

**PERTH AND KINROSS COUNCIL****Strategic Policy and Resources Committee – 8 February 2017****REVENUE BUDGET 2016/17 – MONITORING REPORT NUMBER 3****Report by the Head of Finance****PURPOSE OF REPORT**

This report provides an update on progress with the 2016/17 General Fund Revenue Budget based upon the November 2016 ledger, updated for any subsequent known material movements, and the projected financial position of the Housing Revenue Account.

The total net projected under spend on the 2016/17 General Fund Management Budget is £3,933,000 (see Appendix 1).

**1. BACKGROUND / MAIN ISSUES**

- 1.1. This is the third report updating the Committee on progress with the 2016/17 Revenue Budget. Appendix 1 to this report summarises the current projected year end (outturn) position for each Service based upon the November 2016 ledger, updated for any subsequent known material movements.
- 1.2. The budget total reflected in column 1 of Appendix 1 to this report is that approved by the Council in setting the Final Revenue Budget for 2016/17 on 11 February 2016 (Report No. 16/51 refers). In addition, adjustments that were approved by the Strategic Policy and Resources Committee on 20 April, 21 September and 30 November 2016 (Report Nos. 16/179, 16/400 and 16/527 refer) are reflected in Appendix 1 (column 2).
- 1.3. The Council's Financial Regulations allow Service Directors to vire budgets up to £100,000 within their Service. Any virements between Services or in excess of £100,000 are either included in the body of the revenue monitoring report or in the appendices for approval.
- 1.4. This report details the latest projected outturns and proposed adjustments to the 2016/17 General Fund and Housing Revenue Account budgets.

## **2. PROPOSALS**

### **2.1 Service Budgets**

- 2.1.1 Details of variances against Service budgets are shown in Appendix 2 to this report with the most significant variances summarised below. The total net projected under spend on Service budgets, as set out in Appendix 1 to this report, is £3,144,000 which represents 1.01% of total net Service expenditure. (In the corresponding report for financial year 2015/16 the projected under spend was £6,995,000 or 2.23%).
- 2.1.2 The utilisation of these Service under spends are considered throughout the financial year and as part of the Revenue Budget strategy for future years. Specific proposals to utilise the net under spends identified in Appendix 2 will be considered by the Council on 9 February 2017 in setting Revenue Budgets.
- 2.1.3 **Education & Children's Services:** The projected outturn (excluding Devolved School Management (DSM)) is currently anticipated to be £1,026,000 less than budget – a favourable movement of £165,000 from the position last reported to Committee.
- 2.1.4 The latest revenue monitoring position includes increases in projected under spends as follows:
- Staff costs (£698,000) due to additional slippage and the virement of income to offset expenditure in this area.
  - Supplies and Services (£76,000) due, primarily, to a rephasing of expenditure on the Evidence to Success project.
  - Additional income (£131,000) in relation to community engagement
  - Other projected under spends on staff transport costs and loan charges (£16,000 and £8,000 respectively)
- 2.1.5 These movements to projected under spends are offset by the following adjustments to projected over spends as follows:
- Residential Schools / Foster and Kinship Care (net movement of £504,000) due to an increased demand for these services including four new placements and five extensions to existing placements partially offset by one placement ending.
  - Third Party Payments (£68,000) following an update of the projected outturns for Early Learning and Childcare and services to Children and Families.
  - Income (£192,000) following virements to staff costs to reflect staff secondments.
- 2.1.6 There is also a projected under spend of £598,000 on Devolved School Management budgets (DSM) due to a projected under spend on staff costs in excess of budgeted slippage targets and the receipt of income from staff secondments and the Scottish Qualifications Authority. It is anticipated that,

in line with the approved DSM scheme, the eventual over and under spends will be carried forward into 2017/18.

2.1.7 The projected carry forward of £598,000 represents 0.71% of the overall DSM budget.

2.1.8 **Housing & Community Care:** The projected outturn is currently anticipated to be £2,273,000 less than budget – a favourable movement of £815,000 from the position last reported to Committee.

2.1.9 This latest revenue monitoring position reflects movements to projected under spends in:

- Finance and support (£134,000) due, primarily, to the accelerated delivery of approved savings and the receipt of additional non-recurring income.
- Strategic Support and Commissioning (£124,000) due, in the main, to the accelerated delivery of approved savings.
- Older People (£292,000) due, in the main to the accelerated delivery of approved savings and further projected under spends across Care Teams, Care at Home and residential care homes.
- Learning Disabilities (£224,000) due primarily to the further acceleration of approved savings and a projected under spend on Direct Payments as unutilised monies have been recovered.
- Community Safety (£28,000) due to further staff slippage.
- Other Community Care Services (£151,000) due, primarily, to revised projections for income from the approved Contributions Policy.

2.1.10 These movements are partially offset by updates to projected over spends in:

- Housing (£138,000) due, primarily, to an increase in the projected over spends on temporary accommodation as the Homefirst service delivery model is rolled out and reduced income.

2.1.11 The Health and Social Care Integration Scheme for Perth and Kinross was considered by Council on 7 October 2015. The Scheme states that “in the event that an under spend is evident.....this will be retained by the Integration Joint Board as Reserves following agreement with the Partners”. Proposals for the use of this under spend will be considered by the Council on 9 February 2017.

2.1.12 Within the Housing and Community Care projected under spend, £1,984,000 relates to activities that are under the direction of the Perth and Kinross Health and Social Care Partnership. Subject to agreement by the Council on 9 February it is proposed that £1,386,000 of the under spend is retained in its Reserves by the Partnership to take forward a number of projects and that £598,000 is earmarked in the Council's Reserves to allow future health and social care transformation proposals to be developed with the latter adjustment being reflected in Appendix 1.

2.1.13 The Council will be asked to approve that Perth and Kinross Health and Social Care Partnership retains the £1,386,000 of projected under spend at the meeting on 9 February 2017. Appendix 1 and 2 has been presented on the basis that these adjustments are approved by the Council.

2.1.14 **ACTION:** The Committee is asked to approve the transfer of £598,000 from Housing and Community Care to Reserves to be earmarked for future health and social care transformation related activity. This adjustment is reflected in Appendix 1 (Column 3) to this report.

2.1.15 The adjustments proposed at 2.1.12 above result in a revised projected outturn of £289,000 for the current financial year

2.1.16 **The Environment Service:** The projected outturn is currently anticipated to be £1,479,000 less than budget – a favourable movement of £1,259,000 from the position last reported to Committee.

2.1.17 This latest revenue monitoring position reflects movements of projected under spends as follows:

- Staff slippage across the Service in excess of budget (£250,000).
- Additional savings on fuel costs (£50,000).
- Projected savings on Prudential Borrowing costs in line with the approved vehicle replacement programme (£100,000).
- Projected savings on street lighting costs due to reduced charges and the impact of LED replacement programme (£230,000).
- Projected under spends on Council building energy and water costs (£190,000).
- Projected under spend in Procurement (£10,000).

2.1.18 In addition due to the nature of the activity undertaken across the Environment Service there are projected under spends in a number of projects that, subject to Council approval on 9 February 2017, will be rephased to match expenditure commitments.

- Upgrade of CCTV City Operations Centre (£120,000).
- Council-Wide Marketing and Promotion initiative (£155,000).
- Contribution to European Social Fund projects (£215,000).
- Approved support to Perth Visitor Information Centre (£32,000).
- Funding to support the vacant property initiative (£25,000).
- Rural broadband contribution in line with LEADER funding (£219,000).
- Perth and Kinross Employment Recruitment initiatives to match existing commitments (£28,000).
- City development funding towards environmental improvements (£50,000).
- Landslip construction project (£130,000).
- Bridge maintenance budget to meet future planned maintenance works (£40,000).
- Flood studies funding for future commitments (£65,000).

- Asset Management business systems budget for future development requirements (£30,000).

2.1.19 These projected under spends and rephasings are partially offset by:

- A projected shortfall in income from professional fees and additional specialist design and technical costs in relation to the planned and reactive maintenance programme (£300,000).
- Costs associated with footbridges in Alyth (£150,000).
- Additional planned bridge inspection costs (£230,000).

2.1.20 **Corporate and Democratic Services:** The projected outturn is currently anticipated to be £350,000 less than budget – a favourable movement of £44,000 from the position last reported to Committee.

2.1.21 This latest revenue monitoring position reflects movements to projected under spends as follows:

- Further staff slippage in excess of budgeted levels across the Service (£31,000).
- Other projected net under spends across the Service (£13,000).

2.1.22 The Council is still awaiting information on Registration Service charges from the office of the Registrar General. Once the information is received a charging report will be presented to a future meeting of this Committee providing details of all charges in place within Corporate and Democratic Services. The Licensing Charges have previously been approved by the Licensing Committee on 31 March 2016 (Report No. 16/160 refers).

## 2.2 Movements in Funding

2.4.1 Since Revenue Monitoring Report No. 2 was approved by this Committee (Report No. 16/527 refers) notification has been received of additional resources in the current financial year from a number of sources as set out in paragraphs 2.2.2 and 2.2.5 and Appendix 3.

### 2.4.2 Scottish Government: Revenue Support Grant (£532,823)

- Teacher Induction Scheme: £501,823 (Education & Children's Services – ECS)
- Extension of Free School Meals: £28,000 (ECS)
- Council Tax Reform Data Extract: £3,000 (Housing & Community Care)

2.4.3 The Scottish Government has advised that the increase in Revenue Support Grant identified at 2.2.2 of £532,823 will be made through a redetermination of the Council's Revenue Support Grant. It is therefore necessary to adjust the net Revenue Budgets for Education & Children's Services, Housing & Community Care and Revenue Support Grant.

- 2.4.4 **ACTION:** The Committee is asked to approve the following adjustments to the Education & Children's Services (£529,823) and Housing & Community Care (£3,000) budgets to reflect the additional resources being made available through Revenue Support Grant. These adjustments are reflected in Appendix 1 (Column 3) to this report.

Other Funding (£116,735)

- 2.4.5 Other funding amounting to £116,735 will be paid outside the Revenue Support Grant mechanism as Other Grant income and is cost neutral in terms of the budget summary – details of this other funding is set out in Appendix 3.
- 2.4.6 **ACTION:** The Committee is asked to note the receipt of £116,735 of additional resources, with this funding being reflected within Education & Children's Services, Housing and Community Care and the Environment Service as additional grant income. The current projected outturn assumes that all of these additional resources will be fully expended in 2016/17.

## 2.3 Virements

Contribution to/from Capital Fund

- 2.3.1 In line with the strategy for managing the Council's Capital Programme over the medium term (as reported to Council on 22 June 2016 – Report No. 16/277 refers) it is recommended that the eventual over or under spend on Capital Financing Costs and Interest on Revenue Balances be transferred from or to the Capital Fund.
- 2.3.2 The latest monitoring indicates a small increase in the projected outturn for capital financing costs (loan charges) of £11,000 and an increase in the level of projected income from Interest on Revenue Balances of £30,000. The variances reflect the latest treasury activity undertaken by the Council.
- 2.3.3 **ACTION:** The Committee is requested to approve the virement of £11,000 to the Capital Financing Costs (Loan Charges) Budget; £30,000 to Interest on Revenue Balances with a net increase of £19,000 in the projected Contribution to the Capital Fund. These adjustments have been reflected in Appendix 1 (column 4) to this report.

## 2.4 Movements in Reserves

Revenue Grants – Transfer to Reserves

- 2.4.1 The Council received funding of £210,000 during 2016/17 towards the national Getting it Right for Every Child "GIRFEC" agenda. Delays in the implementation of Parts 4 and 5 of the Children and Young Peoples Act (Scotland) Act 2014 have meant that this funding will not be required in the current financial year. It is proposed that this funding is transferred to Reserves to be drawn down by Education and Children's Services when the expenditure will be incurred.

- 2.4.2 **ACTION:** The Committee is asked to approve the transfer of £210,000 from Education and Children's Services to the Earmarked Reserve for Revenue Grants. This adjustment is reflected in Appendix 1 (column 5) to this report.

#### Investment in Improvement / Corporate Transformation Programme

- 2.4.3 Approval is sought to rephase budgets for a number of Investment in Improvement and Corporate Transformation Programme projects leading to reductions in budgets totalling £832,000 in 2016/17 as set out in Appendix 4.
- 2.4.4 **ACTION:** The Committee is asked to approve the adjustments listed in Appendix 4 in relation to Investment in Improvement and Corporate Transformation Programme projects. This adjustment is reflected in Appendix 1 (column 5) to the report.

#### Public Sector Network

- 2.4.5 The 2016/17 Revenue Budget includes £164,000 towards Public Sector Network compliance. It is anticipated that Corporate and Democratic Services will incur expenditure of £96,000 in the current year and therefore approval is sought to transfer the balance to Reserves.
- 2.4.6 **ACTION:** The Committee is asked to approve the transfer of £68,000 from Corporate and Democratic Service to Reserves. This adjustment is reflected in Appendix 1 (column 5) to the report.

#### Car Park Reserve (£1,300,000)

- 2.4.7 The Council has previously approved contributions from the Car Park Reserve for improvement works at Canal Street (Report No. 15/352 refers) and Mill Street (Report No. 15/35 refers). The Committee is asked to approve the transfer of £1,200,000 from the Car Park Reserve to the Environment Service to fund this contribution to the capital works. In addition there has been £100,000 of expenditure on new infrastructure including ticket machines.
- 2.4.8 **ACTION:** The Committee is asked to approve the transfer of £1,300,000 to the Environment Service from the Car Park Reserve. This adjustment is reflected in Appendix 1 (column 5) to the report.

### **3. CORPORATE BUDGETS**

#### Contributions to Tayside Valuation Joint Board

- 3.1 The Treasurer of the Tayside Valuation Joint Board is currently projecting an under spend of £23,000 primarily due to reduced staff costs. Perth and Kinross Council's share of this projected under spend is approximately £9,000. This under spend is reflected in Appendix 1.

### Un-Funded Pensions Costs

- 3.2 Based on the latest invoices from Dundee City Council, who administer Tayside Pension Fund, there is a projected under spend of £100,000. This under spend has arisen due to the phasing of staff departures under the Voluntary Severance Scheme approved in February 2016. This under spend is reflected in Appendix 1.

### Council Tax Income

- 3.3 The latest monitoring of Council Tax Income indicates that additional income in excess of budget will be generated in the current year in the order of £680,000. The primary reasons for this additional income are anticipated favourable movements in the provisions for bad debts (£400,000) and a net increase in the Council Tax base in excess of budget assumptions (£100,000).
- 3.4 In addition there is a projected under spend on the Council Tax Reduction Scheme (£180,000) due to lower than budgeted activity in this area.
- 3.5 These projections are indicative at this stage and are subject to further changes in a number of variables including further movement in the tax base; movements in the level of provisions; effects of exemption and discount reviews and in year collection levels. This additional income is reflected in Appendix 1.

## **4. HOUSING REVENUE ACCOUNT (HRA)**

- 4.1 The Director (Housing and Social Work) is currently projecting a planned reduction in expenditure of £18,000 on the Housing Revenue Account (HRA) in order to increase the balance on the HRA Reserve to £800,000 in accordance with the approved strategy for managing Housing Revenue Account Balances.
- 4.2 This latest revenue monitoring position also reflects movements to projected under spends in:
- Increases in staff cost slippage in Improvements & South (£45,000), Letham & North (£12,000) and Perth City & Specialist (£30,000).
  - Housing Management (£27,000) based on the latest projections for the HRA Innovation Fund,
  - Administration (£1,000) based on the latest projections for loan charges.
- 4.3 This latest revenue monitoring position reflects movements to projected over spends in:
- Income (£33,000) due to a further projected reduction in rent from Council houses, lock ups & garages and interest on revenue balances.



- 4.4 The net projected movements described above result in an increase in the projected contribution to Capital Financed from Current Revenue (CFCR) (£82,000) available for the HRA Capital Programme.
- 4.5 Full details of the movement against the HRA Revenue Budget are set out in Appendix 5.

## **5. CONCLUSION AND RECOMMENDATIONS**

- 5.1. The total net projected under spend on the General Fund net expenditure, as set out in Appendix 1 to this report, is £3,933,000.
- 5.2. Additionally the projected planned under spend on Devolved School Management Budgets currently stands at £598,000.
- 5.3. The Director (Housing and Social Work) is currently projecting a planned under spend of £18,000 in order increase the balance on the HRA Reserve to £800,000 in accordance with the approved strategy for managing Housing Revenue Account Balances.
- 5.4. The Committee is requested to:
- Note the contents of the report;
  - Approve the adjustments to the 2016/17 Management Revenue Budget detailed in Appendix 1 and Section 2 above;
  - Approve Service virements summarised in Appendices 2 and 5.

### **Author(s)**

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### **Approved**

<b>Name</b>	<b>Designation</b>	<b>Date</b>
John Symon	Head of Finance	27 January 2017

## ANNEX

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

<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, Depute Chief Executives and Directors have been consulted in the preparation of this report.

## **2. BACKGROUND PAPERS**

- 2.1 No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

## **3. APPENDICES**

Appendix 1 –	General Fund 2016/17 Revenue Budget - Summary
Appendix 2 –	General Fund 2016/17 Projected Outturn – Service Analysis
Appendix 3 –	Other Funding
Appendix 4 –	Adjustments to Projects funded from the Corporate Transformation Fund
Appendix 5 –	Housing Revenue Account 2016/17 Projected Outturn

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

**APPENDIX 1**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	2016/17 Council Approved Budget Feb-16	Previously Approved Adjustments (Net)	Movements in Funding	Virements	Movements in Reserves	2016/17 Revised Mgt Budget	Projected Outturn	Variance to Revised Mgt Budget	Variance to Revised Mgt Budget
<i>Reference: Section in Report</i>									
<b>SERVICE</b>	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
<b>Education &amp; Children's Services</b>	171,854	(3,352)	530		(227)	168,805	167,779	(1,026)	(0.61%)
<b>Housing and Community Care</b>	65,466	678	3		(1,103)	65,044	64,755	(289)	(0.44%)
<b>The Environment Service</b>	57,969	3,857			1,228	63,054	61,575	(1,479)	(2.35%)
<b>Corporate and Democratic Services</b>	14,399	356			(306)	14,449	14,099	(350)	(2.42%)
<b>Sub - Total: Service Budgets</b>	<b>309,688</b>	<b>1,539</b>	<b>533</b>	<b>0</b>	<b>(408)</b>	<b>311,352</b>	<b>308,208</b>	<b>(3,144)</b>	<b>(1.01%)</b>
<b>Corporate Budgets</b>									
Contribution to Valuation Joint Board	1,166					1,166	1,157	(9)	(0.77%)
Capital Financing Costs	16,352	(1,514)		11		14,849	14,849	0	0.00%
Interest on Revenue Balances	(200)	88		(30)		(142)	(142)	0	0.00%
Net Contribution to/(from) Capital Fund	(586)	520		19		(47)	(47)	0	0.00%
Contribution to/(from) Renewal and Repair Fund	0	(822)				(822)	(822)	0	0.00%
Trading Operations Surplus	(250)					(250)	(250)	0	0.00%
Support Service External Income	(1,888)					(1,888)	(1,888)	0	0.00%
Un-Funded Pension Costs	1,551					1,551	1,451	(100)	(6.45%)
Discretionary Relief	150					150	150	0	0.00%
<b>Net Expenditure (General Fund)</b>	<b>325,983</b>	<b>(189)</b>	<b>533</b>	<b>0</b>	<b>(408)</b>	<b>325,919</b>	<b>322,666</b>	<b>(3,253)</b>	<b>(1.00%)</b>
<b>Financed By:</b>									
Revenue Support Grant	(184,101)	(2,436)	(533)			(187,070)	(187,070)	0	0.00%
Ring Fenced Grant	(113)					(113)		0	0.00%
Non Domestic Rate Income	(57,555)					(57,555)	(57,555)	0	0.00%
Council Tax Income	(73,664)	(1,300)				(74,964)	(75,464)	(500)	(0.67%)
Council Tax Reduction Scheme	6,249					6,249	6,069	(180)	(2.88%)
Capital Grant	(6,944)	4,670				(2,274)	(2,274)	0	0.00%
<b>Total Financing</b>	<b>(316,128)</b>	<b>934</b>	<b>(533)</b>	<b>0</b>	<b>0</b>	<b>(315,727)</b>	<b>(316,407)</b>	<b>(680)</b>	<b>(0.22%)</b>
<b>Financed from/(returned to) Reserves including use of Budget Flexibility b/fwd</b>	<b>9,855</b>	<b>745</b>	<b>0</b>	<b>0</b>	<b>(408)</b>	<b>10,192</b>	<b>6,259</b>	<b>(3,933)</b>	

**PERTH AND KINROSS COUNCIL - GENERAL FUND 2016/17 PROJECTED OUTTURN - SERVICE ANALYSIS**  
**(Based on Expenditure to 30 November 2016)**

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
<b><u>Education &amp; Children's Services (ECS)</u></b>			
Total	(1,026)		
			<b><u>Devolved School Management (DSM)</u></b>
		(398)	<b><u>Staff Costs</u></b> Teachers salaries projected under spend of £1,656,000 due to staff turnover. Single Status staff are projecting an under spend of £448,000 also due to staff turnover. This is offset by a slippage target for 2016/2017 of £1,706,000.
		(200)	<b><u>Income</u></b> Projected additional income of £200,000 offsets additional expenditure on staff costs above for secondments and SQA work.
		598	The projected DSM carry forward for 2016/17 is £598,000 which is a reduction of £660,000 on the balance brought forward from 2015/16. This level of carry forward represents approximately 0.71% of the overall DSM budget.
			<b><u>Other Education &amp; Children's Services Sectors:</u></b>
		(1,175)	<b><u>Staff Costs</u></b> This projected under spend is made up of movements across all sectors and cost centres and is after recognising a slippage target of £841,000.
		32	<b><u>Property Costs</u></b> Projected over spend in relation to Non-Domestic Rates for 2016/17.
		(563)	<b><u>Supplies and Services</u></b> Projected under spend in Early Learning and Childcare provision (£63,000) and Evidence 2 Success (£500,000) due to the phasing of expenditure.
		350	Virement to reflect additional school meals activity
		(28)	<b><u>Transport Costs</u></b> Projected under spend on car allowances, travel and subsistence payments.
		(258)	<b><u>Home to School Transport</u></b> Projected under spend due to contractual price reduction of 1.49% compared to an inflationary increase of 5% that was assumed in setting the 2016/17 Revenue Budget.
		35	<b><u>Third Party Payments</u></b> There is a projected under spend in Early Learning and Childcare (£135,000) offset by a projected over spend in Children, Young People and Families for supporting young people (£103,000) and Direct Payments & Personal Home Care (£67,000).
		(416)	<b><u>Residential Schools/Foster Care and Kinship Care:</u></b> The budget for young people with Additional Support Needs (ASN) who are educated out with the Council's mainstream school provision is projected to under spend in the current financial year due to a lower level of placements than that assumed in setting the original revenue budget.
		828	The budget for young people with complex behavioural issues which includes a number of pupils placed within secure schools is projected to over spend based on current activity levels.
		747	The Foster care budget is projected to over spend (£787,000) due to high demand for external foster carers to date partially offset by a projected under spend on Kinship care (£40,000).
		(48)	<b><u>Loan Charges</u></b> Projected under spend on prudential borrowing loan charges due to revised projections for land disposals.
		(49)	<b><u>Income</u></b> Projected additional income of £49,000. The main areas are Out of School Kids Clubs (£30,000); recharging other authorities for Pupil Support Assistants and Learning Support (£19,000); Police Scotland (£6,000) for Child Protection Inter Agency work; Duke of Edinburgh Awards (£8,000), school meals (£33,000), school lets (£19,000), Strathearn Community Wing (£3,000), Internal Recharges (£10,000) and Rattray Community Connect (£1,000). These are partially offset by reduced Renewable Heat Initiative income (£80,000) due to delays in changes to plant and equipment.
		(131)	Income in relation to community empowerment.
		(350)	Virement to reflect additional income from school meals.

**PERTH AND KINROSS COUNCIL - GENERAL FUND 2016/17 PROJECTED OUTTURN - SERVICE ANALYSIS**  
**(Based on Expenditure to 30 November 2016)**

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
<b><u>Housing and Community Care</u></b>			
Total	(289)		
		424	<b><u>Housing</u></b> There is a projected over spend on Temporary Accommodation (£325,000) as the Homefirst service delivery model is rolled out on a phased basis and reduced income at Greyfriars and Rio (£180,000) due to occupancy levels being lower than that budgeted. This is partially offset by additional slippage on staff costs (£33,000) and Private Sector Housing Grant (£48,000).
		(491)	<b><u>Finance and Support</u></b> Projected under spend due to additional income from Sheriff Officers (£50,000), accelerated delivery of approved savings (£177,000), additional non-recurring income (£161,000) and other miscellaneous under spends (£103,000).
		(124)	<b><u>Strategic Support and Commissioning</u></b> Accelerated delivery of approved savings (£155,000), additional non-recurring income (£13,000) and other minor under spends (£40,000) partially offset by projected over spends on staff costs and supplies and services (£84,000).
		(1,425)	<b><u>Older People</u></b> There is a projected under spend on Care At Home (£395,000) due to recruitment delays and a shortage of external supply; Care Teams (£245,000) as the Service moves to locality team models; Occupational Therapy (£42,000) due to additional income from NHS Tayside, staff slippage and equipment purchases; LA Residential Homes (£252,000) due to increased income and staff slippage and Day Care (£147,000) due to staff slippage and the accelerated delivery of savings and external residential placements (£164,000) due to a higher turnover of clients compared to budget. The accelerated delivery of further approved savings (£170,000) and the receipt of additional non-recurring income (£10,000).
		(460)	<b><u>Learning Disabilities</u></b> There is a projected under spend due to staff slippage in day care (£88,000), the accelerated delivery of approved savings (£245,000), a reduction in purchased services (£85,000), Direct Payments (£80,000) and the receipt of non-recurring income (£10,000). This is partially offset by projected over spends on external residential placements (£30,000) and supported living projects (£18,000).
		(98)	<b><u>Community Safety</u></b> There is a projected under spend due to additional staff slippage and reduced third party payments (£86,000) and the accelerated delivery of approved savings (£12,000).
		(99)	<b><u>Other Community Care Services</u></b> The accelerated delivery of approved savings will deliver additional savings in the current year (£239,000). Addiction Services are projecting an under spend due to additional staff slippage (£63,000). Management cost centres are projected to over spend due to the non-achievement of slippage targets (£136,000), an increased provision for bad debts (£79,000) partially offset by additional income from the approved Contributions Policy (£12,000).
		598	Transfer to Reserves for future health and social care transformation related activity.
		1,386	Transfer to Perth and Kinross Health and Social Care Partnership

**PERTH AND KINROSS COUNCIL - GENERAL FUND 2016/17 PROJECTED OUTTURN - SERVICE ANALYSIS**  
**(Based on Expenditure to 30 November 2016)**

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
<b><u>The Environment Service</u></b>			
Total	(1,479)		
		(250)	<b><u>Service Wide Staffing Budgets</u></b> Projected slippage in excess of target across the Service
		40	<b><u>Community Greenspace</u></b> Contribution to Tayside Landscape Partnership
		60	<b><u>Planning and Regeneration</u></b> Provision of free public Wi-Fi network in Perth City Centre
		65	Investment in marketing and promotion across Perth and Kinross
		(140)	Projected additional income from commercial lets
		(215)	Projected rephasing of expenditure in relation to European Social Fund to deliver approved projects
		(32)	Projected rephasing of funding to support Perth Visitor Information Centre
		(25)	Projected rephasing of funding for vacant property initiative
		(219)	Proposed rephasing of rural broadband funding to match Leader funding
		(28)	Proposed rephasing of Perth and Kinross Recruitment Initiatives funding to meet existing commitments
		(50)	Proposed rephasing of City Development funding for environmental improvements
		(150)	<b><u>Operations &amp; Waste Strategy</u></b> Projected saving on fuel costs based on current price and consumption estimates.
		(100)	Projected non-recurring saving on loan charges based on existing vehicle replacement programme
		(220)	<b><u>Roads &amp; Transport</u></b> Depot recharge to Tayside Contracts
		120	Share of depot recharge costs for PKC roads maintenance activities
		100	Share of South Inch pumping station repair costs and additional reactive roads maintenance costs
		(80)	Projected additional income from Statutory Site notices
		(230)	Projected under spend on street lighting energy costs and carbon reduction commitment payments due to lower than anticipated price increases and impact of LED installation programme
		230	Additional bridge inspection costs
		(130)	Proposed rephasing of landslip construction project
		150	Replacement footbridge in Alyth
		(40)	Proposed rephasing of bridge maintenance expenditure to match works
		(65)	Proposed rephasing of flood studies budget to match commitments
		1,200	<b><u>Car Parking</u></b> Investment in Canal Street and Mill Street car parks
		100	Investment in new infrastructure
		(1,300)	Contribution from Car Park Reserves.
		(30)	<b><u>Corporate Functions</u></b> Proposed rephasing of asset management business systems budget to meet ongoing development requirements
		(10)	Projected under spend on Procurement staffing
		(650)	<b><u>Property</u></b> Projected saving on energy costs due to lower than anticipated price increases.
		(140)	Projected saving on water costs.
		260	Projected additional expenditure on the school estate including Auchterarder High School
		300	Projected shortfall in professional fees and additional design and technical costs arising from planned and reactive maintenance programmes



**PERTH AND KINROSS COUNCIL - GENERAL FUND 2016/17 PROJECTED OUTTURN - SERVICE ANALYSIS**  
**(Based on Expenditure to 30 November 2016)**

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
<b><u>Corporate and Democratic Services</u></b>			
Total	(350)		
		(7)	<b><u>Core Costs</u></b> Projected net under spend on staff costs due to slippage.
		(50)	<b><u>Legal Services</u></b> Projected under spend on staff costs due to vacancies.
		21	Projected over spend on other costs across the Division, primarily publications and photocopying.
		(12)	Projected additional income due to the cyclical nature of a number of the income streams.
		(157)	<b><u>Finance</u></b> Projected under spend on staff costs due to slippage in excess of budgeted levels.
		(5)	Miscellaneous under spends across the Finance Division
		(31)	<b><u>Human Resources</u></b> Various net projected under spends across staff costs, supplies and services, third party payments and transport costs
		2	<b><u>Democratic Services</u></b> Miscellaneous over spends in staff costs, supplies and services and third party payments across Democratic Services.
		(51)	<b><u>IT</u></b> Projected under spend on staff costs due to slippage in excess of budgeted levels.
		(60)	Projected under spend on hardware maintenance, software licenses and network costs.
<b>TOTAL</b>	<b>(3,144)</b>		

**APPENDIX 3****Other Funding**

Scottish Fire & Rescue Service – Action Partnerships (Education & Children’s Services)	<b>£2,000</b>
Department of Work and Pensions – Fraud & Error Reduction Incentive Scheme: FERIS 2 (Housing & Community Care)	<b>£4,735</b>
Big Lottery Fund – Inner Tay Regeneration Scheme (Pontoon) (The Environment Service - TES)	<b>£100,000</b>
Transport Scotland – Low Carbon Travel & Transport (TES)	<b>£10,000</b>
<b>TOTAL</b>	<b>£116,735</b>

**Corporate Transformation Programme**

SWIFT Integrated Care (Housing & Community Care) (HCC)	<b>Reduction of £62,000</b>
Review of Community Care Packages for Adults (HCC)	<b>Reduction of £143,000</b>
Communities First Review (HCC)	<b>Reduction of £300,000</b>
Open Data (Education and Children's Services)	<b>Reduction of £17,000</b>
Procurement Review (The Environment Service) (TES)	<b>Reduction of £67,000</b>
Organisational Development (TES)	<b>Reduction of £5,000</b>
Mobile Working (Corporate & Democratic Services)	<b>Reduction of £130,000</b>
Online / MyAccount	<b>Reduction of £108,000</b>
<b>TOTAL</b>	<b>Reduction of £832,000</b>

**PERTH AND KINROSS COUNCIL - HOUSING REVENUE ACCOUNT 2016/17 PROJECTED OUTTURN**  
**(Based on Expenditure to 30 November 2016)**

£'000	Summary of Service Variances
(42)	<b>Housing Improvements and South</b> Projected staff slippage in excess of budget
30	<b>Letham and North</b> Projected over spend due to non-achievement of staff slippage target and revised projections for sheriff officer costs.
(2)	<b>Perth City and Specialist</b> Minor net projected under spends across the team.
(35)	<b>Housing Management</b> Projected under spend on the HRA Innovation Fund.
(110)	<b>Administration</b> The projected under spend is due to anticipated reduced capital financing costs
290	<b>Income</b> There is a projected under recovery of income from reduced Interest on Revenue Balances (£44,000) due to low interest rates, from rental income due to the delayed completion of new builds and increased right to buy applications (£164,000) and a reduction in income from lock up and garages due to stock movements and the capital investment programme (£82,000).
(149)	<b>Capital Financed from Current Revenue</b> 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.
(18)	