

PERTH AND KINROSS COUNCIL

22 February 2017

REVENUE BUDGET 2017/18 & 2018/19 – REPORT NO. 2

Report by the Head of Finance

PURPOSE OF REPORT:

This report recommends the setting of a Final Revenue Budget for 2017/18 and an Updated Provisional Revenue Budget for 2018/19. The report also recommends that the Council determines the Final Council Tax for 2017/18 and Updated Provisional Council Tax for 2018/19.

1. BACKGROUND

- 1.1 On 5 October 2016 the Council approved the latest Medium Term Financial Plan for the period 2017 – 2022 (Report No. 16/438 refers). This updated the previous Plan and considered future funding levels over the short to medium term for Perth and Kinross Council. The report also approved the development of the 2017/18 Final Revenue Budget and 2018/19 Updated Provisional Revenue Budget and provided an update on the Council's Capital Budget, Housing Revenue Account and Reserves position.
- 1.2 The Medium Term Financial Plan (MTFP) is intended to outline the broad "direction of travel" for the Council's financial management and the update approved in October 2016 covered the five years to financial year 2021/22.
- 1.3 The savings targets to 2021/22 as reported in October 2016 are summarised in the following table.

	17/18	18/19	19/20	20/21	21/22	Total
	£m	£m	£m	£m	£m	£m
Estimated Savings Required (October 2016)	17.4	16.2	15.9	8.6	7.2	65.3

- 1.4 This report focusses on the first two years of the Medium Term Financial Plan.
- 1.5 On 14 December 2016 the Council approved Revenue Budget 2017/18 & 2018/19 – Report No. 1 (Report No. 16/556 refers). The report provided an update in relation to the Revenue Budget for 2017/18 and 2018/19 in light of the information contained in the UK Spending Review and Autumn Statement that was announced on Wednesday 23 November 2016. The report also

approved amended planning assumptions in relation to General Revenue Grant and Non-Domestic Rates Income for 2018/19.

2. LOCAL GOVERNMENT FINANCE SETTLEMENT

2.1 Local Government Finance Settlement

2.1.1 Local Government Finance Circular 9/2016, which was originally issued by the Scottish Government on 15 December 2016 and subsequently revised on 16 December 2016 and 17 January 2017, included the proposed Local Government Finance Settlement for financial year 2017/18 at individual Council level. As anticipated the Finance Settlement covers 2017/18 only and no information is available from the Scottish Government for 2018/19. The full Finance Circular can be obtained at the following link - [Local Government Finance Circular 9/2016](#).

2.1.2 The Minister for Finance and the Constitution also wrote to COSLA on 15 December 2016 setting out the funding proposal and package to Councils and this letter is included at Appendix A(i).

2.1.3 The letter confirmed the key priorities of the Scottish Government in relation to Public Sector Reform and specifically, *health and social care, education attainment and governance, tackling inequalities & inclusive growth and enterprise, innovation, skills and employability*.

Health and Social Care

2.1.4 In 2017/18 an additional £107 million nationally is to be transferred from NHS Boards to Integrated Joint Boards for social care. Specifically £100 million is to support the continued delivery of the Living Wage, sleep overs and “sustainability” in the care sector and £7 million relates to disregarding the value of war pensions from financial assessments for social care and pre implementation work in respect of the new carer’s legislation. “Sustainability” is understood to mean addressing the apparent inability of providers to contribute to the cost of the Living Wage.

2.1.5 The Council received notification on 18 January 2017 that Perth and Kinross Health and Social Care Partnership would receive £2.620 million in relation to Living Wage commitments and £0.180 million towards war veterans (earnings disregards) and pre-implementation work for the Carers Act.

2.1.6 This is in addition to the £250 million for Health and Social Care that was included in the 2016/17 Settlement and which has now been mainstreamed where Perth and Kinross Health and Social Care Partnership received £6.540 million.

Education (including the Pupil Equity Fund)

2.1.7 The Scottish Government has announced funding in 2017/18 of £120 million nationally that will be allocated directly to schools to close the gap in educational attainment of young people from Scotland’s most and least

deprived areas. The Finance Circular stated that the amount of funding to be received by the Council will be £1.595 million and it is a condition of the agreement with the Scottish Government that this is additional to existing budgets rather than substitutional. This amount was subsequently revised to £1.608 million on 2 February 2017 and is included in the 2017/18 Provisional Revenue Budget set out at Appendix B.

- 2.1.8 It had originally been anticipated that the national funding for the Pupil Equity Fund would be derived from changes to Council Tax legislation which result in increased charges to households in band E to band H. This would have meant that the Council would have collected approximately an extra £4.8 million which would have been removed from General Revenue Grant funding and paid directly to schools across Scotland. Only around a third of this income would have effectively been “retained” in Perth and Kinross.
- 2.1.9 However Councils are now entitled to retain all additional Council Tax income from changes to the bands without any reduction to the overall Settlement and this is included within the 2017/18 Provisional Revenue Budget that is set out at Appendix B. The allocation of this additional funding will be decided by individual Councils based on their own local needs and priorities.
- 2.1.10 Councils are also required to maintain the overall national pupil to teacher ratio at 2016/17 levels and secure places for all probationers who require one under the teacher induction scheme.

Local Taxation

- 2.1.11 Following a nine year Council Tax freeze the offer letter from the Minister states that Councils may now choose to increase Council Tax charges by up to a maximum of 3% for 2017/18. This increase was included in the Medium Term Financial Plan that was approved by Council on 5 October 2016 (Report No. 16/438 refers) and both the 2017/18 and 2018/19 Provisional Revenue Budgets set out at Appendix B. It is assumed that Council Tax can be increased by at least 3% in 2018/19, although the Scottish Government has not indicated its intention in relation to the Council Tax for that financial year.
- 2.1.12 The letter of 15 December 2016 from the Minister also stated that in respect of those Councils not agreeing to all aspects of the offer “a revised, and inevitably less favourable, offer will be made”.
- 2.1.13 The 2017/18 Provisional Revenue Budget has been constructed to include cost pressures and savings arising from the offer and on the assumption that the Council is not subject to a revised, less favourable, offer.
- 2.1.14 On that basis the Leader of the Council wrote to the Minister on 11 January 2017 advising that he intended to present a 2017/18 Revenue Budget to Council on 9 February 2017 that fully complied with the terms of the offer.
- 2.1.15 Finance Circular 9/2016 also contained information on revenue funding that has still to be distributed. The following list outlines this undistributed funding and how much is available nationally.

- Teachers' Induction Scheme - £37.473 million
- Discretionary Housing Payments - £47.9 million
- Temporary Accommodation - £22.5 million
- Council Tax Reduction Scheme - £42.946 million
- Gaelic - £0.096 million
- Attainment Scotland Fund - £0.622 million

2.1.16 In addition there is £30 million of revenue and £30 million of capital funding towards the expansion of early learning and childcare to 1,140 hours in the Education and Skills portfolio that has still to be allocated. It is unlikely that all of this funding will ultimately be distributed to local government.

2.1.17 On 2 February 2017 the Minister for Finance and the Constitution advised that, subject to parliamentary approval in the final stages of the Budget Bill and local Government Finance (Scotland) Order 2017, an extra £160 million would be allocated to local government in 2017/18. This comprises £130 million of revenue funding and £30 million of capital and was in addition to the amount of funding set out in Finance Circular 9/2016.

2.1.18 This means additional revenue funding of £3.582 million and capital grant of £962,000 in 2017/18 which will be available to the Council to spend at its own discretion. For the purposes of preparing this report it is assumed that the revenue funding is recurring in nature although this is yet to be confirmed by the Scottish Government. The letter of 2 February 2017 is set out at Appendix A(ii).

2.2 Funding Assumptions included within the Provisional Revenue Budgets for 2017/18 and 2018/19

2.2.1 Based on Finance Circular 9/2016 the total revenue funding being made available by the Scottish Government to Perth and Kinross Council in 2017/18 is £238.421 million (see table below).

Scottish Government Grant Funding - Perth and Kinross Council	
<i>(Finance Circular 9/2016 - 16 December 2016)</i>	
	2017/18
	£'000
General Revenue Funding	184,220
Ring-Fenced Grants	3,337
Non Domestic Rate Income	50,864
Revenue Funding per Finance Circular	<u>238,421</u>
Additional Pupil Equity Funding	13
Additional Revenue Funding (2/2/17)	3,582
TOTAL REVENUE FUNDING	<u><u>242,016</u></u>

2.2.2 The table below summarises the movements in the total funding package from the Scottish Government to facilitate a comparison of the 2017/18 Settlement with the current year on a consistent basis.

	Ring Fenced Grants £'000	Non Domestic Rates Income £'000	General Revenue Grant £'000	Total £'000
Finance Circular 7/2015 (December 2015)	113	57,555	184,028	241,696
Adjustments:				
- Pupil Equity Fund (subject to confirmation)				1,595
- Community Justice Social Work				1,629
- Free School Meals				1,514
Updated 2016/17 Funding				246,434
Finance Circular 9/2016 (December 2016)				(238,421)
Additional Pupil Equity Funding				(13)
Additional Funding (announced 2 February 2017)				(3,582)
Total Cash Reduction				4,418
% Reduction				1.8%

2.2.3 The total amount of funding on a cash basis increased by £320,000 between 2016/17 and 2017/18. However the 2017/18 funding includes commitments to the Pupil Equity Fund (£1.608 million), Community Justice Social Work (£1.629 million) and Free School Meals (£1.514 million) which were not included in the 2016/17 figures. Therefore on a like for like basis, after adjusting for the additional funding announced on 2 February 2017, the cash reduction in funding from the Scottish Government between 2016/17 and 2017/18 is £4.418 million or 1.8%. This figure does not take account of the additional impact of inflation, which could be significant in 2017/18 or demand growth.

2.2.4 The Council now has the discretion to raise Council Tax levels by up to a maximum of 3% and can also retain all additional income generated by national changes to Council Tax bands. The following table sets out the movement in resources between financial years 2017/18 and 2018/19, excluding the use of Reserves, and demonstrates on a comparable basis that there is an additional £3.652 million of funding available to the Council to contribute towards inflationary pressures and the significant increase in demand for services (assuming a Council Tax increase of 3% in 2017/18).

	2016/17	2017/18	Movement
	£'000	£'000	£'000
Updated Scottish Government Funding - see 2.2.2 above	246,434	242,016	(4,418)
Council Tax Income - see below	73,664	81,734	8,070
Total Resources	320,098	323,750	3,652
Additional Council Tax Income			
- Changes in Council Tax bands			4,800
- Increased collection rate			390
- Increase in Council Tax rate - per Medium Term Financial Plan (3%) (NB pre impact of Council Tax band changes)			2,167
- Estimated increase in no. of properties			713
			8,070
		2018/19	
	2017/18	(Assumed)	Movement
	£'000	£'000	£'000
Updated Scottish Government Funding	242,016	239,914	(2,102)
Council Tax Income - see below	81,734	84,613	2,879
Total Resources	323,750	324,527	777
Additional Council Tax Income			
- Increase in Council Tax rate - per Medium Term Financial Plan (3%) (NB pre impact of Council Tax band changes)			2,142
- Estimated increase in no. of properties			737
			2,879

2.2.5 The Finance Circular does not contain any funding information beyond 2017/18 and therefore the assumptions on levels of funding included in the 2018/19 Provisional Revenue Budget are based on the revisions included in the Revenue Budget 2017/18 & 2018/19 – Report No.1 approved by Council on 14 December 2016 (Report No. 16/556 refers).

2.2.6 By continuing to plan for the medium term the Council provides authority for officers to roll out the programme of significant change (including transformation) that will seek to protect front line services for the citizens of Perth and Kinross.

2.3 Non Domestic Rates

2.3.1 Finance Circular 9/2016 provisionally set the Non Domestic Rate poundage for 2017/18 at 46.6p (48.4p in 2016/17) a reduction of 3.7% and the Large Business Supplement at 2.6p (2.6p in 2016/17). The threshold for the supplement is proposed to increase so that it is applicable only to properties with a rateable value over £51,000 (£35,000 in 2016/17).

2.3.2 The draft rateable values from the recent Non-Domestic Rates Revaluation exercise have recently been published. There are no transitional arrangements proposed in respect of the 2017 revaluation. This revaluation will require the Council to review all relief that has rateable value thresholds such as the Small Business Bonus Scheme. The Scottish Government have also announced proposals to expand the scheme so that more small businesses qualify for full relief. Changes to the thresholds are set out in the following table.

Comparison of Small Business Bonus Scheme Reliefs			
2016/17		2017/18	
Combined rateable value (RV) of all properties	Relief	Combined rateable value (RV) of all properties	Relief
Up to £10,000	100%	Up to £15,000	100%
£10,001 to £12,000	50%	£15,001 to £18,000	25%
£12,001 – £18,000	25%	£18,001 to £35,000	25% on individual property each with rateable value up to £18,000
£18,001 – £35,000	25% on individual property each with rateable value up to £18,000		

2.3.3 Additionally, under the Land Reform (Scotland) Act 2016, shootings and deer forests are to be returned to the Valuation Roll from 1 April 2017 after being exempt from valuation for around 20 years.

3. PROVISIONAL GENERAL FUND REVENUE BUDGET 2017/18 AND 2018/19

3.1 Background

3.1.1 The Council agreed Provisional Revenue Budgets and Council Tax levels for 2017/18 and 2018/19 on 11 February 2016 (Report No. 16/51 refers).

3.1.2 The table below sets out the total pressures and savings by Service for 2017/18 and 2018/19 of £12.163 million and £10.711 million respectively that were agreed by the Council in February 2016. The figures for Corporate Budgets include adjustments to assumptions in relation to grant funding, income levels, welfare reform and pay awards; use of Reserves and rephasing loan charges budgets.

	2017/18		
	Pressures £'000	Savings £'000	Net £'000
Education & Children's Services	2,815	(2,614)	201
Health and Social Care	3,843	(1,543)	2,300
Housing & Community Safety	165	(1,030)	(865)
The Environment Service	904	(1,515)	(611)
Corporate & Democratic Services	183	(207)	(24)
Corporate Budgets	4,253	(5,254)	(1,001)
	<u>12,163</u>	<u>(12,163)</u>	<u>0</u>
	2018/19		
	Pressures £'000	Savings £'000	Net £'000
Education & Children's Services	2,626	(1,873)	753
Health and Social Care	1,795	(3,139)	(1,344)
Housing & Community Safety	134	(1,081)	(947)
The Environment Service	933	(2,215)	(1,282)
Corporate & Democratic Services	193	(170)	23
Corporate Budgets	5,030	(2,233)	2,797
	<u>10,711</u>	<u>(10,711)</u>	<u>0</u>

3.2 Process for Preparing the Provisional Revenue Budgets for 2017/18 and 2018/19

- 3.2.1 The process for updating the Provisional Revenue Budgets for 2017/18 and 2018/19 was summarised in the Medium Term Financial Plan report which was considered by the Council at its meeting on 5 October 2016 (Report No. 16/438 refers).
- 3.2.2 Each Service has prepared an “Executive Summary” setting out movements from the Provisional Revenue Budgets approved in February 2016. These detail anticipated expenditure pressures with proposed compensating savings to contain these pressures. In addition Services were asked to contribute towards a revised corporate savings target to fund pressures such as increased funding reductions and the Apprenticeship Levy. These Executive Summaries were first issued to all Councillors on 9 December 2016. Updated Executive Summaries are attached at Appendix E to this report.
- 3.2.3 The Provisional Revenue Budgets 2017/18 and 2018/19 are predicated on maintaining the same levels of service delivery reflected in the Provisional Revenue Budget approved in February 2016 (Report No 16/51 refers) with the exception of the specific issues identified within this report or in the Revenue Budget Executive Summaries contained at Appendix E.
- 3.2.4 In updating Executive Summaries, Services were required to assess and document the potential impact of expenditure pressures (where applicable) and compensating savings in relation to the following criteria:

- Workforce – including information on numbers of employees affected, vacancies, staff turnover and fixed term contracts.
- Customers – including information on the effect on all customers/stakeholders (both external and internal).
- Equalities/Diversity – ensuring that any statutory equalities issues are considered.
- Outcome & Performance – identifying any significant impact on the Single Outcome Agreement and/or Service Business Management and Improvement Plans.

3.3 Provisional Revenue Budgets for 2017/18 and 2018/19

3.3.1 The Provisional Revenue Budgets for 2017/18 and 2018/19 are detailed by Service in Appendix B to this report.

3.3.2 The following table summarises the extent of the anticipated financial challenge facing the Council over the next two years. It also demonstrates the level of Revenue Budget headroom available to the Council for 2017/18 and 2018/19.

Revenue Budget Headroom			
	2017/18	2018/19	Total
	£'000	£'000	£'000
Report No 16/556			
Additional Service Expenditure Pressures	(9,074)	(2,120)	(11,194)
Additional Service Savings Proposals	4,995	8,219	13,214
(Gap) / Excess Service Submissions	(4,079)	6,099	2,020
Non-Domestic Rates Revaluation	(620)		(620)
Future Pay Awards	(143)		(143)
(Gap) / Excess: Council 14 December 2016	(4,842)	6,099	1,257
Proposed Adjustments to Provisional Revenue Budgets			
Council Tax Banding Changes	4,800		4,800
Further Funding Adjustments	781		781
Further Pay Award	(357)		(357)
Renewal and Repair Fund	258	(258)	0
Unfunded Pensions	58	(58)	0
Council Tax Collection Rate	390		390
Private Sector Housing Grant	200		200
Energy Costs	350	(350)	0
Tayside Contracts Surplus	100		100
Department of Work and Pensions Funding	650		650
Temporary Accommodation - Charging Policy	486	(486)	0
Amendments to Service Submissions	1,398	(89)	1,309
Non-Domestic Rates Assumptions	742		742
Council Tax Reduction Scheme	(250)		(250)
Corporate Transformation - Rephasing	(1,007)	233	(774)
Tayside Valuation Joint Board	21		21
Revenue Budget Headroom	3,778	5,091	8,869

3.3.3 The table above also provides an analysis of the proposed adjustments that have been made to the Provisional Revenue Budgets since the Council meeting on 14 December 2016. At that time the Council was advised of a potential funding gap in 2017/18 of £4.842 million with surplus resources of £6.099 million in 2018/19. This resulted in net Revenue Budget “headroom” of £1.257 million over the two years under consideration.

3.3.4 In December 2016 the Council was not asked to approve options for dealing with the funding gap in 2017/18. Instead the Council was presented with scenarios on how the imbalances in the budgets might be addressed subject to further development following receipt of the Local Government Finance Settlement for 2017/18.

3.3.5 The following narrative provides more detail on the individual proposals and movements since December 2016. These proposals are in addition to the detailed Service submissions that are set out in Appendix E.

- Council Tax Banding Changes – this is the estimated additional Council Tax income that will be received by the Council following changes to bands E to H – more detail on this is set out in section 4 below.
- Further Funding Adjustments – this is the level of adjustments in funding identified in Finance Circular 9/2016 and the announcements on 2 February 2017 compared with the assumptions included in the Medium Term Financial Plan.
- Further Pay Award –the cost of the offer to trade unions for 2017/18 is in excess of the 1% included in initial assumptions. The outcome of pay negotiations will not be known by the time the Council sets its Revenue Budget for 2017/18 and there remains a risk that the pay award provision is inadequate.
- Renewal and Repair Fund – this proposal will utilise the uncommitted balance of this Fund on eligible expenditure delivering a saving for 2017/18 only.
- Unfunded Pensions – utilisation of a projected 2017/18 under spend on a non-recurring basis.
- Council Tax Collection Rate – it is proposed to increase the assumed Council Tax collection rate to 98% - more information on this is set out in Section 4.
- Private Sector Housing Grant – this proposal will reduce the budget in this area in line with historic expenditure levels allowing a saving to be made in the Revenue Budget.
- Energy Costs – utilisation of a projected 2017/18 under spend on a non-recurring basis.
- Tayside Contracts Surplus – anticipated increase in line with historic levels of surplus returned to the Council over the last few financial years.
- Department of Work and Pensions (DWP) Funding – anticipated minimum additional funding that should be received for temporary accommodation. No details on the distribution of £22.5 million of national funding in 2017/18 to the Scottish Government are currently available.
- Temporary Accommodation - Charging Policy – 2017/18 impact of not changing the charging policy until 1 April 2018 net of impact on previously approved savings proposals (as agreed by Housing and Health Committee on 25 January 2017 (Report No. 17/34 refers))

- Amendments to Service Submissions, which are included at Appendix E, – this includes:
 - An additional pressure of £94,000 in 2017/18 to fund two additional social workers (children and families) to recognise the demand in this area.
 - The receipt of estimated additional income of £1.542 million in 2017/18 to recognise the Council's share of Scottish Government funding that will be directed through NHS Tayside to support the work of the Perth and Kinross Health and Social Care Partnership.
 - Other net adjustments to Service submissions of £139,000.
- Non-Domestic Rates Assumptions – this includes:
 - Removal of the pressure of £620,000 in 2017/18 that the Council was advised of in December 2016. This is in recognition of the draft rateable values that were issued in January 2017.
 - Further saving of £122,000 in relation to the reduction in the Non-Domestic Rates valuations and poundage for 2017/18. This reflects the impact of reduced bills for the Council's offices.
- Council Tax Reduction Scheme – a consequence of the changes to Council Tax bills for households in the Council Tax Bands E to H will be increased demand for support through the Council Tax Reduction Scheme. The Council does not hold information on these households' financial position to allow an accurate assessment of the cost to be made. The sum allowed represents the Council's approximate net share of a £9 million cost estimate that was previously identified by the Scottish Government.
- Corporate Transformation – the Strategic Policy and Resources Committee of 8 February 2017 considered an update on the Transformation Programme 2015-20 (Report No. 17/62 refers). This update included the planned rephasing of savings in relation to the Digital and MyAccount Review and Mobile Working Review. It is anticipated that the totality of the savings identified in the original business case will be delivered over a slightly extended period of time. In addition it is proposed to rephase assumed savings in relation to the Corporate Property Asset Management review. This will allow the new Council to take decisions on its future property strategy.
- Tayside Valuation Joint Board – this recognises the reduction in the 2017/18 requisition advised in January 2017.

- 3.3.6 The net impact of the adjustments described in 3.3.5 above result in the recurring Revenue Budget “headroom” to the Council of **£3.778 million** in 2017/18 and **£5.091 million** in 2018/19.
- 3.3.7 Revenue Budget “headroom” provides capacity to the Council to either reject savings proposals or fund additional expenditure pressures.
- 3.3.8 Assuming the funding levels notified by the Scottish Government for 2017/18 and the previously approved assumptions for 2018/19 the Provisional Net Revenue Budgets for 2017/18 and 2018/19 are shown at Appendix B.
- 3.3.9 **The Council is reminded that the Provisional Revenue Budgets, as set out in Appendix B are based upon the assumption that all of the expenditure pressures and all of the compensating savings within the Executive Summaries attached as Appendix E and the proposals in the table in paragraph 3.3.2 to the report are approved.**

3.3.10 ACTION: The Council is asked to approve the Updated Provisional Revenue Budgets for 2017/18 and 2018/19 as set out in Appendix B.

3.3.11 The Provisional Revenue Budgets have been prepared based upon the information currently available, both in terms of financial resources and anticipated Service delivery pressures. The analysis reflects the judgement of the Council Officers concerned and has been reviewed by the Council’s Executive Officer Team. There is, however, a risk that these assumptions may require to be revised in due course as part of the ongoing monitoring of the Council’s expenditure. In particular there is limited information on the following areas:

- Detailed operation of the Pupil Equity Fund including the extent to which reductions in other school budgets included in Appendix E will be deliverable under the scheme.
- Outcome of 2017/18 pay negotiations
- Perth and Kinross Council’s share of £22.5 million from Department of Work and Pensions

3.3.12 The Provisional Revenue Budgets for 2017/18 and 2018/19 are summarised in Appendix B. Movements in the Provisional Revenue Budgets are summarised in Appendix C.

3.3.13 The potential workforce implications identified within the Executive Summaries include vacant posts and will be influenced by turnover, including voluntary severance. The Council’s positive and proactive approach to workforce management is designed to mitigate the impact on our people, including investment in skills for the future, retraining, support to take on new job roles, career coaching, and building resilience.

3.4 Revenue Budget Flexibility

3.4.1 The Council has an approved Revenue Budget Flexibility Scheme (Report No. 01/306 refers) which allows certain Service under and over spends from one

financial year to be carried forward to future financial years subject to Council approval.

3.4.2 The proposed use of Revenue Budget Flexibility (£2,983,000) is reflected within the Updated Provisional Revenue Budget for 2017/18 and 2018/19 and set out in Appendix D (i) to the report.

3.4.3 **ACTION: The Council is requested to approve the use of Revenue Budget Flexibility as set out in Appendix D (i) to the report.**

3.4.4 The Strategic Policy and Resources Committee considered Revenue Monitoring Report No. 3 on 8 February 2017 (Report No. 17/45 refers). This report identified a projected under spend of £1.984 million on health and social care activity. In conjunction with the Chief Officer a number of mutually beneficial proposals have been developed totalling £1.386 million that are set out in Appendix D (ii). It is proposed that the Perth and Kinross Health and Social Care Partnership carry forward this funding within their Reserves to fund the agreed projects set out in Appendix D (ii) (subject to confirmation of the 2016/17 year-position). The Partners will work jointly to ensure that the projects are taken forward.

3.4.5 **ACTION: The Council is requested to approve the retention in Perth and Kinross Health and Social Care Partnership's Reserves of the under spend of £1.386 million for the delivery of the projects set out in Appendix D (ii) of this report (subject to confirmation of the 2016/17 year-end position).**

3.4.6 In addition the Strategic Policy and Resources Committee of 8 February 2017 were asked to approve the earmarking of £598,000 in the Council's Reserves to support transformation of health and social care services (Report No 17/45 refers). This funding will be drawn down once detailed business cases have been developed and agreed. These resources have been reflected in the Reserves Strategy which is a separate item on today's agenda (Report No. 17/48 refers).

3.5 **Medium Term Financial Plan**

3.5.1 The Council's Medium Term Financial Plan places the development of budgetary strategy in the context of delivering the Council's key outcomes and considers the financial and process risks considered in the management of the Council's finances (Report No. 16/438). The Medium Term Financial Plan is subject to regular review and the updated plan will be submitted, in due course, to a future meeting of the Council for further consideration.

3.5.2 The MTFP is designed to inform the direction of travel of the Council for financial planning purposes. As individual Services develop detailed budget proposals the broad assumptions included in the MTFP will be superseded by more detailed analysis of individual cost pressures and the identification of savings options. The refinement of these assumptions is included in the 2017/18 and 2018/19 Provisional Revenue Budget.

- 3.5.3 The key elements of the Medium Term Financial Plan, in addition to the General Fund Revenue Budget, are summarised below.

Composite Capital Budget

- 3.5.4 Capital Monitoring Report No.3 was considered by the Strategic Policy and Resources Committee on 8 February 2017 (Report No. 17/46 refers). This report identified £1.421 million of additional General Capital Grant that could be applied in 2017/18. The Council was advised of a further £962,000 of additional capital grant on 2 February 2017. These amounts are in addition to the level of Grant assumed in setting the Capital Budget in June 2016 (Report No. 16/277 refers). Therefore the Council is asked to consider how the additional funding of £2.383 million might be applied.

- 3.5.5 ACTION: The Council is asked to consider how to apply the additional General Capital Grant of £2.383 million that will be received in 2017/18.**

General Fund Reserves Strategy

- 3.5.6 The strategy under-pinning the use of the Council's General Fund Revenue Reserves is an integral part of the development of both the Revenue and the Composite Capital Budget. The Reserves Strategy is the subject of a separate report to this special meeting of the Council (Report No. 17/48 refers).

Housing Revenue Account

- 3.5.7 The final Housing Revenue Account (HRA) Revenue Budget for 2017/18 and Five Year Capital Investment Programme and Rent Strategy to 2021/22 were approved by the Housing and Health Committee on 25 January 2017 (Report No. 17/34 refers). The Committee approved the recommendation of an average weekly rent increase of nil for 2017/18 in accordance with the requirements of the Council's approved Housing Business Plan including supporting investment in new council housing.

4. COUNCIL TAX

- 4.1 There are a number of changes that will impact on future levels of Council Tax income and these are set out below.

Council Tax Banding Changes

- 4.2 The Scottish Government recently introduced legislation to change Council Tax bandings which will come into force from 1 April 2017. Council Tax is applied across a range of bands from A to H, with all bands having a relationship, known as the multiplier with band D. The Scottish Government has legislated to change the council tax multipliers for properties in bands E to H from 1 April 2017. There is no local discretion to change these multipliers.
- 4.3 The table below shows the current and revised multipliers for bands E to H and the percentage increase in charge; this excludes the proposed changes

to Council Tax rates that are included in the 2017/18 and 2018/19 Provisional Revenue Budgets. Scottish Water charges for water and wastewater will continue to be charged using the current multiplier and are excluded from the increase. There will be a separate increase of 1.6% for water and wastewater charges in 2017/18. The table also shows what current council tax charges would be with the new multipliers applied and excluding any change in the Council Tax rate.

- 4.4 Households with income of up to £25,000 (single person households - £16,750) are eligible to apply for a full exemption from the increased element of the charge through the Council Tax Reduction Scheme.

Band	Current multiplier	Revised multiplier from 1 April 2017	2016/17 Council Tax (Current)	2016/17 Council Tax (if new multipliers applied)	% change
E	11/9 (approx. 1.22)	473/360 (approx. 1.31)	£1,415.33	£1,521.48	7.5%
F	13/9 (approx. 1.44)	585/360 (approx. 1.63)	£1,672.67	£1,881.75	12.5%
G	15/9 (approx. 1.67)	705/360 (approx. 1.96)	£1,930.00	£2,267.75	17.5%
H	18/9 (2.00)	882/360 (2.45)	£2,316.00	£2,837.10	22.5%

Council Tax Collection Rate

- 4.5 It is recommended that the 2016/17 budgeted collection rate of 97.5% be increased to 98% from 2017/18 to determine the 2017/18 Final Revenue Budget and 2018/19 Provisional Revenue Budgets. This target, whilst challenging, is supported by the Council's collection performance over recent years and represents a realistic budgeted collection rate.
- 4.6 The level of Council Tax recovered in the year of billing was 97.3% in 2015/16 (the latest audited statistics), but it takes on average a further 5 years to reach or exceed a collection level of 98%. The Council remains committed to sustaining and improving performance in respect of all its income recovery activities.
- 4.7 It should, however, be noted that there remains a risk of reduced collection levels due to increases in the level of the tax, the economic environment; changes in legislation in relation to debt recovery and welfare reform.

Council Tax Base

- 4.8 The number of chargeable dwellings at band D equivalent for Council Tax purposes (after adjusting for assumed non-collection of 2%) – the Council Tax base – is estimated to be 68,535 in 2017/18 and 68,876 in 2018/19.
- 4.9 The Council's tax base is regularly reviewed, based upon an analysis of recent trends, and adjusted for anticipated growth in the number of dwellings as well as increases in the number of discounts and exempt dwellings.

Council Tax Rates

- 4.10 The Medium Term Financial Plan that was approved by Council in October 2016 assumes a 3% increase in Council Tax rates for 2017/18 and 2018/19 and this additional income was factored into the Corporate Savings Targets that are included in the Service Executive Summaries at Appendix E.
- 4.11 The Council is required to set a Final Council Tax for 2017/18 and, in the event of determining a Provisional Revenue Budget for 2018/19, an Indicative Council Tax for that year.

Council Tax on Long Term Empty Properties and Second Homes

- 4.12 The Council has previously agreed that a surcharge on long term empty properties of 100% (i.e. a 200% charge) will apply from 1 April 2017 (Report No. 13/338 refers). These surcharges were phased in from 2014/15 as follows:

Financial Year	Amount of Surcharge
2014/15	Nil
2015/16	30%
2016/17	50%
2017/18	100%

- 4.13 It is widely accepted that this phased approach has been successful. However it is considered that it would be beneficial to introduce an element of discretion to assist those that are taking clear steps to bring dwellings back into use and/or where the nature of the property reduces the marketplace for selling or leasing the dwelling. The exact nature of this discretion will be the subject of a future report to the Strategic Policy and Resources Committee.
- 4.14 A further change to Council Tax affects second homes, i.e. dwellings that are no-one's sole or main residence but are furnished and occupied for at least 25 days per year.
- 4.15 Regulations passed in 2013 allowed the Council to set a discount of between 10% and 50% for second homes, with certain categories such as job related dwellings protected and retaining the maximum 50%.
- 4.16 At present Perth & Kinross Council awards the minimum 10% discount to 1,213 such dwellings.

- 4.17 Amendments have been made to the legislation that now allow no discount to be awarded for such cases (but does not allow surcharges).
- 4.18 **ACTION:** The Council is required to consider whether it wishes to vary the 2nd Home Discount set out above.

Scottish Water Charges

- 4.19 The Council has received notification from Scottish Water that water and wastewater charges for 2017/18 will increase by 1.6%. This results in a band D equivalent charge in 2017/18 for water and wastewater from Scottish Water of £430.56, an increase of £6.66 (£6.57 in 2016/17).
- 4.20 Scottish Water charges for water and wastewater will continue to be charged using the current multiplier and are excluded from the increase following changes to the Council Tax bands set out at paragraph 4.4 above.

5. WORKFORCE PLANNING

- 5.1 The Council has reduced the size of its workforce over the last five years. This has been achieved using workforce planning measures which include vacancy management, fixed term contracts and non-filling of vacancies arising from turnover, including retirements and voluntary severance. These measures are now well-embedded within the Council and will continue.
- 5.2 The Council continues to transform and modernise its services as part of the public service reform agenda and to meet the challenges associated with reduced funding and growing service demand. The Council has updated its Transformation Programme and each transformation project incorporates an assessment of the workforce implications of any changes in service delivery which, in turn, will shape our workforce planning and management measures in future.
- 5.3 The Council's approach is based on a business-workforce dialogue framework which uses as its starting point the local outcomes and priorities set out within the Corporate Plan. It then considers choices about the Council's role in service delivery, plans for service redesign and transformation, delivery models, organisational culture, leadership and change management, workforce demand and workforce supply. Underpinned by the Council's Learn Innovate Grow philosophy, this process will help identify the skills and attributes it requires in the future and inform the updating of the workforce plans.
- 5.4 Continuing this proactive approach, on 23 August 2016 the Executive Sub-Committee of the Strategic Policy and Resources Committee approved the promotion of a Voluntary Severance Scheme (Report No. 16/362 refers). This continues the reshaping of the workforce to meet the predicted medium term financial challenges and facilitates service redesign, transformation and efficiencies. The voluntary severance scheme is a core part of the Council's workforce management measures which maximise the opportunities for

workforce change over the medium term while, as far as possible, protecting people; the need to manage change in a consensual way in partnership with employees and trade unions as well as the importance of giving greater choice and support to employees.

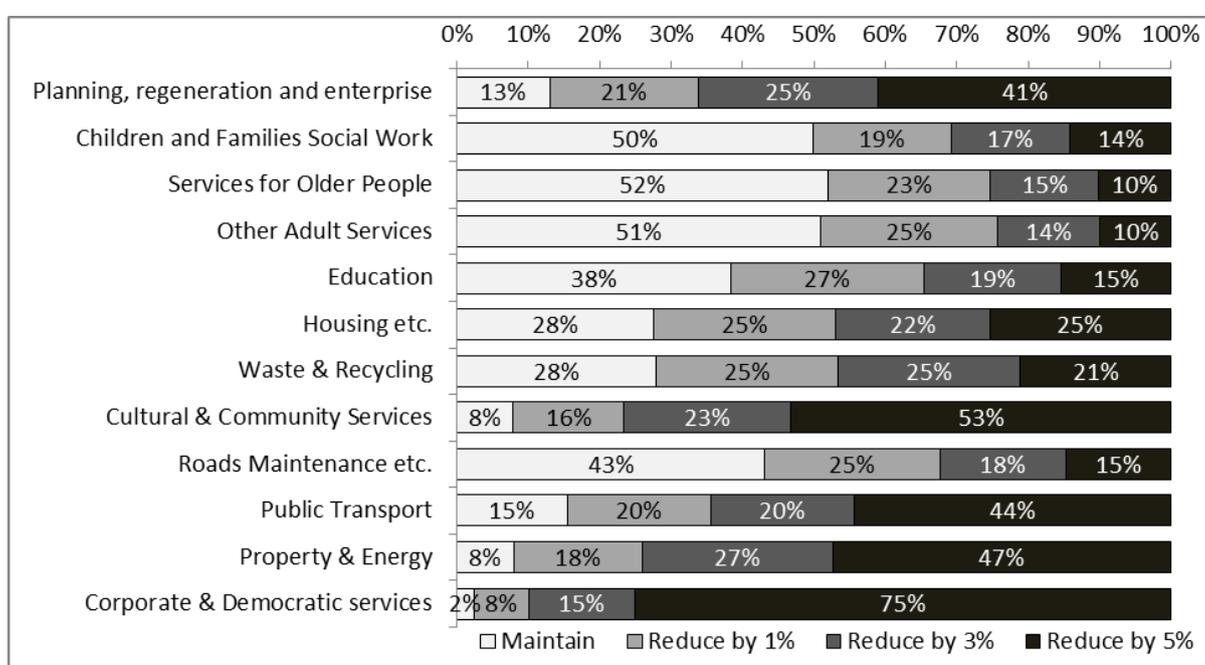
- 5.5 The staff exiting the Council under this Voluntary Severance Scheme will leave between 31 March 2017 and 31 March 2018 and are in addition to the voluntary severance requests approved in February 2016.
- 5.6 All applications were assessed on an individual basis against :
- Affordability – must produce a saving within five years with maximum weighting where payback is achieved within two years.
 - Impact on service delivery.
- 5.7 The Executive Officer Team assessed 96 business cases for voluntary severance and under delegated powers agreed to 34 applications, rejected 22 and deferred 32 pending the outcome of a number of transformation reviews, a further 3 were withdrawn by the applicants. In addition 5 applications were considered by the Executive Sub-Committee of the Strategic Policy and Resources Committee on 26 January 2017 (Report Nos. 17/49 and 17/50 refer). The financial implications of the approved cases are summarised below.

	No.	Total Cost £'000	Total Savings (Full Year) £'000
Total General Fund	39	1,251	1,108
Cumulative Saving by 2021/22 (General Fund)			5,540

- 5.8 The implications for service delivery of approving the applications are summarised in the individual savings options set out in Appendix E.
- 5.9 The Audited Annual Accounts for 2015/16 which were approved by Council in October 2016 included £15.966 million earmarked towards Transformation (including Workforce Management) (Report No. 16/425 refers). The adjustments to Service budgets for the upfront costs of approving these voluntary severance requests will be included in Revenue Monitoring Report No.4 that will be considered by the Strategic Policy and Resources Committee in April 2017.
- 5.10 The Strategic Policy and Resources Committee of 12 June 2013 considered an Accounts Commission report into Managing Early Departures from the Scottish Public Sector (Report No. 13/289 refers).
- 5.11 Perth & Kinross Council's application of early retirement and voluntary severance complies in full with the principles of good practice set out in the Accounts Commission report.

6. BUDGET CONSULTATION EXERCISE

6.1 To gauge public views on budget priorities, an online consultation exercise was undertaken between December 2016 and January 2017. As well as visualisations to improve understanding of income and expenditure, an interactive budgeting tool was available on the Council website and promoted via PKC news, press and social media. A summary of the findings from the budgeting tool is set out in the following table. The table sets out the views of respondents as to which services should be protected and which should be reduced with an indication on the level of the reductions considered appropriate. The consultation page received 370 unique views from the public. This response is understood to be in line with other Councils undertaking similar exercises. As with any exercise of this type, results are indicative and will be influenced by the views of those who choose to make a submission, and cannot be considered fully representative of all residents.



6.2 One of the most common themes within the comments related to respondents seeking more detailed information. Respondents felt it would be helpful to have more information on the potential impact a reduction in a particular budget area would have on front line services.

7. RISK ASSESSMENT

7.1 Determining the Revenue Budget requires consideration of the strategic, operational and financial risks potentially facing the authority. Both the uncertainty of future events and resource constraints make it impractical to mitigate against all potential risks. In developing its medium term financial plan, the Council must also be aware of the sustainability of its expenditure proposals. Significant risks, which are of relevance in determining the Revenue Budget, are outlined below.

- 7.2 The General Fund Reserves Strategy is integral to supporting the Council's approach to the management of financial risk. The following comments on the most significant risks identified in preparing the Revenue Budget require to be considered in conjunction with the Reserves Strategy which is the subject of a separate report to this special meeting of the Council (Report No 17/48 refers).

Local Government Funding Beyond 2017/18

- 7.3 The Council has no information on funding levels from the Scottish Government beyond 2017/18. This presents a significant risk to the Updated Provisional Revenue Budget for 2018/19. There is also uncertainty as to whether the additional revenue funding of £3.562 million announced on 2 February 2017 is recurring or non-recurring.
- 7.4 It is very difficult to estimate the probability of various levels of reductions with any certainty. The magnitude of the reductions will be influenced by many aspects of the wider economic climate and UK and Scottish Government policies. Scottish Local Government has experienced reductions in funding that are greater than most other parts of the Scottish public sector in both 2016/17 and 2017/18. The 2018/19 Provisional Revenue Budget has been constructed on the basis of a small cash reduction in Scottish Government funding (General Revenue Grant and Non-Domestic Rates). There is a real risk that this "mid-range" assumption may prove to be too optimistic and cognisance of this should be taken in setting the updated Provisional Revenue Budget for 2018/19.
- 7.5 The potential for cash and real terms reductions in future funding beyond financial year 2017/18 is therefore considered to represent a risk in the management of the budget over the medium term.
- 7.6 Once inflation is included these factors may result in further significant real terms reductions in funding to the Council over the medium term at a time of rising demand for Council services.
- 7.7 In view of this, the Council is advised to consider a prudent approach in applying unallocated budgeted resources towards recurring expenditure proposals in the 2017/18 and 2018/19 Provisional Revenue Budgets.
- 7.8 In addition there is no information on the possible sanctions that may be attached to the local government finance settlement beyond 2017/18. There are particular risks about the assumptions included in the 2018/19 Provisional Revenue Budget in relation to teacher numbers, the funding of future Living Wage rates and increases in Council Tax.
- 7.9 As set out in paragraph 3.3.11 there are a number of areas where the Council is awaiting further information.

Scottish Government Budget 2017/18

- 7.10 At the time is writing the Scottish Government had not yet agreed its budget for 2017/18. There is a risk that the final budget that is set by the Scottish Government alters the funding available to local government which would have an impact on the Council.

Corporate Transformation Projects

- 7.11 There are a number of corporate transformation projects (including procurement / mobile working and PKC MyAccount) that are included in the Provisional Revenue Budgets for 2017/18 and 2018/19. There is inevitably a degree of uncertainty about the ability of the Council to achieve significant savings in the short to medium term as these projects are implemented.

Service Transformation Projects

- 7.12 All Services include Revenue Budget savings from previously approved Service specific transformation projects. In line with the corporate projects, more certainty on these savings will materialise as the projects are progressed.

Number of Band D properties

- 7.13 The Provisional Revenue Budgets for 2017/18 and 2018/19 assume growth in the number of band D equivalent properties. These assumptions are based on levels of growth currently being experienced. If these levels of growth in the number of properties do not continue there is a risk to the budgeted level of Council Tax income.

Savings based on reshaping the teaching workforce

- 7.14 There are a number of savings proposals set out in Appendix E in 2018/19 that are based on a small reduction in teacher numbers. Currently the terms of the Settlement offer for 2017/18 preclude a reduction in teacher numbers without incurring a financial penalty. There is a risk that the Council will be unable to make the proposed savings in 2018/19 if the “lock” continues.

Implementation of Welfare Reform

- 7.15 At this time it is not possible to fully estimate the timing and potential total financial impact on Council Services and budgets of Welfare Reform with any accuracy.
- 7.16 There is limited information in relation to the detailed roll out of Universal Credit locally. The Department of Work and Pensions commenced the roll out of Universal Credit for Perth and Kinross during April 2016. However, as with other Councils, the implementation will take place incrementally and that initially this will involve a small number of less complex cases locally.

Pay Award Assumptions in 2017/18 and 2018/19

- 7.17 The 2017/18 Provisional Revenue Budget includes an assumption of at least a £250 increase for staff who earn up to £25,000 per annum and 1% for all staff above this level. This is in line with the offer agreed by COSLA leaders at their meeting on 27 January 2017. This equates to adding approximately 1.25% to the Council's pay bill. The 2018/19 Provisional Revenue Budget contains a pay award assumption of 1% for all staff groups. This is broadly in line with national expectations on pay awards across the public sector. Pay inflation in other sectors of the economy is projected to be significantly above these budgeted levels.
- 7.18 There is a risk that the final outcome of national pay negotiations in 2017/18 and 2018/19 differs from the Council's assumptions which could have a significant financial impact upon the Council.

Expenditure Pressures in 2018/19

- 7.19 There is a risk that the assumptions in relation to the expenditure pressures in 2018/19 differ from what actually happens and that this has an impact on setting Final Revenue Budgets in that year.

Inflation

- 7.20 There is a risk that levels of Service specific inflation exceed budgeted provisions and that levels of general inflation cannot be contained within existing resources as is currently assumed within the Provisional Revenue Budgets. This risk is enhanced by the continued implementation of the National Living Wage, pressure to enhance wage rates paid by service providers and suppliers and the impact of the European Union referendum result on the value of Sterling.

Current Economic Climate

- 7.21 There is a risk that both the Council's capacity to generate income, and the expenditure it incurs in meeting demand for its Services, may be less predictable in the current volatile economic climate.
- 7.22 In terms of income generation, there is a continued risk that Council Tax collection levels, commercial rental income and other areas of income generated by the Council may be further affected.
- 7.23 The economic climate may also increase demand for and expenditure on Council services. This risk will require to be managed within the Council's available resources.

8. CONCLUSION AND RECOMMENDATIONS

- 8.1 The Council has prepared Updated Provisional Revenue Budgets for 2017/18 and 2018/19 amidst one of the most challenging financial settlements in its history.

8.2 The Council is requested to:

- 8.2.1 Agree to the terms of the letter from the Minister for Finance and the Constitution as set out in **Appendix A (i)**.
- 8.2.2 Approve the 2017/18 and 2018/19 Updated Provisional Revenue Budgets as set out in **Appendix B** to the report.
- 8.2.3 Determine the Final Revenue Budget and Council Tax for financial year 2017/18.
- 8.2.4 Determine the Updated Provisional Revenue Budget and Indicative Council Tax for 2018/19.
- 8.2.5 Approve the carry forward of resources from 2016/17 into 2017/18 and future years under the terms of the Revenue Budget Flexibility scheme as set out in **Appendix D (i)** to the report.
- 8.2.6 Approve the retention in Perth and Kinross Health and Social Care Partnership's Reserves of the under spend of £1.386 million for the delivery of the projects set out in **Appendix D (ii)** of this report (subject to confirmation of 2016/17 year-end position) – see para 3.4.5.
- 8.2.7 Consider how to apply the additional General Capital Grant of £2.383 million that will be received in 2017/18 – see para 3.5.5.
- 8.2.8 Approve a Council Tax collection rate of 98% in 2017/18 and 2018/19.
- 8.2.9 Consider whether it wishes to vary the 2nd Home Council Tax Discount set out in section at 4.18.

Author(s)

Name	Designation	Contact Details
Scott Walker	Chief Accountant	chxfinance@pkc.gov.uk

Approved

John Symon	Head of Finance	14 February 2017
------------	-----------------	------------------

ANNEX

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	None
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	Yes
Asset Management (land, property, IST)	Yes
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	Yes
Sustainability (community, economic, environmental)	Yes
Legal and Governance	None
Risk	None
Consultation	
Internal	Yes
External	None
Communication	
Communications Plan	None

1. Strategic Implications

1.1. Corporate Plan

1.1.1. The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

1.1.2 This report relates to all of these objectives.

2. Resource Implications

2.1. Financial

2.1.1. There are no direct financial implications arising from this report other than those reported within the body of the main report.

2.2. Workforce

2.2.1. There are no direct workforce implications arising from this report other than those reported within the body of the main report.

2.3. Asset Management (land, property, IT)

2.3.1. There are no direct asset management implications arising from this report other than those reported within the body of the main report.

3. Assessments

3.1. Equality Impact Assessment

3.1.1. Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

3.1.2. The Revenue Budget Executive Summaries have been subject to an equalities assessment where appropriate.

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 the Corporate Human Resources Manager have been consulted in the preparation of the Provisional Revenue Budgets for 2017/18 and 2018/19.

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 A (i) – Letter from Minister for Finance and the Constitution dated 15 December 2016.

(ii) – Letter from Minister for Finance and the Constitution dated 2 February 2017.

Appendix B – Updated Provisional Revenue Budgets for 2017/18 and 2018/19

Appendix C – Movements between

- 2016/17 Final Revenue Budget and 2017/18 Updated Provisional Revenue Budget;
- 2017/18 Updated Provisional Revenue Budget and 2018/19 Updated Provisional Revenue Budget

Appendix D (i) – Revenue Budget Flexibility Scheme – Proposed Carry Forwards from 2016/17

(ii) Health and Social Care Proposed Carry Forwards from 2016/17

Appendix E – Service Pressures and Savings

Cabinet Secretary for Finance and the Constitution
Derek Mackay MSP



T: 0300 244 4000
E: scottish.ministers@gov.scot

Councillor David O'Neill
COSLA President
Verity House
19 Haymarket Yards
Edinburgh
EH12 5BH

Copy to: The Leaders of all Scottish local authorities

15 December 2016

Dear David

Thank-you to you, Cllr Cook and the COSLA political leadership for participating in negotiations over recent weeks on the shape of the Local Government settlement for 2017-18. I have sought to engage with you and your team on the basis of openness and mutual respect and with the intention of building relationships around shared ambitions for people and communities.

As a result of these negotiations, I am able to set out the package of proposals below which I believe are a fair and reasonable offer that delivers on our shared ambitions. This letter, therefore, contains proposals for the local government finance settlement for 2017-18 resulting from the 2016 Budget process.

While the terms of the settlement have been negotiated through COSLA on behalf of its member councils, the same proposal is being offered to those councils who are represented by the Scottish Local Government Partnership. I believe this proposal opens the way for a new partnership between the Scottish Government and COSLA and, from that, the wider benefits of partnership working, including joint work on public service reform.

The Scottish Government and local government share the same ambitions for stronger communities, a fairer society and a thriving economy. This funding proposal delivers a fair financial settlement for local government, which will be strengthened by our joint working to improve outcomes for local people by improving educational attainment and through health and social care integration.

Following the work of the joint Settlement and Distribution Group, details of the indicative allocations to individual local authorities for 2017-18 are also being published today as set out in Local Government Finance Circular No. 9/2016.

I have carefully considered the representations made to me by COSLA and this is reflected in the detail of the settlement and the package of measures included in this letter.

My aim throughout our extensive discussions has been to reach an agreement with councils around the implementation of these commitments. I now invite local authorities to agree the terms of the settlement which are set out below.

Under the settlement we will look to all local authorities to work in partnership with the Scottish Government in pursuit of our Joint Priorities, including delivery of the Government's programme as set out in *A Plan For Scotland: The Scottish Government's Programme For Scotland 2016-17* published on 6 September and the *Draft Budget 2017-18*.

Renewing our partnership approach will enable close working on public service reform building on recent joint political and joint officer discussions.

On key priorities and following consideration of specific points you have raised I propose the following:

Public Service Reform

As an essential partner in the delivery of public services, the Cabinet sub-committee on Public Service Reform prioritised early discussion with COSLA to explore how we might work together around our shared priorities of health & social care, education attainment & governance, tackling inequalities & inclusive growth and enterprise, innovation, skills & employability. This political engagement and the productive discussions which followed at official level, including SOLACE, is an example of what we can achieve through a re-setting of partnership working at national level.

The Cabinet sub-committee anticipates further dialogue with COSLA on these emerging themes early in the New Year.

Health and Social Care

In 2017-18 an additional £107 million will be transferred from NHS Boards to Integration Authorities to protect our collective investment in social care. Of which, £100 million will support continued delivery of the Living Wage, sleepovers and sustainability in the care sector, and £7 million to disregarding the value of war pensions from financial assessments for social care and pre-implementation work in respect of the new carers legislation. This is additional to the £250 million added in the 2016-17 budget, bringing the total support available from the NHS through Integration Authorities to protect social care to £357 million. NHS contributions to Integration Authorities for delegated health functions will be maintained at least at 2016-17 cash levels. The provision included for sleepovers (£10 million) will be reviewed in year to consider its adequacy, with a commitment to discuss and agree how any shortfall should be addressed. To reflect this additional support local authorities will be able to adjust their allocations to integration authorities in 2017-18 by up to their share of £80 million below the level of budget agreed with their Integration Authority for 2016-17 (as adjusted where agreed for any one-off items of expenditure which should not feature in the baseline). Taken together, these measures will enable Integration Authorities to ensure the collective overall level of funding for social care is maintained at £8 billion. I am sure you would agree that that would be a significant achievement and reflects the shared priorities of local government, the NHS and the Scottish Government.

Education (including the Attainment Fund)

I have considered the representations made on the Scottish Government proposals to adjust the local government settlement to pave the way for an additional £100 million investment per year, generated through reform of council tax, to go directly to schools to close the gap in the educational attainment of young people from Scotland's most and least deprived areas.

I can now confirm that provision for the additional funding to meet our commitments on the Attainment Fund will be met directly from the resources available to the Scottish Government at a national level, rather than from an adjustment to the local government finance settlement.

As the next step towards investing £750 million over the life of this Parliament we will go further than our manifesto commitment and will increase the additional resource to be made available directly to schools through the Attainment Scotland Fund from £100 million to £120 million in 2017-18. This will be paid as a ring fenced grant and distributed on the basis of P1 to S3 pupils known to be eligible for free school meals, as part of the local government settlement.

It is a condition of this agreement that this funding is additional to each council's individual spending on schools rather than substitutional and is to be used at the discretion of schools to close the attainment gap between children from the least and most deprived areas within their communities. This is on top of the existing £50 million Attainment Scotland funding that will continue to provide targeted support for those authorities and schools supporting children and young people in greatest need.

In addition, we will continue to require local authorities to maintain the overall pupil:teacher ratio at 2016-17 levels as reported in the Summary of School Statistics published on 13 December 2016, and secure places for all probationers who require one under the teacher induction scheme. This is supported by a continued funding package of £88 million, made up of £51 million to maintain teacher numbers and £37 million to support the teacher induction scheme.

As previously made clear, all of the additional £111 million of Council Tax income raised by the Council Tax banding reforms we have implemented will be retained by each local authority area and, as a result of these decisions, the allocation of that funding will be for councils themselves to take based on their own local needs and priorities.

Local Taxation

2016-17 was the ninth consecutive year of the Council Tax freeze. As we have made clear this will be lifted from 2017-18, when Councils will have greater flexibility and may choose to increase Council Tax by up to a maximum of 3%. This local discretion will preserve the financial accountability of local government, whilst also potentially generating up to £70 million to support services.

Our reforms of Council Tax are only the first steps, and the Scottish Government is fully committed to further engagement with COSLA as we seek to make local taxation as a whole fair and progressive. We will work with COSLA to consider your objectives for local tax reform as set out in the Local Government Funding Review.

We will also deliver our commitment for local government to retain the net incomes from the Crown Estate for the benefit of island and coastal communities. In addition we will explore with authorities other opportunities for the development of fair and equitable local taxation that supports economic growth and public services.

Overall Settlement

As a result of the measures above, the total revenue funding for 2017-18 will be £9,496.4 million, which includes non-domestic rates incomes in 2017-18 of £2,605.8 million.

Capital funding is set at £756.5 million and delivers on our agreed commitment to maintain the local government share of the overall Scottish Government capital budget. I can also reaffirm the commitment to repay £150 million of re-profiled 2016-17 capital with an additional allocation in the period 2018-20.

The total funding which the Scottish Government will provide to local government in 2017-18 through the settlement, including the £120 million of additional support for educational attainment, is £10,252.9 million.

This is a fair settlement for Local Government.

With the addition of the real spending power that comes from the opportunity to raise up to an additional £181 million from Council Tax plus an additional £107 million to support the integration of Health and Social Care, the total spending power available to local authorities from the Scottish Government, and through local taxation will be up to £10,541 million, a total of £241 million more than was available in 2016-17, an increase of around 2.3%.

The difference between the figures reported in the Draft Budget in 2016-17 and 2017-18 will be potential spending on local government services of an increase of £266.8 million, or 2.6%.

In return for this settlement and in pursuit of our Joint Priorities, individual local authorities will deliver the specific commitments set out above.

Engagement

In line with our partnership approach we will work jointly with local government to support delivery of these commitments and undertake a review to monitor progress at an agreed mid-point in the year.

The measures set out in the settlement offer must be viewed as a package to protect our shared priorities and intensify a journey of reform. In order to access all of the benefits involved, including those priorities supported by specific financial benefits, local authorities must agree to deliver all of the measures set out in the package and will not be able to select elements of the package.

Any individual authority not intending to agree the offer and accept the full package of measures and benefits should write to me by no later than **Friday 13 January 2017**. For those authorities not agreeing the offer a revised, and inevitably less favourable, offer will be made.

Local government is essential to the health, wellbeing and prosperity of every community in Scotland. The Scottish Government are committed to work together in partnership with local authorities to do all that we can to support local authorities to ensure that the full package of agreed measures is delivered.

John *DM* *Derek Mackay*
DEREK MACKAY

Cabinet Secretary for Finance and the Constitution
Derek Mackay MSP



T: 0300 244 4000
E: scottish.ministers@gov.scot

Councillor David O'Neill
COSLA President
Verity House
19 Haymarket Yards
Edinburgh
EH12 5BH

Copy to: The Leaders of all Scottish local authorities

02 February 2017

Dear David,

In the Budget Bill Stage 1 debate in Parliament today I announced a significant additional investment in local services, including extra resources to be made available to local government in 2017-18.

Subject to Parliamentary approval in the final stages of the Budget Bill and Local Government Finance (Scotland) Order 2017, I can confirm that I propose to allocate an additional £160 million (split £130 million for resource and £30 million for capital) to local government in 2017-18 to the sums previously confirmed in my offer letter of 15 December 2016 and set out in Local Government Finance Circular 9/2016.

Details of the additional allocations to individual local authorities, through the normal formula distribution and to be spent at the discretion of individual councils, are set out in the Appendix to this letter.

DEREK MACKAY

ADDITIONAL 2017-18 LOCAL GOVERNMENT FUNDING ALLOCATIONS

Local Authority	Additional £130m Resource	Additional £30m Capital	Additional £160m Resource and Capital
	£m	£m	£m
Aberdeen City	4.532	1.081	5.613
Aberdeenshire	6.309	1.880	8.189
Angus	2.845	0.721	3.566
Argyll & Bute	2.361	0.733	3.094
Clackmannanshire	1.217	0.255	1.472
Dumfries & Galloway	3.896	1.218	5.114
Dundee City	3.604	0.691	4.295
East Ayrshire	2.960	0.663	3.623
East Dunbartonshire	2.672	0.512	3.184
East Lothian	2.446	0.548	2.994
East Renfrewshire	2.546	0.451	2.997
Edinburgh, City of	9.998	2.278	12.276
Eilean Siar	0.990	0.358	1.348
Falkirk	3.776	0.787	4.563
Fife	8.930	1.856	10.786
Glasgow City	14.417	2.833	17.250
Highland	6.173	2.046	8.219
Inverclyde	1.983	0.378	2.361
Midlothian	2.115	0.458	2.573
Moray	2.256	0.602	2.858
North Ayrshire	3.484	0.700	4.184
North Lanarkshire	8.339	1.622	9.961
Orkney	0.914	0.246	1.160
Perth & Kinross	3.582	0.962	4.544
Renfrewshire	4.236	0.841	5.077
Scottish Borders	2.889	0.888	3.777
Shetland	1.039	0.267	1.306
South Ayrshire	2.752	0.622	3.374
South Lanarkshire	7.778	1.624	9.402
Stirling	2.288	0.564	2.852
West Dunbartonshire	2.294	0.425	2.719
West Lothian	4.379	0.890	5.269
Scotland	130.000	30.000	160.000

**PERTH & KINROSS COUNCIL
COUNCIL MEETING - 22 FEBRUARY 2017
REVENUE BUDGET 2017/18 & 2018/19**

APPENDIX B

PROVISIONAL REVENUE BUDGET

	2017/18 <u>£000</u>	2018/19 <u>£000</u>
Education & Children's Services	156,367	154,405
Health & Social Care	49,445	47,158
Housing & Community Safety	14,717	13,396
The Environment Service	56,754	51,679
Culture & Public Sector Reform	9,376	8,917
Corporate & Democratic Services	16,530	15,572
Sub-Total: Service Budgets	303,189	291,127
<u>Corporate Budgets</u>		
Contribution to Valuation Joint Board	1,145	1,145
Capital Financing Costs	16,098	18,151
Interest on Revenue Balances	(200)	(200)
Contribution to/(from) Capital Fund	1,626	1,626
Contribution to Insurance fund	200	200
Tayside Contracts Surplus	(350)	(350)
Support Service External Income	(1,888)	(1,888)
Unfunded Pension Costs	1,508	1,566
Discretionary Relief	150	150
Contribution from Renewal & Repair Fund	(258)	0
Apprenticeship Levy	680	680
Council Tax Reduction Scheme	6,499	6,499
Sub-Total: Corporate Budgets	25,210	27,579
Net Expenditure (General Fund)	328,399	318,706
<u>Financed By:</u>		
Council Tax	(81,734)	(84,613)
Council Tax 2nd Home Discount	(1,300)	(1,300)
Total Revenue Funding	(242,016)	(239,914)
Capital Grants	(1,500)	(1,500)
Budget Flexibility (see Appendix D)	(2,283)	(550)
Balances	(3,344)	302
Surplus Resources	(3,778)	(8,869)

**PERTH & KINROSS COUNCIL
COUNCIL MEETING
22 FEBRUARY 2017**

APPENDIX C

	<u>£'000</u>
Final 2016/17 Budget	332,232
Adjustments Approved February 2016	(15,707)
2017/18 Provisional Revenue Budget (February 2016)	316,525
Reverse Use Reserves in 2016/17	(1,128)
Revenue Budget Motion Adjustments	2,345
Additional Corporate Savings Target	(3,627)
New Expenditure Pressures	11,454
New Savings Proposals	(5,863)
Revised Pay Award Assumptions	500
Contribution from Renewal & Repair Fund	(258)
Non-Recurring Reduction in Unfunded Pensions Budget	(58)
Reduction in Private Sector Housing Grant	(200)
Non-Recurring Reduction in Energy Budget	(350)
Increase in Budgeted Surplus from Tayside Contracts	(100)
Additional income from Department of Work & Pensions	(650)
Additional income in relation to Health & Social Care	(1,542)
Rephasing of Changes to Temporary Accommodation Charging Policy	(486)
December 2016 Local Government Settlement Adjustments	5,313
2016/17 Revenue Grants Carried Forward	210
Use of Reserves	3,433
2017/18 Revenue Budget Flexibility	2,283
2017/18 DSM	598
2017/18 UPDATED PROVISIONAL REVENUE BUDGET	<u><u>328,399</u></u>

**PERTH & KINROSS COUNCIL
COUNCIL MEETING
22 FEBRUARY 2017**

APPENDIX C

	<u>£'000</u>
Updated Provisional 2017/18 Budget	328,399
Adjustments Approved February 2016	<u>(2,902)</u>
2018/19 Provisional Revenue Budget (February 2016)	325,497
Revenue Budget Motion Adjustments	387
Additional Corporate Savings Target	1,853
Additional Expenditure Pressures	2,316
Additional Savings Proposals	(8,319)
Reverse Non-Recurring Adjustments from 2017/18	942
Reverse 2017/18 Reserves	(5,232)
2017/18 Revenue Budget Flexibility	550
Use of Reserves	712
2018/19 UPDATED PROVISIONAL REVENUE BUDGET	<u><u>318,706</u></u>

Perth and Kinross Council
Council Meeting 22 February 2017
Revenue Budget 2017/18 and 2018/19

Revenue Budget Flexibility Scheme - Proposed Carry Forwards from 2016/17

	Under Spend to be Carried Forward from 2016/17 £'000	Proposed Utilisation of Resources in 2017/18 £'000	Proposed Utilisation of Resources in Future Years £'000
<u>Education and Children's Services</u>			
Proposed Carry Forward of 2016/17 Savings	1,026		
Workforce Management Non-recurring funding required to fund mainly the additional capacity (staff contracts) to support a number of projects and reviews including Evidence to Success, Inclusion Review, Business Change and Improvement and Children and Young People and Families.		445	300
New Secondary School A special meeting of the Lifelong Learning Committee on 25 June 2014 approved the establishment of a new secondary school at Bertha Park Perth (Report No. 14/298 refers). With this being the first completely new secondary school in Scotland for over twenty years rather than a replacement there is no equipment / furniture / fittings / library books etc. to equip the school. It is proposed that the under spend delivered by Education and Children's Services be earmarked to building up resources to equip the new school.		150	

Perth and Kinross Council
Council Meeting 22 February 2017
Revenue Budget 2017/18 and 2018/19

Revenue Budget Flexibility Scheme - Proposed Carry Forwards from 2016/17

	Under Spend to be Carried Forward from 2016/17 £'000	Proposed Utilisation of Resources in 2017/18 £'000	Proposed Utilisation of Resources in Future Years £'000
Community Engagement Funding To continue to develop community empowerment through additional temporary community capacity building staffing resources, in support of Action Partnerships and participatory budgeting; and funding to support community development activities such as a community asset transfer requests.		131	
<u>Housing and Community Safety</u>			
Proposed Carry Forward of 2016/17 Savings	289		
Supporting Welfare Reform and Universal Credit in P&K Additional capacity to undertake a range of activities to mitigate the impacts of Universal Credit within Perth & Kinross for all residents and tenures to liaise with the DWP, assist applicants with IT skills allowing them to deal with the digital element of Universal Credit, support the applicant through the claimant journey, engage with the private rented sector landlords, and signpost claimant to specialist advice for maximisation of income and management of debt.		117	

Perth and Kinross Council
Council Meeting 22 February 2017
Revenue Budget 2017/18 and 2018/19

Revenue Budget Flexibility Scheme - Proposed Carry Forwards from 2016/17

	Under Spend to be Carried Forward from 2016/17 £'000	Proposed Utilisation of Resources in 2017/18 £'000	Proposed Utilisation of Resources in Future Years £'000
<p>Homefirst Private Sector Activities To seek additional funding for 2 Private Sector Officers for 4 months from November 2017 (when current funding ceases) until March 2018 to continue the work with the private sector in increasing the range of opportunities available for tenants such as Rent Bond Guarantee Scheme which fully supports the outcomes of the Home First transformation project.</p>		21	
<p>Blaigowrie Housing Office Refurbishment To undertake alterations to the existing layout of the Leslie Street office to create more appropriate premises to provide an improved reception area, increased and appropriate meeting/interview facilities which would allow more outreach surgeries to be undertaken by Welfare Rights staff, upgrades to accommodate modern ways of working, improved facilities to adopt customer first principles, and suitable local facilities to support community engagement and partnership working with the community and a range of agencies. It has been confirmed by TES that this is not able to be funded through the existing capital budget.</p>		96	

Perth and Kinross Council
Council Meeting 22 February 2017
Revenue Budget 2017/18 and 2018/19

Revenue Budget Flexibility Scheme - Proposed Carry Forwards from 2016/17

	Under Spend to be Carried Forward from 2016/17 £'000	Proposed Utilisation of Resources in 2017/18 £'000	Proposed Utilisation of Resources in Future Years £'000
<p>Credit Union Budget Cards To fund the cost of an additional 300 budget cards for the most financially vulnerable people of Perth & Kinross to become more financially aware and less susceptible to payday loans. This card will allow the credit union to accept the payment of all benefits and universal credit into the individual's account and are then, as instructed by the individual, to pay the critical bills such as rent, council tax, and energy bills with the remainder of their money being available on a budget card. This scheme has already been piloted by HCC and has over 240 people participating in the scheme.</p>		27	
<p>Highland Perthshire Rural Warden (Aberfeldy) The Revenue Budget approved in February 2015 included funding for 2 years for a rural warden in Aberfeldy. Due to delays in recruitment the post was only appointed to in September 2016 and this bid is to allow the project to run for the original 2 years.</p>		20	

Perth and Kinross Council
Council Meeting 22 February 2017
Revenue Budget 2017/18 and 2018/19

Revenue Budget Flexibility Scheme - Proposed Carry Forwards from 2016/17

	Under Spend to be Carried Forward from 2016/17 £'000	Proposed Utilisation of Resources in 2017/18 £'000	Proposed Utilisation of Resources in Future Years £'000
<p>Violence Against Women (VAW) Partnership Co-ordinator - The part-time VAW Partnership Co-ordinator has been in place for 8 months. This bid seeks a contribution of £8,000 towards the cost of retaining the Co-ordinator post during 2017/18 whilst the partnership seeks additional funding during 2017/18 to sustain this post and buy further time to consider sustainable funding sources for the future beyond 2017/18. The post is currently funded through the Integrated Care Fund with the following objectives:</p> <ul style="list-style-type: none"> • To reduce the level of harm to women and girls in Perth and Kinross • To improve services for women and girls in Perth and Kinross • Improve the co-ordination of services for women and girls in Perth and Kinross • To increase the productivity and effectiveness of the VAWP • To protect and enhance the reputation of Perth and Kinross 		8	
<u>The Environment Service</u>			
	1,324		
Proposed Carry Forward of 2016/17 Savings			
Upgrade to CCTV City Operations Centre Upgrade of CCTV equipment from analogue to digital technology to support Smart City initiative. Contract award will result in upgrade works commencing in 2017/18.		120	

Perth and Kinross Council
Council Meeting 22 February 2017
Revenue Budget 2017/18 and 2018/19

Revenue Budget Flexibility Scheme - Proposed Carry Forwards from 2016/17

	Under Spend to be Carried Forward from 2016/17 £'000	Proposed Utilisation of Resources in 2017/18 £'000	Proposed Utilisation of Resources in Future Years £'000
European Social Match Funding European Social Fund match funding to deliver approved projects. Commitment of match funding for Programme Management Office (PMO) salary costs (3 staff) through to 2018/19 and core funding to support the delivery of Employability and Poverty activities until Dec.18 (e.g. skills academy and wage incentive), leveraging £2.2m of European Social Fund. The role of the PMO is to ensure that the strategic interventions and operations produce the required outputs within the specific tolerances of time, cost, quality, scope, risk, as well as achieving results agreed by the Project Board. It is particularly important to ensure financial and legal compliance to meet Scottish Government's and EU requirements.		167	48
Perth Visitor Information Centre Funding to support agreed contribution to Perth Visitor Information Centre. 3rd and final rental payment for High Street information centre per Visit Scotland agreement through to 2017/18.		32	
Vacant Property Initiative Grant support funding for vacant property initiative. Balance of non-recurring vacant property grant funding to support private landlords reintroducing properties back to the rental market. 12 properties brought back into use 2016/17. Recurring budget £42k from 2017/18.		25	

Perth and Kinross Council
Council Meeting 22 February 2017
Revenue Budget 2017/18 and 2018/19

Revenue Budget Flexibility Scheme - Proposed Carry Forwards from 2016/17

	Under Spend to be Carried Forward from 2016/17 £'000	Proposed Utilisation of Resources in 2017/18 £'000	Proposed Utilisation of Resources in Future Years £'000
Rural Broadband Funding to match Leader funding - report to E&I Committee January 17 seeking approval for a change of approach towards improving rural broadband provision through the use of Leader match funding.		119	100
P&K Employment Recruitment Initiatives Grant funding commitments made in 2016/17 to support external organisations in providing recruitment opportunities to targeted groups.		28	
Tay City Deal Funding to support regional economic development work in relation to Tay City Deal. Secondment to support the initiative.		50	
Bridge Maintenance Other work priorities during 2016/17 (predominantly storm damage follow up such as Bleaton Hallett) has resulted in planned maintenance works to bridge infrastructure being delayed until 2017/18. Funding required to mitigate further decline in condition of bridge stock.		40	

Perth and Kinross Council
Council Meeting 22 February 2017
Revenue Budget 2017/18 and 2018/19

Revenue Budget Flexibility Scheme - Proposed Carry Forwards from 2016/17

	Under Spend to be Carried Forward from 2016/17 £'000	Proposed Utilisation of Resources in 2017/18 £'000	Proposed Utilisation of Resources in Future Years £'000
Flood Schemes Other work priorities during 2016/17 (predominantly storm damage follow up such as the administration of the Scottish Government flood grant funding) has resulted in some planned flood scheme development works being delayed until 2017/18. Flood schemes require to be completed in accordance with the Local Flood Risk Management Plan.		65	
Corporate Asset Management Business Systems Funding required to support the implementation of the Council's corporate Property business system (Concerto).		30	
Procurement Funding for Procurement project staffing support. Staffing support with fixed term contract expiring in 2017/18.		10	
Bereavement Services Income Crematorium reduced income 17/18 due to construction works. Projected impact of property improvement and mercury abatement works on crematorium income. Funding required to mitigate impact and avoid service reductions elsewhere across TES to compensate.		250	

Perth and Kinross Council
Council Meeting 22 February 2017
Revenue Budget 2017/18 and 2018/19

Revenue Budget Flexibility Scheme - Proposed Carry Forwards from 2016/17

	Under Spend to be Carried Forward from 2016/17 £'000	Proposed Utilisation of Resources in 2017/18 £'000	Proposed Utilisation of Resources in Future Years £'000
Refuse collection		240	
The roll out of 140 litre residual waste bins to replace current 240 litre bins will be concluded in November 2017. Short term funding is required to meet the original saving already reflected as a reduction in Revenue Budget and to meet the additional fixed term staffing costs until the roll out is complete.			
<u>Corporate and Democratic Services</u>			
	344		
Proposed Carry Forward of 2016/17 Savings			
Link Pay Modelling Software		18	
HR require a licence for Link Pay Modelling Software to facilitate the review of our Pay & Grading Structure as commissioned by the EOT. This will allow them to undertake pay modelling which is required to review the pay and grading structure to ensure it remains fit for purpose and is adjusted to take account of pressures from the Living Wage.			

Perth and Kinross Council
Council Meeting 22 February 2017
Revenue Budget 2017/18 and 2018/19

Revenue Budget Flexibility Scheme - Proposed Carry Forwards from 2016/17

	Under Spend to be Carried Forward from 2016/17 £'000	Proposed Utilisation of Resources in 2017/18 £'000	Proposed Utilisation of Resources in Future Years £'000
Digital Imaging Legal Services no longer have a secure fireproof room to store Council Title deeds therefore a digital solution is proposed. All deeds will be scanned and stored electronically. This will remove the risk of damage or loss and assist employees to work in a more mobile manner in the future.		20	
Elected Member IT Equipment With a new Council coming into being from May 2017 it is proposed to refresh the IT equipment for elected members.		60	
Internal Audit Capacity This temporary resource would assist in meeting an enhanced Audit plan.		30	32
Digital Strategy Resources to support the implementation of the new Digital Strategy covering areas such as digital skills and technical architecture.		80	

Perth and Kinross Council
Council Meeting 22 February 2017
Revenue Budget 2017/18 and 2018/19

Revenue Budget Flexibility Scheme - Proposed Carry Forwards from 2016/17

	Under Spend to be Carried Forward from 2016/17 £'000	Proposed Utilisation of Resources in 2017/18 £'000	Proposed Utilisation of Resources in Future Years £'000
Workforce Profile TAS7 HR Workforce Analyst for six months which would enable HR to develop the Workforce Profile to support Service workforce planning and link through to delivering workforce change, resource planning and deployment; and to improve management reports for sickness absence monitoring and scrutiny.		18	
Trainee Accountant Appointing a Trainee Accountant for three and a half years plus funding their CIPFA qualification.		16	70
TOTAL	2,983	2,433	550

Perth and Kinross Council
Council Meeting 22 February 2017
Revenue Budget 2017/18 and 2018/19

Revenue Budget Flexibility Scheme - Proposed Carry Forwards from 2016/17

	Under Spend to be Carried Forward from 2016/17 £'000	Proposed Utilisation of Resources in 2017/18 £'000
<u>Health and Social Care</u>		
Proposed Carry Forward of 2016/17 Savings in Partnership Reserves	1,386	
Shifting the Balance of Care (94 Care Beds) This proposal supports the saving that has been approved for 2018/19. In order to deliver this saving prior to this date a new model of carer support is required and will consist of three strands - Investment in flexible respite, provision of evening/night time support and additional capacity for telecare solutions.		704
Additional OT Capacity at PRI To work in the Early Intervention and Prevention Team to liaise with the new discharge hub at Perth Royal Infirmary to facilitate discharges from hospital, respond to crisis situations in the community, provide ongoing rehab to people in interim placements and provide support to care home staff around an enablement approach, all of these will help improve outcomes for people and reduce the level of time spent in hospital.		90
Housing Liaison Officer (Hospital Discharge) To co-ordinate and support people being discharged from hospital to ensure a seamless service for the person through enhanced joint working helping to reduce delayed discharge cases.		34

Perth and Kinross Council
Council Meeting 22 February 2017
Revenue Budget 2017/18 and 2018/19

Revenue Budget Flexibility Scheme - Proposed Carry Forwards from 2016/17

	Under Spend to be Carried Forward from 2016/17 £'000	Proposed Utilisation of Resources in 2017/18 £'000
<p>Participatory Budgeting in Communities</p> <p>By providing money to be allocated direct to localities to encourage local people to establish creative, innovative service solutions which will actively encourage communities to start up and provide alternatives to the traditional support provided by statutory services. This is in direct support with the transformation project for Communities First.</p>		90
<p>Assessment & Charging - COSLA Thresholds Project Team - savings of £300,000 for 2018/19 were approved in February 16 in relation to additional income from the adoption of CoSLA's recommended income thresholds. In order to implement this saving a comprehensive consultation exercise needs to be undertaken with around 1,700 clients which will include the need to undertake around 1,400 visits and subsequent calculations on the individuals income. This bid is for a project team to undertake this process.</p>		131
<p>Digital Inclusion Supporting Transformation - There is an increasingly urgent need for people to become digitally agile participants in all aspects of their lives and technology is fast becoming an integral part of current transformational projects within the Council & Perth and Kinross Health and Social Care Partnership. This project supports and enhances transformational projects by supporting critical tests of change of new and effective ways of working, whilst helping people to become digital participants. The project Worker has linked directly with the Technology Enabled Care Strategy Group and the Welfare Reform Group to target people and localities.</p>		105

Perth and Kinross Council
Council Meeting 22 February 2017
Revenue Budget 2017/18 and 2018/19

Revenue Budget Flexibility Scheme - Proposed Carry Forwards from 2016/17

	Under Spend to be Carried Forward from 2016/17 £'000	Proposed Utilisation of Resources in 2017/18 £'000
<p>Capacity and Flow Programme Management Support Request for 1 fte fixed term Programme Manager to oversee a complex portfolio of transformation and improvement projects which extend across the full pathway of care in hospital and in the community, and aimed at ensuring efficient and integrated pathways. The range of inter-connected proposals will be focused on measurable reductions in length of delays in hospital and ultimately should lead to a reduction in the requirement for in-patient beds and a shift of resources into community based services. The programme manager is considered to be a key resource in driving measurable outcomes against agreed targets.</p>		75
<p>Mental Health Officers - Training Backfill - there is significant pressures on providing statutory duties under the Mental Health Act due to an increase of 86% in Guardianship Reports since the Adults with Incapacity Act came into force and only a 3% increase in the number of Mental Health Officers. This funding will provide the opportunity for 2 staff members to undertake the Mental Health Officer qualification and fund the consequential backfill cover arrangements.</p>		72
<p>Review of Autism Services Perth & Kinross Health & Social Care Partnership have committed to lead a multi-agency review of autism services. This is a particular priority due to the extremely valuable role that the third sector currently plays in supporting children and adults with Autism across Perth & Kinross at a time when demand for services is outstripping the available resources. The aim of this review is to improve co-ordination and access to services.</p>		85

**PERTH & KINROSS COUNCIL
MEETING OF THE COUNCIL – 22 February 2017
REVENUE BUDGET: 2017/18 & 2018/19**



**2017 – 2019
REVENUE BUDGET**

Expenditure Pressures & Savings

22 FEBRUARY 2017

PERTH & KINROSS COUNCIL

REVENUE BUDGET: 2017/18 & 2018/19

SUMMARY OF PRESSURES & SAVINGS

	2017/18 Expenditure Pressures £'000	2018/19 Expenditure Pressures £'000	2017/18 Net Savings £'000	2018/19 Net Savings £'000
Education & Children's Services	4,432	1,117	1,476	3,083
Health & Social Care Partnership	3,384	915	3,263	2,015
Housing & Community Safety	295	(71)	295	358
The Environment Service	1,890	334	1,615	2,206
Corporate & Democratic Services	218	(71)	467	159
Culture & Public Sector Reform	451	118	318	479
TOTAL	10,670	2,342	7,434	8,300

	EDUCATION AND CHILDREN'S SERVICES	Expenditure Pressures	
		17/18 £'000	18/19 £'000
1	<p>Corporate Savings Target – October 2016</p> <p>This pressure is made up as follows –</p> <ul style="list-style-type: none"> • Apprenticeship Levy - £349,000 and £0 • Update of funding assumptions - further reductions of £2,215,000 in 17/18 and a lower reduction of £(568,000) in 2018/19 <p>Additional Council Tax Income (in excess of 2% increase assumed in Provisional Revenue Budgets) - £(371,000) and £(377,000)</p>	2,193	-945
2	<p>Increase in Property Costs –</p> <p>Estimated Inflation in Property Costs – Rates (2% annually), Cleaning (3.4% annually) and Landfill (1.75% and 2%).</p> <p>These are additional property costs for inflation and expansion of/changes in the school estate e.g. rates, cleaning and ground maintenance.</p>	35	125
3	<p>Home to School Transport</p> <p>The provision of Home to School Transport is the statutory responsibility of ECS where pupils live more than the prescribed distance from school. The projected expenditure pressures are based on information provided by the Public Transport Unit using the following inflation rates – 2017/18 1.75% and 2018/19 10%. In financial year 2017/18 the pressure is contained within the existing budget.</p>	0	548

		Expenditure Pressures	
		17/18 £'000	18/19 £'000
EDUCATION AND CHILDREN'S SERVICES			
4	<p>Children & Young People Act</p> <p>It is anticipated that the Scottish Government will provide additional resources to fund the further roll out of the following initiatives;</p> <p>Continuing Care provision (to assist young people to remain in their care placement beyond the age of 16 or 18 up until their 21st birthday)- £38,000</p> <p>Changed Eligibility for Aftercare support (to extend support for care leavers beyond the age of 21 years up until their 26th birthday)- £14,000</p> <p>Early Learning and Childcare – £225,000</p> <p>The 2017/18 and 2018/19 figures are estimates.</p>	277	304
5	<p>Looked after Young People</p> <p>Increased demand for foster care placements for looked after children have required a greater reliance on external Foster Care at an additional cost. The number of children and young people looked after in Perth and Kinross has continued to grow year on year since 2011 and this rose by 12% between 2014/15 and 2015/16. There has been an associated increase in the contracting of external foster placements to meet demand as local PKC foster carers are fully utilised. The 4-year Transformation Project "Expansion of Family Based Care" was designed as a result of these increasing pressures has recently commenced.</p>	755	0
6	<p>Fostercarer Fee Payments</p> <p>Anticipated 2.0% inflationary increase in fee payments to Fostercarer in line with recommended Fostering Network rates. This is an investment in the most appropriate placements for young people achieving better outcomes in a more cost effective way. This is required to ensure retention and recruitment of high quality foster carers to meet current and future demand.</p>	16	17

EDUCATION AND CHILDREN'S SERVICES		Expenditure Pressures	
		17/18 £'000	18/19 £'000
7	<p>Partner Provider Fee Payments</p> <p>2% increase in fee payments to Partner providers, this payment has been frozen for a number of years following three years of reductions and is no longer viable. The council was reported in the press as being one of the lowest paying councils in Scotland.</p>	30	30
8	<p>Redesign the Delivery of Reducing Class Contact Time in Primary Schools (Teachers)</p> <p>The requirement by the Scottish Government to maintain teacher numbers and teacher pupil ratio at a national level for 2017/18 meant that PKC cannot reduce teacher numbers as previously budgeted for.</p>	325	195
9	<p>Revert to maximum class sizes for English and Maths in S1 and S2 (Teachers)</p> <p>The requirement by the Scottish Government to maintain teacher numbers and teacher pupil ratio at a national level for 2017/18 meant that PKC cannot reduce teacher numbers as previously budgeted for.</p>	707	353
10	<p>Securing the Future of the School Estate</p> <p>Slippage on the delivery of this programme requires a rephrasing of the savings over a longer time frame as Perth and Kinross Council must comply with duties outlined in the Schools (Consultation) (Scotland) Act 2010 and the accompanying Statutory Guidance if the options appraisals recommend catchment reviews, closures, changes to service provision or school builds in new locations. This would then require a Statutory Consultation under the Act, this has led to a greater time period than original estimated to carry out the required due diligence.</p>	0	400
11	<p>Increased Social Worker Capacity</p> <p>Requirement to increase capacity within Children, Young People & Families to meet the rise in demand and complexity of Social Work Services for children and families.</p>	94	0

	EDUCATION AND CHILDREN'S SERVICES	Expenditure Pressures	
		17/18 £'000	18/19 £'000
12	<p>New Secondary School</p> <p>As part of the plans to grow Perth City the Council has approved a new secondary school at Bertha Park which will be operational from August 2019. It is proposed to have a new Headteacher from 2018 to ensure the smooth transition of pupils and staff to the new school.</p>	0	90
TOTAL EXPENDITURE PRESSURES		4,432	1,117

	EDUCATION AND CHILDREN'S SERVICES	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
1	<p>Home to School Transport</p> <p>Home to School Transport expenditure pressure for 2017/18 is no longer required due to the Public Transport Unit not retendering contracts until 2017/18 and inflation being less than projected when setting last year's budget.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: N/A Customer: N/A Equalities/Diversity: N/A Outcome and Performance: N/A</p>	183	0	0.0	0.0

	EDUCATION AND CHILDREN'S SERVICES	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
2	<p>Scottish Government - Children & Young People Act</p> <p>Increase in Scottish Government funding to support the roll out and expansion of the Children & Young People Act under the following initiatives.</p> <p>Continuing Care provision £38,000 Through-care and Aftercare £14,000 Early Learning and Childcare (ELCC)– £225,000</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None. Customer: No impact. The demand for continuing care placements has not been realised and support for looked after young people is met through budgets for foster care and residential care. Equalities/Diversity: No impact. Outcome and Performance: In relation to ELCC there is a requirement to deliver full flexibility of 600 hours early learning and childcare from SG funding and further flexibility will require additional funding.</p>	277	304	0.0	0.0

	EDUCATION AND CHILDREN'S SERVICES	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
3	<p>Partner Provider Fee Payments</p> <p>2% increase in fee payments to Partner Providers funded from the Scottish Government Children & Young People Act resources. Perth and Kinross Council have been reported in the press as one of the lowest paying Councils in the country, and this increase is within the current budget for Partner Provider payments.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None. Customer: Partner Providers may seek further increase due to negative publicity. Equalities/Diversity: None. Outcome and Performance: Risk that partner providers do not wish to continue to work in partnership with P & K Council to deliver expansion of Early Learning and Childcare hours to 1140 on current rates.</p>	30	30	0.0	0.0
4	<p>Recharge salary of Projects Manager to Cultural Capital Budgets.</p> <p>The project manager budget will be transferred to the cultural capital funding.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None. Customer: None. Equalities/Diversity: None. Outcome and Performance: No impact.</p>	50	0	0.0	0.0

	EDUCATION AND CHILDREN'S SERVICES	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
5	<p>Transfer of Kitchen revenue expenditure to Modernising Primary School capital budget</p> <p>All large scale kitchen improvements will now be funded from the ECS Capital Composite Budget.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None. Customer: None. Equalities/Diversity: None. Outcome and Performance: No impact.</p>	80	0	0.0	0.0
6	<p>Reduction to Parent Council Funding</p> <p>Reduction in annual grants to support the operation of Parent Councils by 50%. This funding supports the implementation of Parent Councils and Local Authority Parent Council Chairs Network meetings throughout the year.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None. Customer: Parent Councils may see the reduction in funding as a lack of support for Parent Councils from the Council. Equalities/Diversity: None. Outcome and Performance: Reduced capacity to provide the number of network meetings currently provided. Parental Involvement is one of the key drivers of the National Improvement Framework.</p>	0	20	0.0	0.0

	EDUCATION AND CHILDREN'S SERVICES	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
7	<p>Reduction in ECS Central Training Budget</p> <p>Reducing the central training budget by 40% would impact on the Services ability to provide training to front line and centrally based staff. The current budget is £55,000.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Fewer training opportunities for staff. Customer: Minimal impact. Equalities/Diversity: No impact. Outcome and Performance: Frequency of training will be greatly reduced for some staff.</p>	13	9	0.0	0.0
8	<p>Removal of Primary Swimming</p> <p>It is not a statutory requirement to provide swimming lessons to pupils. Transport costs amount to £35,000 of this saving.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: No impact. Customer: Children in rural areas will benefit from less time out of the classroom as transport times can be significant. Equalities/Diversity: No impact. Outcome and Performance: No impact.</p>	60	0	0.0	0.0

	EDUCATION AND CHILDREN'S SERVICES	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
9	<p>Removal of Early Years posts</p> <p>These posts are currently vacancies, and changes to other remits means there is no longer a requirement to recruit to these posts.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: 1.6 FTE from 1.6 FTE (1.6 FTE Vacant). Customer: No impact. Equalities/Diversity: No impact. Outcome and Performance: No impact.</p>	55	0	1.6	0.0

	EDUCATION AND CHILDREN'S SERVICES	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
10	<p>Redesign the Delivery of Reducing Class Contact Time in Primary Schools (Teachers)</p> <p>Review and redesign of Reducing Class Contact Time (RCCT). All children in PKC are currently entitled to 25 hours weekly of teaching time. A full time teacher has a maximum class contact time of 22.5 hours, with the other 2.5 hours of teaching time being delivered by visiting specialists of Expressive Arts and PE in a number (but not all) schools. PKC are one of a tiny number of Education Authorities who still follow this model. By not using the Expressive Arts and PE Visiting specialists to deliver RCCT it will allow schools greater flexibility to be responsive in delivering the curriculum in a way that suits each individual establishment. This will bring us into line with most other Councils across Scotland in respect of how RCCT is delivered. It will also deliver significant savings. (Refers to Transformation Project No 23).</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: The current workforce of the Expressive Arts and PE visiting specialists would be redeployed into schools dependent on qualification i.e. Primary qualified to Primary Schools and likewise with Secondary Schools. Some staff may not have FTCs renewed. Other approved workforce management measures may be applied.</p> <p>Customer: All primary class teachers are qualified to deliver all areas of the curriculum and many do already deliver aspects of Expressive Arts and PE on a weekly basis. This proposal would simply mean all areas of the curriculum were taught by staff based in a school where they are line managed by a Headteacher. Decisions about what teachers teach which subjects and when would then be down to individual schools to agree and arrange.9.7 FTE from 33.26 FTE.</p> <p>Equalities/Diversity: None .</p> <p>Outcome and Performance: All teaching staff in primary become/remain skilled in teaching all areas of the curriculum.</p>	0	325	0.0	9.7

	EDUCATION AND CHILDREN'S SERVICES	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
11	<p>Revert to maximum class sizes for English and Maths in S1 and S2 (Teachers)</p> <p>23.9 fte Secondary teachers would be removed from current deployment in schools. Staff affected are Maths and English teachers. 23.2 fte of the 23.9 would be taken from staffing that had previously been allocated to schools to reduce class sizes in English and Maths and reduce class contact time across the school.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Reduction of teaching staff across Secondary schools. Customer: Impact would be felt in terms of increasing class sizes for pupils in English and Maths, which would bring with it additional workload for teaching staff. Equalities/Diversity: NA. Outcome and Performance: May impact on attainment and achievement of pupils. Fewer teachers in school would mean a reduction in the capacity of English and Maths departments. The size of the class does not necessarily correlate to the achievement levels of that class rather it is the quality of the learning experience which has the greatest impact. With fewer overall staff in secondary schools there would be larger classes and greater teacher commitment up to the SNCT statutory maximum of 22.5 hours class contact.</p>	0	707	0.0	23.9

	EDUCATION AND CHILDREN'S SERVICES	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
12	<p>Full Removal of Budget for Skills for Work</p> <p>This would impact on the skills for work development and the employability strategy.</p> <p>Workforce: No impact. Customer: Fewer vocational/skills courses available for pupils. Reduction in curricular pathways in the Senior Phase of secondary schools. Equalities/Diversity: No impact. Outcome and Performance: Skills for Work courses provide vocational opportunities for wider achievement for a cohort of Senior pupils. Full removal of this budget would reduce opportunities and curricular flexibility in the Senior Phase will be diminished. Schools wishing to continue offering these opportunities to Senior pupils would be required to fund places from their DSM budget. It would be up to individual Headteachers to decide as to the priority attached to these wider opportunities.</p>	0	62	0.0	0.0
13	<p>Perth City Campus</p> <p>Removal of capacity provided to support the Perth City Campus, which has led to outstanding results, would result in there being a risk to maintaining current performance. The majority of this budget is spent on transporting pupils within Perth City.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Reduction in capacity. Customer: Reduced subject choice. Equalities/Diversity: No impact. Outcome and Performance: Attainment and achievement opportunities of young people may be diminished.</p>	0	36	0.0	0.0

	EDUCATION AND CHILDREN'S SERVICES	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
14	<p>Reduce capacity in Inter-Agency working</p> <p>Reduction in the hours to support multi-agency strategic partnerships and training. The contribution of partners to this work has reduced over time and the Council has picked up the shortfall.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: 2.0 FTE to 1.6 FTE (no vacancies) reduction in capacity to administer, coordinate and support multi-agency strategic partnerships and contribution to national working groups; reduction in delivery of multi-agency training to support key areas of work such as child protection and early intervention. The capacity to deliver the need for increased integrated working practices will be impeded.</p> <p>Customer: No direct impact to service users; reduced capacity to support frontline staff.</p> <p>Equalities/Diversity: No impact.</p> <p>Outcome and Performance: Reduction in capacity to respond to national policy, guidance and legislative requirements as they arise in key aspects of multi-agency and integrated working.</p>	0	30	0.0	0.4

	EDUCATION AND CHILDREN'S SERVICES	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
15	<p>Redeploy Early Years Development Teachers</p> <p>Redeploy the Early Years Development Teachers (EYDTs) back into primary schools. This team of teachers have been employed on fixed term contracts to support delivery of key aspects of early years curriculum, in addition to the core element of early years teachers who work in nursery classes and early years settings.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: 6.5 FTE from 6.5 FTE teachers on fixed term contracts (FTC) would not have these contracts renewed.</p> <p>Customer: Children and families would no longer benefit from the support the EYDTs provide in each locality across PKC.</p> <p>Equality/Diversity: None.</p> <p>Outcome and Performance: The support for children – literacy, numeracy etc.; advice for staff in schools and support for families in terms of links with partner agencies etc. would cease to be delivered by this team, but would be delivered in a different way by the early years team.</p>	0	179	0.0	6.5

	EDUCATION AND CHILDREN'S SERVICES	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
16	<p>Reduction in Secondary Teaching Staffing Standard</p> <p>This would involve an approximate 1.2% reduction in existing Secondary staffing allocations across all ten schools. The impact would be felt in terms of reducing curriculum opportunities / courses and increased class sizes.</p> <p>The ECS Staffing Standard has not been reviewed since 1996 and is currently one of the Council's Transformation Projects.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: 7.1 FTE from 591 FTE. Reduction of teaching staff across Secondary schools. Customer: Impact would be felt in terms of personal support for pupils. Equalities/Diversity: NA. Outcome and Performance: May impact on attainment and achievement of pupils. Fewer teachers in school would mean a reduction in personal support for pupils' e.g. larger classes and potentially more discipline issues arising in and out of school.</p>	0	204	0.0	7.1

	EDUCATION AND CHILDREN'S SERVICES	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
17	<p>Reduction of Community Campuses opening hours during school holidays and reduction in Lifecycle costs for Furniture, Fittings & Equipment (FFE)</p> <p>Reduction in Community Campuses opening times during the school holidays £75,000.</p> <p>Reduce Lifecycle contributions within the Investment In Learning contract and transfer future replacement costs to schools £25,000.</p> <p>The above savings are on top of £180,000 planned to be delivered in 2017/18 under the Review of Community Campuses Contract and Charging Arrangements which will reduce the staffing within the campuses administration by 5FTE.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Full time staff may require to become mobile if Community Campuses reduce their opening hours during the school holidays.</p> <p>Customer: Reduced community opening times and equipment not replaced as frequently as currently.</p> <p>Equalities/Diversity: None.</p> <p>Outcome and Performance: Reduced community access and fixture, fittings and furniture not replaced as frequently.</p>	0	100	0.0	0.0

	EDUCATION AND CHILDREN'S SERVICES	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
18	<p>Reduction in Tayside Contracts Facility Management Contract for Schools.</p> <p>Review and reduction of 12.5% of the cost of the Facility Management Contract with Tayside Contacts (Cleaning and Janitorial).</p> <p>Lifelong Learning Committee on 2 November 2016 approved the transfer of both Janitors and SCP to Tayside Contracts to generate £200,000 savings. The intention is that the staff will transfer on 1 April 2017.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: Implications for Tayside contracts staff. Customer: Adverse reaction from staff, pupils and unions. Equalities/Diversity: A lot of staff affected will be low paid, part time females. Outcome and Performance: Reduced community access opening times and reduced cleaning specification .</p>	0	463	0.0	0.0
19	<p>Further review and reduction in Business & Resources Staff</p> <p>Reduction of staffing within ECS Business & Resource Services following a previous 20% reduction in staff and current approved reduction of £180,000.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: 5 FTE from 40 FTE. Customers: Customers response times will increase and services provided may reduce. Equality/Diversity: No impact. Outcome and Performance: Some support services will require to cease as determined by the outcome of the transformation review of administration.</p>	136	94	3.0	2.0

	EDUCATION AND CHILDREN'S SERVICES	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
20	<p>Full cost recovery for School Lunches</p> <p>It is proposed to move to a full cost recovery of school lunches. This is one of the key principles within the Council's Corporate Charging Policy (Report 15/401 refers). It is assumed a 25% reduction in uptake levels due to the increase in costs involved to parents/guardians. The increase in charges will be from £2.10 to £2.70.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Potential reductions in both ECS and Tayside Contracts staff based on reduced demand.</p> <p>Customer: Reduced demand due to families unable to afford the new price of a school meal and a consequential impact on the cost of the school day for low income families.</p> <p>Equalities/Diversity: May impact significantly on families just above the welfare thresholds.</p> <p>Outcome and Performance: Potential reduced demand for the school meal service.</p>	0	520	0.0	0.0

	EDUCATION AND CHILDREN'S SERVICES	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
21	<p>Reduction Secondary DSM Budgets for Learning Materials and Training</p> <p>It will be a matter for each Headteacher to decide on the best approach within each school but with limited scope for action, the savings are likely to be in funding schools resources, administrative and clerical support staff and training budgets. This saving represents 39% of the remaining budget.</p> <p>£216,000 was taken from this budget in 2016/17.</p> <p>Total Budget - £874,000 Reduced 2016/17 - £216,000 Reduced 2017/18 - £216,000 (proposed) Budget Remaining - £432,000</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: The range and type of resources provided by each school for their staff (teaching and non-teaching) would be reduced. Customer: Fewer resources available to support learning and teaching provided by the school for young people and teaching staff. Equalities/Diversity: No impact. Outcome and Performance: The availability of the current range and type of resources to support learning and teaching for young people would be limited. This would impact on the raising attainment agenda. Professional learning opportunities would be restricted. Choice in terms of possible providers of training and the ability for staff to attend a range of development opportunities across PKC and nationally would be severely curtailed.</p>	216	0	0.0	0.0

	EDUCATION AND CHILDREN'S SERVICES	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
22	<p>Reduction in Primary DSM Budgets for Learning Materials and Training</p> <p>This budget is used by schools to purchase general resources for use by children e.g. stationery, books, games, small pieces of furniture etc. This saving represents 37% of the remaining budget. It also supports training and associated resources for staff.</p> <p>£193,000 was taken from this budget in 2016/17.</p> <p>Total Budget - £772,000 Reduced 2016/17 - £193,000 Reduced 2017/18 - £193,000 (proposed) Budget Remaining - £386,000</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: The range and type of resources provided by each school for their staff (teaching and non-teaching) would be reduced. Customer: Fewer resources available to be provided by the school for children. Equalities/Diversity: No impact. Outcome and Performance: The availability of the current range and type of resources to support learning and teaching for young people would be limited. This would impact on the raising attainment agenda. Professional learning opportunities would be restricted. Choice in terms of possible providers of training and the ability for staff to attend a range of development opportunities across PKC and nationally would be severely curtailed.</p>	193	0	0.0	0.0

	EDUCATION AND CHILDREN'S SERVICES	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
23	<p>Reduction of Central Education & Children's Services Management Posts</p> <p>A review and reduction in the Central Education and Children's Services management teams, (3rd and 4th tier officers). These staff play an important role in managing services, implementing projects, supporting schools in line with the School Improvement Framework; supporting children and their families who have been identified as being vulnerable or in need. They also provide support to the on-going development and implementation of the curriculum and taking forward the new legislative requirements of the Children and Young People (Scotland) Act 2014.</p> <p>Please note the narrative below excludes the 4FTE already taken as savings for 2017/18</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: Reduction of 3.9 FTE from 23.7 FTE. This will be achieved through approved workforce management measures. Customer: Reduction in central support to schools for curriculum development, and less capacity within the central team to undertake continuous improvement and quality assurance of educational settings. Reduction in the support that may be needed for children and families who are vulnerable or in need. Equalities/Diversity: None. Outcome and Performance: Impact may be minimised by strategic partnership working across a group of local authorities. Some functions will require to be redistributed to remaining central post holders.</p>	183	0	3.9	0.0
TOTAL SAVINGS PROPOSALS		1,476	3,083	8.5	49.6

HEALTH AND SOCIAL CARE PARTNERSHIP		Expenditure Pressures	
		17/18 £'000	18/19 £'000
1	<p>Additional Corporate Savings Target – October 2016</p> <p>This pressure is made up as follows –</p> <p>Apprenticeship Levy - £113,000 and £0</p> <p>Update of funding assumptions - further reduction of £717,000 in 17/18 and lower reduction of £(184,000)</p> <p>Additional Council Tax Income (in excess of 2% increase assumed in Provisional Revenue Budgets) - £(120,000) and £(122,000)</p>	710	-306
2	<p>Implementation of The Foundation living Wage – Full Year effect</p> <p>The Scottish Government considers the implementation of the Living Wage to be a significant indicator of an employer's commitment to Fair Work practices. In 2016-17 the Scottish Government provided funding to support the range of fair work practices including implementation of the Foundation Living Wage of £8.25 per hour. This will enable contracted care providers to retain and recruit high calibre staff.</p> <p>This amount is the full year effect of implementing this national initiative and is in addition to the amounts approved in February 2016.</p> <p>Care at Home - £310k</p> <p>Contracts/SLA's/Sleepovers £6k</p> <p>There is a compensating saving for this amount (see saving 3) as further additional income is anticipated to be provided by the Scottish Government since this is a national policy. Should this additional income not be forthcoming in the financial settlement, then the Council will need to consider how to fund this pressure as this is a commitment already made to providers in the report that was approved by Strategic Policy and Resources committee in September 2016 (Report 16/10 refers).</p>	316	0

HEALTH AND SOCIAL CARE PARTNERSHIP		Expenditure Pressures													
		17/18 £'000	18/19 £'000												
3	<p>Inflationary Increase for Living Wage</p> <p>The Scottish Government considers the implementation of the Living Wage to be a significant indicator of an employer's commitment to Fair Work practices. In 2016-17 the Scottish Government provided funding to support the range of fair work practices including implementation of the Foundation Living Wage. It has recently been announced that the hourly rate will increase by 20p per hour from 1st April 2017 annually. This will enable contracted care providers to retain and recruit high calibre staff. This is for all non-residential services i.e. Care at home, SLA's, contracts and sleepovers (see saving 1). The sleepover rate increase has been calculated at 80p per hour in line with the Scottish Government's Government indications.</p> <p>It is assumed that this additional cost pressure will be fully funded by the Scottish Government via the financial settlement. If this is not the case, then the Council will not increase payments to providers and may lose its Living Wage Employer accreditation status.</p> <table border="1"> <thead> <tr> <th>Description</th> <th>2017/2018</th> <th>2018/2019</th> </tr> </thead> <tbody> <tr> <td>Care at Home</td> <td>£110k</td> <td>£5k</td> </tr> <tr> <td>Contracts/Slas/Sleepovers</td> <td>£449k</td> <td>£199k</td> </tr> <tr> <td>Total Net pressure</td> <td>£559k</td> <td>£204k</td> </tr> </tbody> </table>	Description	2017/2018	2018/2019	Care at Home	£110k	£5k	Contracts/Slas/Sleepovers	£449k	£199k	Total Net pressure	£559k	£204k	559	204
Description	2017/2018	2018/2019													
Care at Home	£110k	£5k													
Contracts/Slas/Sleepovers	£449k	£199k													
Total Net pressure	£559k	£204k													
4	<p>Care Home Contract Rates 2017/18-2018/19</p> <p>The 2017/18 negotiations have only recently started. The pressures in this paper are based on the recently announced increases for the Living Wage and equate to an increase of 2.4% in the headline rates for next year.</p>	23	62												

HEALTH AND SOCIAL CARE PARTNERSHIP		Expenditure Pressures	
		17/18 £'000	18/19 £'000
5	<p>Service Demand Pressures</p> <p>Care at Home</p> <p>The Service is experiencing considerable demands for additional and more complex "care at home" service packages. This is due to an increase in demand from an increasingly complex population with multiple-pathologies and the social, functional, cognitive and physical features of frailty and extreme old age. There is a direct impact upon the levels of delays to discharges in PRI and Community Hospitals.</p> <p>In addition, since the calculation of the living wage pressure in January 2016, Care at Home has experienced a growth in demand. The calculation of additional costs associated with the living wage was based on the lower levels of demand at that point in time. This pressure allows for growth since that date and anticipated growth until March 2018.</p> <p>It has been calculated that the expected growth within Internal/External Care at Home service can be contained within the current budget. However, there is insufficient budget to meet current and future demand for SDS option 2's (whereby individual's and providers manage the care package on an ongoing basis).</p>	573	302
	<p>Older People Residential/Nursing Placements- Anticipated Future Demand Pressures</p> <p>The Service is experiencing considerable demands for increased levels of residential/nursing placements. This is due to an increasingly complex population with multiple-pathologies and the social, functional, cognitive and physical features of frailty and extreme old age.</p>	284	462
6	<p>Learning Disabilities - Sleepovers</p> <p>There has been a demand pressure identified within the commissioned services Learning Disabilities contracts. A further 7 sleepovers have been identified since the initial review. It is not expected this demand will increase, as sleepover arrangements will be reviewed over the coming months.</p>	92	0

	HEALTH AND SOCIAL CARE PARTNERSHIP	Expenditure Pressures	
		17/18 £'000	18/19 £'000
7	<p>Learning Disability Long Term Clients – Increased Demand</p> <p>A number of clients are due to be discharged into a community based setting with effect from 2017/18. These clients will have high cost care packages. These clients are all originally from Perth and Kinross.</p> <p>Funding that was previously identified for these clients has been consumed by other new clients entering the system and increases to existing care packages.</p>	300	90
8	<p>Learning Disability Transitions</p> <p>Each year a number of clients whose care has previously been the responsibility of Education & Children's Services reach the stage of moving into Community Care Services. There is no budget resource within HCC to fund these additional commitments hence additional pressure is placed on existing HCC budget resources.</p>	31	26
9	<p>Loss of income re Charges to War Veterans & Additional Responsibilities re new Carers Legislation</p> <p>The Scottish Government has recently announced changes to the charging regimes for social care services provided to War Veterans and to additional and new legislative responsibilities falling to Local Authorities in respect of services to Carer. They have made funding of £180,000 available to Perth & Kinross in the December 2016 Finance Settlement to fund these initiatives.</p>	180	0
10	<p>Reduction in Alcohol and Drug Partnership (ADP) Funding</p> <p>NHS Tayside has indicated that, as a consequence of reduced Scottish Government funding for Alcohol and Drug Partnerships nationally, funding will be cut by £75,000 per annum between 2016/17 and 2018/19. Savings for 2016/17 will be met from slippage in the NHS Tayside ADP budget. This will allow time for a comprehensive review of substance misuse services in Perth and Kinross and the development of an action plan for implementing a Recovery Oriented System of care. Details on how the savings target will be achieved will be included in this plan (see saving 6).</p>	150	75
TOTAL EXPENDITURE PRESSURES		3,384	915

	HEALTH AND SOCIAL CARE PARTNERSHIP	Net Saving		Staffing Implications													
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE												
1	<p>Inflationary Increase Living Wage (Non-Residential Services) – Income From Scottish Government</p> <p>The Scottish Government considers the implementation of the Living Wage to be a significant indicator of an employer's commitment to Fair Work practices. In 2016/17 the Scottish Government provided funding to support the range of fair work practices including implementation of the Foundation Living Wage (see pressure 4).</p> <table border="1"> <thead> <tr> <th>Description</th> <th>2017/2018</th> <th>2018/2019</th> </tr> </thead> <tbody> <tr> <td>Care at Home</td> <td>£110k</td> <td>£5k</td> </tr> <tr> <td>Contracts/Slas/Sleepovers</td> <td>£341k</td> <td>£199k</td> </tr> <tr> <td>Total Net pressure</td> <td>£451k</td> <td>£204k</td> </tr> </tbody> </table> <p>It is assumed that this additional cost pressure will be fully funded by the Scottish Government via the financial settlement. If this is not the case, then Council will not increase payments to providers and may lose its Living Wage Employer accreditation status.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None Customer: Anticipated to have a positive impact on recruitment and retention of the social care workforce. Equalities/Diversity: Affects all client groups. Outcome and Performance: This affects all client groups, and it is anticipated that the payment of a living wage should hopefully improve the quality and flexibility of Social Care services commissioned externally.</p>	Description	2017/2018	2018/2019	Care at Home	£110k	£5k	Contracts/Slas/Sleepovers	£341k	£199k	Total Net pressure	£451k	£204k	451	204	0.0	0.0
Description	2017/2018	2018/2019															
Care at Home	£110k	£5k															
Contracts/Slas/Sleepovers	£341k	£199k															
Total Net pressure	£451k	£204k															

	HEALTH AND SOCIAL CARE PARTNERSHIP	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
2	<p>Living Wage (National Care Home Contract) – Staff Costs Element to be funded by Scottish Government</p> <p>The National Care Home Contract is negotiated via a tripartite arrangement between COSLA, Scottish Government, and care providers and the negotiations are facilitated and led by Scotland Excel. At present there is no indication of the likely outcome of these negotiations but there is likely to be an element of an increase that relates to an inflationary uplift to the Living Wage (see pressure 5).</p> <p>It is assumed that any such element of the final rates agreed via the national contract negotiations will be fully funded by the Scottish Government as implementation of the Living Wage is a national initiative. If this is not the case, then the Council will need to consider how to fund the increase in rates resulting from the negotiations.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None</p> <p>Customer: Anticipated to have a positive impact on recruitment and retention of the social care workforce.</p> <p>Equalities/Diversity: Affects all client groups.</p> <p>Outcome and Performance: This affects all client groups, and it is anticipated that the payment of a living wage should hopefully improve the quality and flexibility of Social Care services commissioned externally.</p>	311	350	0.0	0.0

	HEALTH AND SOCIAL CARE PARTNERSHIP	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
3	<p>Implementation of the Living Wage (Full Year Effect) - Income From Scottish Government</p> <p>Pressure 2 above sets out the full year cost effect of implementing the Living Wage in Perth & Kinross. The shortfall in Scottish Government funding for this initiative is expected to be fully funded by the Scottish Government via the financial settlement. If this is not the case, then Council will need to consider how to fund the increase in rates as this is a commitment already agreed by the SP&R committee in September 2016.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None</p> <p>Customer: Anticipated to have a positive impact on recruitment and retention of the social care workforce.</p> <p>Equalities/Diversity: Affects all client groups.</p> <p>Outcome and Performance: This affects all client groups, and it is anticipated that the payment of a living wage should hopefully improve the quality and flexibility of Social Care services commissioned externally.</p>	316	0	0.0	0.0

	HEALTH AND SOCIAL CARE PARTNERSHIP	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
4	<p>Loss of income re Charges to War Veterans & Additional Responsibilities re new Carers Legislation</p> <p>The Scottish Government has recently announced changes to the charging regimes for social care services provided to War Veterans and to additional and new legislative responsibilities falling to Local Authorities in respect of service to Carers. They have made funding of £180,000 available to Perth & Kinross in the December 2016 Finance Settlement to fund these initiatives.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None Customer: Anticipated to have a positive impact on individuals and carers. Equalities/Diversity: Affects all client groups. Outcome and Performance: This affects all client groups, and carers.</p>	180	0	0.0	0.0
5	<p>Scottish Government Health & Social Care Integration Fund</p> <p>The Scottish Government has provided an additional £100m nationally to meet a range of costs faced by Local Authorities. This will be used to fund priorities such as the Living Wage (see savings 1-3 above) and other social care services. It will be used by the Integrated Joint Board to support transformation and redesign of services.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None Customer: None. Equalities/Diversity: No identified equalities/diversity issues. Outcome and Performance: None</p>	1,542	0	0.0	0.0

	HEALTH AND SOCIAL CARE PARTNERSHIP	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
6	<p>Review of Learning Disabilities Shared Lives Scheme</p> <p>Review of Learning Disability Shared lives Scheme as the number of service users is less than previously anticipated.</p> <p>Impact Analysis and Risk Assessment</p> <p>Workforce: None Customer: Future clients who could benefit from Shared Lives will be potentially affected. Equalities/Diversity: No identified equalities/diversity issues. Outcome and Performance: None</p>	20	0	0.0	0.0
7	<p>Redesign of Drug and Alcohol Service</p> <p>NHS Tayside has indicated that, as a consequence of reduced Scottish Government funding for Alcohol and Drug Partnerships (ADP) nationally, funding will be cut by £225,000 over financial years 2016/17 -2018/19. As a consequence, it will be necessary to carry out a transformational review of all Drug and Alcohol services provided by Perth and Kinross Council to reflect this reduced level of funding. This review will cover both in-house services and externally commissioned services from the third Sector. (see pressure 9)</p> <p>Impact Analysis and Risk Assessment</p> <p>Workforce: Total Staff; 18.69 fte's, Vacancies 1.0 fte, Fixed term none, Known retirees, none Customer: There will be a reduction in service provision and support to some of the most vulnerable people in our community and their families. There will be a reduction in strategic and service planning around the recovery approach which is central to local and national policy. Equalities/Diversity: No identified equalities/diversity issues Outcome and Performance: It will be more difficult to meet targets around the drug and alcohol annual quality monitoring and the ADP annual report which need to be given to the Government annually. There is a risk around the timescales to deliver savings in 2017/18.</p>	150	75	tbc	tbc

	HEALTH AND SOCIAL CARE PARTNERSHIP	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
8	<p>Raise Provision of OT Equipment Threshold</p> <p>Currently the OT service does not provide any equipment costing under £25. This includes equipment such as adaptive cutlery and dressing aids such as long handled shoe horns and long handled sponges. Exceptions to this are the Reablement Team who use this type of equipment as part of the ongoing rehabilitation of individuals to prevent hospital admissions and to facilitate hospital discharge. Grab rails also cost under £25 and are currently ordered in large quantities to support independence and safety.</p> <p>It is proposed to increase this minimum threshold price of the type of equipment that would be directly supplied to clients from £25 to £75. This will make a saving of £43,000 and budgets will be adjusted to reflect that this equipment is no longer provided by PKC.</p> <p>NIB Equipment under £75 accounts for 73% of the bulk buy orders.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None</p> <p>Customer: There would be no impact on clients who are on Reablement as items under £75 will continue to be supplied. However this would have a direct impact on clients not on Reablement as they would have to pay for their OT equipment personally. OT is an integrated service so this would impact across the partnership.</p> <p>Equalities/Diversity: This would not be means tested so would have a larger impact on poorer people. The majority of people who require OT equipment are over 65 years so this would have a larger impact on this sector of the community.</p> <p>Outcome and Performance: Many people might choose not to pay meaning they have no access to equipment they have been assessed as requiring.</p>	43	0	0.0	0.0

	HEALTH AND SOCIAL CARE PARTNERSHIP	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
9	<p>Occupational Therapy Integration (PKC Element)</p> <p>The Occupational Therapy service is moving to an integrated management structure and it is proposed that savings of £59,000 will be made by reducing the number of management posts in the integrated structure.</p> <p>Total Saving £180k – NHS £121k, PKC £59k</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Reduction of 1.13 fte. posts Total Staff: 18.0 fte, Vacancies.0.0 fte, Fixed Term Contracts1.00 fte, Known Retirals 0.0 fte.</p> <p>Customer: This would have a minimal impact on clients.</p> <p>Equalities/Diversity: None</p> <p>Outcome and Performance: There is some risk that the quality of the service may reduce due to less management/leadership support. This proposal will also affect a number of the posts in the new structure as the duties of the posts being deleted will need to be shared across the remaining posts.</p>	59	0	1.1	0.0

	HEALTH AND SOCIAL CARE PARTNERSHIP	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
10	<p>Review Of Locality Teams/Management</p> <p>The first stage of Communities First has concluded following a review of the management structure. As a result there was a need to redesign the structure of the Community Care Management Team to support a change in the service model. The model was designed to support integration and as a result has achieved savings to date of £197,000. A joint Transformation programme has been developed by the Health and Social Care Partnership and key projects have been identified to develop further integrated services and as such it is anticipated that there is scope for a further reduction of costs within the management structure.</p> <p><u>Impact Analysis and Risk Assessment – to be provided</u></p> <p>Workforce: There will be a reduction within the management structure. However until the review is complete it is not possible to identify the resource that will be impacted. It will be necessary to ensure that all supervisory tasks can be undertaken appropriately.</p> <p>Customer: The redesign will review the management responsibilities across health and social care and create efficiencies and improve integrated work practices. This saving will not have a direct impact on customers.</p> <p>Equalities/Diversity: None</p> <p>Outcome and Performance: A reduction in management may have an impact on the overall system performance.</p>	0	50	0.0	0.0

	HEALTH AND SOCIAL CARE PARTNERSHIP	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
11	<p>Intermediate Care Review The review will consist of three parts:</p> <p>A review of Intermediate Care teams – PKC element £156,000. Development of a new model of intermediate care across Perth & Kinross as part of integrated locality working across the Health and Social Care Partnership. This model includes review of: Reablement (including Immediate Discharge Service (IDS), Rapid Response) Intermediate Care NHS Team (including Psychiatry of Older Age (POA) Liaison, Physiotherapy)</p> <p>Intermediate care beds – NHS saving. Review hospital resource inpatient beds to ensure best use of resources by shifting care to community settings, commissioning intermediate care beds, and supporting Enhanced Community Support, Integrated Care Hubs, and 24 hour respite service.</p> <p>Crisis Intermediate Support – PKC Element £105,000. Identify 6 beds across Community Hospitals to be used for intermediate support during times of crisis as an alternative to crisis care home admission, thus reducing the present placements budget.</p> <p>Impact Analysis and Risk Assessment Workforce: Reduction of 6.00 fte. posts Total Staff: 64.42 fte, Vacancies 2.49 fte, Fixed Term Contracts 0.0 fte, Known Retirals 0.0 fte. There is a risk that having fully integrated teams will pose difficulties from a human resources aspect but resolving these issues will be crucial to delivering the savings. Customer: There is potential for this saving to improve the experience for patients being discharged from hospital, improving rehabilitation from hospital, and for those in the community, and provide a more rehabilitative approach to those in crisis in the community. There is a risk that removing 6 care home places could cause delays to the identification of care home placement funding, increasing delayed discharges and the waits of those requiring a care home placement who are in the community.</p>	0	261	0.0	6.0

	HEALTH AND SOCIAL CARE PARTNERSHIP	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
	<p>Equalities/Diversity: It is expected that this will improve support for older people.</p> <p>Outcome and Performance: Performance will be improved and we will meet our outcomes for supporting people longer in the community. This will have a positive impact on the integration agenda as it can only be delivered with close co-operation. However, there are risks around delivering savings when we require the community hospitals and GP's to be on board with these proposals.</p>				
12	<p>Shifting the Balance of Care - Reduction in 94 Care Home Placements</p> <p>Reduce the number of permanent residential placements for older people by 94 (currently funding 987 clients as at 30th September 2016). This would realise a saving of £1,679,000. However it is also proposed to retain 40% of the money realised (£704,000) to invest in additional support to carers to enable people to remain being cared for in their local community for longer, rather than being admitted to an institutional setting. This initiative will help Perth & Kinross shift the balance of care provided to Older People to a more community based focus and with less reliance on permanent residential and nursing home placements until much later in a person's life. This will also result in Perth & Kinross being back in line with the national Scottish average in terms of the balance between institutional and community based care services for Older People.</p> <p>Approximately 70% of care home placements are the result of unpaid Carers no longer being able to support their family member in the community hence the proposed investment in additional support to carers.</p> <p>In line with the Carer (Scotland) Act, we will review and consult on the type of services needed by carers to enable us to offer targeted support to those carers that require it the most.</p>	0	975	0.0	0.0

	HEALTH AND SOCIAL CARE PARTNERSHIP	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
	<p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None</p> <p>Customer: We have a statutory need to meet the care needs of clients, so this proposal should not affect this. There is the possibility of improving the length of time that people remain in the community, thus improving outcomes for individuals. There is a risk that removing 94 places could cause delays to delivery of care home placement funding, increasing delayed discharges, and the waits of those requiring a care home placement who are in the community.</p> <p>Equalities/Diversity: None</p> <p>Outcome and Performance: There is the potential for this proposal to improve our outcomes and performance, supporting people to remain longer in the community and shorten the length of stay in a care home.</p>				

	HEALTH AND SOCIAL CARE PARTNERSHIP	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
13	<p>Targeted reduction In Non-Statutory grants</p> <p>The Council funds a range of organisations through Service Level Agreements to provide a range of advice, support, carers support, day opportunities, advocacy and local community transport services. In the last several years the Change Fund and Integrated Care Fund has provided some additional support to community based projects. A strategic review of investment across this area of service would prioritise spend in line with the Joint Strategic Plan objectives, and deliver efficiency savings.</p> <p>This is being funded in year one by Integrated Care Fund slippage to allow the Planning and Commissioning Team to conclude their consultation period.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Staff posts will be lost in third sector organisations.</p> <p>Customer: There is a high probability of an impact for service users in projects which lose funding.</p> <p>Equalities/Diversity: There is a high probability of adverse impact in equality terms and services changes will have to be managed appropriately to ensure that the impact on different client groups is minimised.</p> <p>Outcome and Performance: There is risk that the timescale available for carrying out the review is insufficient to deliver savings on time.</p>	136	0	0.0	0.0

	HEALTH AND SOCIAL CARE PARTNERSHIP	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
14	<p>Review Community Alarm Control Room Function</p> <p>OPTION 1: Transfer Community Alarm control room to alternative provision.</p> <p>The staff would be reduced by 6.8 fte Social Care Officer posts and 1.00 fte TAS5 post. It is anticipated there would be a reduction in income of £7,500 and the anticipated external provision cost would be in the region of £130,000. It is anticipated the net saving will be £100,000. Existing staff would be placed on the skills register. TUPE may apply which will impact on savings. The response service will remain in-house as this provision cannot currently be commissioned.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Reduction of 7.8f.t.e. posts. Total Staff: 21.86 fte, Vacancies 1.0fte, Fixed Term Contracts 5.0fte, Known Retirals 0.0 fte. Customer: See below Equalities/Diversity: Any reduction in quality of service will impact on Telecare users who are among the most vulnerable people in Perth and Kinross. The vast majority of people using the service are over 65 years. Outcome and Performance: Transferring the control room to private provision will almost certainly mean that the control room is located outside Perth and Kinross. Therefore, workers will not have local knowledge or a close working relationship with the response team. This may impact on the quality of response, especially in emergency situations. Moving the control room out of Perth and Kinross will result in a poorer working relationship between control room workers and the wider multi-disciplinary team (including Out of Hours Service and District Nurses).</p>	0	100	0.0	7.8

	HEALTH AND SOCIAL CARE PARTNERSHIP	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
	<p>Review Community Alarm Control Room Function</p> <p>OPTION 2: The analogue server at Community Alarm has recently been upgraded to digital. The new server is compatible with the latest technology and has the capacity to manage virtually all of the Community Alarm Calls in Scotland.</p> <p>This server gives Perth and Kinross the option of providing a Community Alarm control room service to other partnership areas in Scotland. This service would generate income which would be used to offset savings targets.</p> <p>This option depends on economies of scale and will only safely realise this saving if a minimum of 10,000 additional users are secured from other Council areas. This option would provide job opportunities and is in accordance with the recent scoping document from Scottish Government on transferring from analogue to digital and rationalising the current 30 control rooms nationally to 8.</p> <p>This option has been costed based on PKC charging £30 for each additional client. This has been based on an additional 10,000 clients with an increase of 6.5 fte. Social Care Officer posts for the control room to manage the additional calls.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Increase of 6.5 fte TAS 4 posts Total Staff: 21.86 fte, Vacancies 1.0fte, Fixed Term Contracts 5.0fte, Known Retirals 0.0 fte. Customer: None Equalities/Diversity: None Outcome and Performance: None</p>				

	HEALTH AND SOCIAL CARE PARTNERSHIP	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
15	<p>Review of the Core functions of the Self Directed Support (SDS) Admin Team</p> <p>There is a requirement to review the core elements and functions of this team i.e. advice, recruitment of Personal Assistants and the administration and monitoring of SDS Option 1 (Direct Payment) in line with the other options under SDS. This will provide consistency in approach and support the advancements that have been made since the introduction of SDS planning.</p> <p>Impact Analysis and Risk Assessment</p> <p>Workforce: Reduction of 2.00 fte posts Total Staff 2.00 fte, Vacancies none, Fixed Term contracts none, Known Retirals none Customer: There should be no impact on the customer as assessing and key workers will play a much greater role in supporting the further implementation of SDS. Monitoring of Option 1 for Education & Children's Services is currently undertaken by the SDS team therefore this will need to be considered (28 clients). Equalities/Diversity: None Outcome and Performance: The current group of staff have developed a specific knowledge base in relation to Direct Payments. This is particularly relevant in relation to the support of the Personal Assistant (PA) Scheme and the guidance provided to clients and families around recruitment of PAs. This area of work can be provided by other organisations if required.</p>	55	0	2.0	0.0
TOTAL SAVINGS PROPOSALS		3,263	2,015	3.1	13.8

	HOUSING AND COMMUNITY SAFETY	Expenditure Pressures	
		17/18 £'000	18/19 £'000
1	<p>Corporate Savings Target – October 2016</p> <p>This pressure is made up as follows –</p> <p>Apprenticeship Levy - £36,000 and £0</p> <p>Update of funding assumptions - further reduction of £226,000 in 17/18 and a lower reduction of £(57,000)</p> <p>Additional Council Tax Income (in excess of 2% increase assumed in Provisional Revenue Budgets) - £(38,000) and £(39,000)</p>	224	-96
2	<p>Additional Mental Health Officer Capacity</p> <p>The workload for the team of Mental Health Officers in terms of the volume of guardianships is 66% higher in Perth & Kinross compared to the Scottish national average and has been rising steadily for a number of years. In addition, new duties fell to local authorities under the terms of the Mental Health (Scotland) Act 2015 in relation to Compulsory Treatment Orders. The impact of these 2 additional workload burdens requires the establishment of additional Mental Health Officer capacity. The provision of Mental Health Officers is a statutory duty on local authorities which cannot be delegated to the Integrated Joint Board. This pressure relates to the creation of 1 additional post.</p>	46	0
3	<p>Reduction of DWP Admin Grant</p> <p>Over the last 6/7 years the DWP has gradually reduced the level of Admin Grant they pay to Perth & Kinross Council for administering Housing Benefit. The reductions each year have ranged from 5% to 14%. This pressure assumes a further 5% cut per year from current funding levels and is an estimate of the potential annual loss of DWP administration grant. It is not possible to provide figures with any greater degree of accuracy at this stage due to the lack of clarity from DWP around the future funding of benefits administration.</p>	25	25
TOTAL EXPENDITURE PRESSURES		295	-71

	HOUSING AND COMMUNITY SAFETY	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
1	<p>Additional Income from Sheriff Officers' Activity</p> <p>The current performance of the Sheriff Officers' debt recovery process indicates that it is possible to increase the income target for this service.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: No impact. Customer: No impact. Equalities/Diversity: No impact. Outcome and Performance: No impact.</p>	40	0	0.0	0.0
2	<p>Reduction in Housing Benefit Subsidy Loss</p> <p>Based on current budget monitoring it is possible to reduce the budget allocation for Housing Benefit Subsidy Loss. This is due to improved performance levels in the recovery of overpayments of both Rent Allowances and Rent Rebates</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: No impact. Customer: No impact. Equalities/Diversity: No impact. Outcome and Performance: No impact.</p>	30	0	0.0	0.0

	HOUSING AND COMMUNITY SAFETY	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
3	<p>Review of Staffing Levels (including alternative funding streams) in the Housing Strategy Team</p> <p>It is proposed to delete a 0.33fte GE3 post which has been vacant for some time (£6,000).</p> <p>In addition, it is proposed to use Council Tax Second Homes income to fund the part-time clerical assistant post which supports the Housing Strategy Team (£14,000). In 2016/17 the Council approved using this funding stream to fund the following posts therefore this completes this process:</p> <p>Team Leader Planning & Policy Planning & Policy Officer (PR9) Research Assistant (TAS7)</p> <p>In arriving at the budget decision last year, consultation with the Scottish Government confirmed that there is flexibility to use the income in this way.</p> <p>This would release a recurring budget saving whilst still delivering the Local Authority Housing Strategy.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None. Customer: None Equalities/Diversity: None Outcome and Performance: The income from Council Tax Second Homes allows the Council to deliver recurring savings whilst maintaining capacity to plan for the future delivery of social housing.</p>	20	0	0.3	0.0

	HOUSING AND COMMUNITY SAFETY	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
4	<p>Review of Staffing Levels in Customer & Community Engagement Team</p> <p>The duties performed by this team have changed over time and some of the duties are no longer required or have been replaced through the use of new ways of working. These include historic functions developed in 2003 and replaced through time by information technology. It is intended to review the staffing levels within the team by deleting 1 post.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Reduction of 1.00fte post. Total Staff 8.76fte, Vacancies 0.4fte, Fixed term contracts 0.0fte, Known retireals 1.0fte.</p> <p>Customer: None.</p> <p>Equalities/Diversity: No external impact on customers, possible internal impact in relation to diversity of employees within the organisation.</p> <p>Outcome and Performance: Given the priorities of customers and tenant engagement the work undertaken by this team would need to be reallocated across the Service with a consequential impact on performance and outcomes.</p>	0	30	0.0	1.0

	HOUSING AND COMMUNITY SAFETY	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
5	<p>Targeted Reduction in Finance & Support Services Budget</p> <p>Following a review of all current budget commitments across Finance & Support Services, opportunities to apply budget reductions have been identified. These include the deletion of vacant posts and a reduction in other budgets which have historically underspent. This is an additional saving to those approved in setting the provisional budgets for these years in February 2016.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: 205.06fte, Vacancies 7.85 fte, Fixed term 7.40 fte, Known retireals 3.78 fte Customer: None. Equalities/Diversity: No identified equalities/diversity issues. Outcome and Performance: None.</p>	40	22	tbc	tbc
6	<p>Targeted Reduction in Budgets across Housing/Homeless Services.</p> <p>Following a review of all current budget commitments across Housing/Homeless Services, opportunities to apply budget reductions have been identified. These include the deletion of vacant posts and a reduction in non-staff budgets across homeless.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: No Impact Total Staff: 41 fte's, vacancies 1.00 fte, Term Contracts 0.0 fte, Known Retirals 1.00 fte. Customer: None. Equalities/Diversity: No identified equalities/diversity issues. Outcome and Performance: None.</p>	120	50	1.0	tbc

	HOUSING AND COMMUNITY SAFETY	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
7	<p>Review of Staffing Levels in Planning & Commissioning Teams</p> <p>It is intended to review the staffing levels in these teams to integrate the work of the teams thus creating efficiencies whilst maintaining capacity to cover the current workload. There will be consultation with staff and other stakeholders to ensure that any change supports the business objectives of the Council and the Health & Social Care Integration Joint Board.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Total Staff 13.49fte, Vacancies 0.83fte, Fixed term Contracts 1.00fte, Known retireals 0.0fte.</p> <p>Customer: None.</p> <p>Equalities/Diversity: None</p> <p>Outcome and Performance: The Commissioning team is responsible for contracts with external providers for housing support services, care at home, residential care, and community care services totalling around £41m. The reduction in posts and integration of the teams will have an impact on the service provided as the workload of these posts will have to be reallocated across the Service.</p>	30	50	1.0	1.0

	HOUSING AND COMMUNITY SAFETY	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
8	<p>Review of Accommodation & Support/Floating Support Services Funded by SLAs</p> <p>There are a range of organisations currently providing accommodation & support and floating support services for people who have been homeless. It is proposed to review these services and re-commission more appropriate services that better meet the needs of these vulnerable individuals. This saving is closely linked to the intended outcomes of the Homefirst transformation project.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None for PKC but potential implications for providers.</p> <p>Customer: Reduction in budgets and provision are likely to impact on vulnerable people who access this service.</p> <p>Equalities/Diversity: None</p> <p>Outcome and Performance:</p> <p>These services are provided to some of the most deprived people in the community. There is a need to ensure that the impact on vulnerable people is minimised and that access to housing and housing support services for some of the most deprived people in our communities is maintained.</p> <p>Risk to the viability of the revised service model if there is a future upturn in demand and a continuing need to provide support.</p> <p>Risk to the viability of some local organisations as a whole because of loss of business and turnover.</p>	15	15	0.0	0.0

	HOUSING AND COMMUNITY SAFETY	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
9	<p>Withdrawal of Safer Communities Team</p> <p>If approved, this saving, coupled with that already approved in February 2016, would see the withdrawal of the entire Community Wardens service with effect from 1 April 2018.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Total Staff 6.0 fte, Vacancies 0.0 fte, Fixed term contracts 0.0 fte, Known retrials 0.0 fte.</p> <p>Customer: Loss of visible community safety presence in communities. Danger of significant adverse publicity.</p> <p>Equalities/Diversity: Reduction in service to vulnerable groups especially the young/elderly</p> <p>Outcome and Performance: The Community Safety Wardens service is not a statutory function, they work with local residents to improve their safety and living standards. They act as a link to other agencies and work closely with area housing teams, Police Scotland, Scottish Fire and Rescue Service, local schools, youth clubs and voluntary groups in their patrol areas, and Tenants and Residents Groups. They report on any issues/concerns that may have a detrimental effect on the wellbeing of communities. The phased withdrawal of the service will result in increased referrals to locality based staff and other agencies.</p>	0	145	0.0	6.0

	HOUSING AND COMMUNITY SAFETY	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
10	<p>Review of Community Safety Services Staffing restructure</p> <p>In 2018/19 savings will be realised by a service delivery review in respect of the number of Criminal Justice Assistants and the possibility of consolidating roles/posts consistent with our statutory responsibilities. The intention is that the 2 posts affected will be funded from external Scottish Government funding.</p> <p>Impact Analysis and Risk Assessment</p> <p>Workforce: Reduction of £46k of staff costs as a consequence of attracting external funding for 2 posts.</p> <p>Total staff 74.09 fte's, vacancies 1.31 fte's, fixed term contracts 3.00 fte's, known retirees 0.00 fte's. (Total fte's relates to CJS and Safer Communities excluding the 12 fte's Community Wardens that have been identified previously as savings in the 2016/17 budget setting exercise. It should be noted that the majority of posts within CJS are funded via Section 27 grant monies)</p> <p>Customer: Potential for reduction in services to communities.</p> <p>Equalities/Diversity: Phased reduction in services to vulnerable groups.</p> <p>Outcome and Performance: None.</p>	0	46	0.0	0.0
TOTAL SAVINGS PROPOSALS		295	358	2.3	8.0

	THE ENVIRONMENT SERVICE	Expenditure Pressures	
		17/18 £'000	18/19 £'000
1	<p>Additional Corporate Savings Target – October 2016</p> <p>This pressure is made up as follows –</p> <p>Apprenticeship Levy - £102,000 and £0</p> <p>Update of funding assumptions further reduction of £648,000 in 17/18 and lower reduction of £(165,000) in 18/19</p> <p>Additional Council Tax Income (in excess of 2% increase assumed in Provisional Revenue Budgets) - £(108,000) and £(111,000)</p>	642	-276
2	<p>Public Transport Tendered Services. Estimated price increase arising from retendering exercise in 2018/19 (10%)</p> <p>All local bus service contracts are to be retendered for implementation in 2018/19. Expenditure pressures for tender price increases are included for 2018/19.</p>	0	230
3	<p>Fleet Management.</p> <p>Increase in loan charges arising from planned vehicle, plant and equipment replacement programme. Impact of former grant/3rd party funded vehicles where funding no longer available (e.g. strategic waste fund, school/PTA funds etc.), Euro emission compliance and general increase in cost of vehicles, plant and equipment over time. Previous non-recurring short-term savings of £400k in 2011-13 reinstated in 2016/17 budget. HGV operational vehicles already being used on a 7 day week basis.</p>	0	150
4	<p>Waste Disposal</p> <p>Dry Mixed Recyclate contract implemented from November 2016 with a cost increase of £12 per tonne for 10,000 tonnes.</p>	120	0

	THE ENVIRONMENT SERVICE	Expenditure Pressures	
		17/18 £'000	18/19 £'000
5	<p>Waste Disposal</p> <p>Residual waste contract implemented via the Scottish Materials Brokerage Service, potential cost increase of £5 per tonne on 15,000 tonnes (note, total residual waste c40,000 tonnes with 25,000 tonnes already contracted at higher rate).</p>	75	0
6	<p>Operations – Living Wage</p> <p>Provision for impact of living wage on agency contracts (2.4% p/a based on current Government assumptions).</p>	12	12
7	<p>City Development – River Tay pontoons Maintenance & Storage</p> <p>Maintenance and storage costs associated with River Tay pontoons. 5 year commitment /clawback in respect of development of asset from Coastal Communities Fund.</p>	50	0
TOTAL EXPENDITURE PRESSURES		899	116

	THE ENVIRONMENT SERVICE	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
1	<p>Roads Maintenance Partnership</p> <p>Net effect on TES revenue budget of depot recharge to Tayside Contracts.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: No significant impact identified. Customer: No significant impact identified. Equalities/Diversity: No significant impact identified Outcome and Performance: No significant impact identified.</p>	100	0	0.0	0.0

	THE ENVIRONMENT SERVICE	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
2	<p>Reinstatement of charging for domestic Garden Waste service.</p> <p>Reinstate an annual charge of £25 per bin for the collection of household garden waste (brown lidded bins) through a permit system for the existing collection areas. Food waste will continue to be collected from householders through the uplift of brown lidded bins but garden waste will only be collected from those households with a permit. The reinstatement of charges would be timed to coincide with the completion of the rollout of 140 litre general waste bins.</p> <p>Prior to 2004, the Council levied an annual charge of £10 for the up-lift of garden waste. The proposed charge of £25 is the same as that introduced by Angus Council in 2016 . This is based upon an assumed uptake of the service by 50% of households, which reflects the current experience in Angus. Equivalent charges by English local authorities average £48. Perth & Kinross Council has 56,921 households with one brown lidded bin and 14,230 with a second brown lidded bin (71,151 bins in total). As is presently the case with Council charges for special uplifts, this charge would not be subject to means testing.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: Additional admin/finance staff required to administer the scheme. Collection Service Development team cannot implement until roll out of 140 litre containers complete. Customer: Impact on all existing customers within the brown bin collection area, impact people with larger gardens as each customer would be charged per bin. Any extension to the existing service would require additional crews and vehicles if this was rolled out to rural properties. Equalities/Diversity: Potential impact if some households have to travel to Recycling centres to dispose of additional green waste. Outcome and Performance: Potential loss of recyclates due to public not agreeing with the charge. Risk of not meeting recycling targets. This is not being experienced in another Council.</p>	0	840	0.0	0.0

	THE ENVIRONMENT SERVICE	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
3	<p>Non-statutory/Discretionary Charges</p> <p>Increase non-statutory/discretionary charges across TES activities as follows:</p> <p>Bereavement Services – 2% per annum 17/18 and 18/19. This is in addition to the 1% provisionally approved by Council in February 2016 for each of these years.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: No significant impact identified. Customer: No significant impact identified. Equalities/Diversity: The increases in bereavement charges may have an impact on increasing the number of public health funerals. Outcome and Performance: Perth & Kinross Council currently levy the 6th highest charge for burials and the 3rd highest charge for local authority operated crematoria in Scotland. Taking privately operated and local authority facilities together, the Council currently has the 7th highest cremation charges. The Council did not increase cremation charges in 2016 whereas charges across Scotland increased by an average of 11% during this period.</p>	23	23	0.0	0.0
4	<p>Traffic & Network Activities Income</p> <p>Increased income from statutory road closures and site notices based on current projections.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: No significant impact identified Customer: No significant impact identified. Equalities/Diversity: No significant impact identified Outcome and Performance: No significant impact identified</p>	50	0	0.0	0.0

	THE ENVIRONMENT SERVICE	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
5	<p>Introduce Trade Waste Permit System and accept general business waste via Friarton weighbridge</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: No significant impact identified Customer: Improved customer service by SMEs being able to dispose of a full range of waste types at the Friarton Depot. Waste and recyclates would continue to be accepted at outlying Recycling Centres for a charge Equalities/Diversity: No significant impact identified Outcome and Performance: No significant impact identified</p>	0	50	0.0	0.0
6	<p>Economic Development</p> <p>Capitalisation of staff costs to support enhanced capital programme.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: No significant impact identified. Customer: No significant impact identified. Equalities/Diversity: No significant impact identified. Outcome and Performance: No significant impact identified.</p>	25	0	0.0	0.0

	THE ENVIRONMENT SERVICE	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
7	<p>Toilets for Public Events</p> <p>Removal of service for Community events.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: No significant impact identified Customer: No significant impact identified Equalities/Diversity: No significant impact identified Outcome and Performance: Potential increase in complaints from community groups.</p>	20	0	0.0	0.0
8	<p>Finance & Governance Team – Workforce Management</p> <p>Reduction of staffing support.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Reduction of 1 FTE (1 from 18 FTE – none vacant). This is in addition to a c30% reduction in staffing resource since 2010. Customer: Reduced financial administration and governance support for both internal and external customers. Equalities/Diversity: No significant impact identified. Outcome and Performance: Impact on invoice payment Performance Indicator, systems support and commitment accounting information, officer financial support, contribution to monthly monitoring meetings, debt recovery, bank & suspense account reconciliations, VAT etc.</p>	30	0	1.0	0.0

	THE ENVIRONMENT SERVICE	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
9	<p>Planning & Development – Workforce Management</p> <p>Redesign of management structure.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Reduction of 1 FTE (1 from 5 FTE – none vacant) Customer: No significant impact identified. Equalities/Diversity: No significant impact identified. Outcome and Performance: No significant impact identified.</p>	0	72	0.0	1.0
10	<p>Traffic & Network</p> <p>Reduction in staffing linked to transformation review of Roads activities.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Reduction of 1 FTE (1 from 13 FTE – 1 vacant). Customer: Reduced service and slower response to customer enquiries and concerns. Equalities/Diversity: No significant impact identified. Outcome and Performance: Less capacity and resilience within the team.</p>	34	0	1.0	0.0

	THE ENVIRONMENT SERVICE	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
11	<p>Enterprise – Supporting Business Growth</p> <p>Reduction in support to Business Growth initiatives for existing and new business start-ups and events.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: No significant impact identified. Customer: Reduction in level of support to attract and grow business in Perth & Kinross. Equalities/Diversity: No significant impact identified. Outcome and Performance: Potential impact on key economic outcomes particularly in growing the business tourism and development sectors .</p>	37	0	0.0	0.0
12	<p>Grounds Maintenance - Remove provision for the service at peak summer</p> <p>Remove staff cover for peak summer workload tasks such as vegetation cutting on rights of way, summer bedding planting and watering, along with holiday cover.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: No significant impact identified directly for PKC. 11 agency staff employed for 15 week period. Customer: Impacted on residents` and visitors` perceptions of our green spaces with a possible increase in complaints at the peak of the growing season. Equalities/Diversity: No significant impact identified Outcome and Performance: During the summer period there will be an impact on summer bedding planting, grass cutting and holiday cover. Possible increased levels of public complaints due to reduction in service delivery. Reduction in Land Asset Management System score.</p>	67	0	0.0	0.0

	THE ENVIRONMENT SERVICE	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
13	<p>Reduction in Planned Maintenance budget for Community Greenspace.</p> <p>Reduction in planned maintenance activities for general repair and maintenance in public parks and open spaces (benches, fencing, groundworks etc.)</p> <p><u>Impact analysis and risk assessment</u></p> <p>Workforce: No significant impact identified. Customer: Risk of more complaints arising from reduced amenity of sites. Equalities/Diversity: No significant impact identified. Outcome and Performance: Loss in environmental quality of public space. Decline in the management of greenspace assets and a poorer quality of environment. Impact on asset management due to reduced proactive maintenance.</p>	22	0	0.0	0.0
14	<p>50% reduction in Play Areas budget for Community Greenspace.</p> <p>50% reduction in play area maintenance budget for general repair and maintenance of play equipment</p> <p><u>Impact analysis and risk assessment</u></p> <p>Workforce: No significant impact identified. Customer: Risk of more complaints due to less maintenance. Some play equipment items may need to be removed if not maintained properly. Expenditure pressure assumed for programme of decommissioning. Equalities/Diversity: No significant impact identified. Outcome and Performance: Reductions would see a further decline in the management of greenspace assets and a poorer quality of environment. Impact on asset management due to reduced proactive maintenance. Reduced number of play equipment items and potential closure of some play areas.</p>	26	0	0.0	0.0

	THE ENVIRONMENT SERVICE	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
15	<p>Redesign of Community Greenspace.</p> <p>Review and restructure the Community Greenspace team. As staff resources are required to deliver the current level of service, this should not be considered in isolation to savings options 13 and 14 above.</p> <p><u>Impact analysis and risk assessment</u></p> <p>Workforce: Reduction of 2 FTE (2 from 30 FTE – none vacant).</p> <p>Customer: Potential increase in complaints from Service users and community groups.</p> <p>Equalities/Diversity: No significant impact identified.</p> <p>Outcome and Performance: Frontline services and projects will be subject to increased prioritisation. Reduced capacity and resilience to meet current and future work demands and support high profile events requiring significant staff resource input from TES.</p>	0	50	0.0	2.0

	THE ENVIRONMENT SERVICE	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
16	<p>Winter Maintenance. Remove a further 3 purpose built gritters (in addition to the 3 previously approved Feb16) and replace with operational lorry with a demountable gritter body.</p> <p>31 gritters/ploughs available. By not replacing a further 3 purpose built gritters (PBG) with new ones but using an operational lorry (tipper lorry), saving will be made on depreciation and maintenance costs as some of this will be borne by routine road works cost recovery during rest of the year outwith winter period. There will also be operational cost savings as we will have less resource to complete the category 2 network every day (12k per vehicle = £36k). PBG standing charges = £51k minus operational lorry standing charges of £39k, category 2 route operational savings = £36k The overall impact is 10 fewer gritters for the Category 2 network given previous savings.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: No significant impact identified. Customer: Potential increase in complaints. Some routes may take longer to clear particularly during severe weather Equalities/Diversity: No significant impact identified. Outcome and Performance: Fleet of gritters/ploughs will be reduced to 28 with significantly reduced resilience during normal working hours as 6 fewer gritters available for Cat 2 network, 4 having been removed in earlier years and no back-up gritters to cover breakdowns. Increased risk of breakdowns for operational vehicles as not specifically designed to clear snow.</p>	0	48	0.0	0.0

	THE ENVIRONMENT SERVICE	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
17	<p>Winter Maintenance</p> <p>Remove all out of normal hours treatment to footway network with the exception of Perth City Centre as carried out by TES Direct Services under 7 day working</p> <p>Footways will only be treated during working hours Monday to Friday. To offset this reduction in Service consideration can be given to recruiting self help in the community to treat footways, with plant supplied by the Council. Standby savings =£33k, Operational cost saving = £23k.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Fewer staff required to drive footway gritters as currently on a 1 in 3 rota but still required to drive during normal hours</p> <p>Customer: Potential increase in complaints. Start routes Mon-Fri at 8am so all routes currently gritted by 07:30 will not be gritted prior to school/work travel.</p> <p>Equalities/Diversity: No significant impact identified.</p> <p>Outcome and Performance: Potential increase in accident / casualty rate before 8am. Reduced resilience in times of severe weather.</p>	56	0	0.0	0.0

	THE ENVIRONMENT SERVICE	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
18	<p>Redesign of Regulatory Services</p> <p>Review and further reduce the management arrangements from 4 specialised teams to 3 more generalist teams, using multi skilled officers across all Environmental Health and Consumer Protection areas.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Reduction of 1 FTE (1 from 5 FTE – none vacant). Customer: Reduced capacity to deal with customer complaints. Equalities/Diversity: No significant impact identified. Outcome and Performance: Reduction in reactive and proactive work. Reduced specialist capacity to meet current and future work demands.</p>	0	43	0.0	1.0
19	<p>Planning & Development – Workforce Management & Core Budget Reduction</p> <p>Further redesign of management structure and reduction in economic development budget.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Reduction of 1 FTE (1 from 5 FTE – none vacant) Customer: Potential impact on partnership working and securing external funding. Equalities/Diversity: No significant impact identified. Outcome and Performance: Reduced capacity to support Economic Development and potential impact in relation to growing the business; tourism and development sectors.</p>	0	150	0.0	1.0

	THE ENVIRONMENT SERVICE	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
20	<p>Building Standards</p> <p>Reduction in staffing.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Reduction of 2 FTE (2 from 18 FTE – none vacant). Customer: Speed of decision making reduced. Equalities/Diversity: No significant impact identified. Outcome and Performance: Reduced capacity to be able to deal with current and potential increased work load resulting in likely decrease in service performance.</p>	0	75	0.0	2.0
21	<p>Planning - Development Management</p> <p>Reduction in staffing.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Reduction of 1 FTE (1 from 27 FTE – none vacant). Customer: Speed of decision making reduced. Equalities/Diversity: No significant impact identified. Outcome and Performance: Reduced capacity to be able to deal with current and potential increased work load resulting in likely decrease in service performance.</p>	0	45	0.0	1.0

	THE ENVIRONMENT SERVICE	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
22	<p>Community Greenspace</p> <p>Further review/redesign of Community Greenspace looking at non-statutory activities, predominantly the Communities and Rangers service.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Reduction of 5 FTE (5 from 30 FTE – none vacant).</p> <p>Customer: Increase in complaints from service users and community groups. Reduced capacity to progress and develop partnership working and funding initiatives with external groups and individuals in particular support for path, sports, park and Bloom Groups.</p> <p>Equalities/Diversity: No significant impact identified.</p> <p>Outcome and Performance: Significant reduction in partnership working putting increased pressure on the Council to deliver services itself and/or see significant decline and discontent in communities. No resource to plan and co-ordinate work activities relating to duties carried out by the Communities team. No support for major Perthshire events. A significant reduction in the close working relationships between the Greenspace Infrastructure and Project sections would result in inefficient service delivery and an inability to support and facilitate volunteer and partnership working.</p>	0	150	0.0	5.0

	THE ENVIRONMENT SERVICE	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
23	<p>Regulation</p> <p>Reduction in staffing.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Reduction of 2.8 FTE (2.8 from 34 FTE – none vacant). Customer: Reduced capacity to deal with customer needs resulting in increased complaints. Equalities/Diversity: No significant impact identified. Outcome and Performance: Significant reduction in reactive and proactive work. Limited specialist capacity to meet current and future work demands and risk of failure to deliver statutory obligations. Reduced resilience to deal with public health emergencies.</p>	0	100	0.0	2.8

	THE ENVIRONMENT SERVICE	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
24	<p>Business Support</p> <p>Reduction in staffing.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Reduction of 2 FTE (2 from 38 FTE – none vacant). This is in addition to a c30% reduction in staffing resource since 2010.</p> <p>Customer: Significantly reduced business support for both internal and external customers. Staff will likely undertake a significant proportion of the work themselves without the appropriate training, qualifications or experience potentially leading to mistakes and time required to correct.</p> <p>Equalities/Diversity: Large proportion of affected staff group are female.</p> <p>Outcome and Performance: Significant impact on customer service and customer service standards; answering telephone calls and mail, providing information, processing to databases e.g. planning applications, building warrants, blue badges, penalty charge notices, parking permits, trade waste permits, licences, food safety inspections, vehicle maintenance and operations support.</p>	22	22	1.0	1.0
TOTAL SAVINGS PROPOSALS		512	1,668	3.0	16.8

	PROPERTY	Expenditure Pressures	
		17/18 £'000	18/19 £'000
1	<p>Corporate Savings Target – October 2016</p> <p>This pressure is made up as follows –</p> <p>Apprenticeship Levy - £30,000 and £0</p> <p>Update of funding assumptions - further reduction of £179,000 in 17/18 and lower reduction of £(46,000) in 18/19</p> <p>Additional Council Tax Income (in excess of 2% increase assumed in Provisional Revenue Budgets) - £(30,000) and £(31,000)</p>	179	-77
2	<p>Property Staffing Resource</p> <p>Additional professional and technical staffing resource to support the delivery of property related projects in the enhanced Council approved Capital programme.</p>	762	245
3	<p>Property Maintenance</p> <p>Anticipated increase in contract rates in line with inflation rates assumed in medium term financial plan (1% in addition to 1% provisionally approved in Feb16).</p>	50	50
TOTAL EXPENDITURE PRESSURES		991	218

	PROPERTY	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
1	<p>Property Fees</p> <p>Recovery of additional professional and technical staff costs associated with enhanced Capital programme.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: No significant impact identified. Customer: No significant impact identified. Equalities/Diversity: No significant impact identified. Outcome and Performance: No significant impact identified.</p>	700	245	0.0	0.0
2	<p>Property Maintenance</p> <p>Reduction in planned and reactive maintenance budget.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: No significant impact identified. Customer: Reduction in reactive or planned maintenance, school DSM, DDA works and cyclical maintenance. Potential increase in complaints. Equalities/Diversity: Potential reduction in DDA works. Outcome and Performance: Greater risk of building failure and reduced customer/client satisfaction. Approved Property Asset Management transformation programme already assumes a level of reduction in property maintenance budget on the basis of a rationalised estate.</p>	403	293	0.0	0.0
	TOTAL SAVINGS PROPOSALS	1,103	538	0.0	0.0

	Corporate & Democratic Services	Expenditure Pressures	
		17/18 £'000	18/19 £'000
1	<p>Corporate Savings Target – October 2016</p> <p>This pressure is made up as follows –</p> <p>Apprenticeship Levy - £29,000 and £0</p> <p>Update of funding assumptions - further reduction of £167,000 in 17/18 and lower reduction of £(42,000) in 18/19</p> <p>Additional Council Tax Income (in excess of 2% increase assumed in Provisional Revenue Budgets) - £(28,000) and £(29,000)</p>	168	-71
2	Appointment of an additional Solicitor to support the Capital Programme	50	0
TOTAL EXPENDITURE PRESSURES		218	-71

	Corporate & Democratic Services	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
1	<p>Implementation of the Local Government Boundary Commission Review</p> <p>Recurring saving resulting from reduction in councillor numbers from 4 May 2017.</p> <p><u>Impact Assessment and Risk Assessment</u></p> <p>Workforce: None identified at this stage Customer: None identified at this stage Equalities/Diversity: None identified Outcome and Performance: None identified at this stage</p>	19	2	0.0	0.0
2	<p>Income</p> <p>Increase non-statutory/discretionary charges to reflect activity across a number of Corporate and Democratic Services activities as follows:</p> <p>Procurement Card Income - £9k Payroll Salary Sacrifice - £15k Loans Fund recharge - £3k Registration Services - £10k</p> <p><u>Impact Assessment and Risk Assessment</u></p> <p>Workforce: None identified at this stage Customer: None identified at this stage Equalities/Diversity: None identified Outcome and Performance: None identified at this stage</p>	37	0	0.0	0.0

	Corporate & Democratic Services	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
3	<p>Charge to the Capital Budget</p> <p>There is an increased workload within Legal Services to maintain the current Capital Programme. It has been identified that where Legal Services work solely on capital projects that some of this time can be charged directly to the Capital budget.</p> <p><u>Impact Assessment and Risk Assessment</u></p> <p>Workforce: None identified at this stage Customer: None identified at this stage Equalities/Diversity: None identified Outcome and Performance: None identified at this stage</p>	30	0	0.0	0.0
4	<p>Charge to the Capital Budget</p> <p>With the increased investment in the Capital Programme going forward this will add additional workload to Legal Services. It has been identified that where Legal Services work solely on capital projects that some of this time can be charged directly to the Capital budget.</p> <p><u>Impact Assessment and Risk Assessment</u></p> <p>Workforce: None identified at this stage Customer: None identified at this stage Equalities/Diversity: None identified Outcome and Performance: None identified at this stage</p>	20	0	0.0	0.0

	Corporate & Democratic Services	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
5	<p>Supplies & Services Efficiency Saving</p> <p>Savings have been identified within the Supplies and Services budget through reviewing work practices and service delivery, targeting areas where new working practices have allowed for a reduction in supplies and services expenditure. These include a reduction in software and reduced charges due to changes in network configuration £29k; reducing the Election engagement budget from £21k to £10k; reducing the Courier service budget from £6k to £1k; reducing the Corporate Communications budget from £28k to £19k by changes in how Perth and Kinross News is published; the Council recently tendered for its banking services provision and after a successful tender exercise the Council has achieved 9 months free banking which equates to a one off saving in 2017/18 of £21k and recurring savings of £20k.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None identified at this stage Customer: None identified at this stage Equalities/Diversity: No issues identified Outcome and Performance: None identified at this stage</p>	103	-21	0.0	0.0

	Corporate & Democratic Services	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
6	<p>Workforce Management</p> <p>All areas of activity are under continuous review within Corporate and Democratic Services which will produce a reduction in staff salary costs of approximately 3%. This will be achieved by undertaking reviews across areas of Corporate and Democratic Services (including IT); the re-prioritisation of existing workloads; a reallocation of duties; the non-filling of posts as post holders retire and the deletion of vacant posts.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Reduction in 12.3FTE posts of which 6.3FTE are currently vacant and 1FTE is part of a previous VSS that was to be filled in 2018, 2FTE are being replaced on a lower grade and 5.0 FTE are Fixed Term contracts that will not be extended</p> <p>Customer: There may be delays in completing tasks as the workforce reduces and experienced staff leave.</p> <p>Equalities/Diversity: There are no identified equality or diversity issues.</p> <p>Outcome and Performance: None identified at this stage</p>	217	171	8.0	4.3

	Corporate & Democratic Services	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
7	<p>Reduction in corporate development and employee engagement budget</p> <p>Reduction by 37% This will reduce the capacity to deliver a range of employee engagement activities such as the employee survey. The remaining funding will sustain e-learning and streamlined event support.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None identified at this stage Customer: None identified at this stage Equalities/Diversity: No issues identified Outcome and Performance: Reduction in ability to support corporate change management and employee engagement. Pressures on Services to deliver engagement within their own staff/budget capacity.</p>	35	5	0.0	0.0
8	<p>Reduction of Adult Literacy SLA's (budget £88k)</p> <p><u>Impact Assessment and Risk Assessment</u></p> <p>Workforce: None identified at this stage Customer: Reduction from £88k of commissioned adult literacy provision to £80k by 18/19 with focus on most vulnerable groups and deliverers offering best value for money. Equalities/Diversity: Impact on vulnerable learners` opportunities to access mainstream training and education. Outcome and Performance: Reduction in the number of adult learners engaged.</p>	6	2	0.0	0.0
TOTAL SAVINGS PROPOSALS		467	159	8.0	4.3

	Leisure Services	Expenditure Pressures	
		17/18 £'000	18/19 £'000
1	<p>Corporate Savings Target – October 2016</p> <p>This pressure is made up as follows –</p> <p>Apprenticeship Levy - £14,000 and £0</p> <p>Update on funding assumptions - further reduction of £100,000 in 17/18 and a lower reduction of £(25,000) in 18/19</p> <p>Additional Council Tax Income (in excess of 2% increase assumed in Provisional Revenue Budgets) - £(16,000) and £(16,000)</p>	98	-41
2	<p>Shared Services Saving</p> <p>Report 15/295 to Full Council identified the possibility of shared services arrangements across Horsecross Arts, Live Active Leisure and Culture Perth and Kinross and subsequent savings. There have been delays in fully agreeing and implementing savings and it is now proposed to re-introduce this as a pressure and allocate savings on a pro-rata basis over the three Trusts.</p>	79	0
TOTAL EXPENDITURE PRESSURES		177	-41

	Leisure Services	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
1	<p>Reduction in contract fees Live Active Leisure (LAL)</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: As part of the contract renegotiation process in 2015 LAL committed to manage a fee reduction of 2% each year through an internal Transformation Programme are shown in brackets (£65k) and (£64K). Increased percentage reductions to 3% and 3.7%.</p> <p>Customer: None on the basis of LAL's Transformation Programme but service reductions would be required if the percentage reduction is increased.</p> <p>Equalities/Diversity: None</p> <p>Outcome and Performance: LAL's ability to build and increase customer numbers and income generation may be impacted. Increasing the percentage reduction from the negotiated contractual agreement may lead to facilities operating on restricted hours or closing.</p>	98	108	0.0	0.0
2	<p>Shared Services Savings - Areas identified for potential savings Live Active Leisure</p> <p>Through joint working with the three Trusts potential savings have been identified to meet the shared services saving. The areas where savings could be made through improved procurement are; Utilities; Waste Management; IT; Catering and Ground Maintenance.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None</p> <p>Customer: None</p> <p>Equalities/Diversity: None</p> <p>Outcome and Performance: None</p>	6	51	0.0	0.0

	Leisure Services	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
3	<p>Shared Services Savings - Live Active Leisure</p> <p>Further savings are required to meet the full shared services savings and this has now been allocated to each of the three Trusts on a pro-rata share to find savings within their organisations.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: None Customer: None Equalities/Diversity: None Outcome and Performance: None</p>	0	22	0.0	0.0
TOTAL SAVINGS PROPOSALS		104	181	0.0	0.0

	CULTURE	Expenditure Pressures	
		17/18 £'000	18/19 £'000
1	<p>Corporate Savings Target – October 2016</p> <p>This pressure is made up as follows –</p> <p>Apprenticeship Levy - £16,000 and £0</p> <p>Updated funding assumptions - further reductions in grant funding £93,000 in 17/18 and a lower reduction of £(24,000) in 18/19</p> <p>Additional Council Tax Income (in excess of 2% increase assumed in Provisional Revenue Budgets) - £(16,000) and £(17,000)</p> <p>Culture Perth and Kinross £68,000 (17/18); £(30,000) (18/19)</p> <p>Horsecross Arts £25,000 (17/18); £(11,000) (18/19)</p>	93	-41
2	<p>Shared Services Saving</p> <p>Report 15/295 to Full Council identified the possibility of shared services arrangements across Horsecross Arts, Live Active Leisure and Culture Perth and Kinross and subsequent savings. There have been delays in fully agreeing and implementing savings and it is now proposed to re-introduce this as a pressure and allocate savings on a pro-rata basis over the three Trusts.</p> <p>Culture Perth and Kinross £59,000</p> <p>Horsecross Arts £22,000</p>	81	0

	CULTURE	Expenditure Pressures	
		17/18 £'000	18/19 £'000
3	<p>New Cultural Attractions</p> <p>£500K recurring revenue has been identified as the new pressure to operate PMAG and City Hall when they re-open in 2020/21. The existing operating cost for PMAG, Fergusson Gallery and Alyth Museum is £712K net (including income generation of (£34,550)). A new operating model for museums will be required for 2020/21 and this will be prepared in line with the design briefs (now underway) for PMAG and City Hall which will establish the operational requirements in detail. Phasing of this pressure is projected on the following assumptions:</p> <p>2017/18: recruitment of Museums Project Director employed by new Culture Trust 2018/19: opening of new collections store (enabling works for PMAG transformation) April 2019 onwards: implementation of new single Culture Trust model subject to Council approval</p> <p>Culture Perth and Kinross £100,000 (17/18); £200,000 (18/19)</p>	100	200
TOTAL EXPENDITURE PRESSURES		274	159

	CULTURE	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
1	<p>70% reduction to Supplies and Services budget</p> <p>The supplies and services budget within the Head of Service allocation will be reduced by 70%.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None Customer: None Equalities/Diversity: None Outcome and Performance: Impact on service efficiency and effectiveness would be impacted as funding to support procurement/commissioning, training, equipment etc. would be reduced to a budget of £11,000.</p>	0	25	0.0	0.0
2	<p>Shared Services Savings - Areas identified for potential savings</p> <p>Through joint working with the three Trusts potential savings have been identified to meet the shared services saving. The areas where savings could be made through improved procurement are; Utilities; Waste Management; IT; Catering and Ground Maintenance.</p> <p>Culture Perth and Kinross £8,000 (17/18); £0,000 (18/19) Horsecross Arts £6,000 (17/18); £14,000 (18/19)</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None Customer: None Equalities/Diversity: None Outcome and Performance: None</p>	14	14	0.0	0.0

	CULTURE	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
3	<p>Shared Services Savings</p> <p>Further savings are required to meet the full shared services savings and this has now been allocated to each of the three Trusts on a pro-rata share to find savings within their organisations.</p> <p>Culture Perth and Kinross £39,000 Horsecross Arts £14,000</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: None Customer: None Equalities/Diversity: None Outcome and Performance: None</p>	0	53	0.0	0.0
4	<p>Reduction in annual grant to Pitlochry Festival Theatre</p> <p><u>Impact Analysis and Risk Assessment:</u> PFT receives annual grant funding of £230K raised from £198K in 2014/15 through the budget process. It currently attracts 70,000+ paid and free attendances per year and has received significant support from PKC to reposition its offer, stabilise its finances and regain core funding from Creative Scotland although the latter will be reviewed in 2017/18. No reductions in PKC funding have been applied to PFT since 2012/13.</p> <p>Workforce: there may be workforce reductions for PFT. Customer: PFT generates most of its income from its summer season and it would be required to find savings. Equalities/Diversity: None Outcome and Performance: At strategic level there may be impact on PFT's ability to retain its strong position in the visitor market for Highland Perthshire as a driver of local economic growth. Creative Scotland will also review its current core funding commitment to PFT in 2017/18.</p>	30	0	0.0	0.0

	CULTURE	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
5	<p>Reduction in contract fees</p> <p>Reduction in contract fees for Horsecross Arts Ltd.(HX) by 3% and 3.7%.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: From April 2019 it is anticipated that HX and Culture Perth and Kinross will merge to form a single Culture. Savings will be fully required at the point where the 2 Trusts merge and rationalisation of existing senior management and support structures will be needed. Reductions in existing service levels will also be required to achieve these savings. Customer: This will initially mean a reduction in Creative Learning and community programmes and potential reduction in opening hours.</p> <p>Equalities/Diversity: None</p> <p>Outcome and Performance: The Trusts' ability to maintain user numbers and generate income will be impacted.</p> <p>Horsecross Arts: At strategic level this will affect our ability to exploit visitor market opportunities and reposition Perth as a cultural destination and driver of economic growth.</p> <p>Reductions in 2017/18 will have additional adverse impact on HX as it prepares to reopen Perth Theatre in November 2017. This will impact on the creditability of the UK City of Culture bid.</p>	36	44	0.0	0.0

	CULTURE	Net Saving		Staffing Implications	
		17/18 £'000	18/19 £'000	17/18 FTE	18/19 FTE
	<p>Reduction in contract fees for Culture Perth and Kinross by 3% and 3.7%</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: From April 2019 it is anticipated that HX and Culture Perth and Kinross will merge to form a single Culture. Savings will be fully required at the point where the 2 Trusts merge and rationalisation of existing senior management and support structures will be needed. Reductions in existing service levels will also be required to achieve these savings. Customer: Culture Perth and Kinross the 2012 Library Review reduced staff structure to minimum therefore further savings will require building closures in smaller community buildings and /or Mobile reductions.</p> <p>Equalities/Diversity: None</p> <p>Outcome and Performance: The Trusts' ability to maintain user numbers and generate income will be impacted.</p> <p>Culture Perth & Kinross: usage monitored as customer behaviour changes e.g.</p> <ul style="list-style-type: none"> - Mobile Library 1 (Perth City Centre); 15.9% reduction in use since 2012/13 - 7,800 annual users.- Coupar Angus Library: 15.7% reduction in use -4,600 annual users. - Birnam Library: 20% reduction in use - 3,400 annual users -126% increase in online services including e-lending. 	134	162	0.0	0.0
	Reduction in contract fees for HX by 3% and 3.7%.	214	298	0.0	0.0