

PERTH AND KINROSS COUNCIL

Strategic Policy and Resources Committee – 1 October 2014

REVENUE BUDGET 2014/15 – MONITORING REPORT NUMBER 1

Report by the Head of Finance

PURPOSE OF REPORT

This report provides an update on progress with the 2014/15 General Fund Revenue Budget based upon the July 2014 ledger, updated for any subsequent known material movements. The report also provides an update on the projected financial position of the Housing Revenue Account.

1. BACKGROUND / MAIN ISSUES

- 1.1. This is the first report updating the Committee on progress with the 2014/15 Revenue Budget. Appendix 1 to this report summarises the current projected year end (out-turn) position for each Service based upon the June 2014 ledger, updated for any subsequent known material movements.
- 1.2. The budget total reflected in column 1 of Appendix 1 to this report is that approved by the Council in setting the Final Revenue Budget for 2014/15 on 13 February 2014 (Report No. 14/44 refers). In addition, adjustments that were approved by the Strategic Policy and Resources Committee on 12 February 2014 (Report No. 14/47 refers); 23 April 2014 (Report No. 14/169 refers); the Executive Sub-Committees of the Strategic Policy and Resources Committee on 26 March 2014 and 18 June 2014 (Report No's 14/135 and 14/285 refer) and the Council on 25 June 2014 (Report No. 14/302) are reflected in Appendix 1 (Column 2).
- 1.3. This report details the latest projected outturns and proposed adjustments to the 2014/15 General Fund and Housing Revenue Account budgets.

2. PROPOSALS**2.1 Service Budgets**

- 2.1.1 Details of variances against Service budgets are shown in Appendix 2 to this report with the most significant variances summarised below.
- 2.1.2 **Education & Children's Services:** The projected outturn (excluding Devolved School Management (DSM)) is currently anticipated to be £1,226,000 less than budget.

- 2.1.3 The projected under spend is made up of staff slippage in excess of budgeted levels (£613,000), savings on non-domestic rates following refunds on a number of properties (£405,000), supplies and services (£191,000) primarily as a result of the roll out of early years child care provision and transport costs (£234,000) due to a reduced requirement for mini buses. Revenue budget flexibility (£242,000) is no longer required to support Horsecross Arts Ltd.
- 2.1.4 These projected under spends are partially offset by a projected over spend on pupil transport (£118,000) due to demand for this service and a net over spend (£228,000) on Residential Schools, Kinship Care and Foster Care due to the continued high levels of activity in this area of service provision. There is also a projected shortfall in income (£35,000) across the Service and a projected over spend on loan charges (£78,000) due to delays in the disposal of the former Kinross High School site.
- 2.1.5 There is also a projected under spend of £579,000 on Devolved School Management budgets (DSM) due to a projected under spend on staff costs and the receipt of additional income from secondments. It is anticipated that in line with the approved DSM scheme the eventual under spend will be carried forward into 2015/16.
- 2.1.6 The projected carry forward of £579,000 represents 0.77% of the overall DSM budget.
- 2.1.7 **Housing & Community Care:** The projected outturn is currently anticipated to be £444,000 less than budget.
- 2.1.8 The projected under spend is made up of the accelerated delivery of approved savings in Finance and Support (£264,000) and projected savings in Strategic Support and Commissioning (£125,000) due in the main to additional staff slippage and income. There are also projected under spends in Learning Disabilities (£113,000) due to slippage and the delivery of accelerated savings; in other Community Care Services (£28,000) and Community Safety (£69,000) due primarily to slippage in excess of budgeted levels. In addition the revenue budget for 2014/15 includes funding towards improvement works at Dalweem Residential Care Home. An element of this expenditure (£425,000) will now not be required until financial year 2015/16.
- 2.1.9 This projected under spend is partially offset by a projected over spend on Older People (£580,000). This over spend is a result of the significant demographic pressures facing the Council and Community Planning Partners with an ageing and frailer population within Perth and Kinross.
- 2.1.10 There are also significant movements within the Housing Benefits budget, which have a neutral effect on net revenue expenditure. More details on this are included in Appendix 2 to this report.
- 2.1.11 **The Environment Service:** The projected outturn is currently anticipated to be £174,000 less than budget.

- 2.1.12 The projected under spend is made up of slippage in excess of budget across the Service (£100,000), projected savings on street lighting based on current price and consumption estimates (£100,000) and projected savings within Fleet due to reduced loan charges based on the current vehicle replacement programme (£134,000) and reduced external hire costs (£90,000).
- 2.1.13 This projected under spend is partially offset by an under recovery of income in relation to Tayside Contracts depot charges (£250,000).
- 2.1.14 **Chief Executive's Service:** The projected outturn is currently anticipated to be £264,000 less than budget.
- 2.1.15 There is a projected under spend in Legal Services due to the cyclical way in which the income is generated (£60,000); within Finance (£179,000) due primarily to savings on staff costs following the accelerated delivery of approved savings and Human Resources (£31,000) due to savings on supplies and services.
- 2.1.16 These projected under spends are partially offset by other over projected over spends (£6,000) across the Service.
- 2.1.17 **Non-Domestic Rates Income:** The projected outturn for Non-Domestic Rates Income is currently anticipated to be £148,000 in excess of budget.
- 2.1.18 Finance Circular 6/2014 which was issued by the Scottish Government on 7 July 2014 advised that the Council would receive £148,000 in 2014/15 from the Business Rates Incentivisation Scheme (BRIS) following agreement of the 2012/13 targets. No BRIS targets have been set beyond 2012/13.

2.2 Issues Arising from the Completion of the Council's 2013/14 Statement of Accounts

- 2.2.1 In completing the Annual Statement of Accounts for 2013/14 a number of issues have been identified which require adjustments to be made to the 2014/15 Management Budget.
- 2.2.2 Devolved School Management (DSM) Scheme
- 2.2.3 In setting the 2014/15 Final Revenue Budget on 13 February 2014 (Report No. 14/44 refers) the Council approved a DSM carry forward of £1,170,000. However, the final under spend on the DSM scheme was £1,261,000 due to the generation of further slippage, therefore the revenue budget for Education and Children's Services requires to be uplifted for the additional under spend of £91,000.
- 2.2.4 **ACTION:** The Committee is requested to approve an increase in the Education and Children's Services Revenue Budget of £91,000 to reflect the additional Devolved School Management scheme balances brought forward from 2013/14. This adjustment, which is funded from Reserves, is reflected in Appendix 1 (Column 3) to this report.

2.2.5 Revenue Grants

2.2.6 Accounting arrangements under International Accounting Standards require that, subject to certain conditions, revenue grants received by the Council in 2013/14 but not utilised by 31 March 2014 should be accounted for in Reserves at the end of the financial year. These funds, including Self Directed Support, Scottish Welfare Grant and Energy Efficient Lighting, totalling £944,000 will now be utilised in 2014/15 and therefore approval is sought to increase the revenue budgets of Education and Children's Services by £234,000, Housing and Community Care by £625,000 and The Environment Service by £85,000.

2.2.7 **ACTION:** The Committee is asked to approve the adjustments totalling £944,000, funded from Reserves, to the above Service budgets to reflect revenue grants received in 2013/14 in respect of expenditure which will not be incurred until 2014/15. These adjustments are reflected in Appendix 1 (Column 3) to this report.

2.2.8 Capital Grant

2.2.9 During financial year 2013/14, expenditure on TACTRAN projects in the Environment Service was less than budget by £396,000 due to the phasing of expenditure on the recently completed Gleneagles Station Link Road. Approval is now sought to allocate £396,000 to the Environment Service Revenue Budget in 2014/15 to fund the rephased works which will be funded by Capital Grant.

2.2.10 **ACTION:** The Committee is requested to approve the adjustment between the Environment Service Revenue Budget and the Capital Grant budget of £396,000 to reflect the resources required for TACTRAN projects. This adjustment is reflected in Appendix 1 (Column 3) to this report.

2.2.11 Tayside Contracts Living Wage

2.2.12 Tayside Contracts returned £290,000 in excess of budget to the Council at the end of financial year 2013/14. In closing the Council's 2013/14 Statement of Accounts this amount was earmarked to contribute towards the additional cost of the Living Wage in 2014/15. It is proposed that the Education and Children's Service Revenue Budget is augmented by this amount.

2.2.13 **ACTION:** The Committee is asked to approve the transfer of £290,000 from Reserves to fund the cost of the Living Wage in Tayside Contracts in 2014/15. This adjustment is reflected in Appendix 1 (Column 3) to this report.

2.3 **Movements in Funding**

2.3.1 Since setting the 2014/15 Final Revenue Budget (Report No. 14/44 refers), the Council has received notification of additional resources in the current financial year from a number of sources.

2.3.2 Scottish Government: Revenue Support Grant (£1,123,044)

- Free School Meals to Primary 1 to 3: £486,000 (Education & Children's Services – ECS)
- Children and Young People (Scotland) Act 2014: £344,205 (ECS)
- Teacher Induction Scheme: £138,615 (ECS)
- Early Years Change Fund – Family Centres & Family Support: £94,551 (ECS)
- Gaelic Education: £33,000 (ECS)
- 1 + 2 Languages Policy: £26,673 (ECS)

2.3.3 The Scottish Government has advised that the increase in Revenue Support Grant funding identified at 2.2.2 of £1,123,044 will be made through a redetermination of the Council's Revenue Support Grant. It is therefore necessary to adjust the net budget for Education and Children's Services and Revenue Support Grant.

2.3.4 **ACTION:** The Committee is asked to approve an adjustment of £1,123,044 to the Education and Children's Services budget to reflect the additional resources being made available through the Revenue Support Grant. These adjustments are reflected in Appendix 1 (Column 4) to this report.

2.3.5 Other Funding (£1,493,094)

- Scottish Government - Opportunities for All - Supporting Post-16 Learning Transitions Towards Employment: £123,790 (ECS)
- Scottish Government - Air Quality Action Plan: £100,000 (Environment Service - TES)
- Scottish Government - Local Air Quality Management: £60,000 (TES)
- Sport Scotland - Active Schools: £316,200: (ECS)
- Sport Scotland - School Sport Competition: £52,000 (ECS)
- Sport Scotland - Physical Education Support Programme: £47,500 (ECS)
- Sport Scotland - Community Hubs Support Programme: £39,574 (ECS)
- Sport Scotland - Swimming Top-Up Programme: £6,000 (ECS)
- Sport Scotland - Positive Coaching: £5,000 (ECS)
- Education Scotland – Food for Thought: £20,120 (ECS)
- Scottish Government – Establishing Sustainable Approaches to Early Phase Partnership: £15,359 (ECS)
- Event Scotland – Games for Scotland 2014: £10,000 (ECS)
- Big Lottery Fund – Outdoor Improvements at City of Perth Early Childhood Centre: £10,000 (ECS)
- Big Lottery Fund – The Great Big Perth Dance Show: £8,845 (ECS)
- Scottish Library of Information Council – Wifi Provision in Local Libraries: £2,000 (ECS)
- Food Standard Agency – Food Week: £380 (ECS)
- Zero Waste Scotland – Trial of 140 litre Bins: £41,220 (TES)
- Transport Scotland – Rollout of Electric Vehicle Charging Infrastructure: £22,000 (TES)
- Transport Scotland – Smarter Choices, Smarter Places: £8,454 (TES)

2.3.6 The other funding amounting to £1,493,094 will be paid outwith of the Revenue Support Grant mechanism as Other Grant income and is therefore cost neutral in terms of the budget summary.

2.3.7 **ACTION:** The Committee is asked to note the receipt of £1,493,094 of additional resources, with this funding being reflected within Services as additional grant income. The current projected outturn assumes that all of these additional resources will be fully expended in 2014/15.

2.4 Virements

2.4.1 Contribution to Capital Fund

2.4.2 In line with the strategy for managing the Council's Capital Programme over the medium term (as reported to Council on the 12 February 2014 – Report No. 14/48 refers) it is recommended that the eventual over or under spend on Capital Financing Costs and Interest on Revenue Balances be transferred from or to the Capital Fund.

2.4.3 The latest monitoring indicates an increase in the projected outturn for capital financing costs (loan charges) of £719,000 due primarily to borrowing from the Public Works Loan Board earlier than anticipated to take advantage of low interest rates and a small increase in income from Interest on Revenue Balances of £4,000 due primarily to movements in interest rates, particularly in relation to short term borrowing.

2.4.4 **ACTION:** The Committee is requested to approve the virement of £719,000 to the Capital Financing Costs (Loan Charges) Budget; £4,000 to Interest on Revenue Balances with a net reduction of £715,000 in the projected Contribution to the Capital Fund. This adjustment has been reflected in Appendix 1 (Column 4) to this report.

2.4.5 Service Virements

2.4.6 In order to ensure that the revenue budget continues to reflect current service needs the following virement between Services / budget headings is required:

- Chief Executive's Service to Education and Children's Services (£18,000), Housing and Community Care (£32,000) and the Environment Service (£18,000) to fund Modern Apprentice (MA) posts.
- Housing and Community Care to Education and Children's Services (£65,000) to support community planning across the Perth and Kinross Community Planning Partnership.
- The Environment Service to the Chief Executive's Service (£50,000) to support corporate initiatives in relation to the Ryder Cup.
- Education and Children's Services and Capital Grant (£3,000,000) to reflect that it is unlikely that the Council will be required to make its contribution to the PH20 project in the current financial year. This funding will be available in future years.
- The Environment Service to Education and Children's Services (£42,000) to support community planning initiatives.

- Education and Children's Service to the Environment Service (£37,000) for community empowerment.
- Housing and Community Care to Education and Children's Services (£69,000) to reflect the transfer of the new media function to IST.

2.4.7 **ACTION:** The Committee is asked to approve the net virements of £2,843,000 from Education and Children's Services, £102,000 from Housing and Community Care, £37,000 from the Environment Service, £18,000 from the Chief Executive's Service and £3,000,000 from Capital Grant. This adjustment has been reflected in Appendix 1 (Column 5) to the report.

2.5 Movements in Reserves

2.5.1 Older Peoples Change Fund

2.5.2 Following a review of the current Older Peoples Change Fund commitments (including their longer term sustainability), and in light of the Government's recent confirmation that central funding for these initiatives will cease from 31 March 2015, the Change Fund partners (Housing and Community Care, NHS Tayside, Voluntary and Private Sectors) have identified that the £500,000 Perth & Kinross Council Change Fund contribution for 2014/15 would be better placed in a Local Integration Reserve Fund. This money would then be drawn down in 2015/16 and used to assist the partners to continue those projects which have contributed most directly to achieving the outcomes identified for the Change Fund. Such a process would allow the new Integrated Joint Health and Social Care Partnership Board to assess its priorities for service redesign and continued investment across all Board activities during the first year of operation.

2.5.3 **ACTION:** The Committee is asked to approve the transfer of £500,000 to Reserves from Housing and Community Care to be earmarked towards a Local Integration Reserve Fund in 2015/16. This adjustment has been reflected in Appendix 1 (Column 5) to this report.

2.5.4 Revenue Grants

2.5.5 The Council has received grants from Youth Music (£57,000) and the Crockhart Foundation (£3,000) which are not required until financial 2015/16 (in line with the academic year). In accordance with proper accounting practice it is proposed that this funding is earmarked in Reserves and utilised by Education and Children's Services in 2015/16.

2.5.6 **ACTION:** The Committee is asked to approve the transfer of grant funding of £60,000 from Education and Children's Services to Reserves to be utilised in financial year 2015/16. This adjustment is reflected in Appendix 1 (Column 5) to this report.

2.5.7 Youth Employability

2.5.8 The Council is well ahead of its target to achieve 250 new MA places by 2017. However, there is a projected under spend on Modern Apprentices and

Graduate Trainees of £150,000 in the current year. The projected under spend is attributed to the timing of starts during the year to match Service requirements. It is proposed to place this underspend into earmarked reserves to make adequate provision for an increasing number of second year Apprenticeships (SVQ Level3) and new Advanced Apprenticeship Frameworks which are currently being developed by Scottish Qualification Authority/Scottish Development Service in response to the Wood Commission report. Advanced Apprenticeships will be significantly more costly than the typical SVQ2/3 Apprenticeship but are likely to better reflect Service workforce requirements moving forward.

2.5.9 **ACTION:** The Committee is asked to approve that the eventual under spend on Modern Apprentices and Graduate Trainees is transferred to Reserves to be utilised in future financial years. This adjustment is reflected in Appendix 1 (Column 6) to this report. It is further requested that the final under spend at 31 March 2015 be utilised in future years' once the final outturn has been determined.

2.5.10 Provision of Affordable Housing – Council Tax 2nd Home and Long Term Empty Property Discount

2.5.11 The Housing & Health Committee of 14 August 2013 approved the use of the Council Tax Income on Second Homes Earmarked Reserve to further facilitate the delivery of affordable housing (Report No. 13/376 refers). The expenditure anticipated in financial year 2014/15 is as follows:

- Alyth Phase 2 - £220,000
- Auchterarder - £240,000
- Jeanfield Road Phase 4 - £280,000

2.5.12 The delivery of the above projects is also, in some instances, predicated upon the application of developer contributions which are currently subject to discussion with the Environment Service. The monitoring and subsequent reporting of progress with these projects will be undertaken by the Head of Housing in accordance with the arrangements approved under the Strategic Housing Investment Plan.

2.5.13 **ACTION:** The Committee is requested to approve the transfer of £740,000 from the ear-marked reserve for Council Tax Income on Second Homes to Housing and Community Care to progress the above affordable housing projects. This adjustment is reflected in Appendix 1 (Column 5) to the Report.

2.5.14 Additional Grant Funding

2.5.15 The Chief Executive's Service has received corporate grant funding in relation to the provision of services to Tayside Joint Police Board and Tayside Fire and Rescue Joint Board that is required to be returned to Reserves.

2.5.16 **ACTION:** The Committee is asked to approve the transfer of £75,000 from the Chief Executive's Service to Reserves. This adjustment is reflected in Appendix 1 (Column 6) to the Report.

2.5.17 Investment in Improvement Funds

2.5.18 Approval is sought to augment the budgets of a number of Investment in Improvement Fund Projects due to changes in the phasing of expenditure as follows –

- Redesign of Services- Learning Disabilities - £75,000
- Innovation and Organisational Development Support - £7,000
- Housing and Homeless Redesign Programme - £16,000

2.5.19 **ACTION:** The Committee is asked to approve the transfer of £98,000 from the Chief Executive's Service to Reserves. This adjustment is reflected in Appendix 1 (Column 6) to the Report.

3. **CORPORATE BUDGETS**

3.1 Contributions to Tayside Valuation Joint Board

3.1.1 The Treasurer of the Tayside Valuation Joint Board has advised that the Council's projected requisition level is currently in line with the approved budget.

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

4.1 The Executive Director (Housing and Community Care) is currently projecting planned additional expenditure of £107,000 on the Housing Revenue Account (HRA) in order to reduce the balance on the HRA Reserve to £800,000 in accordance with the approved strategy for managing Housing Revenue Account Balances. The balance on the HRA at 31 March 2014 was £907,000 rather than the planned amount of £800,000 due to a late accounting adjustment in the 2013/14 Statement of Accounts.

4.2 There is a projected net reduction in the level of income (£306,000) being collected due to reduced rental income and lower interest on revenue balances, a small over spend in Administration (£1,000) and within Sheltered Housing due to staff slippage targets not being achieved (£62,000).

4.3 There are partially offset by projected under spends in Housing Needs (£25,000) and Neighbourhood Services (£25,000) due to staff turnover and Housing Repairs and Improvement (£79,000) due, in the main to, staff slippage.

4.4 The net projected over spends described above result in a reduced projected contribution to Capital Financed from Current Revenue (CFCR) (£133,000) to the HRA Capital Programme.

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

5. CONCLUSION AND RECOMMENDATIONS

- 5.1. The total net projected under spend on Service budgets, as set out in Appendix 1 to this report, is £2,108,000 which represents 0.67% of total net Service budgets.
- 5.2. The total net projected under spend on the 2014/15 General Fund Management Budget based upon expenditure to July 2014, updated for known material movements is £2,256,000 (see Appendix 1). The total variance represents 0.68% of the Council's Revised Net Management Revenue Budget for 2014/15. Additionally the projected under spend on Devolved School Management Budgets currently stands at £579,000.
- 5.3. The Executive Director (Housing and Community Care) is currently projecting planned additional expenditure of £107,000 for the Housing Revenue Account for 2014/15.
- 5.4. The Committee is requested to:
- 5.4.1. Note the contents of the report;
- 5.4.2. Approve the adjustments to the 2014/15 Management Revenue Budget detailed in Appendix 1 and Sections 2, 3 and 4 above;
- 5.4.3. Approve Service virements summarised in Appendices 2 and 3.

Author(s)

| Name | Designation | Contact Details |
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Approved

| Name | Designation | Date |
|-------------|--------------------|-------------------|
| John Symon | Head of Finance | 23 September 2014 |

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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 information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

3.2 Strategic Environmental Assessment

- 3.2.1 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.2.2 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

3.3 Sustainability

- 3.3.1 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.3.2 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

4. **Consultation**

4.1 Internal

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

2. BACKGROUND PAPERS

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

3. APPENDICES

Appendix 1 – General Fund 2014/15 Projected Outturn - Summary

Appendix 2 – General Fund 2014/15 Projected Outturn – Service Analysis

Appendix 3 – Housing Revenue Account 2014/15 Projected Outturn

PERTH & KINROSS COUNCIL - GENERAL FUND 2014/15 PROJECTED OUTTURN - SUMMARY

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
|---|--|--|--|----------------------------|----------------|-----------------------------|-------------------------------------|----------------------|--|--|
| | 2014/15 Council Approved Budget | Previously Approved Adjustments (Net) | Issues Arising from the 2013/14 Accounts | Movements in Funding | Virements | Movements in Reserves | 2014/15 Revised Mgt Budget | Projected Outturn | Variance to Revised Mgt Budget | Variance to Revised Mgt Budget |
| <i>Reference: Section in Report</i> | | 1.2 | 2.2 | 2.3 | 2.4 | 2.5 | | | | |
| SERVICE | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | % |
| Education & Children's Services | 166,665 | 91 | 615 | 1,123 | (2,843) | (60) | 165,591 | 164,365 | (1,226) | (0.74%) |
| Housing and Community Care | 72,644 | 1,249 | 625 | | (102) | 338 | 74,754 | 74,310 | (444) | (0.59%) |
| The Environment Service | 63,031 | 164 | 481 | | (37) | | 63,639 | 63,465 | (174) | (0.27%) |
| Chief Executive's Services | 9,935 | 8 | | | (18) | (225) | 9,700 | 9,436 | (264) | (2.72%) |
| Sub - Total: Service Budgets | 312,275 | 1,512 | 1,721 | 1,123 | (3,000) | 53 | 313,684 | 311,576 | (2,108) | (0.67%) |
| Corporate Budgets | | | | | | | | | | |
| Contribution to Valuation Joint Board | 1,155 | | | | | | 1,155 | 1,155 | 0 | 0.00% |
| Capital Financing Costs | 12,744 | | | | 719 | | 13,463 | 13,463 | 0 | 0.00% |
| Interest on Revenue Balances | (86) | | | | (4) | | (90) | (90) | 0 | 0.00% |
| Contribution to/(from) Capital Fund | 3,034 | | | | (715) | | 2,319 | 2,319 | 0 | 0.00% |
| Contribution to/(from) Insurance Fund | 200 | | | | | | 200 | 200 | 0 | 0.00% |
| Trading Operations Surplus | (190) | | | | | | (190) | (190) | 0 | 0.00% |
| Support Service External Income | (1,888) | | | | | | (1,888) | (1,888) | 0 | 0.00% |
| Un-Funded Pension Costs | 1,516 | | | | | | 1,516 | 1,516 | 0 | 0.00% |
| Discretionary Relief | 150 | | | | | | 150 | 150 | 0 | 0.00% |
| Contribution to Investment in Improvement Fund 4 | 1,000 | | | | | | 1,000 | 1,000 | 0 | 0.00% |
| Contingency Budget | 250 | (216) | | | | | 34 | 34 | 0 | 0.00% |
| Net Expenditure (General Fund) | 330,160 | 1,296 | 1,721 | 1,123 | (3,000) | 53 | 331,353 | 329,245 | (2,108) | (0.64%) |
| Financed By: | | | | | | | | | | |
| Revenue Support Grant | (189,420) | (727) | | (1,123) | | | (191,270) | (191,270) | 0 | 0.00% |
| Non Domestic Rate Income | (55,718) | | | | | | (55,718) | (55,866) | (148) | (0.27%) |
| Council Tax Income | (71,501) | | | | | | (71,501) | (71,501) | 0 | 0.00% |
| Capital Grant | (4,815) | (494) | (396) | | 3,000 | | (2,705) | (2,705) | 0 | 0.00% |
| Total Financing | (321,454) | (1,221) | (396) | (1,123) | 3,000 | 0 | (321,194) | (321,342) | (148) | (0.05%) |
| Financed from/(returned to) Reserves including use of Budget Flexibility b/fwd | 8,706 | 75 | 1,325 | 0 | 0 | 53 | 10,159 | 7,903 | (2,256) | (0.68%) |

APPENDIX 1

PERTH AND KINROSS COUNCIL - GENERAL FUND 2014/15 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 31 July 2014)

| SERVICE | Variance £'000 | Variance £'000 | Summary of Service Variances |
|--|-------------------|-------------------|---|
| Education & Children's Services (ECS) | | | |
| Total | (1,226) | | |
| | | | Devolved School Management (DSM) |
| | | (496) | <u>Staff Costs</u> There is a projected under spend on teachers' salaries of £1,503,000 as a result of proactive workforce planning measures which ensure that teacher numbers are maintained. The budget for Single Status staff groups is projected to under spend by £369,000. These projected under spends contribute towards the overall slippage target of £1,376,000. |
| | | (83) | <u>Income</u> Additional income for secondments and SQA work. |
| | | 579 | The projected DSM carry forward for 2013/14 is £579,000 which is a reduction of £682,000 on the balance brought forward from 2013/14. This level of carry forward represents approximately 0.77% of the overall DSM budget. |
| | | | Other Education & Children's Services Sectors: |
| | | (613) | <u>Staff Costs</u> There is currently a projected under spend on staff costs of £613,000. This is made up of over and under spends in various sectors and cost centres and is after recognising a slippage target of £625,000. |
| | | (405) | <u>Property Costs</u> Projected under spend following the receipt of non domestic rates refunds on a number of ECS properties. |
| | | (191) | <u>Supplies and Services</u> Projected under spends on Early Years Child Care provision - Looked After Children - 2 year olds and 600 hours (£185,000) and Portable Appliance Testing (£28,000) offset by projected over spends on postages and photocopying (£22,000). |
| | | (234) | <u>Transport Costs</u> Projected under spend due to reduced requirement in the current year for expenditure on mini buses (£240,000) which is partially offset by projected over spends on car allowances, travel and subsistence payments and client travel. |
| | | 118 | <u>Pupil Transport</u> There is a projected over spend on School Transport based on the latest estimate from the Public Transport Unit which is influenced by demand for this service. |
| | | (242) | <u>Third Party Payments</u> There is a projected under spend of £242,000 within Cultural & Community Services due to the Council agreeing special financial assistance to Horsecross in 2013/14 which was approved by the Executive Sub Committee of Strategic Policy & Resources Committee (Report 14/286) refers. This allows a reduction in the Horsecross grant in 2014/15 which was previously approved by Council in setting the budget and was funded through budget flexibility. |
| | | 177 | <u>Residential Schools/Foster Care and Kinship Care:</u> The budget for young people with Additional Support Needs (ASN) who are educated out with the Council's mainstream school provision is projected to over spend by £177,000 in the current financial year due to the demand for this service provision. |
| | | 62 | The budget for young people with severe behavioural problems which includes a number of pupils placed within secure schools is also projected to over spend due further activity in this area. |
| | | (11) | Within Foster Care there is a projected under spend of £37,000 which is partially offset by a projected over spend on Kinship Care of £26,000 due to the increased demand for this service . |
| | | 78 | <u>Loan Charges</u> Projected overspend on prudential borrowing loan charges of £78,000, due to revised projections for land disposals. |
| | | 35 | <u>Income</u> Projected shortfall in income due to School Meals (£48,000) and School Lets (£18,000) which are partially offset by additional income for Housing Benefits (£31,000) Wellbank House. |

PERTH AND KINROSS COUNCIL - GENERAL FUND 2014/15 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 31 July 2014)

| SERVICE | Variance £'000 | Variance £'000 | Summary of Service Variances |
|-----------------------------------|-------------------|-------------------|---|
| Housing and Community Care | | | |
| Total | (444) | | |
| | | (264) | <u>Finance and Support</u> The projected under spend is due to the accelerated realisation of approved 2015/16 savings within Finance & Support Services, Housing with Care - Sheltered Housing Review and the Planning & Commissioning Review |
| | | (125) | <u>Strategy Support and Commissioning</u> The projected under spend is caused by staff vacancies and recruitment delays, plus a non-recurring under spend on a Housing Support contribution towards the care package of a client in hospital. These are partially offset by an overspend on MFD devices at Pullar House. |
| | | 580 | <u>Older People</u> Residential placements (£956,000) and Care at Home services (£105,000) are projected to over spend due to demand for this service provision. In addition, there is a projected over spend on Care at Home services as a consequence of the frailer, ageing population. These projected over spends are partially offset by projected under spends due to staff vacancies and recruitment delays (£62,000), the implementation of new staffing models in Day Care (£107,000), uncommitted Self Directed Support budgets (£263,000) as the Service moves into new service delivery models under the recent new legislation and accelerated realisation of approved 2015/16 savings (£49,000) (Home Care - Reduction in Management Costs). |
| | | (425) | The revenue budget for 2014/15 includes £650,000 towards the works at Dalweem Residential Care Home. An element of this funding will now be incurred in 2015/16 leading to an under spend in the current financial year. |
| | | (113) | <u>Learning Disabilities</u> The projected under spend is due to staff vacancies and recruitment delays, uncommitted Self Directed Support budgets as the Service moves into new service delivery models under the recent new legislation, plus accelerated realisation of approved 2015/16 savings (Review of Commissioned Services / Independent Sector). |
| | | (28) | <u>Other Community Care Services</u> The projected under spend is due to one-off clawback of SLA/Grant payments from external organisations, staff vacancies and recruitment delays. These are partially offset by additional residential placements and supported living activity for Mental Health clients. |
| | | (69) | <u>Community Safety</u> The projected under spend is due to staff vacancies and recruitment delays. |
| | | (1,362) | <u>Housing Benefits</u> As anticipated, Housing Benefit expenditure has reduced as a result of the Government's Welfare Reform Agenda. Although the Housing Benefit caseload has gradually reduced for the Council over the period April 2013 to present, the legislative changes introduced have added additional layers of complexity to the overall administration of the scheme. Welfare Reform changes, for example the restrictions for single people under the age of 35, have resulted in many customers opting to continue to reside in the family home. This coupled with the increase to the level of non-dependant deductions has meant that many customers are no longer entitled to Housing Benefit due to the presence of an adult in their home. The introduction of the benefit cap, social sector size criteria, restrictions to Local Housing Allowance (LHA) and the new restrictions for nationals of European Economic Area (EEA) countries, have all contributed to the reduction in Housing Benefit expenditure. The Council is also now notified of more changes in customer circumstances by the Department for Work and Pensions (DWP) and Her Majesty's Revenue and Customs (HMRC) via an electronic process. These changes can reduce the customer's entitlement to Housing Benefit. Following the recommendations of Audit Scotland, the Council has also recently completed an exercise to review the circumstances of many Housing Benefit claimants. This campaign has resulted in a high number of customers experiencing a reduction in the level of Housing Benefit payable as their household income have increased or circumstances have changed. |
| | | 1,362 | Reduced subsidy (housing benefits and rebates) recoverable due to the reduced expenditure outlined above. |
| | | (390) | Virement from benefits to homelessness to fund reduced grant. The funding is available following the removal of a budget for errors due to improved working practices. |
| | | 390 | Virement to homelessness to benefits as above |

PERTH AND KINROSS COUNCIL - GENERAL FUND 2014/15 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 31 July 2014)

| SERVICE | Variance £'000 | Variance £'000 | Summary of Service Variances |
|----------------------------------|-------------------|-------------------|--|
| The Environment Service | | | |
| Total | (174) | | |
| | | (100) | Service-wide Budgets Projected slippage in excess of Service target |
| | | 250 | Roads & Street Lighting Deferral of depot charge to Tayside Contracts pending review of Minute of Agreement. |
| | | (100) | Projected saving on street lighting power costs based on current price and consumption estimates. |
| | | 150 | Operations & Waste Strategy Projected shortfall in commercial waste income due to increased competition from private sector contractors. |
| | | (150) | Projected saving on fuel costs based on current price and consumption estimates. |
| | | (134) | Fleet Projected net saving on loan charges based on current vehicle replacement programme and cost of borrowing. |
| | | (90) | Projected saving on contract vehicle hire costs based on current profile of fleet on full contract maintenance agreements |
| Chief Executive's Service | | | |
| Total | (264) | | |
| | | (60) | Legal Services Projected additional income due to the cyclical nature of a number of the income streams |
| | | (195) | Finance Projected under spend on staff costs due to vacancies |
| | | 16 | Projected over spend on supplies and services to fund a number of system and software upgrades |
| | | (31) | Human Resources Various net projected under spends across supplies and services, third party payments and transport costs |
| | | 6 | Other Chief Executive's Services Miscellaneous projected over spends across the remainder of the Chief Executive's Service |
| TOTAL | (2,108) | | |

PERTH AND KINROSS COUNCIL - HOUSING REVENUE ACCOUNT 2014/15 PROJECTED OUTTURN
(Based on Expenditure to 31 July 2014)

| £'000 | Summary of Service Variances |
|-------|---|
| (79) | Housing Repairs & Improvement Service There are projected under spends on staff costs (due to slippage) and property costs. In addition the temporary closure of the Inveralmond depot is delivering savings. These are partially offset by a projected over spend on void repairs although this is significantly reduced compared to 2013/14. |
| (25) | Housing Needs The projected under spend is due to vacancies. |
| 62 | Sheltered Housing The projected over spend is due to failure to meet slippage targets and slower than anticipated staff turnover following the implementation of the new structure. |
| (25) | Neighbourhood Services The projected under spend is due to vacancies across all teams partially offset by the costs of temporary management arrangements pending implementation of the revised staffing model. |
| 1 | Administration |
| 306 | Income There is a projected under recovery of income from housing rents due to delays in bringing on stream some new build/converted properties (£294,000), reduced Interest On Revenue Balances due to low interest rates (£44,000) and an increased provision for bed debts (£53,000). These are partially offset by an over-recovery of income for Heating and Lighting from multi-tenure blocks and small over-recoveries of other rents and charges (£85,000). |
| (133) | Capital Financed from Current Revenue As a result of the projected net over spends highlighted above, this is the reduction in the amount available to invest in the HRA capital programme. |
| 107 | |

