balances (£4,000).

- 2.3.4 **ACTION:** The Committee is requested to approve the virement of £4,000 to the Capital Financing Costs budget and £4,000 from the Interest on Revenue Balances budget. This adjustment has been reflected in Appendix 1 (Column 4) to this report.

### **2.3.5 Capital Grant**

- 2.3.6 The projection for the revenue contribution to TACTRAN capital projects (Gleneagles junction) in the current financial year has been updated based on the latest information. The latest projection suggests a further under spend of £205,000 on these projects in the current financial year. However the grant will be used to meet other planned capital expenditure in 2012/13.

- 2.3.7 **ACTION:** The Committee is asked to approve a reduction in The Environment Service Revenue Budget of £205,000 in 2012/13 with a corresponding reduction in the Capital Grant Budget. This adjustment is reflected in Appendix 1 (Column 4) to the Report.

## **2.4 Movements in Reserves**

### **2.4.1 Investment in Improvement Fund Three**

- 2.4.2 The Council previously earmarked funding of £1.340m for Investment in Improvement Fund Three projects (Report No. 11/654 refers). This Committee considered the proposed allocation of this funding to individual projects on 28 March 2012 and agreed that Services would draw down

funding from Reserves as projects develop (Report No. 12/136 refers). In 2012/13, Services are projecting the following expenditure on these projects:

- Redesign of services for children, young people and adults with learning disabilities and/or autistic spectrum disorders – ECS - £100,000 and HCC - £75,000;
- Empty properties pilot project – TES - £40,000;
- Homelessness – grants payable to private landlords – HCC - £29,000;
- Perth city campus and the development of a virtual learning environment – ECS - £137,000

2.4.3 **ACTION:** The Committee is asked to approve the transfer of funding to Education and Children's Services (£237,000), Housing and Community Care (£104,000) and The Environment Service (£40,000) from Reserves to fund Investment in Improvement Fund Three projects in financial year 2012/13. This adjustment is reflected in Appendix 1 (Column 5) to the Report.

#### 2.4.4 Workforce Planning Measures

2.4.5 In the context of implementing savings approved by Council in setting the Provisional Revenue Budget for 2013/14 in February 2011 (Report No.11/56 refers) the Council has incurred non-recurring costs in relation to the retirement of ten employees. Each retirement has been the subject of an individual business case to ensure that operational requirements are met and that additional costs are more than offset by savings over the medium term. The removal of these posts has facilitated significant levels of recurring savings to the Council. These non-recurring costs will be met, in the first instance, from Reserves and generate significant recurring savings as the Council moves forward.

2.4.6 **ACTION:** The Committee is asked to approve the transfer from Reserves of £214,000 to The Environment Service and £34,000 to the Chief Executive's Service to fund these non-recurring termination costs.

### 3. **CORPORATE BUDGETS**

#### 3.1 Contributions to Joint Boards

3.1.1 The Treasurer of the Tayside Joint Police Board is currently projecting an under spend in excess of £1,600,000.

3.1.2 The Treasurer of the Tayside Fire and Rescue Joint Board is currently projecting an under spend of £116,000.

3.1.3 The Council will receive its share of any current year under spends and uncommitted Board Reserves at 31 March 2013 when they are disbursed to the constituent Councils. The Reserves Strategy that was approved by Council on 14 February 2013 (Report No. 13/55 refers) assumed the receipt of £610,000 from the Boards.

3.1.4 The Treasurer of the Tayside Valuation Joint Board is currently projecting an under spend of £56,000. The Council's share of this underspend is £22,000.

### 3.2 Non Domestic Rates Income – Business Rates Incentivisation Scheme

3.2.1 Following the announcement of a “significant event” in relation to the Business Rates Incentivisation Scheme (BRIS) (as reported in Revenue Monitoring Report No.3) (Report No. 13/51 refers) the Scottish Government has recently issued revised targets.

3.2.2 The proposed revised targets show that the Council may yet attract additional funding from BRIS. The position will continue to be monitored and any developments will be reported to a future meeting of this Committee.

### 3.3 Bellwin Scheme

3.3.1 Under the terms of the Bellwin Scheme, the Council submitted a claim on 19 March 2013 for £1,044,751 to the Scottish Government for the costs associated with severe weather events in financial year 2012/13. It is likely that the Council will receive a contribution from the Scottish Government towards these costs but at this time this exact level of contribution is unknown.

### 3.4 Contingency Budget

3.4.1 In the current financial year it is anticipated that the Contingency Budget of £250,000 will not be required. This projected under spend has been reflected in Appendix 1 to the 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 are projected under spends in Sheltered Housing due to reduced staff costs and supplies and services across a number of complexes (£92,000); within Neighbourhood Services (£207,000) due to projected under spends on staff costs and garden maintenance; within Housing Needs (£6,000) due to additional staff slippage and within Housing Repairs (£42,000) due to additional staff slippage and savings on planned maintenance.

4.3 These projected under spends are partially offset by a projected under recovery of income due to an increased provision for bad debts and reduced interest on revenue balances (£83,000) and a projected over spend in Administration (£86,000) due to additional property and insurance charges.

4.4 The net projected under spends described above will result in an increased contribution to Capital Financed from Current Revenue (CFCR) (£178,000) to the HRA Capital Programme.

- 4.5 Full details of the movement against the HRA Revenue Budget are set out in Appendix 3.

## 5 REVENUE BUDGET 2013/14

### 5.1 Investment in Improvement Fund Three

- 5.1.1 As set out above in section 2.4, the Council has previously approved funding towards Investment in Improvement Fund Three projects. Expenditure will also be incurred in financial year 2013/14 and as such approval is sought to allocate the following resources:

- Redesign of services for children, young people and adults with learning disabilities and/or autistic spectrum disorders – ECS - £190,000 and HCC - £275,000;
- Empty properties pilot project – TES - £80,000;
- Homelessness – grants payable to private landlords – HCC - £71,000;
- Perth city campus and the development of a virtual learning environment – ECS - £58,000

- 5.1.2 **ACTION:** The Committee is asked to approve the transfer to Education and Children's Services (£248,000), Housing and Community Care (£346,000) and The Environment Service (£80,000) from Reserves to fund Investment in Improvement Fund Three projects in financial year 2013/14.

### 5.2 Investment in Improvement Fund Four

- 5.2.1 At its meeting on 19 December 2012, the Council agreed to allocate up to £1million towards Investment in Improvement Fund Four to support further service redesign and mitigate against future expenditure pressures (Report No. 12/585 refers).

- 5.2.2 The Executive Officer Team have scrutinised Service submissions and proposed the following projects to the Committee for approval:

		Total Proposed Funding £'000	2013/14 Allocation £'000
Review & Redesign of Cultural and Community Services	ECS	130	90
Alternative Delivery Models for ICT	ECS	100	51
Review & Redesign of Youth Services	ECS	50	50
Remodelling of School Estate	ECS	146	70
Housing & Homeless Redesign Programme	HCC	48	24
Adult Support & Wellbeing	HCC	70	40
Business Systems	HCC	44	34
Care Home Review & Further Redesign of Homecare Services	HCC	129	65

Community Resilience	HCC	95	48
Innovation and Organisational Development Support	HCC	100	50
		912	522

5.2.3 Any further proposals on the utilisation of the remaining funding (£88,000) will be brought back to a future meeting of this Committee for approval.

5.2.4 **ACTION:** The Committee is asked to approve the transfer of funding to Education and Children's Services (£261,000) and Housing and Community Care (£261,000) from Reserves to fund Investment in Improvement Fund Four projects in financial year 2013/14.

### 5.3 2013/14 Scottish Government Funding

5.3.1 Finance Circular 1/2013, which was issued by the Scottish Government on 7 February 2013, included information on additional funding of £4.993 million for the Council in relation to the Council Tax Reduction Scheme. This represents 80% of the amount due to the Council for this Scheme, with the balance to be paid to Councils based on activity levels in 2013/14.

5.3.2 **ACTION:** The Committee is asked to approve the adjustment to the Housing and Community Care Revenue Budget for 2013/14 of £4.993 million in relation to the Council Tax Reduction Scheme.

### 5.4 Housing and Community Care - Virement

5.4.1 Following submission of the 2012/13 Housing Benefits Claim to the Department of Work and Pensions and extrapolation of levels of activity a potential projected under spend of £360,000 has been identified in 2013/14. In addition a potential shortfall of income from the Council Tax Reduction Scheme of £106,000 has also been identified. It is proposed that the remaining resources of £254,000 be reallocated to anticipated pressures within Older Peoples Services.

5.4.2 **ACTION:** The Committee is asked to approve the virement within Housing Community Care in 2013/14 of £360,000 from Housing Benefits; £106,000 to Council Tax Benefits and £254,000 to Older Peoples Services.

### 5.5 Local Taxes Update

5.5.1 There have been a number of legislative changes in relation to Local Taxes and these are summarised for information below.

5.5.2 The Local Government Finance (Unoccupied Properties etc.) (Scotland) Act 2012 introduces primary legislation that amends the Local Government (Scotland) Act 1966 and gives Scottish Ministers powers to vary the amount



of Rates charged in respect of empty properties. This legislation also provides Scottish Ministers with powers to vary Council Tax for long term empty dwellings and second homes by replacing the term “discount” with “variation” and also brings in requirements for owners etc. to inform the Council of changes that effect variation (as opposed to discount) and increases penalty for not doing so from £200 to “not exceeding £500”.

**5.5.3 The Non-Domestic Rating (Unoccupied Property) (Scotland) Amendment Regulations 2013 introduces three distinct issues:**

- Amend empty property rate so that only 10% relief is awarded with effect from 01/04/2013 (currently 3 months exemption then 50% discount, from 1/4/2013 3 months exemption then 10% discount);
- Introduce “Fresh Start Relief” that provides Rates relief to shops and offices that had previously been unoccupied for a continuous period of 12 months or more (from 1/4/2013, 50% relief for up to 12 months for taking on properties that had been vacant for the previous 12 months).
- Introduce “New Start Relief” that provides Rates exemption to newly built (not adapted) properties that are empty when added to the Valuation Roll (from 1/4/2013, 100% relief for up to 18 months for “new builds”).

**5.5.4 The Council Tax (Exempt Dwellings) (Scotland) Amendment Order 2012 changes the period for which a property must be continually occupied before a further unoccupied exemption/discount/variation can be applied from 6 weeks to 3 months.**

**5.5.5 Council Tax (Variation for Unoccupied Dwellings) (Scotland) 2013: This legislation was passed in February and will allow the Council to vary the Council Tax discount on vacant properties (in addition to the current discretion under 2<sup>nd</sup> Home Discount legislation). The implications of this change in legislation are currently being considered and a report on the implementation of this will be presented to a future Committee meeting.**

## **6. CONCLUSION AND RECOMMENDATIONS**

- 6.1.** The total net projected under spend on Service budgets, as set out in Appendix 1 to this report, is £4,239,000 which represents 1.43% of total net Service budgets.
- 6.2.** The total net projected under spend on the 2012/13 General Fund Management Budget based upon expenditure to January 2013, updated for known material movements is £5,201,000 (see Appendix 1). The total variance represents 1.52% of the Council’s Revised Net Management Revenue Budget for 2012/13. Additionally the projected under spend on Devolved School Management Budgets currently stands at £1,100,000.

- 6.3. The Executive Director (Housing and Community Care) is currently projecting a break even position for the Housing Revenue Account for 2012/13.
- 6.4. The Committee is requested to:
- 6.4.1. Note the contents of the report;
- 6.4.2. Approve the adjustments to the 2012/13 Management Revenue Budget detailed in Appendix 1 and Sections 2, 3 and 4 above;
- 6.4.3. Approve Service virements summarised in Appendices 2 and 3.
- 6.4.4. Approve the adjustments to the 2013/14 Council Approved Budget as set out in Section 5 above.

**Author(s)**

<b>Name</b>	<b>Designation</b>	<b>Contact Details</b>
<b>Scott Walker</b>	<b>Chief Accountant</b>	<a href="mailto:swwalker@pkc.gov.uk">swwalker@pkc.gov.uk</a> <b>01738 475515</b>

**Approved**

<b>Name</b>	<b>Designation</b>	<b>Signature</b>
<b>John Symon</b>	<b>Head of Finance</b>	<b>John Symon</b>
<b>Date - 04.04.13</b>		

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Council Text Phone Number 01738 442573

## ANNEX

### 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

*The undernoted table should be completed for all reports. Where the answer is 'yes', the relevant section(s) should also be completed*

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	None
Corporate Plan	Yes
<b>Resource Implications</b>	
Financial	Yes
Workforce	Yes
Asset Management (land, property, IST)	Yes
<b>Assessments</b>	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	Yes
Sustainability (community, economic, environmental)	Yes
Legal and Governance	None
Risk	None
<b>Consultation</b>	
Internal	Yes
External	None
<b>Communication</b>	
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 2012/13 Projected Outturn - Summary

Appendix 2 – General Fund 2012/13 Projected Outturn – Service Analysis

Appendix 3 – Housing Revenue Account 2012/13 Projected Outturn



**PERTH & KINROSS COUNCIL - GENERAL FUND 2012/13 PROJECTED OUTTURN - SUMMARY**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	2012/13 Council Approved Budget	Previously Approved Adjustments (Net)	Movements in Funding	Virements	Movements in Reserves	2011/12 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				
<b>SERVICE</b>	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
<b>Education &amp; Children's Services</b>	160,859	1,891			237	162,987	160,604	(2,383)	(1.46%)
<b>Housing and Community Care</b>	64,552	1,969	166		104	66,791	64,871	(1,920)	(2.87%)
<b>The Environment Service</b>	57,366	14		(205)	254	57,429	57,633	204	0.36%
<b>Chief Executive's Services</b>	9,208	(11)			34	9,231	9,091	(140)	(1.52%)
<b>Sub - Total: Service Budgets</b>	<b>291,985</b>	<b>3,863</b>	<b>166</b>	<b>(205)</b>	<b>629</b>	<b>296,438</b>	<b>292,199</b>	<b>(4,239)</b>	<b>(1.43%)</b>
<b>Corporate Budgets</b>									
Contribution to Joint Boards: Police	22,340					22,340	22,340	0	0.00%
(inc. Capital Financing Costs) Fire	6,840					6,840	6,840	0	0.00%
Valuation	1,196					1,196	1,174	(22)	(1.84%)
Capital Financing Costs	14,685	(1,552)		4		13,137	13,137	0	0.00%
Interest on Revenue Balances	(110)	18		(4)		(96)	(96)	0	0.00%
Contribution to/(from) Capital Fund	876	1,534				2,410	2,410	0	0.00%
Contribution to/(from) the Insurance Fund	0	1,000				1,000	1,000	0	0.00%
Trading Operations Surplus	(190)					(190)	(266)	(76)	(40.00%)
Support Service External Income	(1,888)					(1,888)	(1,888)	0	0.00%
Un-Funded Pension Costs	1,340					1,340	1,400	60	4.48%
Discretionary Relief	150					150	150	0	0.00%
Contribution to Change Funds	1,000	(826)				174	0	(174)	(100.00%)
Contingency Budget	250					250	0	(250)	(100.00%)
<b>Net Expenditure (General Fund)</b>	<b>338,474</b>	<b>4,037</b>	<b>166</b>	<b>(205)</b>	<b>629</b>	<b>343,101</b>	<b>338,400</b>	<b>(4,701)</b>	<b>(1.37%)</b>
<b>Financed By:</b>									
Revenue Support Grant	(214,738)	(1,636)	(166)			(216,540)	(216,540)	0	0.00%
Non Domestic Rate Income	(47,331)					(47,331)	(47,331)	0	0.00%
Council Tax Income	(70,524)	(1,100)				(71,624)	(72,124)	(500)	(0.70%)
Capital Grant	(4,045)	1,409		205		(2,431)	(2,431)	0	0.00%
<b>Total Financing</b>	<b>(336,638)</b>	<b>(1,327)</b>	<b>(166)</b>	<b>205</b>	<b>0</b>	<b>(337,926)</b>	<b>(338,426)</b>	<b>(500)</b>	<b>(0.15%)</b>
<b>Financed from/(returned to) Reserves including use of Budget Flexibility b/fwd</b>	<b>1,836</b>	<b>2,710</b>	<b>0</b>	<b>0</b>	<b>629</b>	<b>5,175</b>	<b>(26)</b>	<b>(5,201)</b>	<b>(1.52%)</b>

**APPENDIX 1**





**PERTH AND KINROSS COUNCIL - GENERAL FUND 2012/13 PROJECTED OUTTURN - SERVICE ANALYSIS**  
**(Based on Expenditure to 31 January 2013)**

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
<b>Education &amp; Children's Services (ECS)</b>			
Total	(2,383)		
			<b><u>Devolved School Management (DSM)</u></b>
			<b><u>Staff Costs</u></b>
		(950)	There is a projected under spend on teachers salaries of £1,562,000 as a result of proactive workforce planning measures to ensure that the budgeted slippage target of £1,193,000 is delivered. The budget for Single Status staff groups is projected to under spend by £581,000.
			<b><u>Supplies and Services</u></b>
		(150)	Planned projected under spend of £150,000 in schools.
		1,100	The projected DSM carry forward for 2012/13 is £1,100,000 which is a reduction of £181,000 on the balance brought forward from 2011/12. The carry forward of £1,100,000 represents approximately 1.4% of the overall DSM budget. The maximum carry forward allowed under the scheme is 10%.
			<b><u>Other Education &amp; Children's Services Sectors:</u></b>
			<b><u>Staff Costs</u></b>
		(1,600)	There is currently a projected under spend on staff costs of £1,600,000. This is made up of over and under spends in various sectors and cost centres and is after recognising a slippage target of £328,000. This projected under spend reflects actions taken by the ECS senior management team regarding workforce planning measures and on-going reviews.
			<b><u>Property Costs</u></b>
		(153)	Projected under spend in relation to rates and cleaning costs.
			<b><u>Supplies and Services</u></b>
		(890)	Projected underspend as a result of action taken by the ECS Senior Management Team to identify resources required for future spending plans partially offset by a projected over spend on school meals due to an increase in uptake.
			<b><u>Transport Costs</u></b>
		(277)	Based on the latest information there is a projected under spend on pupil transport costs.
			<b><u>Third Party Payments</u></b>
			Residential Schools/Foster Care and Kinship Care:
		61	This budget is for young people with Additional Support Needs (ASN) who are educated out with the Council's mainstream school provision. The projected over spend for this budget is due to increased placements and continued high levels of demand.
		372	This budget is for young people with severe behavioural problems and includes a number of pupils placed within secure schools. This budget is projected to over spend due to additional and extended placements.
		365	The Foster care budget is projecting an over spend due to new external placements since April 2012.
		20	Projected over spend on payments to nursery partner providers due to the number of registered places being higher than anticipated.
			<b><u>Income</u></b>
		(281)	Projected increase in income including - contribution from NHS Tayside towards the Dartington Project £50,000; school lets £2,000; recharging other local authorities for use of Woodlea Cottage £20,000; recharging other authorities for young people in Foster care within PKC £95,000; income from child protection partners £14,000; additional income for Wellbank House £14,000; sales of the ASN Manual £10,000; kids clubs/shoppers crèche £24,000; Heritage £15,000; Music Based tuition/ Music Camps £74,000; rental income £6,000 and Sports Development £25,000. This additional income is partially offset by a projected shortfall in income at the AK Bell Theatre and Cafe during the recent refurbishment £18,000 and in library income £50,000.

**PERTH AND KINROSS COUNCIL - GENERAL FUND 2012/13 PROJECTED OUTTURN - SERVICE ANALYSIS**  
**(Based on Expenditure to 31 January 2013)**

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
<b><u>Housing and Community Care</u></b>			
Total	(1,920)		
		(954)	<b><u>Finance and Support</u></b> The projected under spend is partly due to the acceleration of approved savings from a range of service areas. In addition, there are projected under spends on staff costs due to vacancies and the implementation of new structures within Welfare Rights and Finance & Resources Teams. There is also a projected under spend on debt recovery costs due to improved performance and reduced costs associated with the new sheriff officer contract. This projected under spend is partially offset by additional workforce management costs.
		(226)	In previous financial years the Council has provided for an amount that would be clawed back by the Department of Work and Pensions (DWP). The latest information from the DWP suggests that the full provision will not be required releasing £194,000 to the revenue budget. In addition there is a projected reduction in payments to providers and improved recovery levels.
		(439)	Projected savings on rent allowances (subsidy loss) following a reduction in rent payments to external providers (including service charges); projected under spend on bed and breakfast accommodation and a reduction in the current year provision in relation to errors.
		389	Repayment to Reserves
		(288)	<b><u>Housing</u></b> There is a projected under spend due to staff slippage in excess of budget; reduced use of bed and breakfast accommodation; and the generation of additional income.
		13	<b><u>Strategy Support and Commissioning</u></b> There are small projected over spends on staff costs and property costs.
		250	<b><u>Older People</u></b> There is an overspend on residential placements. The projected over spend has been updated to reflect anticipated placement activity during the winter months. In addition, there are also overspends on care at home services due to the rate of staff turnover being lower than anticipated, and OT services due to increased demand and lower than anticipated recovery of income. These are partially offset by projected under spends on Day Care and Local Authority Residential Care Homes.
		(474)	<b><u>Learning Disabilities</u></b> The projected under spend relates to savings realised through the negotiation of care packages, shifting the balance of care from institutional care to supported living and accelerated savings as part of the re-design of day services and staff slippage in excess of budgeted levels.
		(91)	<b><u>Community Safety</u></b> There is a projected under spend due to the acceleration of approved savings and staff slippage in excess of budget.
		(100)	<b><u>Other Community Care Services</u></b> There is a projected under spend due to staff slippage in excess of budget and reduced grant payments to external organisations with high levels of Reserves.
<b><u>The Environment Service</u></b>			
Total	204		
		(120)	<b><u>Service-wide Budgets</u></b> Projected slippage in excess of Service target (excluding Operations)
		(375)	Accelerated approved staff savings (2013/14) arising from voluntary severance scheme - the removal of these posts has already been agreed in setting future years budgets in February 2011.
		242	Repayment to Reserves
		(242)	Other service wide under spends
		10	<b><u>Regeneration</u></b> Contribution to Super Connected Perth City Plan broadband bid to the UK Government Urban Broadband Fund
		400	Projected shortfall in planning and building warrant fee income
		160	Projected shortfall in commercial rental income due to rent reviews

**PERTH AND KINROSS COUNCIL - GENERAL FUND 2012/13 PROJECTED OUTTURN - SERVICE ANALYSIS**  
**(Based on Expenditure to 31 January 2013)**

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
		280	<b><u>Roads</u></b> Anticipated deficit on the Parking Account due to a projected shortfall in pay and display income and as a result of implementing the "free after 2" promotion
		(293)	Rephasing of car park maintenance and investment programme
		13	Projected transfer to the Parking ear-marked reserve from the Parking Account.
		(120)	Projected additional income towards tendered services within Public Transport
		1,500	<b><u>Winter Maintenance</u></b> Projected over spend on winter maintenance based on current trends.
		(50)	<b><u>Regulation</u></b> Projected saving on public analyst costs
		(50)	Unbudgeted Air Quality Action Plan grant
		(50)	<b><u>Bereavement</u></b> Projected increase in bereavement income
		(180)	<b><u>Operations</u></b> Projected staff slippage across all Operations activities
		250	Projected shortfall in commercial waste income due to increased competition from private sector contractors
		(100)	Additional income from the sale of recyclates
		32	Projected over spend on verge maintenance due to a higher than anticipated cost of the first cut
		(50)	Projected saving on prudential borrowing loan charges for bin purchases
		(500)	<b><u>Fleet Management</u></b> Projected saving on loan charges due to delays in procuring replacement vehicles
		(50)	<b><u>Corporate Asset Management</u></b> Projected saving on consultancy and third party payments
		(133)	<b><u>Property</u></b> Projected increase in construction team fee income based on current programme of works.
		(110)	Delay in introduction of Energy Performance Certificate legislation and projected saving in Carbon Reduction Commitment payments for 2012/13.
		(80)	Property maintenance - projected under spend and potential delay in dilapidation works.
		(130)	Projected saving on water costs based on current consumption estimates.
		(50)	Projected saving on other building operating costs, predominantly Pullar House unitary charge.
<b><u>Chief Executive's Service</u></b>			
Total	(140)		
		(13)	<b><u>Core Costs</u></b> Projected saving on staff costs following a reduction in hours and consultancy costs
		(25)	<b><u>Legal Services</u></b> Projected savings on staff costs due to vacancies and maternity leave
		63	Potential workforce management costs
		27	Projected over spend on supplies and services and travel costs
		(5)	Projected additional income due to the cyclical nature of a number of the income streams
		(69)	<b><u>Finance</u></b> Net staff slippage in excess of budgeted levels
		(18)	Anticipated refund on audit fees
		13	<b><u>Democratic Services</u></b> Based on trends there is a projected over spend on safeguarder expenditure as demand continues to rise
		(15)	Net projected under spends across the division
		(60)	<b><u>Human Resources</u></b> Net staff slippage in excess of budgeted levels
		(90)	Slippage in the recruitment of Modern Apprentices and Professional Trainees
		52	Projected shortfall in income on the Modern Apprentice Scheme
<b>TOTAL</b>	<b>(4,239)</b>		



**PERTH AND KINROSS COUNCIL - HOUSING REVENUE ACCOUNT 2012/13 PROJECTED OUTTURN**  
**(Based on Expenditure to 31 January 2013)**

£'000	Summary of Service Variances
(42)	<p><b>Housing Repairs &amp; Improvement Service</b>  Projected under spends in staff costs, roads &amp; paths recharge from TES and planned maintenance partially offset by a projected overspend in property costs in relation to stock purchase, repairs costs for works on some HRA shops.</p>
(6)	<p><b>Housing Needs</b>  There is a projected under spend in Housing Needs as a result of additional slippage.</p>
(92)	<p><b>Sheltered Housing</b>  There are projected under spends on staff costs due to slippage in excess of budgeted levels as well as some small projected under spends on property costs and supplies &amp; services across most complexes.</p>
(207)	<p><b>Neighbourhood Services</b>  The main areas of this projected under spend are in staff costs due to the level of vacancies across most of the teams and projected savings on garden maintenance services.</p>
86	<p><b>Administration</b>  Projected over spend on property costs in relation to insurance charges; an additional contribution to the Insurance Fund and the carbon reduction tax partially offset by a projected under spend on finance charges which are less than the amount budgeted as a result of the reduced amount of prudential borrowing that was required for the HRA's capital programme in 2011/12.</p>
83	<p><b>Income</b>  There is a projected increase in the level of bad debts and voids based on the latest extrapolations of rental income and reduced income from interest on balances (due to lower interest rates).</p>
178	<p><b>CFCR</b>  As a result of the projected under spends and efficiencies highlighted above, this is the additional sum available to invest in the HRA capital programme.</p>
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