

## PERTH AND KINROSS COUNCIL

## Strategic Policy and Resources Committee – 13 February 2013

## REVENUE BUDGET 2012/13 – MONITORING REPORT NUMBER 3

## Report by the Head of Finance

**ABSTRACT**

This report provides an update on progress with the 2012/13 General Fund Revenue Budget based upon the November 2012 ledger, updated for any subsequent known material movements. The report also provides an update on the projected financial position of the Housing Revenue Account.

**1. RECOMMENDATIONS**

1.1 The Committee is requested to:

1.1.1 Note the contents of the report.

1.1.2 Approve the adjustments to the 2012/13 Management Revenue Budget detailed in Appendix 1 and Sections 2 and 3 below.

1.1.3 Approve individual Service virements summarised at Appendices 2 and 3.

**2. REVENUE MONITORING****2.1 Service Budgets**

2.1.1 This is the third 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 November 2012 ledger, updated for any subsequent known material movements.

2.1.2 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 approved by the Strategic Policy and Resources Committee on 28 March 2012, 19 September 2012 and 21 November 2012 are shown in Appendix 1 (Column 2) to this report (Report No's. 12/136, 12/390 and 12/526 refer).

2.1.3 The total net projected under spend on Service budgets, as set out in Appendix 1 to this report, is £4,945,000 (a favourable movement of £1,723,000 from the position last reported to Committee) which represents 1.67% of total net Service budgets.

2.1.4 Service under spends detailed below and in Appendix 2 will be considered as part of the 2013/14 and 2014/15 Revenue Budget Strategy and any proposals to utilise budget flexibility will be reported to the Council on 14 February 2013.

- 2.1.5 Details of variances against Service budgets are shown in Appendix 2 to this report with the most significant variances summarised below.
- 2.1.6 **Education & Children's Services:** The projected out-turn (excluding Devolved School Management (DSM)) is currently anticipated to be £2,383,000 less than budget – a favourable movement of £954,000 from the position last reported to this Committee.
- 2.1.7 This favourable movement is made up of an increase in the projected under spend on staff costs (£411,000) due to further slippage; a further projected under spend on transport costs (£139,000) primarily as a result of letting new contracts relating to schools; a projected increase in income (£50,000) due to a contribution from NHS Tayside for the Dartington Project and a reduction in the projected over spend on nursery partner provider payments (£9,000). There is also an increase in the projected under spend on supplies and services (£496,000) across all cost centres within the entire Service.
- 2.1.8 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 (£151,000) due to further changes in placements.
- 2.1.9 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.
- 2.1.10 It is anticipated that in line with the approved DSM scheme the eventual under spend will be carried forward into 2013/14.
- 2.1.11 **Housing & Community Care:** The projected out-turn is currently anticipated to be £1,850,000 less than budget – a favourable movement of £235,000 from the position previously reported to Committee.
- 2.1.12 This favourable movement is made up of a net increase in projected under spends within Finance and Support (£4,000) due, in the main, to the receipt of additional income for staff secondments, a transfer of budget from Strategic Support and Commissioning and a reduction in the budgeted provision for the claw back of housing benefit grant following final Department of Work and Pensions determinations for prior years partially offset by workforce management costs. Within Older People Services there is a further projected under spend (£255,000) due to the receipt of additional income from the Scottish Government relating to free personal care and blue badges and reduced projected expenditure on occupational therapy services (reflecting recent activity). Within Learning Disabilities there is a further projected under spend (£231,000) due to further staff slippage and reduced care costs. There is also an increase in the projected under spend within Housing (£172,000) due to further staff slippage, continued reduced use of bed and breakfast accommodation and a reduction in the provision for bad debts and within Other Community Care Services (£97,000) due to reduced care costs, additional staff slippage and reduced rental costs.

- 2.1.13 These projected under spends are partially offset by a projected reduction in the under spend within Strategy, Support and Commissioning (£110,000) due to a transfer of resources to Finance and Support Services and a projected reduction in the under spend within Community Safety (£25,000) due to staff recruitment activity. There is also an adjustment to reinstate Reserves (£389,000) to reflect the 2012/13 Revenue Budget approved in February 2012 (Report No. 12/52 refers) (see 2.4.22 below).
- 2.1.14 **The Environment Service** – The projected out-turn is currently anticipated to be £571,000 less than budget – a favourable movement of £433,000 from the position last reported to Committee.
- 2.1.15 This favourable movement is made up of a reduction in the projected contribution to the Super Connected Perth City Plan (£170,000) due to slippage on the project; further staff slippage across the Service (£125,000); further savings on loans charges in relation to the procurement of replacement vehicles (£200,000) and a proposed change in the source of funding for land compensation claims in relation to the A93 Craighall Realignment Scheme (£300,000) which are now being met from the Capital Budget rather than Revenue. The Service is also projecting movements on previous income projections in relation to Air Quality Action Plan grant (£50,000), Bereavement Services (£50,000) and commercial waste (£10,000). An under spend is also projected on prudential borrowing costs for bin purchase (£50,000) and consultancy and third party payments within Corporate Asset Management (£50,000).
- 2.1.16 Within Property there are also projected under spends in relation to delays in the introduction of energy performance certificate legislation and carbon reduction commitment payments for 2012/13 (£110,000); within property maintenance (£150,000) due to delays in dilapidations and savings on building running costs including water charges (£130,000) and unitary charges (£50,000). There is also projected additional income from construction fees based on the current programme of capital works (£250,000).
- 2.1.17 These favourable movements are partially offset by further projected reductions in income from Planning and Building Warrants (£200,000) and commercial rent (£40,000) due to economic conditions. There are also reductions in the projected under spends on the Public Analyst function (£20,000) and waste disposal costs (£160,000) due to revisions to the amount of waste going to landfill. In addition the Service are projecting an over spend on winter maintenance (£600,000) based on activity to date and recent trends. There is also an adjustment to reinstate Reserves (£242,000) to reflect the 2012/13 Revenue Budget approved in February 2012 (Report No. 12/52 refers) (see 2.4.22 below).
- 2.1.18 **Chief Executive's Service:** The projected out-turn is currently anticipated to be £141,000 less than budget – a favourable movement of £101,000 from the position last reported to Committee.

2.1.19 This favourable movement is primarily due to the phasing of the programme for Modern Apprentice and Professional Trainee places across the Council (£90,000). In addition there is a projected further increase in slippage across the Service (£11,000).

## **2.2 Movements in Funding**

2.2.1 Since Revenue Monitoring Report Number 2 was approved by this Committee (Report No. 12/526 refers) notification has been received of the additional resources outlined below in the current financial year.

2.2.2 Scottish Government: Revenue Support Grant:

Teacher Induction Scheme: £392,000 (Education & Children's Services) (ECS);

Early Years Change Fund Allocation - Family Centres and Family Support: £94,000 (ECS);

Free Personal and Nursing Care: £94,000 (HCC);

Reform of the Blue Badge Scheme: £19,000 (Housing and Community Care) (HCC);

Local Government Elections: £141,000 (Reserves).

2.2.3 Scottish Government: Other Grants:

Capacity Building for Children's Services Teams – Self-directed Support and Client Specific Strategies: £25,000 (ECS).

2.2.4 Other Funding Sources:

Scottish Library & Information Council – Public Library Quality Improvement Funding: £4,500 (ECS);

Tayside NHS Board – Health Promotion for Schools: £1,000 (ECS);

2.2.5 The Scottish Government has advised that the funding identified at 2.2.2 (£740,000) 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 Education & Children's Services; Housing & Community Care; The Environment Service and Revenue Support Grant.

2.2.6 The balance of these additional resources (non-Revenue Support Grant) identified at 2.2.3 and 2.2.4 amounting to £30,500 will be paid outwith the Revenue Support Grant mechanism as Other Grant income and are therefore cost neutral in terms of the budget summary.

2.2.7 **ACTION:** The Committee is asked to approve adjustments totalling £599,000 to the Education & Children's Services; and Housing & Community Care budgets to reflect the additional resources being made available through Revenue Support Grant and an additional contribution of £141,000 to

Reserves. These adjustments have been reflected in Appendix 1 (Column 3) to this report.

- 2.2.8 The Committee is also asked to note the receipt of £30,500 of additional resources, with this funding being reflected within Education & Children's Services and Housing and 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. The latest monitoring indicates an increased contribution to the Capital Fund of £13,000 (projected further additional under spend of £2,000 on Capital Financing Costs and projected further increase in income of £11,000 from Interest on Revenue Balances).

- 2.3.3 **ACTION:** The Committee is requested to approve the virement of £2,000 from the Capital Financing Costs budget and £11,000 from the Interest on Revenue Balances budget with a corresponding increase in the Contribution to the Capital Fund of £13,000. This adjustment has been reflected in Appendix 1 (Column 4) to this report.

### **2.3.4 Private Sector Housing Grant**

- 2.3.5 Delays in a number of projects mean that it is unlikely that the Council will be required to make its full budgeted revenue contribution to private sector housing grants in the current financial year. However, the grant will be used to meet other planned capital expenditure in 2012/13 as set out in the Composite Capital Budget 2012/17 Monitoring Report to this Committee. The latest projection suggests an under spend of £800,000 in the current financial year.

- 2.3.6 **ACTION:** The Committee is asked to approve a reduction in the Housing and Community Care Revenue Budget of £800,000 in 2012/13 with a corresponding reduction in the Capital Grant Budget. This adjustment is reflected in Appendix 1 (Column 4) to the Report. The revenue budget for Housing and Community Care will be increased by £800,000 in 2013/14 to fund the delayed expenditure on Private Sector Housing Grants.

### **2.3.7 Capital Grant**

- 2.3.8 It is unlikely that the Council will be required to make its full budgeted revenue contribution to TACTRAN capital projects (Gleneagles junction) in the current financial year. However grant will be used to meet other planned capital

expenditure in 2012/13. The latest projection suggests an under spend of £1,132,000 on these projects in the current financial year.

- 2.3.9 **ACTION:** The Committee is asked to approve a reduction in The Environment Service Revenue Budget of £1,132,000 in 2012/13 with a corresponding reduction in the Capital Grant Budget. This adjustment is reflected in Appendix 1 (Column 4) to the Report.

#### 2.3.10 Capital Grant – Revenue / Capital Transfers

- 2.3.11 A review of the General Capital Grant allocation transferred annually to Service Revenue Budgets has revealed that in some instances the nature of expenditure related does not meet General Capital Grant terms and conditions of funding. In addition a review of the Composite Capital Programme has identified programmes which should be included in Revenue Budgets as the associated project costs do not qualify as capital expenditure. This adjustment includes Private Sector Housing Grants, PC Replacement/IT Upgrade, Occupational Therapy Equipment programme budgets, the Community Environmental Challenge Fund and Rural Flood Mitigation Schemes.

- 2.3.12 **ACTION:** The Committee is asked to approve the virement of £232,000, £372,000 and £137,000 from Education and Children's Services, Housing and Community Care and The Environment Service respectively to Capital Grant. This adjustment is reflected in Appendix 1 (Column 4) to the report.

## 2.4 **Movements in Reserves**

### 2.4.1 Department of Work and Pensions

- 2.4.2 The Council had previously earmarked £1,500,000 within the Reserves Strategy (Report No. 12/54 refers) to fund a potential liability for the possible claw back of Housing and Council Tax Benefit Subsidy in relation to the Council's approach to service charges for dispersed tenancies for 2008/09, 2009/10 and 2010/11. Through discussion with the Department of Work and Pensions this issue has been resolved with the level of clawback being reduced to £281,000.

- 2.4.3 **ACTION:** The Committee is asked to approve the transfer of resources from Reserves to Housing and Community Care (£281,000) to fund the claw back of Housing and Council Tax Benefit Subsidy. This adjustment is reflected in Appendix 1 (Column 5) to the report.

### 2.4.4 Flooding in Comrie

- 2.4.5 At the meeting of 22 November 2012, the Executive Sub-Committee of Strategic Policy and Resources Committee approved funding of up to £1,032,000 (Report No. 12/551 refers) to support the works at Dalginross, Comrie following the flooding in November 2012. It is intended to submit a claim under the Bellwin Scheme to recover some of the costs of these works from the Scottish Government.

2.4.6 **ACTION:** The Committee is asked to approve the transfer of £1,032,000 to the Environment Service from Reserves to fund the works at Dalginross, Comrie. This adjustment is reflected in Appendix 1 (Column 5) to the report.

#### 2.4.7 Crematorium Abatement Levy

2.4.8 The Council now charges a levy on certain cremations to meet the cost of specialist abatement equipment. This levy is now generating £100,000 in additional income to contribute towards the capital investment. It is anticipated that the first major investment will take place in 2015/16.

2.4.9 **ACTION:** The Committee is asked to approve the transfer of £100,000 from the Environment Service to Reserves to fund the future expenditure requirements at the Crematorium. This adjustment is reflected in Appendix 1 (Column 5) to the report.

#### 2.4.10 Provision of Affordable Housing – Council Tax Income on Second Homes

2.4.11 Revenue Monitoring Report Number 1 to the meeting of the Strategic Policy and Resources Committee of 19 September 2012 (Report No. 12/390 refers) approved an allocation of £1,753,000 from the earmarked reserve for Council Tax Income on Second Homes to progress the delivery of affordable housing. The rephasing of these projects have resulted in a projected under spend of £135,000 in the current financial year. Approval is sought to transfer the eventual under spend to Reserves in 2012/13 with the funding being returned to Housing and Community Care in 2013/14.

2.4.12 **ACTION:** The Committee is asked to approve the transfer of the eventual under spend on the Provision of Affordable Housing (currently £135,000) to Reserves. This adjustment is reflected in Appendix 1 (Column 5) to the Report.

#### 2.4.13 Contribution to Insurance Fund

2.4.14 Recognising the potential pressure on the Insurance Fund arising from the severe weather experienced over the last few years the Reserves Strategy Report, approved at the special council meeting on 14 February 2012 (Report No. 12/54 refers) earmarked a £1,000,000 contribution to the Insurance Fund.

2.4.15 **ACTION:** The Committee is asked to approve a contribution of £1,000,000 from Reserves to the Insurance Fund. This adjustment has been reflected in Appendix 1 (Column 5) to this report.

#### 2.4.17 Capital Grant

2.4.18 Revenue Monitoring Report Number 1, approved by the Strategic Policy and Resources Committee on 12 September 2012 (Report No. 12/390 refers) approved the transfer of £453,000 from Reserves to The Environment Service.

The adjustment was shown against Reserves rather than Capital Grants in Appendix 1 in error.

- 2.4.19 **ACTION:** The Committee is as asked to approve the adjustment of £453,000 between Capital Grants and Reserves. This adjustment is reflected in Appendix 1 (Column 5) to this report.

#### 2.4.20 Reinstatement of Reserves

- 2.4.21 In setting the 2012/13 Revenue Budget in February 2012 (Report No 12/52 refers), the Council approved the application of funding from Reserves of £242,000 and £389,000 to The Environment Service and Housing and Community Care. With the current projected under spends being reported by both Services this funding can now be reinstated to Reserves in the current year.

- 2.4.22 **ACTION:** The Committee is asked to approve the adjustment of £242,000 to The Environment Service and £389,000 to Housing and Community Care to reinstate Reserves. This adjustment is reflected in Appendix 1 (Column 5) to this report.

### 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 £144,000.
- 3.1.3 Due to the uncertainties surrounding the reorganisation of the Scottish Police Service and Scottish Fire and Rescue Service it is not appropriate to reflect the Council's share of their under spend at the present time. The Council will receive its share of any under spends when the uncommitted Reserves at 31 March 2013 are disbursed to the constituent Councils.
- 3.1.4 The Treasurer of the Tayside Valuation Joint Board is currently projecting an under spend of £70,000. The Council's share of this underspend is £22,000.

#### 3.2 Non Domestic Rates Income

- 3.2.1 Revenue Monitoring Report No.3 that was approved by this Committee on 21 November 2012 (Report No. 12/526 refers) included commentary on projected additional income of £1,000,000 through the Business Rates Incentivisation Scheme (BRIS).
- 3.2.2 The Scottish Government issued Finance Circular 5/2012 on 27 November 2012 which advised that due to delays in settling a number of valuation appeal cases the amount of income being collected by Councils is artificially inflated



in 2012/13. The Scottish Government has deemed this situation to be a “significant event” with the impact being that the BRIS targets may be reviewed. This announcement places the receipt of additional funding at risk.

- 3.2.3 Appendix A has been updated to reflect that the Council may now no longer exceed its target and the additional £1 million of income from non-domestic rates has been removed. The position will continue to be monitored and any developments will be reported to a future meeting of this Committee.

#### 3.2.4 Trading Operations Surplus

- 3.2.5 The Trading Operations Surplus is the Council's share of Tayside Contracts surplus that is returned to constituent Councils. The latest information from Tayside Contracts is that the Council will receive £266,000 – a favourable variance of £76,000.

### **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 (£91,000); within Neighbourhood Services (£101,000) due to a projected under spend on staff costs; within Housing Needs (£5,000) due to additional staff slippage and within Administration (£1,000) due to projected savings on loan charges.
- 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 (£25,000) and a projected over spend in Housing Repairs due to additional works (£71,000).
- 4.4 The net projected under spends described above will result in an increased contribution to Capital Financed from Current Revenue (CFCR) (£102,000) in the HRA Capital Programme.
- 4.5 Full details of the movement against the HRA Revenue Budget are set out in Appendix 3.

### **5. CONSULTATION**

- 5.1 The Chief Executive and all Executive Directors have been consulted in the preparation of this report.

### **6. COUNCIL CORPORATE PLAN OBJECTIVES 2009-2012**

- 6.1 The Council's Corporate Plan 2009-2012 lays out five Objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:-

- (i) A Safe, Secure and Welcoming Environment
- (ii) Healthy, Caring Communities
- (iii) A Prosperous, Sustainable and Inclusive Economy
- (iv) Educated, Responsible and Informed Citizens
- (v) Confident, Active and Inclusive Communities

6.2 The revenue monitoring process supports the Council in managing the delivery of all of the Corporate Plan objectives and is consistent with the Council's principles of accountability and transparency; ensuring that we are accountable and transparent to the community; the Community Planning Partners and the Scottish Government in our decision making, planning and delivery of services.

## **7. EQUALITIES ASSESSMENT**

7.1 The Council's Corporate Equalities Assessment Framework requires an assessment of functions, policies, procedures or strategies in relation to race, gender and disability and other relevant equality categories. This supports the Council's legal requirement to comply with the duty to assess and consult on relevant new policies to ensure there is no adverse impact on any community group or employees.

7.2 The information presented in this report was considered under the Corporate Equalities Assessment Framework and the determination was made that the items summarised in this report do not require further assessment as they do not have an impact on people's wellbeing.

## **8. STRATEGIC ENVIRONMENTAL ASSESSMENT**

8.1 Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all plans, programmes and strategies, including policies (PPS).

8.2 The plan, programme or strategy presented in this report was considered under the Environmental Assessment (Scotland) Act 2005 and the determination was made that the items summarised in this report do not require further action as they do not qualify as a plan, programme or strategy as defined by the Act.

## **9. CONCLUSION**

9.1 The total net projected under spend on the 2012/13 General Fund Management Budget based upon expenditure to November 2012, updated for known material movements is £5,657,000 (see Appendix 1). The total variance represents 1.65% 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.

9.2 The Executive Director (Housing and Community Care) is currently projecting a break even position for the Housing Revenue Account for 2012/13.

**J Symon  
Head of Finance**

**Note:** 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.

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PERTH & KINROSS COUNCIL - GENERAL FUND 2012/13

	(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	1,637	486	(232)		162,750	160,367	(2,383)	(1.46%)
<b>Housing and Community Care</b>	64,552	3,271	113	(1,172)	(243)	66,521	64,671	(1,850)	(2.78%)
<b>The Environment Service</b>	57,366	593		(1,269)	690	57,380	56,809	(571)	(1.00%)
<b>Chief Executive's Services</b>	9,208	0		(11)		9,197	9,056	(141)	(1.53%)
<b>Sub - Total: Service Budgets</b>	<b>291,985</b>	<b>5,501</b>	<b>599</b>	<b>(2,684)</b>	<b>447</b>	<b>295,848</b>	<b>290,903</b>	<b>(4,945)</b>	<b>(1.67%)</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	(1,550)		(2)		13,133	13,133	0	0.00%
Interest on Revenue Balances	(110)	29		(11)		(92)	(92)	0	0.00%
Contribution to/(from) Capital Fund	876	1,521		13		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	250	0	0.00%
<b>Net Expenditure (General Fund)</b>	<b>338,474</b>	<b>4,675</b>	<b>599</b>	<b>(2,684)</b>	<b>1,447</b>	<b>342,511</b>	<b>337,354</b>	<b>(5,157)</b>	<b>(1.51%)</b>
<b>Financed By:</b>									
Revenue Support Grant	(214,738)	(896)	(740)			(216,374)	(216,374)	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)	(822)		2,684	(453)	(2,636)	(2,636)	0	0.00%
<b>Total Financing</b>	<b>(336,638)</b>	<b>(2,818)</b>	<b>(740)</b>	<b>2,684</b>	<b>(453)</b>	<b>(337,965)</b>	<b>(338,465)</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>1,857</b>	<b>(141)</b>	<b>0</b>	<b>994</b>	<b>4,546</b>	<b>(1,111)</b>	<b>(5,657)</b>	<b>(1.65%)</b>

APPENDIX 1



**GENERAL FUND 2012/13 PROJECTED OUTTURN**  
**(Based on Expenditure to 30 November 2012)**

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 2011/12 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>
		(1,570)	There is currently a projected under spend on staff costs of £1,570,000. This is comprised of over and under spends in various sectors and cost centres and 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 ongoing reviews. The IST review has also been completed ahead of target and will deliver a projected saving of £306,000 in the current year.
			<b><u>Property Costs</u></b>
		(153)	Projected under spend in relation to rates and cleaning costs.
			<b><u>Supplies and Services</u></b>
		(855)	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>
		(422)	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:
			Expenditure on Residential Schools is monitored in terms of 2 separate budgets:
		58	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 £58,000 due to increased placements and continued high levels of demand.
		309	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 by £309,000 due to additional and extended placements.
		361	The Fostercare budget is projecting an over spend of £361,000 due to new external placements since April 2012.
		52	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>
		(163)	Projected increase in income as follows; 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 Fostercare within PKC £87,000; additional income for Wellbank House £14,000; sales of the ASN Manual £9,000; kids clubs/shoppers crèche £24,000; 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.

**GENERAL FUND 2012/13 PROJECTED OUTTURN**  
**(Based on Expenditure to 30 November 2012)**

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
<b><u>Housing and Community Care</u></b>			
Total	(1,850)		
		(884)	<b><u>Finance and Support</u></b> The projected under spend is 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. This projected under spend is partially offset by additional workforce management costs.
		(319)	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 £319,000 to the revenue budget.
		(445)	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
		(282)	<b><u>Housing</u></b> There is a projected under spend due to the staff slippage in excess of budget; reduced use of bed and breakfast accommodation; and the generation of additional income.
		(11)	<b><u>Strategy Support and Commissioning</u></b> There is a projected under spend on Service Level Agreements following a review of surpluses held by external providers and through the generation of slippage in excess of budget.
		618	<b><u>Older People</u></b> There is an overspend on residential placements due to the number of people being placed in permanent care. This projection has been updated to reflect the anticipated additional costs as a result of increased 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 underspends on Day Care, Direct Payments, Local Authority Care Homes, and Self Directed Support services.
		(450)	<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.
		(94)	<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.
		(372)	<b><u>Other Community Care Services</u></b> There is a projected under spend due to staff slippage in excess of budget and the reduced grant payments to external organisations with high levels of Reserves.
<b><u>The Environment Service</u></b>			
Total	(571)		
		(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
		80	<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
		(1,132)	Projected slippage on Tactran projects
		1,132	Use capital grant to fund other projects
		160	Projected shortfall in commercial rental income due to rent reviews



**GENERAL FUND 2012/13 PROJECTED OUTTURN**  
**(Based on Expenditure to 30 November 2012)**

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
			<p><b><u>Roads</u></b></p> <p>280 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</p> <p>(293) Rephasing of car park maintenance and investment programme</p> <p>13 Projected transfer to the Parking ear-marked reserve from the Parking Account.</p> <p>(120) Projected additional income towards tendered services within Public Transport</p> <p><b><u>Winter Maintenance</u></b></p> <p>600 Projected over spend on winter maintenance based on current trends.</p> <p><b><u>Regulation</u></b></p> <p>(50) Projected saving on public analyst costs</p> <p>(50) Unbudgeted Air Quality Action Plan grant</p> <p><b><u>Bereavement</u></b></p> <p>(50) Projected increase in bereavement income</p> <p><b><u>Operations</u></b></p> <p>(180) Projected staff slippage across all Operations activities</p> <p>250 Projected shortfall in commercial waste income due to increased competition from private sector contractors</p> <p>(100) Additional income from the sale of recyclates</p> <p>32 Projected over spend on verge maintenance due to a higher than anticipated cost of the first cut</p> <p>(50) Projected saving on prudential borrowing loan charges for bin purchases</p> <p><b><u>Fleet Management</u></b></p> <p>(500) Projected saving on loan charges due to delays in procuring replacement vehicles</p> <p><b><u>Corporate Asset Management</u></b></p> <p>(50) Projected saving on consultancy and third party payments</p> <p><b><u>Property</u></b></p> <p>(250) Projected increase in construction team fee income based on current programme of works.</p> <p>(110) Delay in introduction of Energy Performance Certificate legislation and projected saving in Carbon Reduction Commitment payments for 2012/13.</p> <p>(150) Property maintenance - projected under spend and potential delay in dilapidation works.</p> <p>(130) Projected saving on water costs based on current consumption estimates.</p> <p>(50) Projected saving on other building operating costs, predominantly Pullar House unitary charge.</p>
<b>Chief Executive's Service</b>			
Total	(141)		<p><b><u>Core Costs</u></b></p> <p>(11) Projected saving on staff costs following a reduction in hours and consultancy costs</p> <p><b><u>Legal Services</u></b></p> <p>(24) Projected savings on staff costs due to vacancies and maternity leave</p> <p>40 Projected over spend on supplies and services and travel costs</p> <p>(44) Projected additional income due to the cyclical nature of a number of the income streams</p> <p><b><u>Finance</u></b></p> <p>(35) Net staff slippage in excess of budgeted levels</p> <p>(18) Anticipated refund on audit fees</p> <p><b><u>Democratic Services</u></b></p> <p>13 Based on trends there is a projected over spend on safeguarder expenditure as demand continues to rise</p> <p>(18) Net projected under spends across the division</p> <p><b><u>Human Resources</u></b></p> <p>(12) Net staff slippage in excess of budgeted levels</p> <p>(90) Slippage in the recruitment of Modern Apprentices and Professional Trainees</p> <p>58 Projected shortfall in income on the Modern Apprentice Scheme</p>
<b>TOTAL</b>	<b>(4,945)</b>		



**PERTH & KINROSS COUNCIL**  
**HOUSING REVENUE ACCOUNT 2012/13 PROJECTED OUTTURN**  
**(Based on Expenditure to 30 November 2012)**

£'000	Summary of Service Variances
	<p><b>Housing Repairs &amp; Improvement Service</b></p> <p>71 Projected overspend in property costs in relation to stock purchase, repairs costs for works on some HRA shops, these overspends are partly offset by some under spends in staff costs, roads &amp; paths recharge from TES.</p> <p><b>Housing Needs</b></p> <p>(5) There is a projected under spend in Housing Needs as a result of additional slippage.</p> <p><b>Sheltered Housing</b></p> <p>(91) 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> <p><b>Neighbourhood Services</b></p> <p>(101) The main areas of this projected under spend are in staff costs due to the level of vacancies across most of the teams.</p> <p><b>Administration</b></p> <p>(1) Finance charges are less than the amount budgeted as a reduced amount of prudential borrowing was required for the HRA's capital programme in 2011/12. This is partially offset by a projected overspend on property costs in relation to insurance charges; an additional contribution to the Insurance Fund and the carbon reduction tax.</p> <p><b>Income</b></p> <p>25 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> <p><b>CFCR</b></p> <p>102 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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