

Perth & Kinross Council - Financial Update

1 JUNE 2020

Reminder

- ▶ Council approved Revenue Budgets on 6 March 2020
 - ▶ 2020/21 – balanced – **now at risk**
 - ▶ 2021/22 – gap of **c£3m**
 - ▶ 2022/23 - further gap of **c£2.5m**
- ▶ Therefore total recurring savings / additional income of **c£5.5m** still required
- ▶ A number of savings have been identified as **uncertain** or **at risk/needs to change** which will add to the challenge

Significant Unknowns

- ▶ Cost of recovery / renewal
- ▶ Early Learning & Childcare including education / blended learning / school transport / cleaning
- ▶ Children's Activity Centres
- ▶ School Meals – holiday provision & beyond
- ▶ Wider welfare provision – increased demand
- ▶ Business and economy
- ▶ Inflationary pressures on Capital Budget

Additional Cost / Reduced Income - PKC

	£m	Additional information
Additional expenditure	c£6.8	<ul style="list-style-type: none"> • School meals • ALEOs / Tayside Contracts support, • Scottish Welfare Fund • Partner Providers / School Supply
Reduced income	c£3.6	<ul style="list-style-type: none"> • Schools – lets / meals / breakfast & kids clubs • Planning / Building Warrant income • Licensing • Parking
Non-Achievement of Savings	c£0.8	<ul style="list-style-type: none"> • Review of Contributions Policy • Review of Cultural Trusts • Review of Support functions
Social Care	c£5.6	<ul style="list-style-type: none"> • Per mobilisation plan – will change due to update

Based on information available at this time
Includes combination of estimates to end of June 2020 and full year

Council Tax / Non-Domestic Rates

Council Tax

- ▶ Month 1 (April) saw 0.7% reduction on previous year

Scenario	Reduction
8% reduction i.e. April position is replicated for rest of year	£7.600m
5% reduction	£4.750m
3% reduction	£2.850m
1% reduction	£0.950m

Non Domestic Rates

- ▶ No 2020/21 bills issued at yet

Summary Position

Current scale of the financial challenge - **£24.4m**

However:

- ▶ All figures are a broad estimate at a point in time – **the figures will change.**
- ▶ Does not include all additional costs of service delivery and service redesign
- ▶ Does not include further reductions in Service income - full year c£90m – currently up to c£25m identified as uncertain or at risk
- ▶ Assumes 8% reduction in Council Tax

Additional Funding – Councils / PKC

	Scotland	PKC	Comments
Business Grant Scheme – Phase 1	£1.1 billion	£45.4m	80% (£36.3m) received to date
Business Grant Scheme – Phase 2	£120m	tbc	
Support for Self Employed	£34m	£0.802m	60% (£0.481m) received to date
Hardship Fund	£50m	£1.378m	
Scottish Welfare Fund	£45m	£0.410m	£23m allocated to date
Council Tax Reduction Scheme	£50m	tbc	
Food Fund – non-shielded	£30m	£0.621m	
Barnett Consequentials	£155m	£4.272m	

Financial Support – 1 April to 29 May

- ▶ Business Grants – 3,815 received; 3,704 processed (97.1%); £32.251m paid
- ▶ Self Employed Hardship Fund – 263 received; 247 processed (93.9%) ; £372,000 paid
- ▶ Scottish Welfare Fund – 1,240 applications; 867 awarded - £92,996 paid
- ▶ School Meals – 3,481 payments totalling £80k made every two weeks since end of March
- ▶ All suppliers being paid within seven days
- ▶ No recovery action on debt due to the Council

Next Steps

- ▶ Continue with regular updates to Elected Member Sounding Board
- ▶ Creation of a recovery and renewal MOWG
- ▶ 24 June – Council meeting – Latest Financial Update
- ▶ July / August – further work on recovery and renewal including financial sustainability
- ▶ End August / early September – elected member briefings on recovery & renewal / finance
- ▶ 30 September – Council meeting
 - ▶ Options for managing response in 2020/21
 - ▶ Review of Medium Term Financial Plan