

PERTH AND KINROSS COUNCIL

Strategic Policy and Resources Committee

18 September 2013

REVENUE BUDGET 2013/14 – MONITORING REPORT NUMBER 1

Report by the Head of Finance

PURPOSE OF REPORT

This report provides an update on progress with the 2013/14 General Fund Revenue Budget based upon the June 2013 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 2013/14 Revenue Budget. Appendix 1 to this report summarises the current projected year end (out-turn) position for each Service based upon the June 2013 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 2013/14 Revenue Budget on 14 February 2013 (Report No. 13/53 refers). In addition, adjustments subsequent to 14 February 2013 that were approved by the Strategic Policy and Resources Committee on 17 April 2013 are reflected in Appendix 1 (Column 2) to this report (Report No. 13/150 refers). The most significant of these, in monetary terms, related to Scottish Government funding of £4,993,000 for the Council Tax Reduction Scheme.
- 1.3. This report details the latest projected outturns and proposed adjustments to the 2013/14 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 out-turn (excluding Devolved School Management (DSM)) is currently anticipated to be £612,000 less than budget.

- 2.1.3 Within staff costs there is a projected under spend (£788,000) due to slippage in excess of budgeted levels.
- 2.1.4 These projected under spends are partially offset by a projected over spend on property costs (£28,000) due to increased contract costs for Investment in Learning schools; supplies and services (£100,000) due to legal costs involved in defending an on-going action, loans charges (£20,000) due to revised projections and a projected shortfall in income (£28,000).
- 2.1.5 Education and Children's Services have also accelerated two months of budgeted grant payments to Horsecross Arts Ltd. to allow them to develop options for managing issues in relation to their cashflow.
- 2.1.6 There is also a projected under spend of £950,000 on Devolved School Management budgets (DSM) due to projected staff slippage in excess of budgeted levels. It is anticipated that in line with the approved DSM scheme the eventual under spend will be carried forward into 2014/15.
- 2.1.7 **Housing & Community Care:** The projected out-turn is currently anticipated to be £580,000 less than budget.
- 2.1.8 Within Finance and Support Services there is a projected under spend due to the generation of slippage (£128,000) in excess of budgeted levels and the delivery of approved savings in advance of 2014/15 (£290,000). Within Strategic Support and Commissioning there is a projected net under spend (£57,000) due to the accelerated delivery of approved 2014/15 savings partially offset by an over spend on staff costs due to maternity cover.
- 2.1.9 Within Community Care there is a net projected under spend (£107,000). This is made up of the acceleration of approved 2014/15 savings (£292,000), staff slippage in excess of budget (£80,000) and the generation of additional income (£34,000).
- 2.1.10 The projected under spend within Community Care is partially offset by a projected over spend on residential placements following the implementation of the national care home contract (£290,000) and miscellaneous net other over spends across the Service (£9,000).
- 2.1.11 **The Environment Service:** The projected out-turn is currently anticipated to be £930,000 less than budget.
- 2.1.12 Within staff costs there is a projected under spend (£100,000) due to slippage in excess of budgeted levels and the generation of income (£200,000) in excess of target due to the rates currently being received for recyclates. There are also projected under spends on energy, water and fuel (£500,000) due to reduced consumption and lower than anticipated price increases. In addition the vehicle replacement programme has been reprofiled which results in a projected under spend on loans charges of (£200,000)

- 2.1.13 These projected under spends are partially offset by a projected shortfall in income (£70,000) from commercial waste due to increased competition in the market.
- 2.1.14 **Chief Executive's Service:** The projected out-turn is currently anticipated to be £149,000 less than budget.
- 2.1.15 There are projected under spends on staff costs (£283,000) across the Service due to delays in filling a number of posts and pending the outcome of reviews. It is also anticipated that the Service will also generate income (£40,000) in excess of budgeted levels due primarily to the cyclical nature of a number of income sources within Legal Services.
- 2.1.16 This projected under spend is partially offset by a projected over spend (£174,000) on supplies and service, transport costs and third party payments across the Service due primarily to on-going legal costs and system/software upgrades.

2.2 Issues Arising from the Completion of the Council's 2012/13 Statement of Accounts (Unaudited)

- 2.2.1 In completing the Annual Statement of Accounts for 2012/13, issues have been identified which require adjustments to be made to the 2013/14 Management Budget. These are set out below although it should be noted that the accounts remain subject to audit.
- 2.2.2 Devolved School Management (DSM) Scheme
- 2.2.3 In setting the 2013/14 Final Revenue Budget on 14 February 2013 (Report No. 13/52 refers) the Council approved a DSM carry forward of £1,100,000. However, the final under spend on the DSM scheme was £1,230,000 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 £130,000.
- 2.2.4 **ACTION:** The Committee is requested to approve an increase in the Education and Children's Services Revenue Budget of £130,000 to reflect the additional Devolved School Management scheme balances brought forward from 2012/13. 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 2012/13 but not utilised by 31 March 2013 be accounted for in Reserves at the end of the financial year. These funds, totalling £832,000 will now be utilised in 2013/14 and therefore approval is sought to increase the revenue budgets of Education and Children's Services by £451,000, Housing and Community Care by £359,000 and The Environment Service by £22,000.

2.2.7 **ACTION:** The Committee is asked to approve the adjustments totalling £832,000, funded from Reserves, to the above Service budgets to reflect revenue grants received in 2012/13 but in respect of which expenditure will not be incurred until 2013/14. These adjustments are reflected in Appendix 1 (Column 3) to this report.

2.2.8 TACTRAN – Capital Grant

2.2.9 During financial year 2012/13, expenditure on TACTRAN projects in The Environment Service was less than budget by £1,331,000 as a result of delays on a number of projects. The Final Revenue Budget for The Environment Service approved at the Special Meeting of the Council on 14 February 2013 (Report No. 13/53 refers) identified £1,132,000 of this under spend as being carried forward to 2013/14. There is, in 2013/14 therefore, a requirement to update the revenue budget for The Environment Service with the additional resources of £199,000. Approval is now sought to allocate £199,000 to The Environment Service Revenue Budget to allow these projects to be completed 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 £199,000 to reflect the resources required for TACTRAN projects. This adjustment is reflected in Appendix 1 (Column 3) to this report.

2.3 **Movements in Funding**

2.3.1 Since setting the 2013/14 Final Revenue Budget (Report No. 13/53 refers) notification has been received of additional resources in the current financial year.

2.3.2 Scottish Government: Revenue Support Grant (£251,834)

Teacher Induction Scheme: £113,215 (Education & Children's Services – ECS)

Gaelic Education: £33,000 (ECS)

Foreign Language Learning (1 + 2 Languages Support): £105,619 (ECS)

2.3.3 Scottish Government: Other Grants (£422,208)

Opportunities for All: £128,208 (ECS)

Air Quality Action Plan: £230,000 (The Environment Service – TES)

Local Air Quality Management: £64,000 (TES)

2.3.4 Other Funding Sources (£971,252)

Gannochy Trust – Living Communities Project: £240,000: (ECS)

Scottish Funding Council – English for Speakers of Other Languages: £42,666 (ECS)

NHS Tayside – Cash 4 Communities Programme: £35,260 (ECS)

Creative Scotland – Get Scotland Dancing: £25,000 (ECS)

Heritage Lottery Fund – Sharing the Glass Heritage of Perth: £14,500 (ECS)

Education Scotland – Community Learning and Development Strategic Guidance: £12,000 (ECS)

Education Scotland – Inter Authority Moderation Fund: £1,200 (ECS) Creative Scotland – Generation Associates Fund: £5,000 (ECS)

Education Scotland – Developing a Strengthened Model of Professional Learning: £4,000 (ECS)

Scotland's National Centre for Languages – Introduce S1 Pupils to Chinese Culture: £2,000 (ECS)

Food Standards Agency – Food Safety Week Funding: £500 (ECS)

Sustrans – Facilities for Walking & Cycling: £183,903 (TES)

DWP – Discretionary Housing Payments: £374,441 (Housing & Community Care – HCC)

DWP – Housing Benefits Reforms Transitional Funding: £16,057 (HCC)

Zero Waste Scotland – Residual Waste Treatment Options: £14,725 (TES)

2.3.5 The Scottish Government has advised that the funding identified at 2.3.2 (£251,834) will be paid through a redetermination of the Council's Revenue Support Grant. With this funding being made available through a redetermination of Revenue Support Grant, it is necessary to adjust the net budgets for Education and Children's Services and Revenue Support Grant.

2.3.6 **ACTION:** The Committee is asked to approve an adjustment of £251,834 to the Education and Children's Services budget to reflect the additional resources being made available through Revenue Support Grant. This adjustment has been reflected in Appendix 1 (Column 3) to this report.

2.3.7 The balance of these additional resources (Scottish Government: Other Grants and Other Funding Sources) identified at 2.3.3 and 2.3.4 above amounting to £1,393,460 will be paid outside the Revenue Support Grant mechanism as Other Grant income and are therefore cost neutral in terms of the budget summary.

2.3.8 The Committee is, therefore, asked to note the receipt of £1,393,460 of additional resources, with this funding being reflected within Education & Children's Services, Housing & Community Care and The Environment Service as additional grant income. The current projected outturns assume that all of these additional resources will be fully expended in 2013/14.

2.3.9 It is anticipated that there may be further funding made available to the Council in the future in relation to the Spare Room Subsidy.

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 14 February 2013 – Report No. 13/54 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 a small increase in the projected outturn for Capital Financing Costs (£8,000) and increase in the projected outturn for income from Interest on Revenue Balances partly as a consequence of an increased level of Reserves (£35,000).

2.4.4 **ACTION:** The Committee is requested to approve the virement of £8,000 to the Capital Financing Costs budget and £35,000 from the Interest on Revenue Balances budget. 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 the following virements between Services are required:

- The Environment Service to Education and Children's Services - £18,000 - following a review of health and safety activity.
- Education and Children's Services to The Environment Service - £100,000 – contribution towards the Perth Office Project to support change management elements of the project.
- The Environment Service – Energy Management to Winter Maintenance - £300,000 - following a review of energy tariffs it is proposed to make a transfer to Winter Maintenance to augment the existing budget.

2.4.7 **ACTION:** The Committee is asked to approve the individual virements listed in section 2.4.6 above. These adjustments are reflected in Appendix 1 (Column 5) to the report.

2.4.8 Education and Children's Services - Contribution to Perth Leisure Park

2.4.9 Education and Children's Services Final Revenue Budget for 2013/14, approved by the Council on 14 February 2013 (Report No. 13/53 refers), included a contribution of £725,000 to the Perth Leisure Park (Perth Leisure Pool / Dewar's Rink site).

2.4.10 It is unlikely that this contribution, funded by capital grant, will be required in the current financial year. However the capital grant will be used to meet other planned capital expenditure in 2013/14. Therefore approval is sought to reduce the revenue budget for Education and Children's Services by £725,000 with a corresponding adjustment to the level of capital grant.

2.4.11 **ACTION:** The Committee is asked to approve a reduction in the Education and Children's Services Revenue Budget of £725,000 in 2013/14 with a corresponding reduction in the Capital Grant budget. This adjustment is reflected in Appendix 1 (Column 5) to the report.

2.5 Movements in Reserves

2.5.1 Ryder Cup Funding

2.5.2 With the Ryder Cup taking place in Perthshire in September 2014, it is anticipated that the Council will incur expenditure both prior to and during the event on promoting Perthshire as a prestigious events destination and on infrastructure to support the event. Given the anticipated significant benefit to the local economy, it is proposed that £500,000 be earmarked in Reserves to fund activity in relation to the Ryder Cup with full details of the expenditure proposals being brought before a future meeting of the Council.

2.5.3 **ACTION:** The Committee is asked to earmark £500,000 of Reserves to fund expenditure on Ryder Cup promotion and infrastructure.

2.5.4 Council Tax 2nd Home and Long term Empty Property Discount – Transfer to Reserves

2.5.5 Under the terms of the Council Tax (Discount for Unoccupied Dwellings) (Scotland) Regulations 2005, the Council has exercised its discretionary powers to raise additional local tax income through reducing the Council Tax discount on second homes and long term empty properties. In line with guidance from the Scottish Government, these monies are held by the Council in an earmarked reserve for the provision of affordable housing in partnership with approved Registered Social Landlords. It is estimated that £1,100,000 will be collected in the current financial year and transferred to Reserves. Approval is sought to increase the Council Tax Income budget by £1,100,000 with this amount being earmarked in Reserves for the provision of affordable housing.

2.5.6 **ACTION:** The Committee is asked to approve the adjustment to the Council Tax Income Budget for £1,100,000 which will be earmarked within Reserves for the provision of affordable housing. This adjustment is reflected in Appendix 1 (Column 6) to this report.

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

2.5.8 The Housing & Health Committee of 15 August 2012 approved the use of the Council Tax Income on Second Homes Earmarked Reserve to further facilitate the delivery of affordable housing (Report No. 12/338 refers). The expenditure anticipated in financial year 2013/14 is as follows:

<u>Location</u>	<u>RSL</u>	<u>No of Units</u>	<u>£'000</u>
Jeanfield Rd, Perth	Perth & Kinross Council	16	320
Inchtute	Perth & Kinross Council	8	160
Total		24	480

2.5.9 The delivery of the above projects is also, in some instances, predicated upon the application of developer contributions which is 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.

2.5.10 **ACTION:** The Committee is requested to approve the transfer of £480,000 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 6) to the Report.

2.5.11 Education and Children's Services – Transfer to Reserves

2.5.12 The Final Revenue Budget for Education and Children's Services, approved by Council on 14 February 2013 (Report No. 13/53 refers), included a contribution of £101,000 from Reserves to the Perth Theatre Development Project.

2.5.13 It is unlikely that this contribution, funded from Reserves, will be required in the current financial year. Therefore approval is sought to reduce the revenue budget for Education and Children's Services by £101,000 in 2013/14 with the funding being earmarked in Reserves for future application.

2.5.14 **ACTION:** The Committee is asked to approve a reduction in the Education and Children's Services for 2013/14 of £101,000. This adjustment is reflected in Appendix 1 (Column 5) to the report. The Committee is also asked to earmark £101,000 for future application to the Perth Theatre Redevelopment Project.

2.5.15 Investment in Learning Project – Mothballing Costs

2.5.16 Funding of £131,000 towards mothballing costs arising from the Investment in Learning (IIL) Programme, which was unearmarked in the Reserves Strategy approved by Council in February 2013 (Report No. 13/55 refers) is now required. This is to fund non domestic rates and security costs in 2013/14.

2.5.17 **ACTION:** The Committee is asked to transfer £131,000 from Reserves to The Environment Service to fund IIL mothballing costs in 2013/14. This adjustment is reflected in Appendix 1 (Column 6) to the report.

2.5.18 Contribution to Insurance Fund

2.5.19 Recognising the potential pressure on the Insurance Fund arising from claims experienced over the last few years the Reserves Strategy, approved at the special Council meeting on 14 February 2013 (Report No 13/55 refers) earmarked a contribution of £1,000,000 to the Insurance Fund.

2.5.20 **ACTION;** The Committee is asked to approve the transfer of £1,000,000 from Reserves to the Insurance Fund. This adjustment has been reflected in Appendix 1 (Column 6) to the report.

2.5.21 Scottish Government Funding

2.5.22 The unaudited Statement of Accounts included earmarked Reserves of £1,113,000 which represents the Scottish Government's share of Tayside Joint Police Boards Reserves as at 31 March 2013. The Scottish Government will receive their share by reducing the level of Revenue Support Grant in 2013/14. This reduced level of funding in 2013/14 requires to be reflected in the Revised Management Budget for the Council.

2.5.23 **ACTION:** The Committee is asked to approve the reduction in Revenue Support Grant of £1,113,000, funded from Reserves, to reflect the Scottish Government's share of Tayside Joint Police Board Reserves as at 31 March 2013. This adjustment is reflected in Appendix 1 (Column 6) to the report.

2.5.24 Kinross Curling Trust

2.5.25 A proposal to provide funding to Kinross Curling Trust is the subject of a separate report on the agenda for today's meeting of the Strategic Policy and Resources Committee (Report No. 13/451 refers). Should the recommendations within the report be accepted, it is proposed that £125,000 be earmarked in Reserves for a contribution in 2014/15.

2.5.26 **ACTION:** Subject to the approval of Report No. 13/451, the Committee is asked to approve the earmarking of £125,000 to support Kinross Curling Trust.

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.

3.2 Bellwin Scheme

3.2.1 Following the severe flooding in Comrie in November 2012 the Executive Sub Committee of the Strategic Policy and Resources Committee approved funding of up to £1,032,000 to support the works at Dalginross (Report No. 12/551 refers). The Council also activated the Bellwin Scheme and submitted a claim on 19 March 2013 for £1,044,751 to the Scottish Government for the costs associated with severe weather events in financial year 2012/13 (Report No's 13/51 and 13/150 refer). However it was assumed, for financial planning purposes, that no funding from the Bellwin Scheme would be received.

3.2.2 On 2 July 2013 the Council was formally notified that the Scottish Government had not accepted the claim on the grounds that the majority of the claim consisted of capital expenditure to prevent further flooding in and around the village of Comrie.

3.3 Business Rates Incentivisation Scheme

3.3.1 Revenue monitoring reports in financial year 2012/13 advised the Committee on the uncertainty regarding the Business Rates Incentivisation Scheme (BRIS) targets for that year. It is understood that the final targets for 2012/13 will now not be set until early in 2014 following submission and validation of the 2012/13 audited returns. It is also anticipated that the targets for 2013/14 will not be set until the targets for 2012/13 are agreed. Further updates will be provided to future meetings of the Committee. Currently it is assumed that no additional income will be received from BRIS for any years.

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

4.1 The Executive Director (Housing and Community Care) is currently projecting a break even position on the Housing Revenue Account (HRA).

4.2 There is a projected reduction in the level of income being collected due to void rent loss from garages, garage sites, and lock ups (£134,000) and a small projected loss of void rents from mainstream houses (£11,000). The Housing & Health Committee agreed on 13 August 2013 to consult with interested parties on the future of garages, garage sites, and lock up facilities (Report No. 13/380 refers). There is also a projected increase in the provision for bad debts required for uncollected rents based on the 2012/13 rent collection performance (£120,000 – this is 0.52% of the annual rental income budget of £23,000,000). There is also a projected loss of interest on revenue balances (£44,000) due to lower interest rates. There are other minor projected over spends (£19,000) across the Service.

4.3 The projected over spends are partially offset by projected under spends in Sheltered Housing (£48,000) as the Service is transformed and within Neighbourhood Services (£31,000) due to savings on supplies and services.

4.4 The net projected over spends described above result in a reduced contribution to Capital Financed from Current Revenue (CFCR) (£249,000) 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 £2,271,000 which represents 0.74% of total net Service budgets.

- 5.2. The total net projected under spend on the 2013/14 General Fund Management Budget based upon expenditure to June 2013, updated for known material movements is £2,271,000 (see Appendix 1). The total variance represents 0.69% of the Council's Revised Net Management Revenue Budget for 2013/14. Additionally the projected under spend on Devolved School Management Budgets currently stands at £950,000.
- 5.3. The Executive Director (Housing and Community Care) is currently projecting a break even position for the Housing Revenue Account for 2013/14.
- 5.4. The Committee is requested to:
- 5.4.1. Note the contents of the report;
- 5.4.2. Approve the adjustments to the 2013/14 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.

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Council Text Phone Number 01738 442573

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 2013/14 Projected Outturn - Summary

Appendix 2 – General Fund 2013/14 Projected Outturn – Service Analysis

Appendix 3 – Housing Revenue Account 2013/14 Projected Outturn

PERTH & KINROSS COUNCIL - GENERAL FUND 2013/14 PROJECTED OUTTURN - SUMMARY

APPENDIX 1

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	2013/14 Council Approved Budget	Previously Approved Adjustments (Net)	Issues Arising from the 2012/13 Accounts	Movements in Funding	Virements	Movements in Reserves	2013/14 Revised Mgt Budget	Projected Outturn	Variance to Revised Mgt Budget	Variance to Revised Mgt Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
Reference: Section in Report										
SERVICE										
Education & Children's Services	162,481	531	581	252	(807)	(101)	162,937	162,325	(612)	(0.38%)
Housing and Community Care	66,815	5,254	359			480	72,908	72,328	(580)	(0.80%)
The Environment Service	59,966		221		82	131	60,400	59,470	(930)	(1.54%)
Chief Executive's Services	9,298						9,298	9,149	(149)	(1.60%)
Sub - Total: Service Budgets	298,560	5,785	1,161	252	(725)	510	305,543	303,272	(2,271)	(0.74%)
Corporate Budgets										
Contribution to Joint Boards:	1,155				8		1,155	1,155	0	0.00%
Capital Financing Costs	12,714				(35)		12,722	12,722	0	0.00%
Interest on Revenue Balances	(59)				27		(94)	(94)	0	0.00%
Contribution to/(from) Capital Fund	2,996						3,023	3,023	0	0.00%
Contribution to/(from) Insurance Fund	0						1,000	1,000	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	1,421						1,421	1,421	0	0.00%
Discretionary Relief	150						150	150	0	0.00%
Contribution to Investment in Improvement Fund 4	380	(380)					0	0	0	0.00%
Contribution to Workforce Planning	4,000						4,000	4,000	0	0.00%
Contingency Budget	250						250	250	0	0.00%
Net Expenditure (General Fund)	319,489	5,405	1,161	252	(725)	1,510	327,092	324,821	(2,271)	(0.69%)
Financed By:										
Revenue Support Grant	(185,987)	(5,276)		(252)		1,113	(190,402)	(190,402)	0	0.00%
Non Domestic Rate Income	(50,928)						(50,928)	(50,928)	0	0.00%
Council Tax Income	(71,269)		(199)		725	(1,100)	(72,369)	(72,369)	0	0.00%
Capital Grant	(4,478)						(3,952)	(3,952)	0	0.00%
Total Financing	(312,662)	(5,276)	(199)	(252)	725	13	(317,651)	(317,651)	0	0.00%
Financed from/(returned to) Reserves including use of Budget Flexibility b/fwd	6,827	129	962	0	0	1,523	9,441	7,170	(2,271)	(0.69%)

PERTH AND KINROSS COUNCIL - GENERAL FUND 2013/14 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 30 June 2013)

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
Education & Children's Services (ECS)			
Total	(612)		
			<u>Devolved School Management (DSM)</u>
			<u>Staff Costs</u>
		(950)	There is a projected under spend on teachers salaries of £736,000 as a result of proactive workforce planning measures which ensures that teacher numbers are maintained. The budget for Single Status staff groups is projected to under spend by £214,000.
		950	The projected DSM carry forward for 2013/14 is £950,000 which is a reduction of £280,000 on the balance brought forward from 2012/13. The carry forward of £950,000 represents approximately 1.2% of the overall DSM budget. The maximum carry forward allowed under the scheme is 10%.
			<u>Other Education & Children's Services Sectors:</u>
			<u>Staff Costs</u>
		(788)	There is currently a projected under spend on staff costs of £788,000. This is made up of over and under spends in various sectors and cost centres and is after recognising a slippage target of £370,000.
			<u>Property Costs</u>
		28	Projected over spend in relation to Investment in Learning (IIL) contract cost reflecting the increase in the retail price index figure since the budget was set in February 2013 partially offset by an insurance refund in relation to the IIL contract.
			<u>Supplies and Services</u>
		100	Provision for the legal costs involved in defending an on-going case.
			<u>Third Party Payments</u>
			Residential Schools/Foster Care and Kinship Care:
		222	This budget is for young people with Additional Support Needs (ASN) who are educated out with the Council's mainstream school provision. The projected over spend for this budget is due to increased placements and continued high levels of demand.
		(417)	This budget is for young people with severe behavioural problems and includes a number of pupils placed within secure schools. This budget is projected to under spend due to a reduced number of placements within this type of establishment.
		195	The Foster care budget is projecting an over spend due to additional external placements.
			<u>Loans Charges</u>
		20	Projected over spend on prudential borrowing loan charges due to revised projections.
			<u>Income</u>
		28	Projected shortfall in library income of £50,000 and school meal income of £8,000 partially offset by additional income of £14,000 for Child Protection Inter Agency work and £16,000 for rental income from School Houses.

PERTH AND KINROSS COUNCIL - GENERAL FUND 2013/14 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 30 June 2013)

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
<u>Housing and Community Care</u>			
Total	(580)		
		(416)	<u>Finance and Support</u> Accelerated 2014/15 savings (£290,000), and staff slippage (£128,000).
		(57)	<u>Strategy Support and Commissioning</u> Accelerated 2014/15 savings (£68,000) offset by projected over spend on staff costs (£11,000) due to maternity cover.
		(11)	<u>Older People</u> Projected under spends due to accelerated 2014/15 savings (£158,000), LA Care Homes (£20,000) due to vacancies as the new staffing model is implemented, and Day Care (£11,000) due to recruitment delays. These are offset by a projected over spend on Residential Placements due to the effect of the inflationary increase on the National Care Home Contract (£178,000).
		19	<u>Learning Disabilities</u> Projected over spends on Residential Placements due to the inflationary increase for the National Care Home Contract plus 1 new expensive care package (£98,000). This is partially offset by under spends on staff costs due to recruitment delays (£19,000) and accelerated 2014/15 savings (£54,000)
		(102)	<u>Community Safety</u> Accelerated 2014/15 savings (£35,000), staff slippage (£55,000) due to recruitment delays, and supplies & services (£12,000).
		(13)	<u>Other Community Care Services</u> Accelerated 2014/15 savings (£45,000) plus non recurring income (£34,000). These are offset by projected over spends on residential placements for Mental Health clients due to the inflationary increase for National Care Home Contract (£14,000), 1 new placement (£33,000), and backfill for staff undertaking MHO training (£25,000).
<u>The Environment Service</u>			
Total	(930)		
		(100)	<u>Service-wide Budgets</u> Projected slippage in excess of Service target
		60	<u>Roads</u> Anticipated reduction in income to the Parking Account as a result of implementing the "free from 2" promotion
		(60)	Projected transfer from the Car Parking Ear-Marked Reserve
		(300)	Virement from Energy Management
		70	<u>Operations</u> Projected shortfall in commercial waste income due to increased competition from private sector contractors.
		(200)	Additional income from the sale of recyclates due to current commodity prices.
		(100)	Projected saving on fuel costs based on current price and consumption estimates.
		(200)	<u>Fleet</u> Projected net saving on loan charges due to reprofiling of the vehicle replacement programme.
		(300)	<u>Property</u> Projected saving on energy costs based on current price and consumption estimates.
		300	Virement to Winter Maintenance
		(100)	Projected saving on water costs based on current consumption estimates.
		(41)	Virement from Energy Budget to finance borrowing for energy efficient street lighting
		41	Virement to Loans Charges to finance borrowing for energy efficient street lighting

PERTH AND KINROSS COUNCIL - GENERAL FUND 2013/14 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 30 June 2013)

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
Chief Executive's Service			
Total	(149)		
		(29)	Legal Services Projected under spend on staff costs due to vacancies and staff training
		74	Net projected over spend on supplies and services and travel costs primarily due to potential legal costs
		(40)	Projected additional income due to the cyclical nature of a number of the income streams
		(169)	Finance Projected under spend on staff costs due to vacancies
		93	Projected over spend on supplies and services to fund a number of system and software upgrades
		(75)	Democratic Services Projected under spend on staff costs due to delays in filling vacancies
		(2)	Projected net under spend on supplies and services, third party payments and transport costs primarily due to savings within the Corporate Communications budget
		5	Less income anticipated against budget across a number of income streams
		(10)	Human Resources Projected under spend on staff costs
		(2)	Various net projected under spends across supplies and services, third party payments and transport costs
		6	Projected planned over spend on Modern Apprentices and Professional Trainees
TOTAL	(2,271)		

**PERTH AND KINROSS COUNCIL - HOUSING REVENUE ACCOUNT 2013/14 PROJECTED OUTTURN
(Based on Expenditure to 30 June 2013)**

£'000	Summary of Service Variances
12	<p>Housing Repairs & Improvement Service There is a projected over spend on voids works due to the poor condition of properties being returned, this is partly offset by a projected under spend on staff costs.</p>
5	<p>Housing Needs There are small variances within property costs and supplies & services.</p>
(48)	<p>Sheltered Housing The projected under spend is mainly on staff costs due to vacancies as the Service moves towards a new model of service delivery. There are also small projected under spends on property costs, supplies & services, and transport costs across all complexes.</p>
(31)	<p>Neighbourhood Services The main projected under spends are in relation to Sheriff Officer fees and Cash Collection, this is partly offset by a projected over spend on staff costs due to maternity cover.</p>
2	<p>Administration A projected over spend on capital financing costs and property insurance is partly offset by a projected under spend on IT Licence costs.</p>
309	<p>Income The projected over spend is in relation to an increased provision for bad and doubtful debt and an over spend in void rent loss.</p>
(249)	<p>CFCR 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.</p>
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