

PERTH AND KINROSS COUNCIL

Strategic Policy and Resources Committee – 3 December 2014

REVENUE BUDGET 2014/15 – MONITORING REPORT NUMBER 2

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 September 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 second 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 September 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) and 1 October 2014 (Report No. 14/407 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 £1,150,000 less than budget – a movement of £76,000 from the position last reported to Committee.

- 2.1.3 The movement is made up of further projected over spends on additional support need provision (£79,000), residential schools (£291,000) and foster / kinship care (£186,000) due to increased placements and demand for these specialist types of service provision. In addition there are increases in the projected over spends on pupil transport (£69,000) based on the latest demand projections, transport costs (£11,000) and loan charges (£17,000).
- 2.1.4 This movement is partially offset by an increase in the projected level of staff slippage (£33,000), further under spends on property costs due to further non-domestic rates refunds (£40,000) and savings on supplies and services (£94,000) due in the main to a projected under spend in Cultural Services. In addition there is a projected under spend on third party payments (£301,000) due in the main to a change in accounting treatment for Scottish Qualification Agency charges. Additional income (£109,000) is also projected for this financial year from kids clubs, charges to other Councils and IST recharges.
- 2.1.5 There is also a projected under spend of £608,000 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 £608,000 represents 0.77% of the overall DSM budget.
- 2.1.7 **Housing & Community Care:** The projected outturn is currently anticipated to be £1,233,000 less than budget – a favourable movement of £789,000 from the position last reported to Committee.
- 2.1.8 The favourable movement is made up of projected under spends in Housing (£105,000) due in the main to the receipt of additional income and staff slippage and projected under spends in Older People due to further slippage on Dalweem residential care home (£125,000) and other staff slippage / accelerated approved savings (£21,000). There are also further underspends in Strategic Support and Commissioning (£74,000) following a review of care packages and staff cost projections, in Learning Disabilities (£222,000) following a review of current year care package projections and in Other Community Care Services (£300,000) due to revised care package costs and a non-recurring under spend on staff slippage on a number of projects.
- 2.1.9 This favourable movement is partially offset by a projected over spend in Finance and Support (£56,000) partly as a consequence of mitigating the impact of welfare reform and a small movement in Community Safety (£2,000).
- 2.1.10 **The Environment Service:** The projected outturn is currently anticipated to be £583,000 less than budget – a favourable movement of £409,000 from the position last reported to Committee.

- 2.1.11 The projected under spend is made up of additional projected savings in relation to fuel costs within Operations (£50,000), projected savings on the relocation of the Hub in Perth City Centre (£66,000), projected savings on energy costs due to lower than anticipated price increases (£200,000) and a rephasing of the feasibility study into indoor bowling (£85,000). In addition there are projected under spends on the Pullar House unitary charge (£50,000) due to lower than anticipated contract inflation, additional income from the Renewable Heat Incentive programme (£30,000) on two schools, a projected saving on the Carbon Reduction Commitment (£50,000) due to reduced prices and a projected saving on energy performance certificate payments (£35,000).
- 2.1.12 This favourable movement is partially offset by additional costs in relation to leachate disposal (£50,000) and additional insurance costs (£107,000).
- 2.1.13 **Chief Executive's Service:** The projected outturn is currently anticipated to be £301,000 less than budget – a favourable movement of £37,000 from the position last reported to Committee.
- 2.1.14 The primary reason for this favourable movement is the projected delivery of additional slippage (£37,000) in excess of budgeted levels across all Divisions within the Service.

2.2 Movements in Funding

2.2.1 Since Revenue Monitoring Report Number 1 was approved by this Committee (Report No. 14/407 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 (£391,464)

- Teacher Induction Scheme: £391,464 (Education & Children's Services – ECS)

2.2.3 Other Funding Sources (£69,940)

- Education Scotland – Creative Learning Network Development: £9,600: (ECS)
- NHS Tayside – Stop Smoking in Secondary Schools Trial: £13,300 (ECS)
- NHS Tayside – Core Toothbrushing Programme: £12,240 (ECS)
- Bord Na Gaidhlig – Learn Gaelic at School: £4,700 (ECS)
- Bord Na Gaidhlig – Workplace Learning Champions: £5,100 (ECS)
- Creative Scotland – Get Scotland Dancing: £25,000 (ECS)

2.2.4 The Scottish Government has advised that the increase in Revenue Support Grant identified at 2.2.2 of £391,464 will be made through a redetermination of the Council's Revenue Support Grant. It is therefore necessary to adjust the net budget for Education & Children's Services and Revenue Support Grant.

- 2.2.5 **ACTION:** The Committee is asked to approve an adjustment of £391,464 to the Education & 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.
- 2.2.6 The other funding amounting to £69,940 will be paid outside the Revenue Support Grant mechanism as Other Grant income and is therefore cost neutral in terms of the budget summary.
- 2.2.7 **ACTION:** The Committee is also asked to note the receipt of £69,940 of additional resources, with this funding being reflected within Education & Children's Services as additional grant income. The current projected outturn assumes that all of these additional resources will be fully expended in 2014/15.

2.3 Virements

2.3.1 Contribution to Capital Fund

2.3.2 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.

2.3.3 The latest monitoring indicates a small reduction in the projected outturn for capital financing costs (loan charges) of £10,000 and a small increase in income from Interest on Revenue Balances of £3,000.

2.3.4 **ACTION:** The Committee is requested to approve the virement of £10,000 from the Capital Financing Costs (Loan Charges) Budget; £3,000 to Interest on Revenue Balances with a net increase of £13,000 in the projected Contribution to the Capital Fund. These adjustments have been reflected in Appendix 1 (Column 4) to this report.

2.3.5 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:

- Education and Children's Services to Housing and Community Care (£33,000) for Community Empowerment.

2.3.7 **ACTION:** The Committee is asked to approve the virements of £33,000 from Education and Children's Services to Housing and Community Care. This adjustment has been reflected in Appendix 1 (Column 4) to the report.

2.4 Movements in Reserves

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

2.4.2 The Council meeting on 26 June 2013 approved that £60,000 of the income generated from varying the Council Tax on unoccupied properties is 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.

2.4.3 **ACTION:** The Committee is asked to approve the transfer of £60,000 from the ear-marked reserve for Council Tax Income on Second Homes and Long Term Empty Properties to Housing and Community Care to support the Local Taxes team in implementing and administering changes associated with the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013. This adjustment is reflected in Appendix 1 (Column 5) to the Report.

2.4.4 Investment in Improvement Funds

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

- Alternative Delivery Models for ICT - £31,000
- Remodelling of the School Estate - £130,000

2.4.6 This expenditure will now be incurred in future financial years.

2.4.7 **ACTION:** The Committee is asked to approve the transfer of £161,000 from Education and Children's Services to Reserves. This adjustment is reflected in Appendix 1 (Column 5) to the Report.

2.4.8 Perth Theatre Redevelopment Project

2.4.9 The 2014/15 Revenue Budget that was approved by Council on 13 February 2014 (Report No. 14/4 refers) included £590,000 for capital expenditure at Perth Theatre. In the current financial year £198,000 will be required and therefore approval is sought to transfer the balance of £392,000 from Education and Children's Services to Reserves to be utilised in future financial years.

2.4.10 **ACTION:** The Committee is asked to approve the transfer of £392,000 from Education and Children's Services to Reserves for capital expenditure at Perth Theatre. This adjustment is reflected in Appendix 1 (Column 5) 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 same position as last reported to this Committee.
- 4.2 The projected under spend on the Housing Repairs and Improvement Service has reduced (£72,000) due to a projected increase in stock purchases.
- 4.3 This is partially offset by additional slippage which has resulted in further projected under spends in Housing Needs (£4,000) and Neighbourhood Services (£8,000) and a reduced projected over spend in Sheltered Housing (£11,000). In addition the projected out turn for Administration has reduced due to revised loan charges (£10,000) and the projected outturn for income has slightly increased (£2,000).
- 4.4 The net projected movements described above result in a further reduction in the projected contribution to Capital Financed from Current Revenue (CFCR) (£37,000) 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 £3,267,000 which represents 1.04% 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 September 2014, updated for known material movements is £3,415,000 (see Appendix 1). Additionally the projected under spend on Devolved School Management Budgets currently stands at £608,000.
- 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 above;

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

Author(s)

| Name | Designation | Contact Details |
|--------------|--------------------|--|
| Scott Walker | Chief Accountant | swwalker@pkc.gov.uk 01738 475515 |

Approved

| Name | Designation | Date |
|-------------|--------------------|------------------|
| John Symon | Head of Finance | 18 November 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

APPENDIX 1

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 % |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | % |
| <i>Reference: Section in Report</i> | | | | | | | | | |
| SERVICE | | | | | | | | | |
| Education & Children's Services | 166,665 | (1,074) | 391 | (33) | (553) | 165,396 | 164,246 | (1,150) | (0.70%) |
| Housing and Community Care | 72,644 | 2,110 | | 33 | 60 | 74,847 | 73,614 | (1,233) | (1.65%) |
| The Environment Service | 63,031 | 608 | | | | 63,639 | 63,056 | (583) | (0.92%) |
| Chief Executive's Services | 9,935 | (235) | | | | 9,700 | 9,399 | (301) | (3.10%) |
| Sub - Total: Service Budgets | 312,275 | 1,409 | 391 | 0 | (493) | 313,582 | 310,315 | (3,267) | (1.04%) |
| Corporate Budgets | | | | | | | | | |
| Contribution to Valuation Joint Board | 1,155 | | | | | 1,155 | 1,155 | 0 | 0.00% |
| Capital Financing Costs | 12,744 | 719 | | (10) | | 13,453 | 13,453 | 0 | 0.00% |
| Interest on Revenue Balances | (86) | (4) | | (3) | | (93) | (93) | 0 | 0.00% |
| Contribution to/(from) Capital Fund | 3,034 | (715) | | 13 | | 2,332 | 2,332 | 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 | 1,193 | 391 | 0 | (493) | 331,251 | 327,984 | (3,267) | (0.99%) |
| Financed By: | | | | | | | | | |
| Revenue Support Grant | (189,420) | (1,850) | (391) | | | (191,661) | (191,661) | 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) | 2,110 | | | | (2,705) | (2,705) | 0 | 0.00% |
| Total Financing | (321,454) | 260 | (391) | 0 | 0 | (321,585) | (321,733) | (148) | (0.05%) |
| Financed from/(returned to) Reserves including use of Budget Flexibility b/fwd | 8,706 | 1,453 | 0 | 0 | (493) | 9,666 | 6,251 | (3,415) | |

PERTH AND KINROSS COUNCIL - GENERAL FUND 2014/15 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 30 September 2014)

| SERVICE | Variance £'000 | Variance £'000 | Summary of Service Variances |
|--|-------------------|-------------------|--|
| Education & Children's Services (ECS) | | | |
| Total | (1,150) | | |
| | | | Devolved School Management (DSM) |
| | | (502) | <u>Staff Costs</u> There is a projected under spend on teachers' salaries of £1,422,000 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 £392,000. These projected under spends exceed the overall slippage target of £1,325,000. In addition the training budget is projected to under spend by £13,000. |
| | | 61 | <u>Supplies and Services</u> Projected over spend on supplies and services across a number of schools. |
| | | (167) | <u>Income</u> Additional income for secondments and SQA work. |
| | | 608 | 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: |
| | | (646) | <u>Staff Costs</u> There is currently a projected under spend on staff costs of £646,000. 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. |
| | | (445) | <u>Property Costs</u> Projected under spend following the receipt of non domestic rates refunds on a number of ECS properties. |
| | | (285) | <u>Supplies and Services</u> Projected under spends on Early Years Child Care provision - Looked After Children - 2 year olds and 600 hours (£204,000), projected under spends in Cultural Services (£75,000) and Portable Appliance Testing (£28,000) offset by projected over spends on postages and photocopying (£22,000). |
| | | (223) | <u>Transport Costs</u> Projected under spend due to reduced requirement in the current year for expenditure on mini buses (£231,000) which is partially offset by projected over spends on car allowances, travel and subsistence payments and client travel. |
| | | 187 | <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. |
| | | | <u>Third Party Payments</u> |
| | | (242) | 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 . |
| | | (56) | Various other third party payments across the Service. |
| | | | <u>Residential Schools/Foster Care and Kinship Care:</u> |
| | | 256 | 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 £256,000 in the current financial year due to the demand for this service provision. |
| | | 353 | 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 to further activity in this area. |
| | | 175 | There are projected over spends in Foster Care (£145,000) and Kinship Care (£30,000) due to the increased demand for this service . |

PERTH AND KINROSS COUNCIL - GENERAL FUND 2014/15 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 30 September 2014)

| SERVICE | Variance £'000 | Variance £'000 | Summary of Service Variances |
|--|-------------------|-------------------|---|
| | | 95 | <u>Loan Charges</u> Projected overspend on prudential borrowing loan charges due to revised projections for land disposals. |
| | | (74) | <u>Income</u> Projected additional income from Housing Benefits (£16,000), Kids Clubs (£56,000), school transport charges (£16,000) and IST recharges (£15,000) which are partially offset by a shortfall in income from School Meals (£11,000) and School Lets (£18,000). |
| <u>Housing and Community Care</u> | | | |
| Total | (1,233) | | |
| | | (105) | <u>Housing</u> There is a projected under spend due to improved income recovery (£10,000), the receipt of additional non-recurring income (£26,000), updated staff cost projections (£52,000) and the accelerated realisation of approved savings (£17,000). |
| | | (208) | <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), improved debt collection by sheriff officers (£35,000) and updated staff cost projections (£71,000). These are partially offset by projected over spends on mitigating welfare reform (£222,000). |
| | | (199) | <u>Strategy Support and Commissioning</u> The projected under spend is caused by staff vacancies, recruitment delays and a non-recurring under spend on care packages. These are partially offset by an overspend on MFD devices at Pullar House. |
| | | 559 | <u>Older People</u> Residential placements (£956,000) and Care at Home services (£122,000) are projected to over spend due to demand for this service provision and as a consequence of the frailer, ageing population and a projected over spend on local authority care homes (£33,000) due to slippage on implementing new shift patterns. These projected over spends are partially offset by projected under spends due to staff vacancies and recruitment delays (£115,000), the implementation of new staffing models in Day Care (£115,000), uncommitted Self Directed Support budgets (£219,000) as the Service moves into new service delivery models under the recent new legislation and accelerated realisation of approved 2015/16 savings (£103,000). |
| | | (550) | 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. |
| | | (335) | <u>Learning Disabilities</u> The projected under spend is due to staff vacancies and recruitment delays (£113,000), uncommitted supported living budgets as a consequence of the turnover clients as well as revised projections in relation to clients requiring additional intensive support (£210,000) and the accelerated realisation of approved 2015/16 savings (Review of Commissioned Services / Independent Sector) (£12,000). |
| | | (328) | <u>Other Community Care Services</u> The projected under spend is due to one-off clawback of SLA/Grant payments from external organisations (£65,000), staff vacancies and recruitment delays (£39,000), non-recurring under spends due to slippage on projects (£157,000) and revised projections for mental health care package costs due to client being admitted to hospital (£67,000). |
| | | (67) | <u>Community Safety</u> The projected under spend is due to staff vacancies and recruitment delays (£50,000) and the accelerated delivery of approved 2015/16 savings (£17,000). |

PERTH AND KINROSS COUNCIL - GENERAL FUND 2014/15 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 30 September 2014)

| SERVICE | Variance £'000 | Variance £'000 | Summary of Service Variances |
|---------------------------------------|-------------------|-------------------|--|
| | | (1,362) | <p><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.</p> |
| | | 1,362 | Reduced subsidy (housing benefits and rebates) recoverable due to the reduced expenditure outlined above. |
| <u>The Environment Service</u> | | | |
| Total | (583) | | |
| | | (100) | <p><u>Service-wide Budgets</u> Projected slippage in excess of Service target</p> |
| | | 250 | <p><u>Roads & Street Lighting</u> In the revision of the Tayside Contracts minute of agreement the historic basis of charging was retained resulting in the non recovery of the assumed share of depot charges.</p> |
| | | (100) | Projected saving on street lighting power costs based on current price and consumption estimates. |
| | | 150 | <p><u>Operations & Waste Strategy</u> Projected shortfall in commercial waste income due to increased competition from private sector contractors.</p> |
| | | (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 |
| | | (134) | <p><u>Fleet</u> Projected net saving on loan charges based on current vehicle replacement programme and cost of borrowing.</p> |
| | | (90) | Projected saving on contract vehicle hire costs based on current profile of fleet on full contract maintenance agreements |
| | | 107 | Increase in fleet insurance |
| | | 60 | <p><u>Parking</u> Projected shortfall in parking income as a result of implementing the "free from 2" promotion</p> |
| | | 100 | Kinross Town centre improvements - construction of a car park |
| | | (160) | Contribution from earmarked reserve |
| | | (66) | <p><u>Planning and Regeneration</u> Projected saving on Hub relocation</p> |
| | | (85) | Slippage on the indoor bowling feasibility study |
| | | (200) | <p><u>Property</u> Projected saving on energy budget due to reduced prices</p> |
| | | (50) | Projected saving on Pullar House unitary charge due to lower than anticipated contract inflation. |
| | | (30) | Projected income from Renewable Heat Incentive (RHI) for 2 approved school projects. |
| | | (50) | Projected saving on Carbon Reduction Commitment (CRC) scheme payments due to reduced price and conversion factor. |
| | | (35) | Projected saving on Energy Performance Certificate (EPC) payments. |

PERTH AND KINROSS COUNCIL - GENERAL FUND 2014/15 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 30 September 2014)

| SERVICE | Variance £'000 | Variance £'000 | Summary of Service Variances |
|----------------------------------|-------------------|-------------------|--|
| Chief Executive's Service | | | |
| Total | (301) | | |
| | | (57) | Legal Services Projected additional income due to the cyclical nature of a number of the income streams |
| | | (7) | Projected under spend on staff costs due to vacancies |
| | | 43 | Projected over spend on other costs across the Division, primarily publications and a new legal case management system |
| | | (246) | Finance Projected under spend on staff costs due to accelerated savings and vacancies |
| | | (9) | Human Resources Various net projected under spends across staff costs, supplies and services, third party payments and transport costs |
| | | (8) | Democratic Services Income in excess of budgeted levels including Design Recharges |
| | | (17) | Net under spend across the Division including slippage on the implementation of a new system for reports |
| TOTAL | (3,267) | | |

**PERTH AND KINROSS COUNCIL - HOUSING REVENUE ACCOUNT 2014/15 PROJECTED OUTTURN
(Based on Expenditure to 30 September 2014)**

| £'000 | Summary of Service Variances |
|-------|---|
| (7) | <p>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.</p> |
| (29) | <p>Housing Needs The projected under spend is due to vacancies.</p> |
| 51 | <p>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.</p> |
| (33) | <p>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.</p> |
| (9) | <p>Administration A projected under spend on loan charges based on the latest projections</p> |
| 304 | <p>Income There is an under recovery of income from housing rents due to the number of rent 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 (£174,000), reduced Interest On Revenue Balances due to low interest rates (£43,000) and an increased provision for bad debts (£51,000). 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 (£84,000).</p> <p>Capital Financed from Current Revenue (170) 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> |
| 107 | |

