

PERTH AND KINROSS COUNCIL**Strategic Policy and Resources Committee – 22 April 2015****REVENUE BUDGET 2014/15 – MONITORING REPORT NUMBER 4****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 January 2015 ledger, updated for any subsequent known material movements. The report also provides an update on the projected financial position of the Housing Revenue Account.

The total net projected under spend on the 2014/15 General Fund Management Budget based upon expenditure to January 2015, updated for known material movements is £6,335,000 (see Appendix 1) which represents 1.90% of net expenditure.

The report also seeks approval for a number of adjustments to the 2015/16 Final Revenue Budget.

1. BACKGROUND / MAIN ISSUES

- 1.1. This is the fourth 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 January 2015 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), 1 October 2014 (Report No. 14/407 refers), 3 December 2014 (Report No. 14/525 refers) and 11 February 2015 (Report No. 15/34 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 refers) 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. The total net

projected under spend on Service budgets, as set out in Appendix 1 to this report, is £6,296,000 which represents 2.01% of total net Service expenditure.

- 2.1.2 **Education & Children's Services:** The projected outturn (excluding Devolved School Management (DSM)) is currently anticipated to be £2,126,000 less than budget – a favourable movement of £424,000 from the position last reported to Committee.
- 2.1.3 This favourable movement reflects additional staff slippage across the Service (£402,000), further non-domestic rates refunds (£76,000), projected savings on car allowances (£39,000) and additional projected income (£29,000).
- 2.1.4 These favourable movements are partially offset by increases in the projected over spends on young people with additional support needs (£26,000) and young people with complex behavioural issues (£60,000), both due to increased demand for these services. In addition there is a reduction in the projected under spend on third party payments (£35,000) and an increase in the projected over spend on pupil transport (£1,000).
- 2.1.5 There is also a projected planned under spend of £998,000 on Devolved School Management budgets (DSM) due to a projected under spend on staff costs (£423,000), property costs (£183,000), supplies and services (£83,000) and the receipt of additional income from secondments (£309,000). 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 £998,000 represents 1.24% of the overall DSM budget.
- 2.1.7 **Housing & Community Care:** The projected outturn is currently anticipated to be £2,707,000 less than budget – a favourable movement of £809,000 from the position last reported to Committee.
- 2.1.8 This favourable movement reflects an increased projected under spend within Finance and Support (£51,000) due to improved performance within housing benefits in relation to overpayment recoveries and within Strategic Support and Commissioning (£24,000) due to additional staff slippage. In addition there is a reduction in the projected overspend in Older People (£212,000) due to a higher turnover of clients than previously anticipated and additional income from both residential and non-residential service users and within Other Community Care Services (£99,000) to reflect slippage on a number of projects.
- 2.1.9 These projected favourable movements are partially offset by reductions in the projected under spends within Housing (£85,000) following an update to projections in this area; within Learning Disabilities (£152,000) due to revised income projections in relation to shared care packages and within Community Safety (£11,000) due to additional property costs at St. Martins House.

- 2.1.10 In addition Housing and Community Care have received a number of grants during financial year 2014/15 for expenditure that will take place during 2015/16 (£249,000). In line with proper accounting practice it is proposed that this funding will be transferred to Reserves in 2014/15 as part of the current year under spend but will be available for the Service in 2015/16.
- 2.1.11 A further projected under spend of £422,000 relates to Investment in Improvement funded projects which it is proposed will be rephased from 2014/15 to 2015/16. In line with the planned delivery of these projects it is proposed that this under spend will be earmarked within Reserves as part of the 2014/15 Annual Accounts and available for the Service in 2015/16.
- 2.1.12 **The Environment Service:** The projected outturn is currently anticipated to be £1,090,000 less than budget – a movement of £350,000 from the position last reported to Committee.
- 2.1.13 This movement includes the updating of projected income levels in relation to building warrants (£100,000). This reduction in the projected under spend for the Environment Service may impact on 2015/16 as the Final Revenue Budget for 2015/16 assumes a certain level of underspend (Report No. 15/36 refers). If this level is not achieved then this will reduce the level of resources available for carry forward under the revenue budget flexibility scheme for 2015/16.
- 2.1.14 In addition expenditure on winter maintenance is currently projected to exceed the approved budget by £250,000. This projected over spend does not impact on the Environment Service in 2015/16 as expenditure on winter maintenance is outwith the revenue budget flexibility scheme.
- 2.1.15 **Chief Executive's Service:** The projected outturn is currently anticipated to be £373,000 less than budget – a favourable movement of £67,000 from the position last reported to Committee.
- 2.1.16 The primary reason for this favourable movement is the rephasing of expenditure in relation to the administration of the scheme for the Protection of Vulnerable Groups (£60,000). Other miscellaneous net projected under spends (£7,000) across the Service contribute to the total projected outturn for the Service.

2.2 Movements in Funding

- 2.2.1 Since Revenue Monitoring Report Number 3 was approved by this Committee (Report No. 15/34 refers) notification has been received of additional resources in the current financial year from a number of sources.
- 2.2.2 Scottish Government: Revenue Support Grant (£231,878)
- Developing the Young Workforce: £205,878
 - Additional Support for National Qualifications: £26,000

- 2.2.3 On 3 March 2015 the Scottish Government advised the Council of its share of £6,500,000 in 2014/15 to support local government's contribution to the early implementation of the Developing the Young Workforce - Scotland's Youth Employment Strategy. The Council's share is £205,878.
- 2.2.4 The purpose of this funding is to help develop pathways for young people into sustained and quality jobs that align with local circumstances and labour markets. Within the context of such tailored local responses, Councils should consider their response to the key elements of the programme. These are: schools, including broad general education and senior phase, colleges, apprenticeships and employer engagement.
- 2.2.5 On 26 March 2015 the Scottish Government also advised of £1,000,000 of additional funding for National Qualifications to support schools as they move into the final phase of the introduction of the new qualifications, including providing help with the purchase of textbooks and resources for the new Highers and to meet other local priorities. The Council's share is £26,000.
- 2.2.6 Given the timing of these awards it will not be possible to spend this funding in the current financial year. Therefore it is proposed that the £231,878 is earmarked in closing the 2014/15 Annual Accounts. Furthermore it is proposed that the funding to support the National Qualification (£26,000) be applied to Education and Children's Services in 2015/16 and that proposals for the funding for Developing the Young Workforce (£205,878) are considered at a future meeting of this Committee.
- 2.2.7 **ACTION:** The Committee is asked to approve an adjustment of £231,878 to the Revenue Support Grant budget with £26,000 being applied to Education and Children's Services in 2015/16 to support the National Qualification and proposals on how the £205,878 for Developing the Young Workforce might be utilised in 2015/16 to be presented to a future meeting of this Committee. This adjustment has been reflected in Appendix 1 (Column 3) to this report.
- 2.2.8 Other Funding Sources (£86,709)
- Scottish Funding Council – English for Speakers of Other Languages: £42,666 (Education and Children's Services - ECS)
 - Museums Galleries Scotland – Fergusson Gallery Reading Room Development: £30,302 (ECS)
 - Erasmus (British Council) – Perth Academy: £3,247 (ECS)
 - Education Scotland – Assessing Progress & Achievement: £2,400 (ECS)
 - Education Scotland – Numeracy Hub Champions: £2,744 (ECS)
 - National Museums Scotland – Historic Finds in Local Area: £350 (ECS)
 - Department of Work and Pensions – Housing Benefits Administration: £5,000 (Housing and Community Care)
- 2.2.9 The other funding amounting to £86,709 will be paid outside the Revenue Support Grant mechanism as Other Grant income and is therefore cost neutral in terms of the budget summary.

2.2.10 **ACTION:** The Committee is asked to note the receipt of £86,709 of additional resources, with this funding being reflected within Education & Children's Services and Housing and Community Care as additional grant income. The current projected outturn assumes that all of these additional resources will be fully expended in 2014/15 or carried forward to 2015/16 where permitted.

2.3 Virements

Contribution to Capital Fund

2.3.1 In line with the strategy for managing the Council's Capital Programme over the medium term (as reported to Council on 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.

2.3.2 The latest monitoring indicates an increase in the projected outturn for capital financing costs (loan charges) of £47,000 primarily due to the exchange rate losses on the withdrawal of funds from Iceland (Report No. 15/93 refers). There is also a small increase in the projected income from Interest on Revenue Balances of £10,000.

2.3.3 **ACTION:** The Committee is requested to approve the virement of £47,000 to the Capital Financing Costs (Loan Charges) Budget; £10,000 to Interest on Revenue Balances with a net reduction of £37,000 in the projected Contribution to the Capital Fund. These adjustments have been reflected in Appendix 1 (Column 4) to this report.

Contribution to Capital Fund

2.3.4 The 2014/15 Revenue Budget includes contributions towards a number of capital projects. Following a rephasing of a number of these projects it is proposed to adjust the revenue budget in order to align it with anticipated activity as follows:

- Perth Theatre Redevelopment Project - £155,000 from 2014/15 into 2015/16 (£42,000) and 2016/17 (£113,000)
- Mill Street Environmental Improvements - £5,000 into 2014/15 from 2015/16
- Commercial Property Investment Programme - £75,000 from 2014/15 into 2015/16 for the food and drink park

2.3.5 **ACTION:** The Committee is asked to approve the net transfer of £225,000 from Education and Children's Services and the Environment Service to the Capital Fund to be drawn down in future financial years. This adjustment is reflected in Appendix 1 (Column 4) to this report.

Service Virements

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

- The Environment Service and Capital Grant (£193,000) to reflect a decrease in the projected utilisation of Capital Grant for Tactran projects.

2.3.7 **ACTION:** The Committee is asked to approve the virements set out in section 2.3.6 above. This adjustment has been reflected in Appendix 1 (Column 4) to the report.

2.4 Movements in Reserves

Youth Employability

2.4.1 The projected outturn for Youth Employability has been updated in line with the Reserves Strategy approved by Council on 12 February 2015 (Report No. 15/38 refers). The Committee is therefore asked to approve the transfer of £150,000 to Reserves to be utilised in future financial years.

2.4.2 **ACTION:** The Committee is asked to approve the transfer of £150,000 from the Chief Executive's Service to Reserves to support youth employability initiatives in future years. This adjustment has been reflected in Appendix 1 (Column 5) to the report.

3. CORPORATE BUDGETS

Contributions to Tayside Valuation Joint Board

3.1 The Treasurer of the Tayside Valuation Joint Board is currently projecting a £12,000 under spend (Perth and Kinross Council's share of this projected under spend is £5,000). This position is reflected in Appendix 1.

Contingency Budget

3.2 It is anticipated that the Contingency Budget will be under spent by £34,000 in the current financial year. This position is reflected in Appendix 1.

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 same position as last reported to this Committee.

- 4.2 The projected under spend on the Housing Repairs and Improvement Service has increased following an update of staff cost and stock purchase projections (£49,000), and in Sheltered Housing, the implementation of the new service delivery model (£70,000) plus additional housing support income (£51,000), coupled with revised staff costs projections has delivered a favourable movement (£133,000). Further, in Administration there is an increased projected under spend following a review of council tax due on void properties (£57,000).
- 4.3 These movements are partially offset by reduction in the projected under spends in Housing Needs (£8,000) and Neighbourhood Services (£6,000) due to revised staff cost projections. In addition the projected under recovery of income has increased slightly (£9,000).
- 4.4 The net projected movements described above result in a favourable movement since the last report to this Committee in the projected contribution to Capital Financed from Current Revenue (CFCR) (£216,000) to the HRA Capital Programme.
- 4.5 Full details of the movement against the HRA Revenue Budget are set out in Appendix 3.

5. 2015/16 REVENUE BUDGET

Council Tax Reduction Scheme

- 5.1 Finance Circular 1/2015 that was issued by the Scottish Government on 5 February 2015 included confirmation of funding of £6,628,000 in relation to the Council Tax Reduction Scheme.
- 5.2 **ACTION:** The Committee is asked to approve an adjustment of £6,628,000 for 2015/16 to reflect the Council Tax Reduction Scheme.

Discretionary Housing Payments

- 5.3 On 24 February 2015 the Council received notification of funding of £54,017 for 2015/16 in relation to Discretionary Housing Payments. The Scottish Government has retained 20% of the national allocation which will be distributed in May 2016 based on actual levels of activity.
- 5.4 **ACTION:** The Committee is asked to approve an adjustment of £54,017 to the Housing and Community Care Revenue Budget for 2015/16 to reflect the funding for Discretionary Housing Payments.

Community Justice – Transitional Funding

- 5.5 On 17 March 2015 the Council received notification of funding of £50,000 for 2015/16 to support the transition to the new model for Community Justice.

- 5.6 **ACTION:** The Committee is asked to approve an adjustment of £50,000 to the Housing and Community Care Revenue Budget for 2015/16 to reflect the funding towards the new model for Community Justice.

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

- 5.7 The Council meeting on 26 June 2013 approved that £60,000 of the income generated from varying the Council Tax on unoccupied properties be used to support the Local Taxes team in implementing and administering the changes associated with the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 which provides powers to the Council to vary the charges levied on unoccupied properties. All other income generated by this change in legislation is used to improve the provision of affordable housing. Approval is therefore sought to make this permanent adjustment to the Housing and Community Care and Council Tax income budgets.
- 5.8 **ACTION:** The Committee is asked to approve the permanent virement of £60,000 between Housing and Community Care and Council Tax income to support the Local Taxes team in implementing and administering changes associated with the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013.

Local Government By-Election

- 5.9 Following the resignation of Councillor Jack Coburn, the Council is required to hold a by-election which will take place on 7 May 2015. The estimated cost of running the by-election in Ward 12 - Perth City Centre is up to £36,000. Approval is, therefore sought for the transfer of up to £36,000 from the Contingency Budget to the Chief Executive's Service in 2015/16 to fund this by-election.
- 5.10 **ACTION:** The Committee is asked to approve the virement of up to £36,000 from the Contingency Budget to the Chief Executive's Service in financial year 2015/16 to fund the by-election in Ward 12 - Perth City Centre.

Youth Employability

- 5.11 Paragraph 2.4.1 informs the Committee of a projected under spend on youth employability initiatives in 2014/15. Approval is sought to apply £150,000 of the earmarked reserve for youth employability initiatives in 2015/16 to match anticipated activity levels.
- 5.12 **ACTION:** The Committee is asked to approve the application of £150,000 from the earmarked reserve to support youth employability initiatives in 2015/16.

Service Virements

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

- Education and Children's Services to Housing and Community Care (£33,000) for community engagement activities.
- Education and Children's Services to the Environment Services (£40,000) for community economic development.

5.14 **ACTION:** The Committee is asked to approve the virements set out in paragraph 5.13 above.

Public Service Network

5.15 The Reserves Strategy approved by Council on 12 February 2015 (Report No. 15/38 refers) includes £390,000 towards compliance with the Public Service Network requirements. It is proposed that £144,000 is drawn down at this stage to support this work.

5.16 **ACTION:** The Committee is asked to approve the transfer of £144,000 from Reserves to Education and Services to fund Public Service Network compliance requirements in 2015/16.

6. CONCLUSIONS AND RECOMMENDATIONS

6.1. The total net projected under spend on Service budgets, as set out in Appendix 1 to this report, is £6,296,000 which represents 2.01% of total net Service expenditure.

6.2. The total net projected under spend on the 2014/15 General Fund Management Budget based upon expenditure to January 2015, updated for known material movements is £6,335,000 (see Appendix 1) which represents 1.90% of net expenditure.

6.3. Additional income from Council Tax and Non-Domestic Rates of £750,000 and £148,000 respectively is also projected (see Appendix 1).

6.4. The projected contribution from Reserves is £7,233,000 less than budget.

6.5. Additionally the projected planned under spend on Devolved School Management Budgets currently stands at £998,000.

6.6. The Executive Director (Housing and Community Care) is currently projecting planned additional expenditure of £107,000 for the Housing Revenue Account for 2014/15.

6.7. The Committee is requested to:

6.7.1. Note the contents of the report;

6.7.2. Approve the adjustments to the 2014/15 Management Revenue Budget detailed in Appendix 1 and Sections 2 above;

6.7.3. Approve the adjustments to the 2015/16 Revenue Budget set out in section 5 above.

6.7.4. Approve Service virements summarised in Appendices 2 and 3.

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Approved

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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)
	2014/15 Council Approved Budget	Previously Approved Adjustments (Net)	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				
SERVICE	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
Education & Children's Services	166,665	(1,102)		(155)		165,408	163,282	(2,126)	(1.29%)
Housing and Community Care	72,644	2,614				75,258	72,551	(2,707)	(3.60%)
The Environment Service	63,031	(241)		(263)		62,527	61,437	(1,090)	(1.74%)
Chief Executive's Services	9,935	(355)			(150)	9,430	9,057	(373)	(3.96%)
Sub - Total: Service Budgets	312,275	916	0	(418)	(150)	312,623	306,327	(6,296)	(2.01%)
Corporate Budgets									
Contribution to Valuation Joint Board	1,155					1,155	1,150	(5)	(0.43%)
Capital Financing Costs	12,744	834		47		13,625	13,625	0	0.00%
Interest on Revenue Balances	(86)	(32)		(10)		(128)	(128)	0	0.00%
Contribution to/(from) Capital Fund	3,034	238		188		3,460	3,460	0	0.00%
Contribution to/(from) Insurance Fund	200					200	200	0	0.00%
Contribution to/(from) Renewal and Repair Fund	0	1,055				1,055	1,055	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	0	(34)	(100.00%)
Net Expenditure (General Fund)	330,160	2,795	0	(193)	(150)	332,612	326,277	(6,335)	(1.90%)
Financed By:									
Revenue Support Grant	(189,420)	(3,951)	(232)			(193,603)	(193,603)	0	0.00%
Non Domestic Rate Income	(55,718)					(55,718)	(55,866)	(148)	(0.27%)
Council Tax Income	(71,501)	(1,300)				(72,801)	(73,551)	(750)	(1.03%)
Capital Grant	(4,815)	2,675		193		(1,947)	(1,947)	0	0.00%
Total Financing	(321,454)	(2,576)	(232)	193	0	(324,069)	(324,967)	(898)	(0.28%)
Financed from/(returned to) Reserves including use of Budget Flexibility b/fwd	8,706	219	(232)	0	(150)	8,543	1,310	(7,233)	

APPENDIX 1

PERTH AND KINROSS COUNCIL - GENERAL FUND 2014/15 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 31 January 2015)

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
<u>Education & Children's Services (ECS)</u>			
Total	(2,126)		
			<u>Devolved School Management (DSM)</u>
		(423)	<u>Staff Costs</u> There is a projected under spend on teachers' salaries of £1,209,000 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 £550,000. These projected under spends exceed the overall slippage target of £1,376,000. In addition the training budget is projected to under spend by £40,000.
		(183)	<u>Property Costs</u> Projected under spend on repairs and maintenance due to slippage on a number of projects.
		(83)	<u>Supplies and Services</u> Projected net under spend on supplies and services across all schools.
		(309)	<u>Income</u> Additional income for secondments and SQA work.
		998	The projected DSM carry forward for 2014/15 is £998,000 which is a reduction of £263,000 on the balance brought forward from 2013/14. This level of carry forward represents approximately 1.24% of the overall DSM budget.
			<u>Other Education & Children's Services Sectors:</u>
		(1,230)	<u>Staff Costs</u> There is currently a projected under spend on staff costs of £1,230,000. This is made up of projected over and under spends in various sectors and cost centres and is after recognising a slippage target of £625,000.
		(521)	<u>Property Costs</u> Projected under spend following the receipt of non domestic rates refunds on a number of ECS properties.
		(580)	<u>Supplies and Services</u> Projected under spends on Early Years Child Care provision - Looked After Children - 2 year olds and 600 hours (£210,000), projected under spends in Cultural Services (£75,000), Portable Appliance Testing (£28,000), rephasing of expenditure on Public Service Network compliance (£119,000), community empowerment (£30,000), Languages 1 + 2 funding (£93,000) and other miscellaneous under spends across the Service (£55,000) offset by projected over spends on postages and photocopying (£22,000).
		(260)	<u>Transport Costs</u> Projected under spend due to a reduced requirement in the current year for expenditure on mini buses (£231,000) and reduced expenditure on car allowances, travel and subsistence payments (£42,000). This is partially offset by projected over spends client travel (£13,000).
		181	<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 No. 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.
		(245)	There is a projected under spend of £245,000 on a non-recurring basis due to a change in accounting treatment of the payment to the Scottish Qualifications Agency .
		(92)	Projected under spend on Early Years Change Fund.
		(11)	Various other third party payments across the Service.

PERTH AND KINROSS COUNCIL - GENERAL FUND 2014/15 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 31 January 2015)

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
		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 in the current financial year due to the demand for this service provision.
		649	The budget for young people with complex behavioural issues which includes a number of pupils placed within secure schools is also projected to over spend due to further activity in this area. The projected over spend has increased due to a number of additional placements.
		174	There are projected over spends in Foster Care (£119,000) and Kinship Care (£55,000) due to the increased demand for this service .
			<u>Loan Charges</u>
		98	Projected overspend on prudential borrowing loan charges due to revised projections for land disposals.
			<u>Income</u>
		(224)	Projected additional income from Housing Benefits at Wellbank House (£18,000), Kids Clubs (£56,000), school transport charges (£16,000), pupil support assistants (£6,000), inter agency fostering (£18,000), IST recharges (£59,000), secondments (£34,000) and additional music income (£43,000) which are partially offset by a shortfall in income from School Meals (£11,000) and School Lets (£15,000).
Housing and Community Care			
Total	(2,707)		
		(97)	<u>Housing</u> There is a projected under spend due to improved income recovery, the receipt of additional non-recurring income, updated staff cost projections and the accelerated realisation of approved savings.
		(579)	<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 (£324,000) and projected under spends on staff costs, fleet recharges, benefits subsidy losses and supplies and services (£255,000).
		(293)	<u>Strategy Support and Commissioning</u> The projected under spend is caused by staff vacancies and recruitment delays (£143,000) and a non-recurring under spend on care packages (£167,000). These are partially offset by an overspend on MFD devices at Pullar House (£17,000).
		113	<u>Older People</u> Residential placements and Care at Home services are projected to over spend due to demand for this service provision and as a consequence of the frailer, ageing population (£1,183,000 less a non-recurring contribution of £370,000 from the Older People Change Fund). These projected over spends are partially offset by projected under spends due to staff vacancies and recruitment delays, non-recurring under spends on direct payments, the implementation of new staffing models in Day Care, uncommitted Self Directed Support budgets as the Service moves into new service delivery models under the recent new legislation, accelerated realisation of approved 2015/16 savings, additional income and revised projections for occupational therapy equipment purchases, maintenance and adaptations.
		(533)	<u>Learning Disabilities</u> The projected under spend is due to staff vacancies and recruitment delays, reduced external day care activity, uncommitted supported living budgets as a consequence of the turnover clients as well as revised projections in relation to clients requiring additional intensive support, a projected under spend on direct payments, additional income from the NHS in relation to a shared care package and the accelerated realisation of approved 2015/16 savings.

PERTH AND KINROSS COUNCIL - GENERAL FUND 2014/15 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 31 January 2015)

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
		(585)	<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, non-recurring under spends due to slippage on projects, revised projections for mental health care package costs due to clients being admitted to hospital and additional income received under the new Contributions Policy following reviews of care packages.
		(62)	<u>Community Safety</u> The projected under spend is due to staff vacancies and recruitment delays, the accelerated delivery of approved 2015/16 savings and a projected underspend on property costs due to a revised date for occupying new premises by the OWLS project. These are partially offset by additional property maintenance costs at St. Martins House.
		(422)	<u>Investment in Improvement Funds</u> A rephasing of a number of Investment in Improvement funded projects has also led to a further projected under spend in the current year
		(249)	<u>Grant Funding</u> Housing and Community Care have received a number of grants during financial year 2014/15 for expenditure that will take place during 2015/16. In line with proper accounting practice this funding will be transferred to Reserves in 2014/15 as part of the current year under spend. It is proposed that it will be available for the Service in 2015/16.
<u>The Environment Service</u>			
Total	(1,090)		
		(350)	<u>Service-wide Budgets</u> Projected slippage in excess of Service target
		250	<u>Roads & Street Lighting</u> In the revision of the Tayside Contracts minute of agreement the historic basis of charging is anticipated to be retained resulting in the non recovery of the assumed share of depot charges.
		(135)	Projected saving on street lighting power costs based on current price and consumption estimates.
		(150)	Rephasing of gully emptying modernisation programme.
		(17)	Rephasing of community flood programme.
		90	Projected shortfall in recovery of staff costs from capital budget.
		(100)	2013/14 accrual no longer required
		250	Projected over spend on winter maintenance.
		(10)	<u>Public Transport</u> Projected saving on tendered services.
		150	<u>Operations & Waste Strategy</u> Projected shortfall in commercial waste income due to increased competition from private sector contractors.
		(200)	Projected saving on fuel costs based on current price and consumption estimates.
		50	Projected costs associated with leachate disposal at former Dalcrue landfill site pending installation of reed bed system
		(100)	Projected saving on waste disposal contract costs based on year to date tonnage and price.
		40	Projected shortfall in scrap metal income following the drop in market values.
		(134)	<u>Fleet</u> 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
		107	Increase in fleet insurance
		(66)	<u>Planning and Regeneration</u> Projected saving on Hub relocation
		(85)	Slippage on the indoor bowling feasibility study
		(64)	Slippage on regeneration activities.
		(111)	Projected saving on Youth Employment budget following receipt of external grant funding.
		200	Projected shortfall in income from building warrants
		25	Expenditure in relation to City Deal
		(60)	Rephasing of Digital Connectivity project

PERTH AND KINROSS COUNCIL - GENERAL FUND 2014/15 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 31 January 2015)

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
		(35)	<u>Corporate Health, Safety and Wellbeing</u> Projected saving on emergency planning budget.
		60	<u>Parking</u> Projected reduction in income as a result of implementing the "free from 2" promotion
		180	Provision for car park investment projects in Perth City, Kinross, Pitlochry, Coupar Angus and Ben Vrackie.
		(240)	Contribution from earmarked reserve to meet cost of car park investment.
		(350)	<u>Property</u> Projected saving on energy budget due to reduced prices and volume.
		(50)	Projected saving on Pullar House unitary charge due to lower than anticipated contract inflation.
		(30)	Projected income from Renewable Heat Incentive for 2 approved school projects.
		(60)	Projected saving on Carbon Reduction Commitment scheme payments due to reduced price and conversion factor.
		(50)	Projected saving on Energy Performance Certificate payments.
		(50)	Projected savings on rates from mothballed buildings following the award of non domestic rates relief.
		(200)	2013/14 accrual no longer required
		(100)	Projected slippage on staff costs in excess of budget and savings on travel / subsistence.
		(25)	Rephasing of expenditure on fixed term data input posts.
		(130)	Rephasing of funding for the replacement Property business system and other systems development.
		500	Contribution to Capital Fund for future school maintenance.
<u>Chief Executive's Service</u>			
Total	(373)		
		(70)	<u>Legal Services</u> Projected additional income due to the cyclical nature of a number of the income streams
		(9)	Projected under spend on staff costs due to vacancies
		52	Projected over spend on other costs across the Division, primarily publications and Sharepoint development
		(241)	<u>Finance</u> Projected under spend on staff costs due to accelerated savings and vacancies
		(60)	Rephasing of expenditure in relation to administration of Protection of Vulnerable Groups scheme
		(2)	<u>Human Resources</u> Various net projected under spends across staff costs, supplies and services, third party payments and transport costs
		(43)	<u>Democratic Services</u> Various net projected under spends across staff costs, supplies and services, third party payments and transport costs
TOTAL	(6,296)		

PERTH AND KINROSS COUNCIL - HOUSING REVENUE ACCOUNT 2014/15 PROJECTED OUTTURN
(Based on Expenditure to 31 January 2015)

£'000	Summary of Service Variances
(130)	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 under spends. 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.
(76)	Sheltered Housing Following implementation of the new service delivery model the recharge to sheltered housing complexes has been reduced. Additional Housing Support income has also been received. This has been partially offset by projected over spends on staff costs.
(40)	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 and projected savings on supplies and services and property costs.
(88)	Administration A projected under spend on loan charges based on the latest projections, revised projections on council tax expenditure and the receipt of non-domestic rates refunds on a number of properties.
304	Income There is an under recovery of income from housing rents due to the number of right to buy sales (£120,000), and delays (for a variety of reasons) in bringing into stock some of the new build/converted properties where rental income budgets had been set based on the capital programme planned completion schedule (£159,000), reduced Interest On Revenue Balances due to low interest rates (£46,000) and an increased provision for bad debts (£55,000). 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 (£76,000).
162	Capital Financed from Current Revenue As a result of the projected net over spends highlighted above, this is the additional amount available for investment in the HRA capital programme.
107	

