PERTH & KINROSS COUNCIL

Securing the future… • *Improving services* • *Enhancing quality of life* • *Making the best use of public resources*

Council Building
2 High Street
Perth
PH1 5PH

24 March 2021

A virtual meeting of **Perth and Kinross Council** will be held on **Wednesday, 31 March 2021** at **09:30**.

If you have any queries please contact Committee Services on (01738) 475000 or email Committee@pkc.gov.uk.

BARBARA RENTON
Interim Chief Executive

Those attending the meeting are requested to ensure that all notifications are silent on their device and other devices are in silent mode.

Please note that the meeting will be broadcast online and recorded. The recording will be publicly available on the Council's website following the meeting.

Members:

Provost D Melloy
All Councillors

Perth and Kinross Council

Wednesday, 31 March 2021

AGENDA

MEMBERS ARE REMINDED OF THEIR OBLIGATION TO DECLARE ANY FINANCIAL OR NON-FINANCIAL INTEREST WHICH THEY MAY HAVE IN ANY ITEM ON THIS AGENDA IN ACCORDANCE WITH THE COUNCILLORS' CODE OF CONDUCT.

1	**WELCOME AND APOLOGIES**	
2	**MINUTE OF MEETING OF PERTH AND KINROSS COUNCIL OF 24 FEBRUARY 2021 FOR APPROVAL** (copy herewith)	**5 - 8**
3	**AUDIT STRATEGY - YEAR ENDING 31 MARCH 2021** Report by KPMG (copy herewith 21/35)	**9 - 50**
4	**RESPONSE TO COVID-19** Verbal Update	
5	**REVIEW OF DECISION MAKING AND COMMUNICATION ARRANGEMENTS** Report by Chief Operating Officer (copy herewith 21/36)	**51 - 60**
6	**ECONOMIC WELLBEING PLAN** Report by Head of Planning and Development (copy herewith 21/37)	**61 - 114**
7	**PERTH AND KINROSS CPP ANNUAL PERFORMANCE REPORT 2019/20** Report by Executive Director (Communities) (copy herewith 21/38)	**115 - 144**
8	**RESERVED PLACES IN SCHOOLS 2021/2022 AND MAXIMISING CAPACITIES UPDATE** Report by Executive Director (Education and Children's Services) (copy herewith 21/39)	**145 - 156**
9	**REVENUE BUDGET 2021/21 UPDATE NO. 4** Report by Head of Finance (copy herewith 21/40)	**157 - 190**
10	**COMPOSITE CAPITAL BUDGET 2020/29 & HOUSING INVESTMENT PROGRAMME 2020/25 - MONITORING REPORT NUMBER 4** Report by Head of Finance (copy herewith 21/41)	**191 - 222**

11 TREASURY & INVESTMENT STRATEGY AND PRUDENTIAL INDICATORS 2021/22 - 2028/29 **223 - 252**
Report by Head of Finance (copy herewith 21/42)

12 APPOINTMENTS TO COMMITTEES/OUTSIDE BODIES **253 - 254**

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You can also send us a text message on 07824 498145.
All Council Services can offer a telephone translation facility.

PERTH AND KINROSS COUNCIL

Minute of meeting of Perth and Kinross Council held virtually on Wednesday 24 February 2021 at 9.30am.

Present: Provost D Melloy, Councillors C Ahern, A Bailey, K Baird, M Barnacle, L Barrett, P Barrett, B Brawn, R Brock, A Coates, H Coates, S Donaldson, E Drysdale, J Duff, A Forbes, T Gray, D Illingworth, I James, A Jarvis, G Laing, M Lyle, I Massie, R McCall, S McCole, X McDade, T McEwan, A Parrott, B Pover, C Purves, J Rebbeck, W Robertson, F Sarwar, C Shiers, L Simpson, C Stewart, R Watters, M Williamson and W Wilson.

In Attendance: B Renton, Interim Chief Executive and Executive Director (Communities); C Mailer, Depute Director (Communities); S Devlin, Executive Director (Education and Children's Services); J Pepper, Depute Director (Education and Children's Services), K Donaldson, Chief Operating Officer; G Paterson, Chief Officer/Director – Integrated Health and Social Care; G Boland (Education and Children's Services); M Butterworth and F Crofts (Communities Service); L Simpson, C Flynn, S Hendry, S Mackenzie, S Walker, K Fraser, L Brady, A Brown, M Pasternak, B Parker and A McMeekin (all Corporate and Democratic Services);

Apology for Absence: Councillor C Reid.

DRAFT

The Provost led on Items 1-4 and 6-8, and the Depute Provost led on Item 5.

1. WELCOME AND APOLOGIES

The Provost welcomed all those present to the meeting and noted an apology as above.

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest made in terms of the Councillors Code of Conduct.

3. MINUTES

(i) 16 December 2020

The minute of the meeting of Perth and Kinross Council of 16 December 2020 was submitted, approved as a correct record and authorised for signature.

(ii) 27 January 2021

The minute of the meeting of Perth and Kinross Council of 27 January 2021 was submitted, approved as a correct record and authorised for signature.

4. RESPONSE TO COVID-19

There was a verbal update by the Interim Chief Executive and other senior officers providing an operational update on the Council's continuing response to the Coronavirus (COVID-19) pandemic.

There followed a number of questions and comments from members, along with responses from officers.

THERE FOLLOWED A RECESS AND THE MEETING RECONVENED AT 10.45AM.

5. FINANCE CIRCULAR 1/2021 UPDATE

There was submitted a report by the Head of Finance (21/25) (1) advising of the terms of the draft 2021/22 Scottish Government Budget as set out in Finance Circular 1/2021; and (2) seeking a decision from Council as to the acceptance of these terms.

DRAFT

Motion (Councillors M Lyle and J Duff)

1. **Council accepts the terms of the draft 2021/22 Scottish Budget in relation to Council Tax and freeze Council Tax levels for financial year 2021/22;**
2. **Council notes the points listed at paragraph 5.3(ii) in Report 21/25;**
3. **Council agrees to delay consideration of the 2021/22 Final Revenue Budget to 10 March 2021 at 9.30am.**

Amendment 1 (Councillors G Laing and F Sarwar)

- In accordance with sections one and two of the Motion;
- Council agrees to delay consideration of the 2021/22 Final Revenue Budget to 17 March 2021 at 9.30am.

Amendment 2 (Councillors P Barrett and W Wilson)

- Council does not accept the terms of the draft 2021/22 Scottish Budget in relation to Council Tax and maintains the previously agreed position of the Council to increase the Council Tax by 4.28% for financial year 2021/22;
- In accordance with sections two and three of the Motion.

THERE FOLLOWED A 10 MINUTE RECESS AND THE MEETING RECONVENED AT 12.35PM.

In terms of Standing Order 58 a roll call vote was taken.

19 Members voted for Amendment 1 as follows:
Councillors A Bailey, M Barnacle, R Brock, S Donaldson, E Drysdale, T Gray, G Laing, I Massie, S McCole, X McDade, T McEwan, A Parrott, B Pover, C Purves, J Rebbeck, F Sarwar, C Stewart, R Watters and M Williamson.

5 Members voted for Amendment 2 as follows:
Councillors L Barrett, P Barrett, W Robertson, L Simpson and W Wilson.

14 Members Abstained as follows:
Councillors C Ahern, K Baird, B Brawn, A Coates, H Coates, J Duff, A Forbes, D Illingworth, I James, A Jarvis, M Lyle, R McCall, Provost D Melloy and C Shiers

Amendment 1 therefore became the substantive Amendment and was put against the Motion.

21 Members voted for the Motion as follows:
Councillors C Ahern, K Baird, L Barrett, P Barrett, B Brawn, A Coates, H Coates, J Duff, A Forbes, D Illingworth, I James, A Jarvis, M Lyle, R McCall, Provost D Melloy, C Purves, W Robertson, C Shiers, L Simpson, C Stewart and W Wilson.

17 Members voted for the Amendment as follows:
Councillors A Bailey, M Barnacle, R Brock, S Donaldson, E Drysdale, T Gray, G Laing, I Massie, S McCole, X McDade, T McEwan, A Parrott, B Pover, J Rebbeck, F Sarwar, R Watters and M Williamson.

Resolved:
In accordance with the Motion.

DRAFT

6. APPOINTMENT OF TEMPORARY POLLING PLACES

There was submitted a report by the Interim Chief Executive (21/24) seeking the Council's views on several temporary changes to polling places for the Scottish Parliament elections scheduled for 6 May 2021.

Resolved:

(i) The following temporary polling stations be approved:
- St Anne's Church Hall, Coupar Angus
- Blairgowrie Adult Resource Centre
- North Inch Community Campus (Library)

(ii) It be noted that Upper Springlands is unavailable and that the PDC register can be accommodated within the Gannochy Community Centre.

(iii) The Interim Chief Executive be delegated authority to make adjustments to polling places, only as a result of unforeseen circumstances, and in consultation with Ward elected members.

7. APPOINTMENTS

(i) It be agreed that Councillor S McCole replace Councillor T McEwan as a proxy member for the Perth and Kinross Integration Joint Board.

(ii) It be agreed that Councillor J Rebbeck to appointed to the vacant position on the Employees Joint Consultative Committee.

8. TIMETABLE OF MEETINGS 2021

It be agreed that the meeting of Planning and Development Management Committee, originally scheduled to be held on Wednesday 10 March 2021 be rescheduled to be held on Tuesday 9 March 2021 at 10.00am.

DRAFT

KPMG

Perth and Kinross Council

Report to the Perth and Kinross Council

DRAFT

Audit strategy

Year ending 31 March 2021

—

For the Perth and Kinross Council consideration on 31 March 2021

Introduction

About this report

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland's Code of Audit Practice ("the Code").

This report is intended for the benefit of Perth and Kinross Council ("the Council") and is made available to Audit Scotland and the Controller of Audit (together "the Beneficiaries"). This report has not been designed to be of benefit to anyone except the Beneficiaries. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Beneficiaries, even though we may have been aware that others might read this report and it will not be quoted or referred to, in whole or in part, without our prior written consent. We have prepared this report for the benefit of the Beneficiaries alone.

Nothing in this report constitutes an opinion on a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the scoping and purpose section of this report.

This report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the Beneficiaries) for any purpose or in any context. Any party other than the Beneficiaries that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Beneficiary's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Beneficiaries.

Complaints

If at any time you would like to discuss with us how our services can be improved or if you have a complaint about them, you are invited to contact Michael Wilkie, who is the engagement leader for our services to Perth and Kinross Council, telephone 0141 300 5890 or email to michael.wilkie@kpmg.co.uk, who will try to resolve your complaint. If your problem is not resolved, you should contact Hugh Harvie, our Head of Audit in Scotland, either by writing to him at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG, by telephoning 0131 527 6682 or by emailing hugh.harvie@kpmg.co.uk.

We will investigate any complaint promptly and do what we can to resolve the difficulties. After this, if you are still dissatisfied with how your complaint has been handled you can refer the matter to Fiona Kordiak, Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN.

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Introduction (continued)

To the Audit Committee of Perth and Kinross Council

2020-21 is the fifth year of our external audit appointment to Perth and Kinross Council ("the Council") and its group ("the Group"), having been appointed by the Accounts Commission as auditor of the Council under the Local Government (Scotland) Act 1973 ("the Act"). The period of appointment is 2016-17 to 2021-22, inclusive which was extended at the request of the Accounts Commission. Our appointment includes the audit of the Perth and Kinross Council Charitable Trusts.

This report outlines our risk assessment and planned audit approach, which is consistent with our prior year audit approach. We provide this report to you in advance of the audit committee to allow you sufficient time to consider the key matters and formulate your questions.

Our planned work in 2020-21 will include:

- an audit of the financial statements and provision of an opinion on whether the financial statements:
  - give a true and fair view in accordance with the applicable law and the Code of Practice on Local Council Accounting in the United Kingdom ("the 2020-21 Code") of the state of the affairs of the Council as at 31 March 2021 and of the income and expenditure of the Council for the year then ended; and
  - have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, as interpreted and adapted by the 2020-21 Code, the requirements of the Local Government (Scotland) Act 1973, The Local Council Accounts (Scotland) Regulations 2014 and the Local Government in Scotland Act 2003;
- participation in the shared risk assessment as part of the local area network;
- completion of returns to Audit Scotland and grant claims;
- a review and assessment of the Council's governance arrangements and review of the governance statement;
- a review of National Fraud Initiative arrangements;
- a review of arrangements for preparing and publishing statutory performance information; and
- contributing to the audit of wider scope and Best Value through performance of risk assessed work.

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

- **Executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality controls** and
- All of our related activities are undertaken in an environment of the utmost level of **objectivity,** independence, **ethics** and **integrity**.

Adding value

Throughout the audit, we will consider opportunities to add value and will conclude on this in our annual audit report. We add value through:

- our experience, which brings insight and challenge;
- our tools and approach, which contribute to a world class audit; and
- transparency and efficiency, which improves value for money.

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Introduction (continued)

Our team

The team has significant experience in the audit of local authorities, and is supported by specialists, all of whom work with a variety of local government and public sector bodies. All members of the team are part of our wider local government network. Senior members of the audit team and their relevant contact details are provided on the back page of this report. The senior team involved in the external audit benefits from continuity with Michael Wilkie continuing as the engagement leader, and Christopher Windeatt continuing as engagement manager.

Our work will be completed in four phases from December 2020 to September 2021. Our key deliverables to the audit committee are this audit strategy document, an interim report and an annual audit report.

Acknowledgements

We would like to take this opportunity to thank members and officers for their continuing help and co-operation throughout our audit work.

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Headlines

Materiality

Group materiality for planning purposes is based on last year's adjusted gross expenditure and is set at £10.0 million (2019-20: £9.8 million, 2%), which equates to 2% of this expenditure total. We will review gross expenditure on receipt of draft accounts for 2020-21, and assess whether we are required to update our group materiality.

In line with the Code of Audit Practice, we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance and this has been set at £0.25 million.

Page seven

Audit risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error have been identified as:

- management override of controls fraud risk (assumed risk per International Standards of Auditing ("ISA") (UK and Ireland) *240 The auditor's responsibilities relating to fraud in an audit of financial statements)*;
- fraud risk over expenditure recognition (assumed risk per ISA 240 and Practice Note 10 ("PN10"));
- retirement benefits obligations; and
- valuation of property and investment property.

The risk with less likelihood of giving rise to a material error, but which is nevertheless worthy of audit understanding, relates to capital expenditure, which is included as an other focus area. This is in respect of ensuring that the classification of costs between operating and capital expenditure is appropriate and in respect of capturing all relevant costs and contributions. We consider that any large capital project inherently brings a fraud risk to an entity, which we consider appropriate for the Council.

Pages nine - 15

Financial statement audit

Our financial statements audit work follows a four stage audit process which is identified below. **Appendix three** provides more detail on the timeline of these activities. The outputs from our audit are detailed in **Appendix four**. This report concentrates on the audit planning stage of the financial statements audit.

Appendix eight details the responsibilities of KPMG and management in respect of the financial statements.

Wider scope and best value

Auditors are required to assess and provide conclusions in the annual audit report in respect of four wider scope dimensions:

- financial sustainability;
- financial management;
- governance and transparency; and
- value for money.

We test wider scope areas where there are identified risks. We consider that there are wider scope risks in respect of demand pressures and the transformation programme.

In June 2016, the Accounts Commission formally agreed the overall framework for the approach to auditing Best Value in councils which introduced a five year approach. 2020-21 represents year five of the Best Value plan for the Council during which we shall complete a follow up of the remaining recommendation arising from the Best Value Assurance Report of August 2019 and will consider the Equal opportunities topic as part of our phased consideration.

Pages 19 - 25

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Headlines (continued)

Group audit

In addition to the Council, we deem the Perth and Kinross Integration Joint Board (''IJB'') to be significant in the context of the group audit. KPMG is the auditor of the IJB. Further details regarding our approach can be found at page 18. The group accounts do not include the Council's share of the Tayside and Central Scotland Transport Partnership ("Tactran") on the grounds of materiality.

Page 18 and Appendix six

Independence

In accordance with ISA 260 *Communication of audit matters with those charged with governance* and the Financial Reporting Council's ("FRC") Ethical Standards, we are required to communicate to you all relationships between KPMG and the Group that may be reasonably thought to have bearing on our independence both:

— at the planning stage; and

— whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.

Appendix two contains our confirmation of independence and any other matters relevant to our independence.

Total fees charged by us for the period ended 31 March 2020 were communicated in our Annual Audit Report issued in September 2019. Total fees for 2020-21 will be presented in our Annual Audit Report issued on completion of the audit. The proposed audit fee for 2020-21 is £289,590 (inc VAT) as explained in **Appendix five**.

Quality

International Standard on Quality Control (UK and Ireland) 1 ("ISQC1") requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances.

Our Audit Quality Framework and KPMG Audit Manual comply with ISQC1. Our UK Senior Partner has ultimate responsibility for quality control. Operational responsibility is delegated to our Head of Quality & Risk who sets overall risk management and quality control policies. These are cascaded through our Head of Audit in Scotland and ultimately to Michael Wilkie as the Director leading delivery of services to the Council.

The nature of our services is such that we are subject to internal and external quality reviews. KPMG UK's annual financial statements include our UK transparency report which summarises the results of various quality results and developments over the course of each year.

We also provide Audit Scotland with details of how we comply with ISQC1 and an annual summary of our achievement of key performance indicators and quality results.

We welcome your comments or feedback related to this strategy and our service overall.

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Financial statements audit planning

Materiality

We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. This therefore involves an assessment of the qualitative and quantitative nature of omissions and misstatements.

Generally, we would not consider differences in opinion in respect of areas of judgement to represent 'misstatements' unless the application of that judgement results in a financial amount falling outside of a range which we consider to be acceptable.

In respect of the Council's standalone accounts, materiality for planning purposes has been set at £9.0 million, and at £10.0 million for the group accounts (2019-20: £9.5 million and £9.8 million respectively), which in both cases equates to 2% percent of an adjusted 2019-20 gross expenditure. We adjusted gross expenditure for plant and property revaluations, to 'smooth' the impact of these movements by taking a five year rolling average of revaluation movements in line with the Council's five year revaluation policy. In addition, expenditure relating to the IJB is removed from our calculation, as income and expenditure is grossed up for presentational purposes within the comprehensive income and expenditure account. This calculation and process is unchanged from 2019-20.

To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of materiality for the group of £7.5 million, and £6.7 million for the Council (2019-20: £7.35 million and £7.1 million respectively)

Charitable funds materiality

In respect of the Charitable funds, materiality for planning purposes has been set at £44,000 (2019-20: £47,000), performance materiality set at £33,000 (2019-20: £35,000) and reporting threshold has been set at £2,300 (2019-20: £2,300).

Council Materiality

£9.0 million
Materiality for the Council financial statements (2019-20: £9.5 million, 2% gross expenditure)

£6.7 million
(2019-20: £7.1 million)

£0.25 million
Misstatements reported to the audit committee (2019-20: £0.25 million)

Reporting to the audit committee

Under ISA 260, we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

In the context of the Council and its Group, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.25 million.

If management has corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

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Financial statements audit planning (continued)

Control environment

The impact of the control environment on our audit is reflected in our planned audit procedures. Our planned audit procedures reflect findings raised in the previous year and management's response to those findings. We will assess the impact of the COVID-19 pandemic on key controls, which may result in subsequent changes in our audit approach.

For example, we anticipate that we will adopt a controls-based approach on accounts such as, but not limited to cash and cash equivalents, income, expenditure, staff costs, valuations and pensions.

In 2019-20, we identified two recommendations relating to financial statement audit findings. We will follow-up progress in implementing these recommendations and report any new recommendations arising from our work and report our view of progress.

Timing of our audit and communications

We will maintain communication led by the engagement partner and manager throughout the audit. We set out below the form, timing and general content of our planned communications:

- Kick-off meeting with officers in January where we present our draft audit plan outlining our audit approach and discuss management's progress in key areas
- Full council meeting in March where we present our final audit plan
- Status meetings with officers during July and August where we communicate progress on the audit plan, any misstatements, control deficiencies and significant issues
- Closing meeting with officers in August where we discuss the auditor's report and any outstanding deliverables
- Audit committee meeting in September where we communicate audit misstatements and significant control deficiencies

Appendix three details our approach across each phase of the audit.

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Significant risks and Other focus areas

Our risk assessment draws upon our historic knowledge of the business, the industry and the wider economic environment in which Perth and Kinross Council operates.
We also use our regular meetings with senior officers to update our understanding and take input from component audit teams and internal audit reports.

COVID-19 is having a significant impact on the UK economy and has resulted in increased risk in a number of processes and services across the Council.

Due to the unprecedented levels of uncertainty there is an increased likelihood of significant risks emerging throughout the audit cycle that are not identified (or in existence) at the time we planned our audit. Where such items are identified we will amend our audit approach accordingly and communicate this to the Audit Committee.

Significant risks

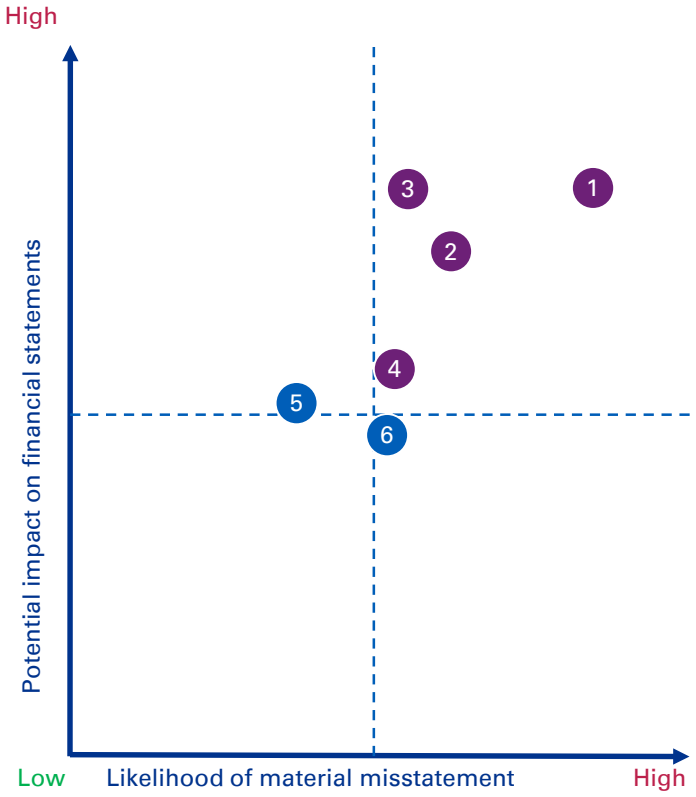
1. Valuation of property and investment property
2. Retirement benefit obligations
3. Fraud risk from income recognition and expenditure
4. Fraud risk from management override of controls

Other focus areas

5. Capital expenditure
6. Covid-19 related grants

KEY

- Significant financial statement audit risks
- Other focus areas



This graph is new for 2020-21, however, in considering the equivalent for 2019-20 we determined that there would have been no movements.

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Significant risks and Other focus areas (continued)

Significant risks and other focus areas

Risk assessment: Our planning work takes place during December 2020 to February 2021. This involves: risk assessment; determining the materiality level; and issuing this audit plan to communicate our audit strategy. We use our knowledge of the Council, discussions with management and review of Council papers to identify areas of risk and audit focus categorised into financial risks and wider dimension risks as set out in the Code.

Significant audit risk	Why	Planned response
The risk Fraud risk from management override of controls	A presumed risk we are required to consider covers fraud risk from management override of control. Management is typically in a position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit methodology incorporates the risk of management override as a default significant risk. This is a presumed risk per ISA 240. We outline the respective responsibilities of KPMG and management in respect of fraud at **Appendix seven**.	— Our audit methodology incorporates the risk of management override as a default significant risk. We have not identified any specific additional risks of management override relating to the audit of the Council. — We will consider the level of oversight of finances by management which provides additional review of potential material errors caused by management override of controls. — In line with our methodology, we will carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the Council's normal course of business, or are otherwise unusual.

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Significant risks and Other focus areas (continued)

Significant audit risk	Why	Planned response
The risk Fraud risk from income recognition and expenditure	Under ISA 240 there is a presumed risk that income may be misstated due to improper recognition of income. This requirement is modified by PN10, issued by the FRC, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. **Income** We consider that the Council's significant income streams, which include taxation and non-specific grant income are free of management judgement or estimation. We do not consider recognition of the remaining income sources to represent a significant risk for the Council as there are limited incentives and opportunities to manipulate the way income is recognised, and these are not likely to be materially inappropriate. We did not identify any such errors or manipulation in the prior year. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area beyond our standard fraud procedures. **Expenditure** We consider that there is not a risk of improper recognition of expenditure in respect of payroll costs (including pension adjustments), financing and investment expenditure, or depreciation. These costs are routine in nature and not at risk of manipulation. This relates to a significant proportion of council expenditure. As other operating expenditure is unlikely to be material, we also rebut the assumed risk in respect of this account. We have not rebutted the assumed risk in respect of the remaining expenditure of £246 million.	In respect of material income: — non-ringfenced government grants are agreed in advance of the year, with any changes requiring government approval. There is no estimation or judgement in recognising this stream of income and we do not regard the risk of fraud to be significant. We will agree significant grants to supporting documentation. — the other major sources of income are from annual local taxes and rental income (council tax, non-domestic rates and housing incomes). These incomes are prescribed by law and other specific regulations, which prescribe the period in which annual local taxes and rental income is recognised as income. We will perform tests of detail and substantive analytical procedures in our audit of these sources of income. We will include procedures to: — compare the outturn with the in year budget monitoring, considering variances; — test controls specific to confirm correct capital vs revenue allocation; — test expenditure cut-off including a search for unrecorded liabilities; — test transactions focusing on the areas of greatest risk, including debtors, creditors, accruals, prepayments and provisions to challenge completeness and existence of these balances; and — review and challenge of management in respect of estimates for evidence of bias.

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Significant risks and Other focus areas (continued)

Significant audit risk	Why	Planned response
The risk Valuation of property and investment property	**Assets revalued in the year:** The 2020-21 Code requires that where assets are subject to revaluation, their year-end carrying value should reflect the appropriate fair value at that date. In common with other councils, the Council has adopted a five year rolling revaluation model where all land and buildings are revalued. In 2020-21 council offices, publicly financed initiative carparks and campuses, industrial and business investment properties, shops, common good properties, other miscellaneous non–operational properties, and assets with significant capital investment will be subject to revaluation and we expect movements to be material. The Council uses a valuation date of 1 April 2020 for the 31 March 2021 year end, and 1 August 2020 for all investment properties. We consider there to be a risk of material movement between these dates. Given the quantum of the asset carrying values and the inherent use of assumptions in their valuation, we consider there to be a significant risk of misstatement.	**Assets revalued in the year:** A number of the Council's assets are revalued on an annual basis, including investment properties. In relation to those assets which have been revalued during the year we will assess the valuer's qualifications, objectivity and independence to carry out such valuations. We will test the accounting treatment for assets revalued to challenge whether the accounting treatment is appropriate and consider valuation inputs and assumptions using the approach below. We will also assess the risk of the valuation changing materially during the year, or between the date of valuation and the year end. The Covid-19 pandemic is expected to have a material impact on the revaluations of Council property. The economic and market conditions at the valuation dates of 1 April 2020 and 1 August 2020 have continued to evolve to 31 March 2021, and there will be a number of assumptions and judgements requiring additional challenge and scrutiny. **Assessing methodology choice and benchmarking assumptions**: We will review management's assessment of impairment indicators and assess for completeness. We will utilise our internal specialist to assess the methodology used including testing the underlying data inputs and assessing the assumptions used in comparison to available market information. We will select a representative sample of revalued assets to agree calculation inputs to supporting evidence, consider in detail the revaluation calculations and challenge the underlying assumptions.

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Significant risks and Other focus areas (continued)

Significant audit risk	Why	Planned response
The risk Valuation of property and investment property (continued)	**Assets not revalued in the year:** The 2020-21 Code also requires consideration that the carrying amount of assets do not differ materially from the current value at the end of the reporting period. Therefore, we consider there to be a risk in relation to the assets not revalued in the year, as their current value at year end may be materially different.	**Assets not revalued in the year:** We will review the approach that the Council has adopted to assess the risk that assets not subject to valuation are materially misstated and consider the robustness of that approach, including any indicators of impairment. In excess of £800 million will not be revalued in 2020-21 in line with the Council's five year revaluation cycle. The market and economic conditions at 31 March 2021 are significant different to the conditions when these properties were most recently revalued (since 1 April 2015) which may result in material changes in value. We will consider and challenge the assumptions and judgements made by the Council in respect of their assessment of property valuations since 1 April 2015. We will review and test the calculations and input data used by the Council to inform them of any indicators of impairment, or conversely property value increases that could represent a material misstatement.

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Significant risks and Other focus areas (continued)

Significant audit risk	Why	Planned response
The risk Retirement benefit obligations	The net pension liability (£121.4 million as at 31 March 2020, including assets of £862 million) represents a material element of the Council's Balance Sheet. The Council is an admitted body of Tayside Pension Fund, where the fund's triennial valuation dated 31 March 2020 is due for imminent release. The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's overall valuation. There are financial assumptions and demographic assumptions used in the calculation of the Council's valuation, such as the discount rate, inflation rates, mortality rates etc. The assumptions should also reflect the profile of the Council's employees, and should be based on appropriate data. The basis of the assumptions should be derived on a consistent basis year to year, or updated to reflect any changes. There is a risk that the assumptions and methodology used in the valuation of the Council's pension obligation are not reasonable. This could have a material impact to net pension liability accounted for in the financial statements.	Our planned audit approach includes: **Control design:** Testing the design and operating effectiveness of controls over the provision of membership information to the actuary who uses it, together with management's review of assumptions, to calculate the pension obligation. **Benchmarking assumptions:** Challenging, with the support of our own actuarial specialists, the key assumptions applied, being: the discount rate; inflation rate; and mortality/life expectancy against externally derived data. Challenging the rate of increase in pensionable salaries assumption, by comparing it to other evidence such as business and transformation plans and our understanding of Government and staff expectations. **Assessing transparency:** Considering the adequacy of the disclosures in respect of the sensitivity of the deficit to these assumptions. Assessing if the disclosures within the financial statements are in accordance with the 2020-21 Code's requirements.

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Significant risks and Other focus areas (continued)

Significant audit risk	Why	Planned response
The risk Retirement benefit obligations (continued)	**Guaranteed minimum pensions ("GMP") equalisation** Following a UK High Court judgement on 26 October 2018, the Government published the outcome to its indexation and equalisation of GMP in public service pension schemes consultation, concluding that the requirement for public service pension schemes to fully price protect the GMP element of individuals' public service pension would be extended to those individuals reaching State Pension Age ("SPA") before 6 April 2021. **McCloud and Goodwin judgements** During 2019-20, two significant judgements impacting local government pension scheme reported upon. The outcome of these judgements is still not yet confirmed, and with this uncertainty remains a significant risk of misstatement.	GMP: We will discuss with management any updates regarding this matter, and how these will impact the audit. McCloud and Goodwin: CIPFA issued a supplement to CIPFA Bulletin 5 to provide an update on the McCloud and Goodwin cases in respect of pension liabilities. It confirmed that the Scottish Government consultation on proposals to provide a remedy to the McCloud and Sargeant cases is an adjusting event. As noted in our previous year's annual audit report, no further changes were made to the calculation of the pension liability, however, we continue to monitor the Scottish Government's consultation to determine whether further changes are required. For the Goodwin case, although proposals have not yet been published, a statement from the Treasury confirmed that changes will be required that will increase pension liabilities. A contingent liability was disclosed in the 2019-20 annual accounts, and we will continue to consider any guidance or statements from government which may quantify a change in liability.

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Significant risks and Other focus areas (continued)

Other focus area

The focus area

Capital expenditure

Why

The Council has a ten year £598 million general fund capital plan, which includes the Cross Tay Link Road, Perth High School, Perth City Hall, Blairgowrie Recreation Centre projects. The expected spend in 2020-21 is £49 million, down from a budgeted spend of £82 million. This reduction is largely as a result of social restrictions which impeded on construction and renovation activities.

Due to the significance of this capital investment programme and complexity of some of the projects, we consider there to be a risk of misstatement. This is in respect of ensuring that the classification of costs between operating and capital expenditure is appropriate and in respect of capturing all relevant costs and contributions.

We also consider that any large capital project inherently brings a fraud risk to an entity, which we consider appropriate for the Council.

Planned response

Our audit approach includes:

Control design:

— Testing the design and operating effectiveness of controls in respect of the review of costs allocated to capital and income projects.

Control re-performance:

— Comparing the total capital expenditure reported in the financial statements with that reported in reports to those charged with governance.

Tests of detail:

— Use of substantive sampling methods to evaluate the appropriateness of capital or income accounting classification by reference to supporting documentation.

— Assessing a sample of items allocated to income or expenditure to determine whether they are correctly classified.

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Significant risks and Other focus areas (continued)

Other focus area	Why	Planned response
The focus area Covid-19 related grants	As part of the economic support provided by the Scottish government, the Council has provided ongoing support by operating various grant type schemes for industries and people within the Perth and Kinross region. These total approximately £48 million to date and includes, for example business support grants and the £500 additional payment due to some key workers. There are two generally accepted routes to account for these grants, with the Council acting as either the 'agent' or 'principal' with associated income and expenditure to third parties either primarily excluded or included in the Council's balances respectively. There is a risk in respect of the judgement on how to account for different schemes based on their features and nature. We anticipate some consideration to be given by both management and by Audit Scotland and other audit firms collectively. In addition, due to the complexity, development of guidance and relative inexperience of administering the schemes, there is an element of risk of fraud and error in respect of payments made and disclosure.	Our audit approach, dependant on any guidance issued, may include: **Inquiry and understanding:** — Inquiring of Officers how the various grants are processed and controlled through the responsible departments. — Requesting management to provide a summary of schemes, their nature, volume and value of payments. — Understanding the controls in place to mitigate the risk of fraudulent claims against the support grants and schemes. **Control design:** — Testing the design and operating effectiveness of controls in awarding grants and reliefs, where they exist. **Tests of detail:** — Challenging the judgement of whether to account for various schemes with the Council as 'agent' or 'principal'. — Assessing a sample of items awarded to determine whether grants or reliefs have been appropriately awarded and recorded in line with guidance issued. — Assessing whether any accruals, provisions or prepayments have been appropriately made in respect of guidance and the 2020-21 Code.

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Other matters

Accounting framework update

The Code of Practice on Local Authority Accounting in the United Kingdom is revised each year, incorporating selected changes to the underlying IFRSs, and key accounting changes include:

From 2022-23, IFRS 16 Leases will supersede IAS 17 Leases. IFRS 16 introduces a single lessee accounting model. The Council will be more likely to account for operating leases in a similar way to the current IAS 17 treatment for finance leases. A significant volume of leases which are currently accounted for as operating leases will become financial leases and will be recognised within the Council's Balance Sheet.

These changes are significant, and where the 2021-22 balances will form the comparatives in future accounts, we will consider the Council's arrangements for complying with the forthcoming changes.

Revision to the Going Concern Standard

In September 2019 the FRC published a revised UK auditing standard for Going Concern ISA UK 570. This responds to recent enforcement cases and well-publicised corporate failures where the most recent auditor's report had not included a material uncertainty on going concern. The revised standard is applicable for periods commencing on or after 15 December 2019, including short periods.

Given the funding, nature and legislation in respect of the Council, alongside our audit work in 2019-20, we do not anticipate significant challenges to the approach of management regarding going concern.

Covid-19: Audit implications

We report our assessment of the impact of Covid-19 on our planned audit scope, timing, materiality, audit procedures, and fees.

- The planned scope and timing of our audit has not changed significantly from the prior year to respond to any assessed risks of material misstatement.
- Given the rapidly changing environment, the scope and timing of our audit may need to be modified further to respond to new events or changing conditions. If we make significant changes, then we will communicate these to you. We anticipate considering management's assessment of the treatment, value and number of claims or disbursements of various government grants and funding streams which are new and associated with Covid-19.
- Materiality for the financial statements as a whole has been reduced from the prior year due to increased demand and expenditure required to maintain service delivery, against the increased inherent risk due to remote working.
- Due to the rapidly evolving situation, determining whether subsequent events should be reflected (adjusting) vs. disclosed (non-adjusting) in the financial statements may require significant judgement, and more subsequent events may be identified.
- Our audit procedures will be adjusted to respond to any increased risks of material misstatement, and we highlight the risk of potential delays to the completion of our audit to enable us to obtain sufficient appropriate evidence to support our audit opinion.
- We do not anticipate any changes to our procedures or risk assessment in respect of the Council's ability to continue as a going concern.
- Based on the efficient working relationship between KPMG and the finance team in 2019-20, we do not anticipate adjusting our audit fee beyond that proposed in Appendix five.

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Other matters (continued)

Internal audit

ISA 610 *Considering the work of internal audit* requires us to:

- consider the activities of internal audit and any impact on our audit;
- obtain an understanding of internal audit activities to assist in planning the audit and developing an effective audit approach;
- perform a preliminary assessment of the internal audit function when it appears that internal audit is relevant to our audit of the financial statements in specific audit areas; and
- evaluate and test the work of internal audit, where use is made of that work, in order to confirm its adequacy for our purposes.

We will continue liaising with internal audit and update our understanding of its approach and conclusions where relevant. The general programme of work will be reviewed for significant issues to support our work in assessing the statement of internal control.

Group audit considerations

Appendix six sets out our understanding of the Group structure and nature of each associated entity.

Perth and Kinross Council, Tactran and the IJB are audited by the same audit team within KPMG. Both the Council and the IJB are consolidated into the group accounts. Tactran is not consolidated on the grounds of materiality.

Perth and Kinross Council Charitable Funds are also audited by KPMG. Michael Wilkie will continue as engagement leader in their respect. We do not intend to issue group instructions in respect of the Charitable Funds.

We reviewed the remaining components within the group structure, and did not deem any other component significant. We therefore do not intend to issue group audit instructions to any component.

We also consider that the Council is responsible for approximately 95% of the group's activities, for which we are responsible for providing an opinion.

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Wider scope and Best Value

Approach

We are required to assess and provide conclusions in the Annual Audit Report in respect of four wider scope dimensions: financial sustainability; financial management; governance and transparency; and value for money. We set out below an overview of our approach to wider scope and Best Value requirements of our annual audit. We provide on pages 20 - 24 our risk assessment in respect of these areas. We will provide narrative on these and other areas in the Annual Audit Report where relevant.

Risk assessment

We consider the relevance and significance of the potential business risks faced by local authorities, and other risks that apply specifically to the Council. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the *Code of Audit Practice*.

In doing so we consider:

- The Council's own assessment of the risks it faces, and its arrangements to manage and address its risks.
- Evidence gained from previous audit work, including the response to that work.
- The work of other inspectorates and review agencies, through the Local Area Network ("LAN") which is established for each council.
- Discussion with Audit Scotland and the LAN over the scope of the BVAR on Perth and Kinross Council.

The shared risk assessment process across Scotland has changed for 2020-21 and no local scrutiny plans are prepared. We use the shared risk assessment process to consider if there are wider scope risks relevant to the Annual Audit Report.

Linkages with other audit work

There is a degree of overlap between the work we do as part of the wider scope and Best Value audit and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the Council's organisational control environment, many aspects of which are relevant to our wider scope and Best Value audit responsibilities.

We have always sought to avoid duplication of audit effort by integrating our financial statements and wider scope and Best Value work, and this will continue. We consider information gathered through the shared risk assessment and the Audit Commission's five strategic priorities when planning and conducting our work.

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Wider scope and Best Value (continued)

Approach (continued)

Identification of significant risks

The Code identifies a matter as significant 'if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.'

If we identify significant wider scope and Best Value risks, we will highlight the risk to the Council and consider the most appropriate audit response in each case, including:

Considering the results of work by the Council, inspectorates and other review agencies.

Carrying out local risk-based work to form a view on the adequacy of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Concluding on wider scope and Best Value

At the conclusion of the wider scope and Best Value audit we will consider the results of the work undertaken and assess the assurance obtained against each of the wider scope audit dimensions and Best Value, regarding the adequacy of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.

If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our wider scope and Best Value conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.

Reporting

We have completed our initial wider scope and Best Value risk assessment and have not identified any significant risks. We will update our assessment throughout the year and should any issues present themselves we will report them in our Annual Audit Report.

We will report on the results of the wider scope and Best Value audit through our Annual Audit Report. This will summarise any specific matters arising, and the basis for our overall conclusion.

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Wider scope and Best Value (continued)

Risk assessment

Wider scope area	Why	Audit approach
Financial sustainability	**Financial sustainability** looks forward to the medium and longer term to consider whether the Council is planning effectively to continue to deliver its services or the way in which they should be delivered. **Specific identified focus area:** ***Demand pressures*** The Council faces growing demand pressures, both from the increasing elderly population and increasing number of young people living in Perth and Kinross. Each subset brings unique challenges to services, for healthcare, social care and education. These demand pressures are further increased by the Covid-19 pandemic. This comes at a time when the workforce is decreasing, which adds pressure to ongoing workforce planning. There are a number of "hard to fill" posts for teachers in rural areas and social care workers, which add to the pressure on the growing demand for service provision. We consider there to be a resultant risk to the sustainability of delivering services with increasing demand and a decreasing workforce.	— We will consider the Council's long term financial plans and its ability to adapt to the changing landscape in local government funding. This will involve consideration of the 2021-22 budget and longer term financial plans from 2022-23 and beyond. — We will monitor the Council's key performance indicators and performance reporting, to identify any movements requiring further investigation. We will consider any overspends against budget where demand has caused a significant strain on funding, as well as underspends against budget due to staff slippages where roles have been hard to fill. — We will inquire with officers surrounding their reporting to members surrounding the assumptions and judgements made in forecasting future funding and expenditure pressures. We will detail the processes and reporting processes in place given the Covid-19 social restrictions in order to conclude whether members are provided with sufficient information.

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Wider scope and Best Value (continued)

Risk assessment (continued)

Wider scope area	Why	Audit approach
Financial management	Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. **Specific identified focus area:** ***Medium and long term planning*** The Council deferred preparation of the medium term financial plan in October 2019 due to Brexit, and then the unknown implications arising due to Covid-19. Officers confirmed the intention to return to an annual publication of the plan, which was delivered and presented to the council in September. This plan reported estimated savings requirements ranging between £(4.4) million and £136.2 million, with the 'mid-range' estimate of £60.1 million over the following six years. This plan reported a mid-range forecast highlighting budget pressures of £16.4 million in relation to 2021-22. As part of the budgetary process, the Council will consider a one year final revenue budget on 3 March 2021, which aids longer term financial management and workforce planning. There is a risk Council are unable to achieve the approved budget.	— We will consider how the Council's transformation programme is progressing and any potential impact on financial and service planning. — We will review the financial results to 31 March 2021 compared to budget to consider if there are indications that savings are not being delivered as planned. — We will consider the Council's approach to setting a balanced budget for 2021-22, and considering implications and delivery of the budget in our Annual Audit Report.

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Wider scope and Best Value (continued)

Risk assessment (continued)

Wider scope area	Why	Audit approach
Financial management (continued)	***Transformation programme*** As part of the development of a programme for 2021 onwards, bids for new projects were submitted to the Strategic Investment and Improvement Board ('SIIB') at the end of 2019 for evaluation and prioritisation. The outcome of these discussions –a prioritised list of new projects and continuing projects -was subsequently submitted to the executive officer team for consideration. Further work to refine and align bids with the Perth and Kinross Offer was requested, and work continued to identify funding sources during March 2020, when council resources were reprioritised to deal with the Covid-19 pandemic. **Specific identified focus area (continued):** Audit Scotland planning guidance requires us to consider the following matters which are potential risks to all Public Sector bodies. ***EU withdrawal*** The trade deal between the UK and EU became law on 31 December 2020 following the end of the transition period, and this deal is expected to have a financial and operation impact on the Council.	— We will consider how the Council reports its funding arrangements, responsibilities and performance through the audit of its management commentary and financial statements. — We will remain alert to the impact of the EU withdrawal on the Council's operations and the environment within which it operates as part of our risk assessment procedures and wider scope responsibilities. — We will consider the appropriateness of management's risk assessment and planning for EU Withdrawal with reference to guidance provided by Audit Scotland.

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Wider scope and Best Value (continued)

Risk assessment (continued)

Wider scope area	Why	Audit approach
Governance and transparency	**Governance and transparency** is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information. **Specific identified focus area:** Audit Scotland planning guidance requires us to consider the following matters which are potential risks to all Public Sector bodies. ***Equalities*** As part of our five year best value cycle, equal opportunities is an area of focus for 2020-21. This area will consider how the Council supports the drive towards equality.	— We will consider the effectiveness of scrutiny and governance arrangements, by evaluating the challenge and transparency of the reporting of financial and performance information. — As a result of this period of social restrictions, the council's committee structure has been suspended. The full Council now meets on a monthly basis to debate urgent business and in addition, the Interim Chief Executive meets with lead members of the council to discuss any other matters necessary. This is in contrast to the emergency powers utilised by Officers during April-August 2020 and means continuation of democratic decision making. We will continue to report on how the Council supports and maintains decision making, and conclude on its effectiveness. — We will consider how officers present impact on equalities through equality impact assessments when members debate motions and actions. — This will include, but is not limited to reporting on how the Council is committed to equal opportunities through internal activities (such as training, procurement and policy development), demonstration of diversity in the workforce, review of equal pay and policy development to eliminate potential areas of discrimination. — We will also consider how the council reports on its equality and fairness responsibilities to the public and its communities.

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Wider scope and Best Value (continued)

Risk assessment (continued)

Wider scope area	Why	Audit approach
Value for money	**Value for money** is concerned with how effectively resources are used to provide services.	— We will specifically consider statutory performance indicators, performance reporting and arrangements to provide for continuous improvement in respect of the Performance and outcomes audit programme. — In the context of the Council's capital plan and procurement procedures, we will consider arrangements to provide value for money, including ongoing development of the Council's gateway review.

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Appendices

Draft

Mandated communications with the Audit Committee

Matters to be communicated	Link to Audit Committee papers
Independence and our quality procedures ISA 260.	**Appendix two**
The general approach and overall scope of the audit, including levels of materiality, fraud and engagement letter ISA 260.	Main body of this paper.
Disagreement with management about matters that, individually or in aggregate, could be significant to the entity's financial statements or the auditor's report, and their resolution (AU 380).	In the event of such matters of significance we would expect to communicate with the Audit Committee throughout the year. Formal reporting will be included in our ISA 260 report for the Audit Committee meeting, which focuses on the financial statements.
Significant difficulties we encountered during the audit.	
Significant matters discussed, or subject to correspondence, with management (ISA 260).	
Our views about the qualitative aspects of the entity's accounting and financial reporting. The potential effect on the financial statements of any material risks and exposures, such as pending litigation, that are required to be disclosed in the financial statements (ISA 260 and ISA 540).	
Audit adjustments, whether or not recorded by the entity, that have, or could have, a material effect on its financial statements. We will request you to correct uncorrected misstatements (including disclosure misstatements) (ISA 450).	
The selection of, or changes in, significant accounting policies and practices that have, or could have, a material effect on the entity's financial statements (ISA 570).	
Material uncertainties related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern (ISA 570).	
Expected modifications to the auditor's report (ISA 705).	
Related party transactions that are not appropriately disclosed (ISA 550).	

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Confirmation of independence

Assessment of our objectivity and independence as auditor of the Perth and Kinross Council ("the Council")

Professional ethical standards require us to provide to you at the conclusion of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed. This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

— General procedures to safeguard independence and objectivity;

— Independence and objectivity considerations relating to the provision of non-audit services; and

— Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings.

Our ethics and independence policies and procedures are fully consistent with the requirements of the APB Ethical Standards. As a result we have underlying safeguards in place to maintain independence through:

— Instilling professional values

— Communications

— Internal accountability

— Internal accountability

— Risk management

— Independent reviews

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

We have considered the fees charged by us to the council and its affiliates for professional services provided by us during the reporting period.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit Committee and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP

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Timeline

Communication

2020 | 2021

January Audit planning meeting

February
Interim onsite audit work, business update and controls testing

May
Presentation of Interim Audit Report to the Audit Committee where we communicate significant control deficiencies

August
Closing meeting with management to discuss auditors' report and any outstanding deliverables

September
Submission of WGA

Statutory inspection period

Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept

Audit workflow

December
Planning work commences

- Perform risk assessment procedures and identify risks
- Perform planning procedures
- Determine audit strategy
- Determine planned audit approach

March
Presentation of Audit strategy to the Council

- Understand accounting and reporting activities
- Evaluate design and implementation of selected controls
- Test operating effectiveness of selected controls
- Assess control risk and risk of the accounts being misstated

June
Final audit fieldwork commences

- Plan substantive procedures
- Perform substantive procedures
- Consider if audit evidence is sufficient and appropriate

September
Financial statements signed by the Council and KPMG, and presentation of Annual Audit Report to the Audit Committee, where we communicate audit misstatements

- Form audit opinion
- Review wider scope objectives and areas
- Perform grant and other audit testing
- Perform completion procedures

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Audit outputs

Output	Description	Report date
Audit strategy	Our strategy for the external audit of the Council and its group, including significant risk and audit focus areas.	By 31 March 2021
Interim audit report	We summarise our findings from our interim audit work.	By 31 May 2021
Independent auditor's report	Our opinion on the Council's financial statements.	By 31 October 2021*
Annual audit report	We summarise our findings from our work during the year.	By 31 October 2021*
NFI report	We report on the Council's actions to investigate and follow-up NFI matches.	By 30 September 2021**
Whole of Government Accounts	We report on the pack prepared for consolidation and preparation of the Whole of Government Accounts.	By 31 October 2021*
Audit reports on other returns	We will report on the following returns: – Current issues return. – Technical database. – Fraud returns.	January, March, July and October 2021 May and August 2021 December 2020, February, May, and August 2021
Grant claim audits	We provide an opinion on: – Education maintenance allowance, housing benefit, non-domestic rates and the Bellwin scheme	To submit by: July 2020, November 2020, August 2020 and TBC

* This date is provisional in Audit Scotland's planning guidance for 2020-21 and is subject to change. We note that this would be a final deadline, and based on the audit of the 2019-20 annual accounts that the traditional 30 September deadline to be the aim of both management and KPMG.

** Audit Scotland have indicated appointed auditor action will only be required if progress by the entity is not sufficient.

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Fees

Audit Scotland has completed a review of funding and fee setting arrangements for 2020-21. An expected fee is calculated by Audit Scotland to each entity within its remit. This expected fee is made up of four elements:

- Auditor remuneration
- Pooled costs
- Contribution to Audit Scotland's Performance Audit and Best Value ("PABV") team
- Contribution to Audit Scotland costs

The expected fee for each body assumes that it has sound governance arrangements in place and operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for the audit.

We are in discussions with management regarding the auditor remuneration for 2020-21. Should we be required to undertake significant additional audit work in respect of any of the areas of audit focus or other matters arise including any requirement to consider accounting for, or auditing grants, we will discuss with management the impact of this on our proposed fee.

The charities fee is discussed and agreed separately from the Council fee, and will be discussed with the Trustees in due course.

	2020-21 £ (incl VAT)
Auditor remuneration	174,670
Pooled costs	16,230
Contribution to PABV	89,300
Contribution to Audit Scotland costs	9,390
Total Council audit fee	289,590

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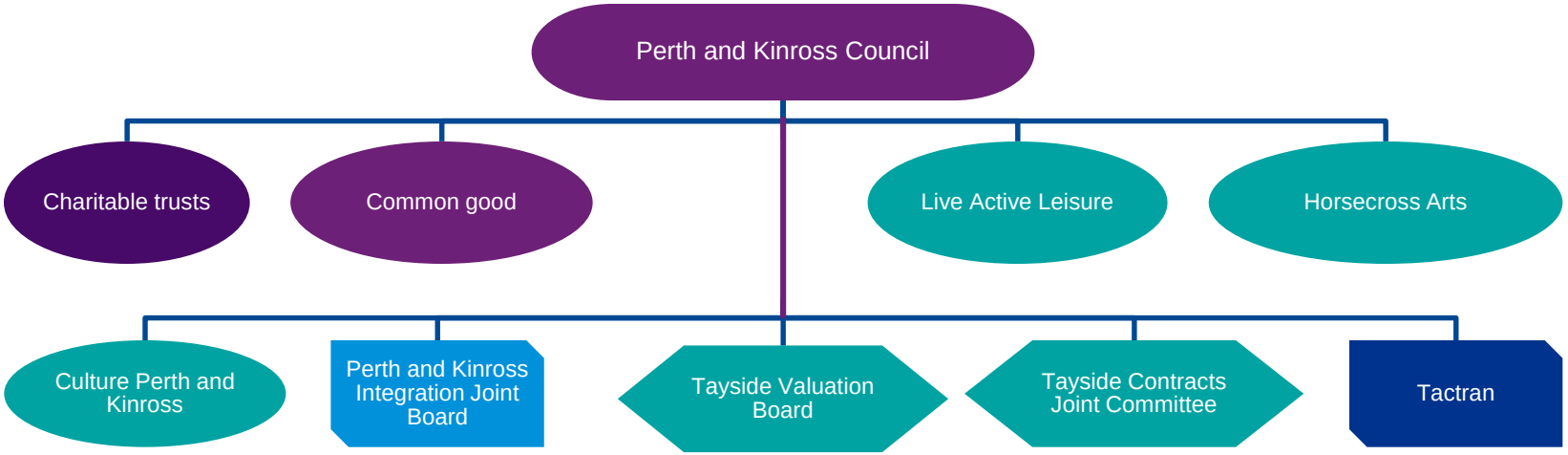
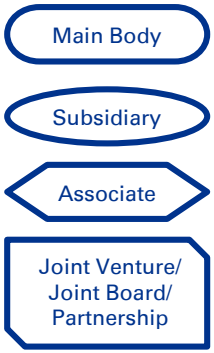
Group financial statements

The below diagram sets out our scoping of group entities in relation to the group financial statements, and related group audit instructions:



Key

- Audited by KPMG "core team"
- Audited by KPMG – separate audit team
- Audited by KPMG – separate audit team, not consolidated on the grounds of materiality
- Audited by component auditor – group audit instructions to be issued where considered significant components



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Responsibility in relation to fraud

We are required to consider fraud and the impact that this has on our audit approach. We will update our risk assessment throughout the audit process and adapt our approach accordingly.

Management responsibilities

- Adopt sound accounting policies, with oversight from those charged with governance, establish and maintain internal control, including controls to prevent, deter and detect fraud;
- Establish proper tone, culture and ethics;
- Require periodic confirmation by employees of their responsibilities;
- Take appropriate action in response to actual, suspected or alleged fraud;
- Disclosure to audit committee and auditors;
- Any significant deficiencies in internal control; and
- Any fraud involving those with a significant role in internal controls.

KPMG's identification of fraud risk factors

- Review of accounting policies;
- Results of analytical procedures;
- Procedures to identify fraud risk factors;
- Discussion amongst engagement personnel;
- Enquiries of management, to audit committee and others; and
- Evaluate broad programmes and controls that prevent, deter, and detect fraud.

KPMG's response to identified fraud risk factors

- Accounting policy assessment;
- Evaluate design of mitigating controls;
- Test effectiveness of controls;
- Address management override of controls;
- Perform substantive audit procedures;
- Evaluate all audit evidence; and
- Communicate to the audit committee and management.

KPMG's response to identified fraud risk factors

- Whilst we consider the risk of fraud at the financial statement level to be low for the Council, we will monitor the following areas throughout the year and adapt our audit approach accordingly:
- Income recognition;
- Cash;
- Procurement;
- Management control override; and
- Assessment of the impact of identified fraud.

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Audit Scotland code of audit practice - responsibility of auditors and management

Responsibilities of management
Financial Statements
Audited bodies must prepare an annual report and accounts containing financial statements and other related reports. They have responsibility for: — preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation; — maintaining accounting records and working papers that have been prepared to an acceptable professional standard and that support their financial statements and related reports disclosures; — ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate Council; — maintaining proper accounting records; and — preparing and publishing, along with their financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that are consistent with the disclosures made in the financial statements. Management commentary should be fair, balanced and understandable and also clearly address the longer- term financial sustainability of the body. Further, it is the responsibility of management of an audited body, with the oversight of those charged with governance, to communicate relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely. Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions. Audited bodies are responsible for providing the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.

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Audit Scotland code of audit practice - responsibility of auditors and management (continued)

Responsibilities of management
Prevention and detection of fraud and irregularities
Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and also to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.
Corporate governance arrangements
Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including Audit Committees or equivalent) in monitoring these arrangements.
Financial position
Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to: — such financial monitoring and reporting arrangements as may be specified; — compliance with any statutory financial requirements and achievement of financial targets; — balances and reserves, including strategies about levels and their future use; — how they plan to deal with uncertainty in the medium and longer term; and — the impact of planned future policies and foreseeable developments on their financial position.
Best Value, use of resources and performance
The Scottish Public Finance Manual sets out that accountable officers appointed by the Principal Accountable Officer for the Scottish Administration have a specific responsibility to ensure that arrangements have been made to secure best value.

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Audit Scotland code of audit practice - responsibility of auditors and management (continued)

Responsibilities of auditors
Appointed auditor responsibilities

Auditor responsibilities are derived from statute, this Code, ISAs, professional requirements and best practice and cover their responsibilities when auditing financial statements and when discharging their wider scope responsibilities. These are to:
— undertake statutory duties, and comply with professional engagement and ethical standards;
— provide an opinion on audited bodies' financial statements and, where appropriate, the regularity of transactions;
— review and report on, as appropriate, other information such as annual governance statements, management commentaries, remuneration reports, grant claims and whole of government returns;
— notify the Auditor General when circumstances indicate that a statutory report may be required;
— participate in arrangements to cooperate and coordinate with other scrutiny bodies (local government sector only);
— demonstrate compliance with the wider public audit scope by reviewing and providing judgements and conclusions on the audited bodies:
  — effectiveness of performance management arrangements in driving economy, efficiency and effectiveness in the use of public money and assets;
  — suitability and effectiveness of corporate governance arrangements; and
  — financial position and arrangements for securing financial sustainability.
Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work in accordance with the Code, and may not be all that exist. Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.
This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.

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Audit Scotland code of audit practice - responsibility of auditors and management (continued)

Responsibilities of auditors
General principles
This Code is designed such that adherence to it will result in an audit that exhibits these principles.
Independent
When undertaking audit work all auditors should be, and should be seen to be, independent. This means auditors should be objective, impartial and comply fully with the FRC ethical standards and any relevant professional or statutory guidance. Auditors will report in public and make recommendations on what they find without being influenced by fear or favour. Our independence confirmation letter (**Appendix two**) discloses matters relating to our independence and objectivity including any relationships that may bear on the firm's independence and the integrity and objectivity of the audit engagement partner and audit staff. We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Director and audit staff is not impaired.
Proportionate and risk based
Audit work should be proportionate and risk based. Auditors need to exercise professional scepticism and demonstrate that they understand the environment in which public policy and services operate. Work undertaken should be tailored to the circumstances of the audit and the audit risks identified. Audit findings and judgements made must be supported by appropriate levels of evidence and explanations. Auditors will draw on public bodies' self-assessment and self - evaluation evidence when assessing and identifying audit risk.
Quality focused
Auditors should ensure that audits are conducted in a manner that will demonstrate that the relevant ethical and professional standards are complied with and that there are appropriate quality-control arrangements in place as required by statute and professional standards.

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Audit Scotland code of audit practice - responsibility of auditors and management (continued)

Responsibilities of auditors
Coordinated and integrated
It is important that auditors coordinate their work with internal audit, Audit Scotland, other external auditors and relevant scrutiny bodies to recognise the increasing integration of service delivery and partnership working within the public sector. This would help secure value for money by removing unnecessary duplication and also provide a clear programme of scrutiny activity for audited bodies.
Public focussed
The work undertaken by external audit is carried out for the public, including their elected representatives, and in its interest. The use of public money means that public audit must be planned and undertaken from a wider perspective than in the private sector and include aspects of public stewardship and best value. It will also recognise that public bodies may operate and deliver services through partnerships, arm's-length external organisations (ALEOs) or other forms of joint working with other public, private or third sector bodies.
Transparent
Auditors, when planning and reporting their work, should be clear about what, why and how they audit. To support transparency the main audit outputs should be of relevance to the public and focus on the significant issues arising from the audit.
Adds value
It is important that auditors recognise the implications of their audit work, including their wider scope responsibilities, and that they clearly demonstrate that they add value or have an impact in the work that they do. This means that public audit should provide clear judgements and conclusions on how well the audited body has discharged its responsibilities and how well they have demonstrated the effectiveness of their arrangements. Auditors should make appropriate and proportionate recommendations for improvement w here significant risks are identified.

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PERTH AND KINROSS COUNCIL

31 March 2021

REVIEW OF DECISION MAKING AND COMMUNICATION ARRANGEMENTS

Report by Chief Operating Officer
(Report No. 21/36)

PURPOSE OF REPORT
This report reviews the temporary adjustments to decision-making arrangements and elected member engagement which were put in place to maintain democratic decision-making and oversight, and to free up officer capacity to focus on the COVID -19 response.

1. BACKGROUND

1.1 Towards the end of 2020, the UK experienced a steep increase in coronavirus (COVID-19) infections and new variants which made the virus highly transmissible and placed unprecedented pressure on the NHS. On 5 January 2021, all areas of the Scottish mainland moved to temporary lockdown arrangements as part of national restrictions which were designed to suppress the virus and protect lives.

1.2 The delivery of the mass vaccination programme became a national priority, and all Scottish local authorities were expected to support the local roll out of the programme in the race to stop the spread of the virus and to protect lives. The efficient delivery of this programme continues to play a crucial role in paving the way to recovery.

1.3 On 27 January 2021, the Council agreed a range of temporary adjustments to decision-making and communication arrangements to maintain elected member decision-making and oversight, and to free up officer capacity to focus on the delivery of essential services, supporting the NHS led mass vaccination programme and dealing with any severe weather events (Report No. 21/12 refers). These arrangements were agreed for the period through to 30 June 2021, with a review by Council at its meeting on 31 March 2021.

2. CURRENT SITUATION

2.1 Over the last two months, the temporary adjustments to the Committee timetable and arrangements for meetings with the political groups have been effective by creating some additional capacity for officers to focus on delivering essential operational services, ensuring the safe phased return to schools and early learning and childcare and, organising and resourcing three Community Vaccination Centres in Perth, Blairgowrie and Pitlochry. Regular updates on the Council's response to COVID-19, covering all Service areas and support to the Community Vaccination Centres, have been provided at weekly Chief Executive's Group Update meetings with Leaders and at monthly Council meetings. This has included the requirement for the Council

to support business, welfare and parental grant processing, which is likely to continue for many months beyond March 2021.

2.2 The Scottish Government recently announced the timeline for a phased approach to the route out of the current lockdown, with the possibility of an acceleration to the easing of restrictions which are designed to suppress the virus to the lowest possible level while people return to a more normal life. Policy decisions and dates for easing out of lockdown will, of course, continue to be informed by data along with scientific and medical advice.

2.3 The Executive Officer Team have reviewed the current adjustments to the Council's decision-making and communication arrangements in the context of the national route map out of lockdown, as well as local requirements to support our on-going response, alongside recovery and renewal within available capacity.

3. PROPOSALS

3.1 The following proposals are made to return to more normal arrangements for decision-making and communication after a two-month period of temporary adjustments related to Covid-19.

Council Meetings

3.2 The decision of Council in January 2021 was to suspend all committee meetings, other than those that deal with quasi-judicial business or statutory appeals. These have continued in accordance with the timetable of meetings approved in December 2020.

3.3 It is **proposed** the timetable that was originally agreed in December 2020 for meetings of the Council, its Committees and their Sub-committees, resumes on Monday 19 April 2021, at the end of the Easter recess period.

3.4 The only proposed change is to move meetings of the Common Good Committees scheduled for Monday 26 April to Wednesday 28 April 2021, and from Monday 21 June to Wednesday 16 June 2021 because this is the preferred day. The updated timetable is shown as Appendix 1.

3.5 This proposal includes cancelling the Special Council meeting scheduled for 26 May 2021 which was part of the interim arrangements approved on 27 January 2021.

3.6 In view of the proposal to return to the normal calendar of meetings, the Urgent Business Committee is no longer required.

Member Officer Working Groups

3.7 Member Officer Working Groups (MOWGs) are used to engage elected members in shaping strategies, policies and governance arrangements ahead of finalising reports for consideration by the relevant Committee or

Sub-Committee. It is **proposed** that MOWGs, including those for Governance and the Perth and Kinross Offer are re-introduced with effect from May 2021. The next meeting of the Governance MOWG will take place on 17 May 2021 and the Perth & Kinross Offer MOWG will take place on 14 June 2021.

Reports

3.8 As outlined in the report to Council in January 2021, for the period covered by the timetable, reports will continue to be more focussed, and, on occasion, business may be addressed by way of presentation or verbal update.

Chief Executive's Group Updates for Leaders

3.9 Weekly Chief Executive's Group meetings on Teams with Leaders have provided updates on the Council's COVID-19 response, new legislation and guidance and any other emerging issues. Notes of key points from these meetings and Elected Member Bulletins have ensured a regular information flow to inform and update members on key issues across Perth and Kinross.

3.10 It is **proposed** that the last Chief Executive's Group Update to Leaders will take place on Monday 12 April, with a transition to previous arrangements for meetings with leaders in their own political groups with effect from the following week. Elected Member Bulletins and themed briefing sessions will continue.

Hybrid Meetings

3.11 March 2021 marks the one-year anniversary of significant numbers of staff and all elected members working from home. Storm damage work and glazing replacement work at Council Building at 2 High Street, Perth are due to be completed by June 2021 at the earliest. Furniture reinstatement, IT installation and deep cleaning will be required thereafter. With regard to the Council Chamber, the audio-visual equipment is being checked for compatibility with Microsoft Teams and Live Events to enable hybrid meetings for Council business, where required. Hybrid meetings would enable participants to engage in meetings within the Council Chamber as well as those who are based elsewhere, whether this be from home or another location.

3.12 Any return to working from offices and use of the Council Chamber must be in accordance with Scottish Government guidelines to ensure the health and safety of elected members, staff and members of the public. The route map out of lockdown in Scotland refers to a phased return of some office staff from the end of June. At this stage, there is no further detail on what this may mean in practice and, as such, it is too early to make definitive plans about what such a return may look like for elected members and staff. It is **proposed** that the use of hybrid meetings for Council and Committee meetings is explored through the Member Officer Working Group for Governance, with a further report to Council thereafter.

3.13 It is also **proposed** that the proposed calendar of meetings for the period July to December 2021 is brought forward for consideration at the Council meeting on 21 April 2021. In line with previous year's timetables, this would include a summer recess period between 5 July and 13 August 2021.

3.14 The pandemic required a major shift to new ways of working, almost overnight, to ensure delivery of council services. However, the pandemic has also been a catalyst to reimagine future ways of working, bringing efficiencies and which are in accordance with Perth and Kinross Offer. Therefore, it is sensible that the Council considers how and where we work in future, rather than reinstating work practices and habits that were prevalent before the pandemic.

3.15 A strategy for the future of work in Perth & Kinross Council is required; setting out a vision for how staff and elected members can work and how our residents will be able to access services in the future. This should encompass where people work, optimal use of digital technology, and should outline the essential skills, attributes and behaviours required for the future. This will be the subject of a separate report to Council later this year.

Other

3.16 With the suspension of the normal process for agreeing Service Business Management and Improvement Plans, it is **proposed** that Service Annual Performance Reports and Business Management and Improvement Plans will be brought forward to Scrutiny Committee and the relevant themed committees after the summer recess.

3.17 Other arrangements as outlined in the report to Council on 27 January 2021 (report no 21/12 refers) remain.

4. FINANCIAL IMPLICATIONS

4.1 There are no financial implications arising directly from the proposals in this report.

5. CONCLUSION AND RECOMMENDATION

5.1 This report reviews the interim governance and communication arrangements which were put in place earlier this year as a response to the latest phase in the COVID-19 emergency.

5.2 It is recommended that Council:-

(i) approves the revised Committee timetable as set out in Appendix 1 for 19 April to 30 June 2021;
(ii) agrees the return of MOWGs from May 2021;
(iii) notes the last Chief Executive's Group Update to Leaders takes place on 12 April 2021, with a transition to previous arrangements thereafter;

(iv) notes that hybrid meetings will be considered by the Governance MOWG ahead of a subsequent report to Council;
(v) notes the proposed Committee timetable for the period July to December 2021 will be considered by Council on 21 April 2021; and
(vi) notes that Service Annual Performance Reports and Business Management and Improvement Plans to go to Scrutiny Committee and the relevant themed committees after the summer recess.

Author

Name	Designation	Contact Details
Karen Donaldson	Chief Operating Officer	kadonaldson@pkc.gov.uk

Approved

Name	Designation	Date
Barbara Renton	Interim Chief Executive	23 March 2021

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You can also send us a text message on 07824 498145.
All Council Services can offer a telephone translation facility.

ANNEX

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

1. Strategic Implications

Community Plan/Single Outcome Agreement

1.1 An effective governance framework will support the Council to deliver all of the outcomes of the Local Outcome Improvement Plan and respond to the COVID-19 pandemic.

Corporate Plan

1.2 An effective governance framework will support the Council to deliver all of the outcomes of its Corporate Plan and respond to the COVID-19 pandemic.

2. Resource Implications

Financial

2.1 None.

Workforce

2.2 None.

Asset Management (land, property, IT)

2.3 None.

3. Assessments

3.1 Equality Impact Assessment

(i) Assessed as **not relevant** for the purposes of EqIA

3.2 Strategic Environmental Assessment

(i) No action is required as the Act does not apply to the matters presented in this report.

Legal and Governance

3.3 The Head of Legal & Governance Services and Head of Finance were consulted in the preparation of this report.

4. Consultation

Internal

4.1 Executive Officer Team have been consulted in the preparation of this report.

External

4.2 None.

5. Communication

5.1 Not applicable.

2. BACKGROUND PAPERS

None.

3. APPENDICES

Appendix 1 - Committee Timetable 19 April 2021 to 30 June 2021

Appendix 1

	Mon	Tues	Wed	Thurs	Fri	Mon	Tues	Wed	Thurs	Fri	Mon	Tues	Wed	Thurs	Fri	Mon	Tues	Wed	Thurs	Fri	Mon	Tues	Wed	Thurs	Fri
APRIL				1	2	5	6	7 P&DM (10.00am)	8 Licensing (10.00am)	9	12	13	14	15	16	19 Appeals Sub (9.00am) Property Sub (10.00am)	20	21 Council (9.30am)	22 Licensing Board	23	26 Attendance Sub (10.00am)	27 LRB (10.30am)	28 Common Goods (9.30am)	29	30
MAY	3	4	5 P&DM (10.00am)	6	7	10	11	12 Scrutiny (9.30am)	13	14	17	18	19 E&I (9.30am)	20	21	24 LL Insp (10.00am)	25 LRB (10.30am)	26 LL (9.30am)	27 Licensing Board JCC (10am)	28	31 H&C (9.30am)				
JUNE		1 P&DM (10.00am)	2 SP&R (9.30am)	3 Licensing (10.00am)	4	7 Appeals Sub (9.00am) CHS&W (10.00am)	8 Audit (9.30am)	9 Scrutiny (9.30am)	10	11	14 Property Sub (10.00am) Attendance Sub (10.00am)	15 JNC (AGM) (2.30pm)	16 Common Goods 9.30am	17	18	21	22 LRB (10.30am)	23 Council (9.30am)	24	25	28	29 P&DM (10.00)	30 Audit (Special) (9.30am)		

Recess Periods (all inclusive)

End of Cycle

Office Closed

E&I	= Environment & Infrastructure Committee
P&DM	= Planning and Development Management Committee
H&C	= Housing & Communities Committee
LL	= Lifelong Learning Committee
SP&R	= Strategic Policy and Resources Committee
LRB	= Local Review Body
JCC	= Employees Joint Consultative Committee
CHS&W	= Corporate Health, Safety and Wellbeing Consultative Committee
JNC	= Joint Negotiating Committee for Teaching Staff
LL Insp	= Lifelong Learning Executive Sub-Committee

Note: Meetings of the Appeals Sub-Committee and Attendance Sub-Committee are indicative dates.

PERTH AND KINROSS COUNCIL

31 March 2021

ECONOMIC WELLBEING PLAN

Report by Head of Planning and Development
(Report No. 21/37)

PURPOSE OF REPORT
This report seeks approval of the Economic Wellbeing Plan, co-produced by a number of enterprise support network organisations to assist economic recovery as a result of the impact of Covid-19. The plan summarises the progress in supporting businesses and individuals as well as the economic impact on the local economy to date.

1. BACKGROUND

1.1 The Council noted at its meeting of 30 July 2020, the initial economic response to the pandemic. It also outlined a draft version of our proposed Economic Wellbeing Plan for consultation with the local business community, wider partnership and other relevant organisations (Report No. 20/125 refers).

1.2 Over the past year, the Council has continued to support businesses and individuals in a wide range of ways, including:

- establishing and coordinating a Business Task Force comprising the Council, the Perthshire Chamber of Commerce, the Business Gateway, Growbiz, Federation of Small Businesses, Perthshire Tourism Partnership and the Perth Traders Association.
- providing advice and guidance directly by phone, email and through our website – to both businesses and individuals affected.
- administering multiple Scottish Government business grants totalling £57m (as of 12 March) to almost 9000 successful applicants.
- publishing a regular Business Bulletin which is circulated to over 1000 businesses.
- carrying out two Business Barometer surveys to gauge the impact on businesses, with a third scheduled for April 2021.
- providing employability support to individuals made redundant to support them to find new jobs.
- regularly monitoring local economic indicators to establish the on-going impact of the recession on the economy.

1.3 The attached Economic Wellbeing Plan (Appendix 1) outlines, in more detail, the various actions taken by the Council and other partners to date. It also sets out the Business Task Force's recommended way forward principally based on a programme of actions under the 3 main headings of support for People, Business and Place**.** Sub-groups have been established to take forward projects and actions, and to monitor impact.

1.4 There are a wide range of interventions that economic development practitioners across the partnership believe are required to help the local economy recover. These include short term response measures supporting business survival and keeping people in employment; medium term measures extending support to key sectors with catalytic investment projects to generate employment and confidence; and long-term measures geared towards the decarbonisation and digitisation of the economy.

1.5 The overall cost of delivering the Economic Wellbeing Plan between now and 2024 is estimated to be in the order of **£490m** (with capital expenditure beyond 2024). This is broadly allocated as follows:

- People actions (£15m)
- Business actions (£250m)
- Place actions (£225m)

1.6 The capital expenditure identified in the plan is already largely secured through the Council's current budget, the Tay Cities Deal and other sources; the principal exception being the Perth Eco-Innovation Park. It is also recognised that a significant part of the proposed revenue expenditure remains wholly unfunded, and this is identified in the Plan (Appendix 1). The T ask Force partners will endeavour to secure as much external funding as possible, and any remaining shortfall may be considered by the Council as part of the revenue budget setting process in future years. £1.525 million of non-recurring revenue expenditure to support a prosperous, inclusive and sustainable economy was approved by the Council at its budget setting meeting on 10 March 2021. The projects allocated funding are:

<u>People</u>

- Perth and Kinross Skills Passport £250,000 (over two years)

<u>Business</u>

- Business investment crowd funding £175,000
- Microbusiness grants £200,000

<u>Place</u>

- Adapt your property £350,000
- Open for business property improvement fund £200,000

- Marketing and visitor management £250,000
- Car park charging freeze £100,000

2. CONSULTATION PROCESS

2.1 In line with the principles of the Perth and Kinross Offer, the plan has been co-created by the Business Task Force Partners. Both editions of the Business Barometer also collated concerns and suggested actions from local businesses. The draft plan was circulated to other partners, the wider business community and the public for feedback and comment during August and September 2020. The plan was the subject of a briefing to all elected members on 22 February 2021 and reviewed in a workshop on 16 March 2021. Throughout the consultation process, there has been consistent feedback on the issues and required responses. These are summarised below including the key feedback from the recent workshop with elected members:

- the emphasis on digital skills and business digitalisation is positively supported.
- the role of the third sector and the need to take account of fairness and equality, particularly when supporting people, were highlighted. In response to this, it is the intention to carry out an Equality Impact Assessment on this final version of the plan.
- the importance of public transport and active travel to help recovery was highlighted, as well provision of safe spaces for people to use for leisure or work.
- the plan's emphasis on clean growth was positively supported, as well as support for business innovation.
- the importance of natural assets including biodiversity to support the local economy such as tourism or food and drink. In response to this, an additional action has been incorporated to support investment in natural assets.
- the importance of cultural attractions both in Perth City and the rural areas in supporting the visitor economy and tourism sector has been recognised.
- there were some concerns expressed that the projects within the plan were perhaps too Perth centric; however, additional rural projects are now included and, overall, around 70% of all the projects included in the plan will impact across the whole of Perth and Kinross.
- the impact of the Tay Cities Deal is now highlighted within the plan as an opportunity to focus on several key transformational projects for Perth and Kinross and the wider region.
- the plan needs to be agile and capable of responding to new data or the currently unknown economic consequences of the pandemic.

- the plan needs to be evidence-based, and performance monitored to learn from experience and adapt.

3. CONCLUSION AND RECOMMENDATIONS

3.1 The Economic Wellbeing Plan sets out the Council and its economic development partners' proposed response to the economic downturn and recession caused by Covid-19. It is a bold and ambitious plan that officers recognise must continually be adapted to respond to the situation on the ground. The plan must also align with, and complement, future support from the Scottish and UK Governments and their agencies. Officers also recognise that full implementation will require additional revenue and capital resource to be considered as part of bids for external funding and, potentially, the Council's future budget setting process.

3.2 Following consideration by the Council, the plan will be designed and published online for use by all the partners. The Business Task Force will undertake regular monitoring with update reports submitted to the Community Planning Partnership and the Strategic Policy & Resources Committee.

3.3 It is recommended that the Council:

(a) notes the progress made to date in supporting local businesses and individuals through the pandemic.

(b) agrees the integrated programme of activities recommended by the partners as set out within the Economic Wellbeing Plan, along with the monitoring arrangements outlined in section 3.2.

(c) notes that £1.525 million of non-recurring expenditure to support economic recovery has been approved as part of the Council's 2021/22 revenue budget.

(d) notes that the plan's full implementation will require additional revenue and capital expenditure to be made by the Council, partners and other external agencies.

Author

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Approved

Name	Designation	Date
Barbara Renton	Executive Director (Communities)	23 March 2021

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ANNEX

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	**Yes / None**
Community Plan / Single Outcome Agreement	**Yes**
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	**Yes**
Risk	**Yes**
Consultation	
Internal	**Yes**
External	**Yes**
Communication	
Communications Plan	**Yes**

1. Strategic Implications

-

Community Plan/Single Outcome Agreement

1.1 The proposals relate to the delivery of the following objective as set as within the Perth and Kinross Community Plan: -

- "Promoting a prosperous, inclusive and sustainable economy".

Corporate Plan

1.2 The proposals relate to the achievement of all the following priority as set out in the Council's Corporate Plan: -

- "Promoting a prosperous, inclusive and sustainable economy."

2. Resource Implications

Financial

2.1 There are significant financial implications to implement the Economic Wellbeing Plan. Some additional new projects and actions have been identified for which no budget is currently available. This will be considered the budget setting process in future years.

Workforce

2.2 The recommendations in this report do not have any direct implications for the Council's workforce. However, it is likely that some staff may be required to undertake different duties to allow implementation the Economic Wellbeing Plan.

Asset Management (land, property, IT)

2.3 There are no direct Asset Management implications arising from this report. However, some potential actions in the plan could have implications for Council assets.

3. Assessments

Equality Impact Assessment

3.1 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. An Equality Impact Assessment will be carried out on the final version of the plan once the resource issue has been resolved. The focus of the plan is on Economic Wellbeing and officers will ensure that implementation can benefit all groups in society.

Strategic Environmental Assessment

3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. An Environmental Impact Assessment will be undertaken for the overarching Recovery Plan of which the Economic Wellbeing Plan is a sub-set/workstream, and as such should not require its own Assessment.

Sustainability

3.3 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. Under the Climate Change (Scotland) Act 2009, the Council also has a duty relating to climate change and, in exercising its functions must act:

- in the way best calculated to delivery of the Act's emissions reduction targets;
- in the way best calculated to deliver any statutory adaptation programmes; and
- in a way that it considers most sustainable.

Legal and Governance

3.4 The Head of Legal and Governance has been consulted on this report.

Risk

3.5 The development of the Economic Wellbeing Plan for Perth and Kinross is a significant piece of work, which will cover a long period of time and effect what the Council and its partners do. There will be some risks associated with this work and these will be identified and managed using recognised risk management approaches.

4. Consultation

Internal

4.1 All members of the Council's Executive Officer Team and Corporate Management Team have been consulted in the preparation of this report. In addition, the Council's Recovery Member Officer Group have been consulted on the Wellbeing Plan. The plan was also subject of a workshop with elected members.

External

4.2 The proposed approach to Recovery and Renewal has been discussed with the Community Planning Partnership, and the draft Wellbeing Plan was circulated for comment. The draft Economic Wellbeing Plan was subject to consultation with a wide variety of partner organisations, the wider business community, and the general public during August/September 2020.

5. Communication

5.1 The communication arrangements will be developed through a Communications Plan which has still to be drafted and will feed into the consultation and engagement plan for the overall Recovery and Renewal Plan.

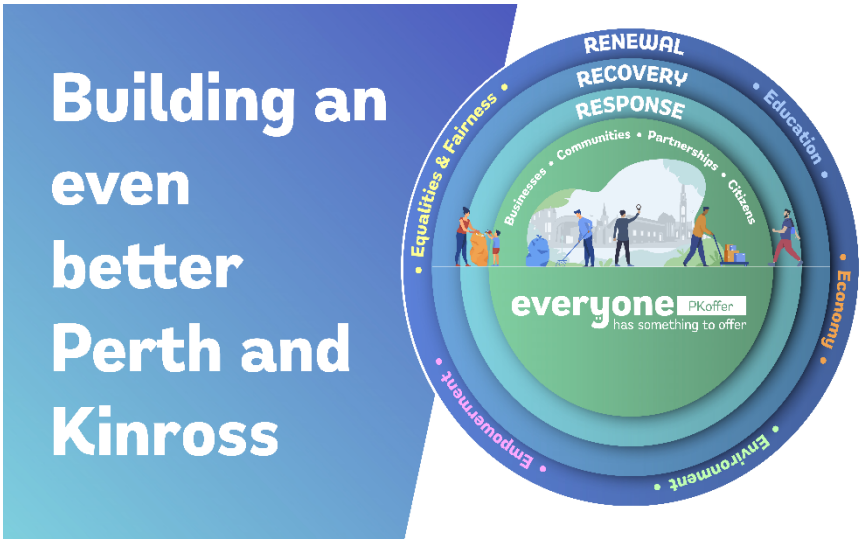
2. BACKGROUND PAPERS

2.1 Report No. 20/125.

3. APPENDICES

3.1 Appendix 1 - Economic Wellbeing Plan

Appendix 1



The Perth and Kinross Offer

Economic Wellbeing Plan 2020-2028

March 2021

Co-produced by:

Business Gateway Tayside

Federation of Small Businesses

Growbiz

Perth & Kinross Council

Perth Traders Association

Perthshire Chamber of Commerce

Perthshire Tourism Partnership

1 Context

1.1 The Covid-19 pandemic and consequential lockdowns are unprecedented because of the significant simultaneous impact on the economy globally, nationally and locally. Restrictions on business operations have severely disrupted certain sectors particularly Retail, Hospitality and Tourism which are crucial to the Perth and Kinross economy. The Economic Wellbeing Plan sets out a proposed set of actions to assist economic recovery and support growth over time. The Plan will be refreshed regularly as the scale of the economic impact is quantified, and in line with the fiscal response from the Scottish and UK Governments.

1.2 Economic recovery will take many months, probably years, and some businesses may not survive the ongoing requirement to maintain physical distancing that will severely reduce their revenues. The Council, working in partnership with the Scottish Government, Scottish Enterprise, Skills Development Scotland and private and third sector business support organisations, will do all it reasonably can to protect jobs and businesses. The scale of the challenge should not be underestimated, and the impact of job losses are already being experienced by many families across Perth and Kinross.

1.3 The most recent Organisation for Economic Co-operation and Development (OECD) Outlook (March 2021) predicts a much brighter outlook than it did in 2020. Global economic prospects have markedly improved in recent months, helped by the gradual deployment of effective vaccines, new fiscal support in some countries and signs that economies are coping better with measures to support to supress the virus. Global GDP growth is now projected to be 5.5% in 2021 and 4% in 2022, with global output rising above pre-pandemic levels by mid-2021. However, despite this improved outlook, output and incomes in many countries, including the UK, will remain lower than pre-pandemic forecasts to the end of 2022. There are also increasing signs of divergence across countries and business sectors. Strict containment measures will hold back growth in some countries and service sectors in the near term, while others will benefit from effective public health policies, faster vaccine deployment and strong economic policy support.

1.4 Sizeable risks remain however, slow progress in vaccine rollout and the emergence of new mutations resistant to existing vaccines would result in a weaker recovery, larger job losses and more business failures. Cost pressure have begun to emerge in commodity markets due to resurgence of demand and temporary supply disruptions, but underlying inflation remains mild. Continued income support for households and businesses is warranted until significant easing of face-to-face activities is possible.

1.5 The revised forecasts outlined in the most recent report highlight that the rebound from the pandemic has been faster than expected in the latter half of 2020. In 2020 G20 area Economic Output/GDP estimated to have fallen by -3.2%, compared to a fall of -6.8% in the Euro Area and -9.9% in the UK.

Current forecasts for recovery in 2021 and 2022 are:

- The UK +5.1% and +4.7%
- The Euro area +3.9% and +3.8%
- G20 +6.2% and +4.1%

The OECD recommends that governments prioritise three actions:

- Vaccinate fast
- Invest fast to boost growth and jobs
    - Help businesses adapt to a digital future
    - Invest in cleaner infrastructure and digital technology to foster a transition to a more resilient economy
- Support people
    - Protect incomes of those hardest hit
    - Help the low skilled and the vulnerable
    - Improve access to training and the labour market
    - Focus on preparing young people for a changing world of work

1.6 The UK Office for National Statistics (ONS) has published its latest survey-based analysis (ONS, 18 March 2021) of the economic impact on individuals and businesses across the UK. It reported:

- 19% of workforce on furlough leave compared to 30% in early June 2020
- 74% of UK businesses are currently trading, down from 84% in mid Dec. 2020
- On-line job adverts at 93% of their level in Feb. 2020, a significant increase from previous months
- 46% of workforce at their normal place of work compared to 35% in early June 2020
- UK spend on debit and credit cards in March 2021 is at 80% of levels in Feb.2020

1.7 UK Gross Domestic Product (GDP) was expected to contract sharply in 2020 with a forecasted 10.1% reduction. Overall consumer spending has drastically fallen because people are unable to spend to a previous extent. However lower income households have been disproportionately affected, with increased expenditure on food and utilities whereas higher income households report increased savings due to decreased leisure expenditure. One of the longer lasting impacts of the pandemic is expected to be increased income inequality.

1.8 The Scottish Government's most recent State of the Economy Report (29 September 2020) which highlighted the impact of Covid-19 on the economy thus far and the likely long-term impact. The headlines state that:

- Although we have recovered half the fall in GDP since March, they are unlikely to return to pre-pandemic levels until the end of 2023. Latest predictions are that economic output fell by 9.8% in 2020.

- GDP should continue to recover in Q3 but greater uncertainty due to possible further waves of infection and extended local and national restrictions, combined with the implications of the recently signed EU-UK Trade and Cooperation Agreement (TCA), will have significant impacts on recovery rates.

- At the end of September, Scotland still had more than 217,000 employees on furlough (the December 2020 total was 283,000).

- Unemployment was expected to rise to 8.2% by the end of 2020 (the actual figure for December 2020 was 5.9%).

- The impact of emergency measures and increased public spending will have a significant impact on public finances in the short, medium and long term due to less available resources for recovery.

- Sectors most affected initially include Services (especially Tourism, Hospitality & Leisure); Retail; Health & Care; Arts & Entertainment; Manufacturing and Construction.

- Trading conditions for some sectors remain extremely challenging with many operating at reduced levels and facing significant cash flow challenges.

- Consumer confidence has sharply declined (at lowest levels since 1974).

- The Fraser of Allander Institute (FAI) Business Monitor reports 89% of Scottish businesses have seen an impact on turnover with 54% of firms saying they could survive less than three months and 32% for 4-6 months.

- The jobs market contracted very sharply in March/April 2020. In Scotland, Universal Credit claims were up 61,000 in a two-week period.

- A Scottish survey highlighted 51% of businesses have seen a reduction in staff available due to the virus; 81% had reduced staff paid hours.

- Commentators believe there will be a great impact on lower skilled employees, those under 25, women and in rural areas heavily reliant on tourism.

- The FAI Economic Commentary (March 2021) highlighted the following:

    - Still huge uncertainty in the economy and forecasting continues to be difficult, however they outline three likely scenarios for recovery:
        - Optimistic - a return to pre-crisis GDP by Summer 2022.
        - Gradual/likely - a return to pre-crisis GDP by Autumn 2022.
        - Pessimistic - a return to pre-crisis GDP by Summer 2023.

    - Accommodation and Food Services, and Arts, Culture and Recreation continue to the hardest hit sectors.

- With the Government Furlough scheme extended until September, the full effects of the pandemic on the labour market remain to be seen.
- Despite Furlough, wider indicators continue to paint a worrying picture.
- Unemployment is still 87% higher in Scotland than it was in March 2020.
- The recent UK budget includes a range of support measures for businesses and households which mean the forecast for growth are now more optimistic.
- The UK is one of the countries leading the way in terms of its vaccination programme.

2 Perth and Kinross

2.1 The Perth and Kinross economy has experienced growth in recent years, with higher -than-average rates of employment (particularly through self-employment), very low unemployment, and higher than the national level increases for VAT business registrations. Tourism revenue has also grown, with tourism related employment accounting for 13% of the total workforce. It seems likely that many of these gains will be lost unless the Council and its partners can intervene and support recovery and growth over the next few years. Furthermore, workforce weekly wages across Perth and Kinross have been consistently lower than the Scottish average, reflecting an overdependence on traditionally poorer paying sectors such as Hospitality, Retail and Agriculture. Resident weekly wages have been above the Scottish average, reflecting those people who live in Perth and Kinross but work elsewhere.

2.2 Opportunity can spring from adversity. The Council and its partners already have a bold vision for Perth and Kinross; and across Tayside and North East Fife we have a strategy for economic growth assisted by the Tay Cities Deal. However, the pandemic has emphasised the need for Perth and Kinross to make a swifter transition to a digital economy, to plan for clean growth and to support businesses to become more future focused.

What do we know so far about the economic impact?

2.3 Between March 2020 and January 2021, the overall unemployment claimant count in Perth and Kinross rose by 119% (up 2220 individuals), with the unemployment rate rising from 2% to 4.4%. The 18-24 age group saw an even higher percentage increase, going from 345 (3.3%) individuals to 825 (7.9%), an overall rise of 480 or +139%.

2.4 Several local business and national chains have already announced significant job losses and closures including Fishers Laundry, Ovo, Pitlochry Hydro Hotel, Pitlochry Festival Theatre, Horsecross, the Crieff Hydro Group, Queens Hotel, Binn Group, TSB, Marks and Spencer, PGL Travel and Boots. We expect this to grow over the coming months, particularly once the furlough scheme ends in September. As of

December 2020, 8900 employees in Perth and Kinross (13% of those eligible) were on furlough (compared to a Scottish average of 11%), a reduction from 34% in August 2020.

2019 electoral wards	January 2020	January 2021	Year on year change (%)
Almond and Earn	90	195	117%
Blairgowrie and Glens	125	320	156%
Carse of Gowrie	75	180	140%
Highland	80	255	219%
Kinross-shire	120	300	150%
Perth City Centre	440	895	103%
Perth City North	275	515	87%
Perth City South	200	390	95%
Strathallan	75	205	173%
Strathearn	120	265	121%
Strathmore	155	330	113%
Strathtay	65	230	254%
Perth & Kinross	1,815	4,080	125%

Wards where Unemployment has increased 150%+

2019 electoral wards	January 2020	January 2021
Almond and Earn	1.6	3.4
Blairgowrie and Glens	2.0	5.1
Carse of Gowrie	1.2	2.9
Highland	1.4	4.6
Kinross-shire	1.5	3.5
Perth City Centre	3.7	7.6
Perth City North	3.4	6.5
Perth City South	2.1	4.1
Strathallan	1.1	2.9
Strathearn	1.9	4.3
Strathmore	1.7	3.7
Strathtay	0.8	2.9
Perth & Kinross	**2.0**	**4.4**

Wards above P&K average rate of 4.4%

2.5 The Council has issued two specific Covid-19 Business Barometer surveys to gather feedback on the impacts for local businesses. The first covered the period mid-May to early June 2020 and received over 1000 responses, with a follow up survey carried out in September. A summary of who responded and their feedback is outlined below:

- A good sectoral mix of businesses responded but most were from Tourism & Hospitality (36%); Retail (17%); and Other Services (30%).
- 85% of responses were from micro businesses (less than 10 employees) or the self-employed; 13% from small businesses (10-49 employees).
- 80% of all businesses reported a loss of income.

- Majority of respondents had applied for some sort of support.
- Going out of business was the main concern for more than 25% of respondents.
- 20% of businesses were planning to or had already cut staff numbers.
- More than 25% want to develop more online sales/direct delivery.
- 46% wanted more focus on events and promotion of the area to attract visitors back.
- 43% wanted support to access finance.
- 36% wanted a focus on encouraging the buying of local goods and services.
- 26% wanted more investment in digital infrastructure and connectivity.
- Workforce travel to work was a concern going forward.

The Perth and Kinross response to date

2.6 During the early stages of lockdown from mid-March to the end of April 2020, the Council received 500 enquiries from businesses seeking support and advice. The majority of these related to information on the various business grants and loans that were rapidly introduced and administered on behalf of the Scottish Government by the Council.

2.7 Over 6200 businesses have received grants totalling over £55.7m to date (22/03/21). These are detailed below:

- Self Employed Hardship Fund – 220 grants awarded, totalling £440,000,
- B&B Fund – 13 grants awarded, totalling of £39,000,
- Business Hardship Fund – 252 grants awarded, totalling £394,735,
- Nightclub and soft play centres – 5 grants awarded, totalling of £192,500,
- Over 3500 businesses received non-domestic rates grants, totalling £36.32m
- Taxi Drivers Fund – 282 grants award, totalling £423,000.
- Large Self-Catering & Exclusive Use Venues, 20 grants totalling £40,000 so far.
- Strategic Framework Business Fund - 1640 grants awarded, totalling c£16.2m so far.
- Discretionary Fund – 230 grants awarded, totalling c£0.9m so far.

2.8 The Covid-19 Business Support Task Force was established comprising the Council, Business Gateway, Scottish Enterprise, Perthshire Chamber of Commerce, Growbiz, Federation of Small Businesses, Perthshire Tourism Partnership and the Perth Traders Association.

2.9 The Council also developed additional website pages highlighting the support available for businesses (Business Support web link), and continues to produce a Business Bulletin, which is circulated to over 1000 businesses and 250 other individuals.

2.10 The Council has also:

- Supported employers to advertise vacancies.
- Assisted unemployed clients into vacancies.
- Offered Council commercial tenants rent deferrals.
- Promoted local supply chains, goods, and services such as home delivery of local produce.
- Implemented proposals to make our business and retail environment Covid safe and accessible.

- Launched its own Commercial Property Regeneration Fund to support the re-purposing of vacant commercial buildings.

2.11 A number of our partners including the Business Gateway, Growbiz and the Perthshire Chamber of Commerce have provided extra support to businesses, mainly through additional on-line training, webinars, and advice.

Vision and current strategies

2.12 The Council and its local partners have previously set out our ambitious vision and strategy for Perth and Kinross in two key documents – the Community Plan and the Perth City Plan. In addition, we have also recently agreed a Tay Cities Regional Economic Strategy to support the development of the regional economy and drive forward the delivery of projects in the Tay Cities Deal. Signed on 17 December 2020, the deal will provide a significant financial boost to facilitate transformational projects both in Perth and Kinross, and across the wider Tay Cities region. Many of the underlying economic challenges remain as outlined within these key documents and are still valid as we seek to recover from the Covid-19 economic downturn. These include the need to:

- Diversify our economy.
- Bring new investment and higher value jobs to the area.
- Enhance the resilience of the rural economy.
- Retain our young talent.
- Improve digital connectivity.
- Confront the climate challenge.
- Accelerate technological change.
- Address the future of retail.
- Increase local, regional, and UK visitors to our city centre and to other rural, cultural and heritage tourism locations and attractions.
- Focus on boosting both our existing key sectors and growing new ones such as low carbon and high value manufacturing.

2.13 The Community Planning Partnership vision is simple and bold. Collectively we want to *"create a confident, ambitious and fairer Perth and Kinross, for all who live and work here."* Our specific economic ambition is *"that we live in a Perth and Kinross which promotes inclusive economic growth and a thriving economy."* These take on a renewed and more immediate purpose in the current circumstances.

Recovery and growth towards a wellbeing economy

2.14 The economic development partners will continue to respond and support local businesses and those individuals who have lost their livelihoods as a result of the economic situation however the focus is also now on recovery and long-term growth. The Covid-19 Business Barometer will become a regular tool to garner intelligence from businesses, listen to their concerns and co-design appropriate responses. Additional partners will also be invited to participate in the Task Force such as Skills Development Scotland and the Department for Work and Pensions.

2.15 The Economic Wellbeing Plan needs to be bold and ambitious reflecting both the significant business and employment challenges ahead but also striking an optimistic note by highlighting the opportunity now available to build a new Wellbeing Economy. By wellbeing we mean that the economy should serve people and communities first and foremost.

2.16 On 22 June, the Scottish Government published the report *"Towards a robust, resilient, wellbeing economy for Scotland"* developed by their Independent Advisory Group on Economic Recovery. The report outlines 25 recommendations and includes a "*call to action"* to the Scottish Government, the public sector and our private and third sector partners. A summary of the key recommendations is outlined below:

- An urgent need to access low-cost debt requires an accelerated review of the Fiscal Framework, and a significant increase in access to capital investment to support an investment-led recovery.
- A Scottish jobs guarantee, in partnership with business and government, should be introduced to address unemployment with refocused skills.
- Strategies and decisive steps should align teaching and learning in universities and colleges to the needs of businesses.
- Prioritisation of sector plans to deliver a green recovery, where the coincidence of emissions reductions, the development of natural capital and job creation are strongest.
- Critical investment in the country's digital infrastructure to improve connectivity, reduce inequalities and build the country's resilience.
- Urgent action to develop a stronger relationship between business and government on the strategy for Scotland's economic recovery.

2.17 The main themes of the recommendations and the Scottish Government response published on 5 August are reflected in our own local Economic Wellbeing Plan outlined below. The Scottish Government announced on 9 July, £100m additional funding for targeted employment and training support and a commitment to the Youth Guarantee.

2.18 The UK Government published a "Plan for Jobs" on 8 July designed to support jobs by focusing on skills and young people, the creation of jobs via investment in shovel-ready projects and green infrastructure, and the protection of jobs through a VAT cut for the Hospitality sector and an 'Eat Out to Help Out' dining scheme.

2.19 The Business Support Task Force has devised a programme of actions under three main headings of support for **People, Business and Place.** There are a range of interventions required to ensure recovery of the local economy. There are short term response measures supporting business survival and keeping people in employment; medium term measures extending support to key sectors and catalytic

investment projects to generate employment and confidence; and long-term measures geared towards the decarbonisation and digitisation of the economy. All are designed to support the stimulation of economic activity; boost productivity and competitiveness; improve connectivity; and ensure that improvements are targeted at those most disadvantaged and suffering from the effects of the economic crisis. Ultimately, these measures will help to achieve the vision of a greener, stronger, more resilient and inclusive economy.

2.20 In preparing the Economic Wellbeing Plan, the partners have undertaken a review of existing activity and spend areas and have thought innovatively about fresh solutions and new ways of working to adapt to a very different economic context. Programme themes include:

- **Digital** – more digital businesses, online sales and customer fulfilment.
- **Connectivity** – a more rapid move to full-fibre broadband, and development of more active travel options.
- **Skills** – re-skill and up-skill individuals with an emphasis on core and advanced digital skills as well as meeting the replacement demand employers have expressed.
- **Support for young people** through DWP Kickstart Scheme and Scottish Government funded Young Person's Guarantee.
- **Entrepreneurship** - embedding a spirit of enterprise.
- Developing and promoting **community wealth building** approaches.
- **Engagement** - a co-ordinated approach across the partnership.
- **Focus** - fewer but more ambitious projects such as the Perth Eco Innovation Park.
- **Clean Growth** - maximising the economic opportunity Perth and Kinross can grasp.
- **Natural capital** – the basis of our tourism and food and drink industries.
- **Re-imagining** – planning for change in our city, towns, and neighbourhoods through a post Covid-19 lens.

2.21 The actions have been classified as short, medium and long term, recognising what we will deliver between April 2021 and March 2024. The overall cost of delivering the Economic Wellbeing Plan is approximately **£490m** (with some capital investment delivered beyond 2024). This is broadly allocated as follows:

- People actions (£15m)
- Business actions (£250m)
- Place actions (£225m)

These figures include approved capital budget projects and significant match funding from other public and private sources, including the Tay Cities Deal. It is intended to undertake regular reviews of the Plan to ensure it continues to deliver the support that is needed. A midpoint review of the Plan will be undertaken before the end of March 2024 to ensure it is delivering the desired outputs and outcomes. External funding to deliver the Plan in its entirely will continue to be pursued.

PEOPLE – WHOLLY OR PARTLY FUNDED PROJECTS

ISSUE/PROBLEM	PROJECTS	LEAD	OUTPUTS/OUTCOMES
Rising Unemployment and increased volume of individuals looking for support back into work	**REACH - Recruitment, Employer and Communities Hub** – Expanded provision • a virtual Hub which encompasses a wide range of services for individuals & employers • On-line support/virtual events Job Fairs/training and advice webinars • Providing tailored vacancy matching and employer engagement • Upskilling and training grant and wage incentives • Joined up employer engagement activity across a range of partners • Some targeted services if specific groups more impacted by the uplift in unemployment – e.g. young people	**PKC** ensuring clients are referred to other services/programmes where appropriate	Additional clients supported into work **c.** 450 Individuals supported over 3 years (150 p.a.) Current services moved on-line as much as possible Increased & more coordinated Employer Engagement activity **c.** 675 Employers engaged over 3 years (225 p.a.) **c.** 480 Targeted vacancies sourced over 3 years (160 p.a.) Up-skilling unemployed 75 wage subsides/training allowances granted over 3 years (25 p.a.)
Employer recruitment Incentive support employers and encourage recruitment of young people aged 16-29 into sustainable employment, including Modern Apprenticeships Rural P&K areas	**RURAL EMPLOYMENT INCENTIVE** • Provides employers with a financial contribution to the additional costs of recruiting and sustaining a young person in employment. • Where an Employer commits to a new job or new Modern Apprenticeship for up to 52 weeks, it will receive £4500 • Additional payment of £500 will be awarded to the employer if participant is paid the Accredited Living Wage (currently £9.30 per hour) upon completion of the 52 weeks • SME (employing 50 or less) • Eligibility criteria	**PKC**	Target 69 Incentives over 3 years (23 p.a.)

ISSUE/PROBLEM	PROJECTS	LEAD	OUTPUTS/OUTCOMES
Rising Unemployment and increased volume of individuals with additional barriers looking for support back into work and progressions through training	**NOLB - No One Left Behind** • Key work support to individuals to assist in their journey to finding employment all age • funding available for businesses to create new jobs, up-skilling/training up to £4,000 paid at 4-week, 13-week and 52-week trigger points. • Support in vocational and accredited training	**PKC** Also work in partnership with 3rd sector delivery agents	Targets Vocational Training – 30 (10 p.a.) Achieving a qualification – 90 (30 p.a.) Entering FE/HE/Training - 54 (18 p.a.) FE/HE sustainability 13 weeks – 36 (12 p.a.) FE/HE sustainability 26weeks – 12 (4 p.a.) Commenced employment/self-employment – 129 (43 p.a.) Commenced MA – 21 (7 p.a.) Supported by a training allowance 45 (15 p.a.) Sustained employment 13 weeks – 72 (24 p.a.) Sustained employment 26 weeks – 39 (13 p.a.)
Employed eligible parents to progress in current employment up-skilling and re-training and Unemployed parents	**FUTURES FOR FAMILIES - Parental Employment Support Fund** • 6 Key areas, Lone parents, Person with Disability, 3+ children, Minority ethnic, Youngest child <1 and parent aged<25 • Support in searching, securing and sustaining employment from a designated Key Worker • Training and skills action planning • In-work support to progress, in the form of a Skills and Training Grant - Elev8 Employment and Training Grant. • Promote learning and recruitment for ELC opportunities.	**PKC**	***Implementation stage*** grant awarded looking to commence quarter 4 of 2020 Employed parents – 48 parents supported over 2-year project Unemployed Parents - 26 over 2-year project
Unemployed all ages at risk of unemployment or unemployed job ready	**SKILLS AND EMPLOYMENT INITIATIVES** • Supporting and advising job seeking clients with all aspects of employability and skills development • Engaging with and supporting local businesses in recruiting and retaining staff to aid business growth	**PKC and Skills Development Scotland** ensuring clients are referred to other	Registrations **c.** 225 Individuals supported over 3 years (75 p.a.) *Could transfer resources to REaCH Project*

ISSUE/PROBLEM	PROJECTS	LEAD	OUTPUTS/OUTCOMES
	• Initial needs assessment job ready diagnostics • PACE Partnership	services/programmes where appropriate	
Unemployed Employed participants with barriers to gaining employment or in work progression	**European Social Fund (ESF) EMPLOYABILITY PIPELINE** – Ringfenced delivery to EU Funding • 5 stage pipeline of support to those most disadvantage/excluded groups Adult, Youth and those with a Health Condition • Removing barriers to support vocational/accredited training • Outreach provision in City Centre North Localities, Blairgowrie, Kinross and Crieff	**PKC** Delivery Agents 3rd sector and Open Challenge fund call for additional providers to apply ensuring clients are referred to other services/programmes where appropriate	Targets are specific to the EU funded programme 2015 to 2022 and subject to change and therefore targets are for reference only and not additional to proposed new projects. Registrations c. 400 3 years (133 p.a.) 200-2022
Unemployed Employed participants looking for money and debt advice	**European Social Fund (ESF) POSITIVE FUTURES! To address poverty** – Ringfenced delivery to EU Funding • Supporting Lone parents, Workless Household, low income Households. • Benefit checks, priority checks, one-to-one debt advice • Outreach services and money workshops	**PKC** Delivery Agents 3rd sector and Open Challenge fund call for additional providers to apply ensuring clients referred to other services/programmes where appropriate	Targets are specific to the EU funded programme 2015 to 2022 and subject to change and therefore targets are for reference only and not additional to proposed new projects. Registrations c. 210 3 years (70 p.a.) 200-2022
Unemployed needing upskilled/re-skilled or practical support for self-employment	**Perth and Kinross SKILLS PASSPORT** • Subsidised or free access to short vocational training to help clients get back to work or to set up as self-employed • Provide iPads to help clients with job search & on-line training • Include digital skills training such as ECDL	**PKC** In partnership with Perth College UHI and local training providers	Design & plan the Passport. Target is 500 (over 3 years) Unemployed up skilled to match employer/labour market needs.
Young People likely to be more	**SCOTTISH GOVERNMENT YOUTH JOB GUARANTEE**	**SCOTTISH GOVERNMENT** in	Target 209 individuals supported to March 2022

ISSUE/PROBLEM	PROJECTS	LEAD	OUTPUTS/OUTCOMES
impacted by redundancy & lack of employment opportunities	• Work in partnership with Scottish government, the Third Sector and other local partners to develop and deliver employment support for unemployed young people.	partnership with PKC and local partners	Target 80 subsidised job opportunities for young people. To March 2022
High Unemployment & need to re-skill future workforce	**REGIONAL SKILLS PROGRAMME** • Work regionally on developing new skills projects attracting funding from TCD Skills Programme – with a particular focus on Digital Skills and Key sector skills.	**PKC** with Tay Cities partners	Additional training & re-skilling opportunities - target c.100 P&K individuals re-skilled p.a. for 5 years (total 500)
Lack of modern teaching & training facilities for the Aviation Sector at Perth College UHI	**AVIATION SKILLS ACADEMY – PERTH HUB** • Provide short-term PKC financial loan support to enable the project to proceed • Link to Engineering Innovation Hub project (to be located within the same building – *see Business section below*)	**Perth College UHI** with support from PKC	New custom-built Aviation & Engineering building at Perth College UHI. Additional capacity/student numbers.

PEOPLE – UNFUNDED PROJECTS - £2.163m

ISSUE/PROBLEM	PROJECT PROPOSAL	LEAD	OUTPUTS/OUTCOMES
Lack of individuals with high level digital skills – cost a barrier for disadvantaged groups	**Intensive DIGITAL SKILLS PROGRAMME** • Subsidised &/or free access to specialist Digital Skills courses delivered by a provider such as CodeClan • Initially could be wholly on-line but in medium term delivered at the Creative Exchange	**PKC** In partnership with CodeClan	Target Jan. 2021 programme start (if resources re-directed). 90 people over 3 years (30 p.a.) Unemployed given access to high level digital skills courses, which should make them far more employable.

Revenue Budget ('000s)								
21/22		22/23		23/24		TOTAL REVENUE		
Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Total
0	180	0	180	0	180	0	540	540

ISSUE/PROBLEM	PROJECT PROPOSAL	LEAD	OUTPUTS/OUTCOMES
Lack of Job Opportunities for new Graduates	**Perth and Kinross GRADUATE JOB SCHEME** • Create Graduate Work Placement opportunities in council services/partner agencies • Work with **local** employers to create Graduate Work Placement opportunities (include opportunity for smaller businesses to share Graduates)	**PKC** in partnership with local employers	50 Unemployed graduates (over 2 years) given valuable work placements/experience.

Revenue Budget ('000s)								
21/22		22/23		23/24		TOTAL REVENUE		
Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Total
0	106	0	106	0	106	0	318	318

ISSUE/PROBLEM	PROJECT PROPOSAL	LEAD	OUTPUTS/OUTCOMES
Young People likely to be more impacted by redundancy & lack of employment opportunities	**GET INTO APPRENTICESHIPS** • Review our own provision & actively promote all apprenticeship opportunities (Modern; Foundation & Graduate)	**PKC** in partnership with SDS/PC UHI/DYW	Increased nos. & take up of Apprenticeship opportunities & increased engagement with local businesses.

Revenue Budget ('000s)								
21/22		22/23		23/24		TOTAL REVENUE		
Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Total
0	125	0	150	0	150	0	425	425

ISSUE/PROBLEM	PROJECT PROPOSAL	LEAD	OUTPUTS/OUTCOMES
Young People likely to be more impacted by redundancy & lack of employment opportunities	**UK KICKSTART SCHEME** • Support the implementation of the UK Government Kickstart Scheme to create high quality 6-month work placements for 16-24 year olds at risk of long-term unemployment	**DWP** With PKC acting as a local coordinator of placements	Significant numbers of work placement opportunities for 16-24 year olds

Revenue Budget ('000s)								
21/22		22/23		23/24		TOTAL REVENUE		
Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Total
0	100	0	30	0	0	0	130	130

ISSUE/PROBLEM	PROJECT PROPOSAL	LEAD	OUTPUTS/OUTCOMES
Not even staffing capacity in small existing Skills & Employment Initiatives Team to deliver additional/new programmes	**NEW SKILLS & EMPLOYABILITY PROGRAMMES OFFICER** • The proposed new fixed term (3 year) post is essential to take forward the delivery of the proposed additional employability activities.	**PKC**	The planning, implementation and delivery of additional new activities to support individuals into employment/training.

Revenue Budget ('000s)								
21/22		22/23		23/24		TOTAL REVENUE		
Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Total
0	50	0	50	0	50	0	150	150

ISSUE/PROBLEM	PROJECT PROPOSAL	LEAD	OUTPUTS/OUTCOMES
Care sector will continue to struggle to recruit staff	**GET INTO CARE** • Explore options/potential models with Health & Social Care Partnership • Create a recruitment programme for the Care Sector • Campaign to attract recruits into a pre-employment training programme • Explore opportunities for innovative solutions via third Sector or co-operative/social enterprise models	**PKC** with industry partners	Encourage more people to consider care as a career. Provide training & work experience opportunities in the care sector. Target 250 individuals over a 2-year period. Support the development of innovative alternative delivery models for care employment.

Revenue Budget ('000s)								
21/22		22/23		23/24		TOTAL REVENUE		
Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Total
0	200	0	200	0	200	0	600	600

BUSINESS – WHOLLY OR PARTLY FUNDED PROJECTS

ISSUE/PROBLEM	PROJECTS	LEAD	OUTPUTS/OUTCOMES
Provide access to emergency financial support for businesses			
Lack of cashflow during lockdown and due to restrictions after lockdown	**PROMOTE GRANT/LOAN SCHEMES** • Self-Employed Income Support Scheme (HMRC) • Coronavirus Job Retention Scheme (HMRC) • Job Support Scheme (HMRC) • Hardship and Closure Funds /Discretionary Fund (PKC) • VAT deferral, Non-Domestic-Rate (NDR) relief • Business Loans Scotland (BLS) and banks	**PKC/partners**	Amount of funding distributed: £51.5m Number of businesses supported: 6,200

Stimulate local demand to support local businesses			
Lack of demand for local products and services during lockdown and post-lockdown due to restrictions	**BUY LOCAL, EAT LOCAL CAMPAIGN** • Expand the current 'Buy Local & Eat Local' social media campaign backed by Ambassadors and Business Support Task Force Partners promoting **local food and drink sourcing** by consumers and businesses: Campaign website • Run a Mi Reward Scheme marketing campaign to increase the number of users and retailers joining up	**PKC/Chamber** in partnership with Small City Big Personality	200 local businesses registered (base 100) 120 businesses registered (base 80) 3000 users registered (base 2000)
	LOCAL SUPPLIER DEVELOPMENT WORKSHOP • Run supplier development workshops facilitating access to PKC's contracts to build more local, sustainable and resilient supply chains and linking to/supported by the Chamber's 'Love Local' initiative	**PKC/Chamber/Supplier Development Programme (SDP)**	Run 2 workshops

Boost intelligence, communications and coordination			
Lack of business confidence due to restrictions and uncertainty post lockdown	**POSITIVE P&K MESSAGE** • Develop new positive recovery message with business leaders for promotion online and via social media • Launch a fortnightly recovery business bulletin (learning from Covid-19 Bulletin) focusing on recovery phase (including images) as well as aligning use of Invest in Perth branding, website and social media	**Perth Ambassadors with Task Force Partners**	1 x weekly positive case study promoted online/social media. Increase level of social media activity. New bulletin launched. 1800 subscribers (base 1250) Positive message/increased business confidence.
Need to understand impact of Covid-19 on the economy	**BUSINESS BAROMETER AND ECONOMIC BULLETIN** • Build on our first Covid-19 Business Barometer by repeating on a quarterly basis. Follow up additional surveys with larger businesses (not well represented by initial barometer) and/key sectors (with the support of the Chamber) • Move to a regional survey, with local impact reporting • Produce regular Quarterly Economic Bulletins • Produce an Annual Economic Statement/Review	**PKC working** with Task Force Partners	Improved intelligence to help shape recovery actions Bi-monthly barometers initially Monthly Economic Bulletins
Lack of co-creation opportunities between local agencies and partners	**BUSINESS SUPPORT ONE-STOP-SHOP** • Building on the work of the Covid-19 Business Support Task Force, create a Business Recovery Group and develop a one-stop-shop approach, but not a 'one-size-fits-all', towards business support services (e.g. monthly business forum, joint signposting, agreed customers' data management) including review of the Business Gateway contract. This will include maximising Scottish Enterprise support and engagement • Streamline Planning and Licensing	**Business Support Task Force**	Business Recovery Group created One-stop-shop approach agreed Improved coordination of activities Less duplication Improved business/customer experience

Refreshed approach to inward investment			
Lack of focus to attract businesses and investors Lack of high value jobs	**RE-FOCUS INVEST IN PERTH – LIVE LIFE WELL** • Focus 'Invest in Perth' campaign and activities on 'Clean Growth and Wellbeing Economy' USP (1 additional staff member) • Run a targeted media campaign based on 'Perth, Live life Well' to attract 100 professionals working within 'professional, scientific and technical activities' (SIC Section 'M') to live in Perth and Kinross via social media (e.g. LinkedIn) with Ambassadors and relocation services.	**PKC/ Perth Ambassadors/ Chamber**	Clear USP developed and promoted 100 professionals attracted via relocation services

Promote and maximise existing business support services with a focus on digitalisation/e-commerce/homeworking and mentoring/peer to peer support/coaching			
Lack of support/business planning during and after lockdown	**CHAMBER NETWORK SUPPORT** • Peer to peer/coaching support via the Chamber • Support start-ups via innovation and ideas Hub • Support businesses facing difficulties/looking for opportunities via Solutions Centre	**Perthshire Chamber of Commerce**	50 businesses/initiatives supported
Lack of digitalisation to access e-commerce	**BUSINESS GATEWAY** • Support to SMEs (focusing on online delivery) to include: • Start-up services (one-to-one, workshops, research) • Early Stage Growth Services (one-to-one, workshops, research) • Medium/High Growth Services (one-to-one, workshops, research) • Survive & Thrive (S&T) mainstream scheme and Covid-19 scheme providing specialist support designed for businesses who see their operations challenged by the pandemic's impact) • HR and other specialist support	**Business Gateway**	180 business start-ups/growth 60 businesses supported through S&T

	• Support group and networking opportunities through Women in Business, Go Network and masterclasses • Digital Boost Support Programme includes digital masterclasses suites (16 topics) and one-to-one support with a digital specialist. • Maximise Scottish Enterprise support		
Lack of support/business planning	**RURAL MICRO-ENTERPRISES SUPPORT** • Support to rural micro-enterprises (focusing on online delivery) via one-to-one sessions, webinars, mentoring, networking and peer support	**Growbiz**	400 individuals supported
No one single source of advice within PKC for retailers	**RETAIL BUSINESS SUPPORT** • To provide dedicated business support through procurement of specialist retail advice on retail adaptation, promotion and customer care via web-based information and one-to-one support for retailers. Will include advice on Planning, Licensing, Legislation, Events and Digital Services)	**PKC**	Improved business knowledge

Help businesses to help themselves			
Lack of development funding to start and grow businesses	**BUSINESS CROWDFUNDING P&K** • Support Crowdfunding campaign to support investment in businesses and community enterprises creating stronger links between consumers/businesses. PKC will match £1 for every £1 raised through Crowdfunding. Up to £2,500 per business for Micro Businesses (0 to 10 employees) and up to	**Chamber/Elevator (small business lead)** **Growbiz (micro business lead)**	Support investment in at least 65 businesses per year

	£5,000 per small businesses (more than employees). This would also involve advisory support to businesses on how to run successful campaign.	**PKC (crowdfunding platform/finance lead)**	
Lack of development funding to start and grow businesses	**MICRO-GRANTS** • Provide business support (e.g. peer to peer, mentoring) and micro-grants up to £1,000 to micro businesses (0 to 10 employees) to support start-up or expansion costs such as the purchase of equipment or website development.	**PKC**	Support 200 businesses in 2021/22.
Lack of development funding to start and grow businesses	**ANGEL'S SHARE** • Run more Angel's share workshops providing private investment to start-ups. The Angel's Share is primarily for established businesses seeking finance to grow. They will have a need for capital but possibly also expertise, contacts and experience. The Angel's Share can assist businesses in finding a business angel matching their needs. This will link to Accelerator Programmes and Business Support Services.	**Private investors** with PKC/Elevator/ Business Gateway	1 workshop per year
Lack of market access post lockdown	**MARKET DEVELOPMENT GRANT** • Actively promote PKC's Market Development Grant to access markets in the Rest of the UK (grants of up to 5K) • Actively promote support services to access international markets (e.g. expert support in association with Scottish Development International's sectoral team or digital internationalisation, access to Perthshire Chamber of Commerce's International Club/international virtual trade missions).	**PKC** **Business Gateway/Elevator/ Chamber of Commerce**	At least 25 businesses supported

Invest in Clean Growth innovation			
Lack of resilience. Sector requires revitalisation	**PERTHSHIRE RESPONSIBLE TOURISM DESTINATION** • Develop Perthshire as a Responsible Tourism Destination and cultivate related products/services focusing on slow and green tourism (e.g. EV tourist route, responsible	**PKC working with Perthshire Tourism**	Revised strategy and action plan (aligned with Regional Tourism Strategy).

	practices amongst businesses, residents and tourists) in line with a revised Tourism Strategy and Action Plan	**Partnership**	Specific initiatives developed and implemented re cultural/heritage, activities, food and drink. Green tourism destination accreditation for Perth & Kinross

ISSUE/PROBLEM	PROJECTS	LEAD	OUTPUTS/OUTCOMES
Lack of resilience Over-use of natural resources Lack of economic benefits from natural assets	**NATURAL CAPITAL INVESTMENT FUND** • Identify options and create a funding framework to attract investment in natural capital asset to generate additional, sustainable economic activities linking to key sectors such as Tourism, Food and Drink and Clean Growth.	**NatureScot**	Sustainable use of natural assets Increased economic benefits from natural assets
Lack of high value jobs and reliance on low growth sectors Lack of Research & Development investment	**CIRCULAR ECONOMY/WASTE HUB** • Support the Circular Economy/Waste hub at Binn Eco-Park and across PK around **Project Beacon (plastics recycling - Tay Cities Deal funded project)** and attract £10m private investment. This will link to the Chamber's Circular Tayside initiative, Accelerator Programmes and business support services.	**PKC** working with strategic Partners	Project Beacon Full Business Case approved Binn Eco-Park Wider masterplan approved £10m of private investment attracted by 2025

Invest in manufacturing/engineering innovation			
Lack of high value jobs and reliance on low growth sectors Lack of Research & Development investment	**FOOD AND DRINK/AGRICULTURE INNOVATION** • Support Food and Drink/agriculture/bio-economy innovation at the **James Hutton Institute (Advanced Growth Centre & International Barley Hub - Tay Cities Deal funded projects** linking to Perth Food and Drink Park – and attract £5m private investment. This will link to Accelerator Programmes and business support services.	**PKC** working with strategic Partners	Full Business Cases approved £5m investment attracted by 2025

	ENGINEERING INNOVATION HUB • Support an Engineering Innovation hub at Perth College/UHI linking to **Aviation Academy/Tayside Engineering Partnership projects (Tay Cities Deal funded projects)**. This will link to Accelerator Programmes and business support services.	**PKC working with Perth College UHI/** /strategic partners	Full Business Cases approved Additional investment attracted

Invest in housing construction through innovative partnerships			
Inability to fund the opening up new housing or mixed-use sites due to upfront infrastructure costs	**OPEN UP NEW HOUSING AND MIXED USED SITES** • Examine options to set-up a revolving fund financing upfront infrastructure to open up new housing and mixed-use sites *(*including traditional developer contributions, joint ventures or acquisition of land) in return for investment focused on Perth city and rural sites which are key to the delivery of the Local Development Plan (LDP) strategy.	**PKC** working with Developers / Landowners	Number of sites opened
Ensuring an adequate supply of housing across all tenures	**ACCELERATE HOUSING INVESTMENT PROGRAMME** • Accelerate delivery of affordable housing programme through *w*ork with developers and Registered Social Landlords to identify opportunities via a range of pipeline projects, purchase of off shelf units from developers, and shared equity options to best respond to the availability of Scottish Government finance and the potential use of pension funds.	**PKC** working with RSLs & Developers	Number of programmes started

Limited local supply chain to support clean growth development	**HOUSING INNOVATION** • Support the development of net-zero carbon self-build and co-housing projects that will stimulate local supply chains, through financing feasibility studies, preparing non -statutory guidance etc.	**PKC** working with partners	Non- statutory guidance approved No. of feasibility studies

BUSINESS – UNFUNDED PROJECTS - £2.68m

ISSUE/PROBLEM	PROJECT PROPOSAL	LEAD	OUTPUTS/OUTCOMES
Help businesses to help themselves			
Lack of digitalisation to access e-commerce	**RURAL ENTERPRISE RECOVERY PROJECT - SMART VILLAGES** • Develop Smart Villages (extension of existing project) promoting use of local services to help rural businesses and community enterprises to go digital, so linking to Digital skills – £2000 grant available per business.	**Growbiz**	Support at least 20 businesses per year

Revenue Budget ('000s)								
21/22		22/23		23/24		TOTAL REVENUE		
Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Total
0	40	0	40	0	40	0	120	120

ISSUE/PROBLEM	PROJECT PROPOSAL	LEAD	OUTPUTS/OUTCOMES
Few job opportunities so encourage unemployed to start their own business or become self-employed. Young people are likely to be particularly disadvantaged by the economic downturn.	**TARGETED START UP SUPPORT** • Provide start-up support to individuals aged 25+ in areas of high unemployment and to young people • Explore options to boost support – either via re-focussing existing Business Gateway advisors or by creating a new post to work with unemployed individuals in areas of higher unemployment (north/central Perth; Blairgowrie/Rattray and South Crieff). For example, enhanced targeted marketing activities to providing access to existing Business Gateway offer 'Redundancy to Recovery Webinar Series'. • Link to Chamber proposals for ideas Generation & Mentoring Support, access to network of entrepreneurs • Develop a young entrepreneur programme to particularly encourage young people to start their own Business including use of existing dedicated young person Business Gateway adviser • Link in with Prince Scottish Youth Business Trust (PSYBT) and Developing Young Workforce (DYW) activities and the LEADER funded Rural Youth Group as well as Young Enterprise Scotland (engagement with Schools) and Elevator Challenge initiative • Start-up grants	**PKC** working with Business Gateway/ Chamber **PKC** working with with PSYBT/DYW & LEADER/Business Gateway/Elevator/ Chamber	Target 100 start-ups over 2 years Increased start up numbers from disadvantaged areas/areas of higher unemployment

Revenue Budget ('000s)								
21/22		22/23		23/24		TOTAL REVENUE		
Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Total
0	75	0	50	0	50	0	175	175

ISSUE/PROBLEM	PROJECT PROPOSAL	LEAD	OUTPUTS/OUTCOMES
Lack of/fragmented tailored business advice and support Lack of digitalisation to access e-commerce	**SECTOR ACCELERATORS** • Support 4 Accelerator Programme**s** or equivalent (learning from Creative industries Accelerator Programme run from Famous Grouse Idea Centre) with one for each key sector – from ideas to business investment to support at least 48 businesses with a focus on digitalisation/e-commerce: (e.g. Creative Industries, Manufacturing/Engineering, Clean Growth, Food and Drink, Tourism or mixed)	**PKC** working with Elevator/ other providers	Support at least 48 businesses

Revenue Budget ('000s)								
21/22		**22/23**		**23/24**		**TOTAL REVENUE**		
Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Total
0	100	0	100	0	100	0	300	300

ISSUE/PROBLEM	PROJECT PROPOSAL	LEAD	OUTPUTS/OUTCOMES
Lack of/fragmented tailored business advice and support Lack of digitalisation to access e-commerce	**ENTREPRENEUR COACHING P&K** • Support entrepreneurs (including people experiencing redundancy) via an advanced coaching support pipeline and people centred Acceleration Programme (e.g. Grey Matters) to support business idea generation and development with a focus on digitalisation, e-commerce and homeworking	**Chamber/PKC/ Elevator**	Support 100 entrepreneurs

Revenue Budget ('000s)								
21/22		**22/23**		**23/24**		**TOTAL REVENUE**		
Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Total
0	15	0	15	0	15	0	45	45

ISSUE/PROBLEM	PROJECT PROPOSAL	LEAD	OUTPUTS/OUTCOMES
Invest in Clean Growth innovation			
Lack of high value jobs and reliance on low growth sectors Lack of Research & Development investment	**PERTH ECO INNOVATION PARK** • Deliver Perth Eco Innovation Park to create 25 ha of employment land and create over 1,000 jobs; attract new businesses and R&D (logistics, smart energy systems) linking to **Perth Innovation Highway/Mobility Hub (Tay Cities Deal funded projects)** 2020-2030. This will also support the creation of Perth West Eco-Village and link to Accelerator Programmes and business support services.	**PKC** working with and strategic partners	Phase 1 completed (10ha of employment land) by 2024 1,000 jobs attracted by 2030

Revenue Budget ('000s)								
21/22		22/23		23/24		TOTAL REVENUE		
Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Total
0	0	0	1000	0	1000	0	2000	2000

Lack of high value jobs and reliance on low growth sectors Lack of Research & Development investment	**PERTH SMART ENERGY CITY PROGRAMME** • Develop Perth Smart Energy City Programme to attract £50m private investment (learning from Bristol experience) in clean energy and technologies at city scale as well as transforming PKC's assets (e.g. the new PassivHaus standard Perth High School and the PH2O project). This could link to training and skills activities with the Energy Skills Partnership (ESP) and academic research (e.g. University of Edinburgh). This will link to Accelerator Programmes and business support services.	**PKC** working with strategic Partners	Business cases identified and developed £50m of private investment attracted by 2030

Revenue Budget ('000s)								
21/22		**22/23**		**23/24**		**TOTAL REVENUE**		
Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Total
0	40	0	0	0	0	0	40	40

PLACE – WHOLLY OR PARTLY FUNDED PROJECTS

ISSUE/PROBLEM	PROJECTS	LEAD	OUTPUTS/OUTCOMES
Need for social distancing and transport alternatives	**COVID SAFE Perth and Kinross -** Make Perth City Centre, rural Town Centres neighbourhoods, and tourist attractions Covid Safe through: -		
	• Monitoring and survey of travel patterns and demand for access to workspace, shops, food and drink, hospitality, services & recreation in collaboration with businesses.	**PKC**	Enhanced temporary pedestrian and transport routes to improve retail trading environment and access to workplaces
	• Relaxation of regulatory framework and temporary alteration of road space, parking, public realm and signage for pedestrians and cyclists to increase safe access for employees, residents, shoppers and visitors by active travel choices to & within Perth city and rural town centres and neighbourhoods.	**PKC**	Enhanced space for business and community occupation and use to increase capacity to trade or for recreation while maintaining social distancing
	• Collaboration with shops, hospitality, food and drink businesses and markets on temporary alteration of road space, parking & public realm to enable enhanced occupation for alfresco dining & business use.	**Business/ Market operators**	Consistent approach to adaptation of business premises and digital options for customers Marketing and promotion of transport routes and alternatives
	• Promotion of Covid 19 premises safety guidance in relation to property adaptation of business premises.	**PKC**	
	• Promotion of options for customer digital pre-booking & click and collect services in collaboration with businesses and tourist operators		
	• Safe travel choices and options in collaboration with TACTRAN, transport operators and national and local representative bodies in relation to pedestrians, cyclists and the disabled.		

ISSUE/PROBLEM	PROJECTS	LEAD	OUTPUTS/OUTCOMES
Lack of gigabit capable digital connectivity infrastructure preventing business digitalisation and access to e-commerce	**DIGITAL CONNECTIONS PROGRAMME** • Deliver **Gigabit Capable Full Fibre** Broadband Infrastructure Project (2021/22) with DCMS and TCD grant to 136 Council premises and ensure that full fibre is extended to businesses and homes beyond these with the support of DCMS Rural Gigabit Vouchers, DCMS Broadband Upgrade Fund, R100 Programme and BT Small Business Support scheme • Enhance **Rural digital connectivity** by continuing the Rural Broadband Fund for another 12 months supporting groups of rural businesses/residents to improve connectivity in remote rural areas through the DCMS Rural Gigabit Connectivity Programme, Openreach Community Fibre Partnerships, local wireless schemes and other appropriate technology utilising DCMS Rural Gigabit Vouchers and accessing new rounds of UKG funding for gigabit connectivity • **Town Public Wi-Fi:** Following the launch of Perth city Wi-Fi the towns of Aberfeldy, Auchterarder, Blairgowrie, Crieff, Dunkeld, Pitlochry and Kinross are now being provided with free public Wi-Fi. Kinross remains to be surveyed and installed. Other towns/villages such as Coupar Angus, Scone, Alyth, Comrie may also wish to be considered.	**PKC**/Strategic commercial Partner **PKC with Businesses/ Community Groups**	Improved digital infrastructure across PK via public sites/Improved business connectivity, turnover and productivity Improved connectivity to individual premises in remote rural areas/ Improved business connectivity, turnover and productivity Improved internet access for shoppers and visitors to P&K towns

ISSUE/PROBLEM	PROJECTS	LEAD	OUTPUTS/OUTCOMES
Changing role of city and town centres and neighbourhoods. Need to provide guidance & support to adapt and develop existing and new uses in city and town centres and neighbourhoods, through property conversion and improvement	**ADAPT YOUR PROPERTY/OPEN FOR BUSINESS -** Promote and support property adaptation and vacant site development through • Procure specialist commercial advice to assess current consumer and business demand for commercial and retail services and property requirements. To revise development guidance, prepare site development briefs, targeted property support mechanisms and promote and engage with agents, developers and investors • Property inspection, repair, conversion and improvement grant (Commercial Property Regeneration and Open for Business schemes) to support façade improvement repair, reuse and investment in speciality retail, all housing tenures, commercial property/office adaptation, social enterprise, creative industry use and occupation of space through grants, deficit funding and joint ventures	**PKC** **PKC**/PK Heritage Trust	Revised evidence of consumer expenditure and demand, floorspace requirements promoted and matched to business and retail demand Funding to support surveys, specification and redesign, repair and development of property for existing and new uses – c. 20 properties per annum.
Lack of capacity and resources to move from temporary support to more permanent infrastructure investment supporting changing role of roads and public space to move from car dominated use to enhanced use by other forms of transport and people	**PERTH PEOPLE PLACE – initial projects/Capacity Building** Promote and invest in people and environmentally friendly spaces • Procure design services to prepare detailed designs for the route to /from rail station/bus station to city centre in tandem with masterplan of area • Procure design services to prepare detailed designs for George Inn Lane	**PKC/**SUSTRANS	Enhanced pedestrian route and public realm supporting development of adjacent sites and enhanced connectivity between transport interchange and the city centre Enhanced public realm and occupation of space adjacent to tourist attraction and accommodation Development of strategic transport corridors providing for access to, from and within Perth by car, bus and bike

ISSUE/PROBLEM	PROJECTS	LEAD	OUTPUTS/OUTCOMES
Lack of access to alternative transport choices at transport hubs and within urban areas	**CLEAN GREEN ACCESS -** Provide alternative transport choices at transport hubs and within urban areas • Provide support for development of private hire/clubs for hire of electric vehicles, electric bikes/bikes in partnership with private vehicle hire companies or social enterprises as well as option for smart lift sharing scheme	**PKC**/PRIVATE	Increase in temporary hire/use of environmentally friendly vehicles and cycling as alternative to car ownership, improving transport choice and access and improving air quality
Lack of access to environmentally friendly vehicles to support logistics/distribution networks for supply of local goods and services	**CLEAN GREEN DELIVERY -** Provide alternative transport choices for local distribution of goods • Provide support for development of logistics and use of electric vans and cargo bikes for use by local businesses for delivery of goods in partnership with logistics /delivery companies or social enterprises.	**PKC**/PRIVATE	Increase in use of environmentally friendly vehicles for delivery, reduced HGV use in urban areas and improving air quality
Lack of public transport body to invest in services and infrastructure to support rural/urban routes and night time services	**PARKING PAYS –** Promote and invest in enhanced public transport infrastructure/services and local on demand services through increased public/workplace parking levies to support regional/local transport partnership • The development of park and ride sites and additional public transport services with regional/local transport partnerships funded from capital programme/SG funding and increased parking charges and workplace parking levy	**TACTRAN/ PKC**	Enhanced public transport services and infrastructure to support access to city and rural towns and cultural and evening economy
Lack of appropriate facilities and management systems to address the growing motorhome & campervan market and problems associated with rough camping.	**CAMPING PERTH AND KINROSS -** Invest in transport and waste infrastructure to support growth of motorhome/campervan market • investment in car park infrastructure (similar to the "aire" approach in Europe) and associated waste facilities, signage etc and collaboration with landowners/managers in this regard.	**PKC**	Promotion of facilities for the motorhome/campervan market & investment in key car park sites for dedicated space and waste disposal (potentially through extended provision at PNR site around Perth and provide additional facility at Council car parks in Highland Perthshire.
	CONSUMER EXEPENDITURE AND BEHAVIOUR BAROMETER		

ISSUE/PROBLEM	PROJECTS	LEAD	OUTPUTS/OUTCOMES
Increased capacity to monitor consumer expenditure and behaviour to inform investment frameworks and business offers from real time data captured from use of mobile and expenditure data	• Enhance and develop live impacts and trends using data analytics developed from enhanced Perth & Kinross Mi Rewards scheme (with support from the Scottish Futures Trust). • Commission geocaching services	**PKC**/Business	Real time data on consumer expenditure and behaviour to allow retailers and businesses target product promotion and services to meet demand, predict future property demand requirements. Support assessment by the Council of event impacts and promotion of commercialisation opportunities.
Need to invest/stimulate Town & City Centres	**TOWN CENTRE FUND** **Invest in a range of projects to support Town centres :-** • Strathmore Community Hub, Coupar Angus • Kinross/Loch Leven Infrastructure/Access project • Drummond Arms project, Crieff • Perth Y Centre • Pitlochry Town Centre Improvements • Digital Infrastructure via LFFN/TCD project	**Community Organisations, Kinross Estate, PKC**	To fund capital improvements in town centres to enhance attractiveness and economic activity.

ISSUE/PROBLEM	PROJECTS	LEAD	OUTPUTS/OUTCOMES
Infrastructure to support growth of city and future development of housing and employment areas. Congestion and lack of network capacity on trunk and principal roads network causing impacts	**CROSS TAY LINK ROAD and P & R sites at Luncarty and Walnut Grove** • New major road infrastructure, crossing of the River Tay, and Park & Ride sites • Includes provision of active travel route and Park & Cycle facility • Direct link to National Cycle Network and links communities	**PKC**	Improved inter urban/rural journey times and air quality and increased network capacity and to support growth of city, access, distribution and investment in public transport and active travel alternatives within Perth.

on access to city, new development and air quality areas. Lack of city centre road space and therefore ability to provide significant measures for sustainable travel modes and placemaking due to lack of alternative route for drivers.			Stimulate economy for construction industry. Contracts will achieve significant social value, focussing on community benefits, training and mentoring, employment and the PKC Offer.
Lack of transport choice for commuting in and out of area to access employment or services. Lack of inter modal transport links between car, bus, bike and rail to link Perth, rural towns with national rail network	**PERTH RAIL AND BUS INTERCHANGE / Rail Station Improvement** • Development of enhanced car and bike parking, bus access and waiting facilities and improvement and adaptation and development of station and adjacent sites for commercial, residential, retail and leisure use	**Network Rail**/PKC	Improved inter urban/rural journey links and access to improved national rail network and station facilities by car, bus and bike
Lack of permanent infrastructure investment supporting changing role of roads and public space to move from car dominated use to enhanced use by other forms of transport and people	**PERTH PEOPLE PLACE** • Development of Glasgow, Edinburgh and Dundee corridors for enhanced use by bus and bike and improvements to Tay St, South St and Mill St for bikes, pedestrians, alfresco use and events linked with conversion and development of buildings, pop up and temporary structures, tree planting, water features, lighting and public art installations to animate space and support evening and winter economy.	**PKC**	Enhanced intra urban accessibility by all transport modes and vibrant people focused public space
Lack of sustainable high-quality mixed-use	**LIVING SPACE / WELLBEING NEIGHBOURHOODS** – New Provision	**PKC**/ Landowners	Housing development/enhanced urban living

ISSUE/PROBLEM	PROJECTS	LEAD	OUTPUTS/OUTCOMES
neighbourhoods	• Encourage and promote creation of better living space/well-being neighbourhoods through planning and innovative partnerships with landowners and developers (e.g. Perth West Eco-Village and Thimblerow)		
Lack of major cultural and visitor attraction	**PERTH CITY MUSEUM AND GALLERY - Cultural Transformation** • Development of enhanced cultural offer focused on areas history and national and local cultural and art collections and touring exhibitions	**PKC/CulturePK**	Enhanced cultural offer attracting additional visitors to city and surrounding area
Cultural attractions requiring investment to increase visitor income	**PITLOCHRY FESTIVAL THEATRE VISION – Expansion & Upgrading of Facilities** • New Entrance & front of house layout • New Studio theatre **INNERPEFFRAY LIBRARY** • Improved visitor facilities	**Pitlochry Festival Theatre/TCD funding** **Innerpeffray Library**	Enhanced cultural offer & upgraded facilities to ensure long term viability of major culture/tourism asset Enhanced cultural/tourism asset
Need for additional/New Cultural/tourism assets	**CRIEFF INTERNATIONAL HIGHLAND CENTRE** • Proposed new sporting/cultural facility focussed on Highland Games **AERO SPACE KINROSS** • Proposed new Tourism/Educational facility focussed on aerospace activities	**Crieff International Gathering Committee/TCD funding** **Aero Space Kinross/TCD Funding**	New Sporting/Cultural/Tourism Asset New Tourism/Educational Asset
Lack of working heritage and heritage skills	**PERTH CITY MILLS** • Development of heritage attraction focused on working waterpower and resource centre; & office space to support development of heritage skills	**PK Heritage Trust**	Enhanced cultural offer attracting additional visitors to the area and additional facilities and capacity to support development of heritage design and construction skills through reinvestment in heritage asset
Limited quality hotel offer	**PERTH CITY BOUTIQUE HOTEL**	**Private/PKC**	Additional quality hotel offer to support growth of visitor market

ISSUE/PROBLEM	PROJECTS	LEAD	OUTPUTS/OUTCOMES
	• Support for conversion of historic Council offices at 1-5 High St to enable development as quality boutique hotel		and reuse of heritage asset.
Lack of resources to maintain and manage key built and natural heritage attractions impacting on tourism experience	**PLACE DESTINATION MANAGEMENT - Built and natural heritage assets** • Review of funding to proactively manage heritage and outdoor recreation on a sustainable and responsible basis in collaboration with local and national agencies.	**PKHT/PKCT/ NTS/HES/FE**	Proactive management of built and natural heritage assets to enhance and sustain visitor experience
Lack of visitor knowledge and information of new and available services. Need to stimulate consumer demand to visit and support sector recovery	**COME TO PERTH AND KINROSS -** Place based destination marketing of area • Promote accommodation and local visitor attractions/outdoor recreational opportunities, in collaboration with Visit Scotland, operators and HES, FC, SNH, PKCT, PKHT	**PKC/**VisitScotland	Digital campaign to promote the destination. Impact measured by audience reach and engagement.

PLACE – UNFUNDED PROJECTS – £620,000

ISSUE/PROBLEM	*PROJECT PROPOSAL*	*LEAD*	*OUTPUTS/OUTCOMES*
Changing role of city and town centres and neighbourhoods. Need to provide guidance & support to adapt and develop existing and new uses in city and town centres and neighbourhoods, through property conversion and improvement	**FUTURE THINKING -** Reimagining our city, town centres and neighbourhoods through • International, academic, business and community engagement through webinar, and digital surveys/toolkits to promote innovative development and design to inform development and masterplan frameworks with initial focus on Perth city centre with input from Dundee University, Academy of Urbanism, Urban Design Council, and City Studio	**PKC**	Revised planning and supplementary guidance and promoting accessible, sustainable low carbon development

Revenue Budget ('000s)								
21/22		**22/23**		**23/24**		**TOTAL REVENUE**		
Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Total
0	50	0	0	0	0	0	50	50

ISSUE/PROBLEM	PROJECT PROPOSAL	LEAD	OUTPUTS/OUTCOMES
Changing role of city and town centres and neighbourhoods. Need to provide guidance & support to adapt and develop existing and new uses in city and town centres and neighbourhoods, through property conversion and improvement	**ADDITIONAL RESOURCE TO SUPPORT PUBLIC/PRIVATE PROPERTY USE AND IMPROVEMENT** • Recruit new/additional commercial surveyor to help re-configure the High Street through planning and property advice and support, the development of joint ventures and or asset transfer/disposal. Initial development guidance to be prepared to support redevelopment of Thimblerow and Bus Station/marshalling yard sites for mixed tenure use high density/high quality urban living. Initial funding support to be targeted to support the conversion and development of eyesore properties (e.g. the Y Centre on Atholl Street to support conversion to mixed use housing, business and training facility, the acquisition of the former Clachan bar for mixed use development, and potentially mixed-use developments at Strathearn and Crieff Hotels, and the Drummond Arms.	**PKC**	Additional capacity to provide advice and development support and codesign/production with developers and investors

Revenue Budget ('000s)								
21/22		22/23		23/24		TOTAL REVENUE		
Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Total
0	40	0	40	0	40	0	120	120

Lack of entrepreneurial skills and approach to the development of robust, deliverable and sustainable local place plans and investment	**COMMUNITY WEALTH -** Building community enterprise and wealth • Support for Community Action Plans / Local Place Plans with the focus on building community wealth, enterprise, and resilience through co-design and co-production consistent with the Perth & Kinross Offer. Additional procurement of specialist consultancy services and funding for community leads would be required to extend current work. Consultants would provide further training & facilitate support to communities to enable them to develop plans with a focus on collaboration and partnership to support investment in local businesses, social enterprises, services and management of assets in the area. Between 8 & 10 plans per year until complete.	**PKC**/Local Outcome Partnerships	Prioritised place and funding plans, developed by the community that covers all aspects of their geographical area including enterprise, health, safety, place, public realm, green space and or potential asset transfer/ capital requirements or buy outs.

Revenue Budget ('000s)								
21/22		**22/23**		**23/24**		**TOTAL REVENUE**		
Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Total
0	50	0	50	0	50	0	150	150

Lack of local grant funding to support community enterprise and infrastructure/public realm to help stimulate and attract additional investment or service re-design	**COMMUNITY AND PLACEMAKING FEASIBILITY GRANT** • Grant funding to support ideas from local community organisations to support additional investment in localities - revenue grant for eligible towns or villages linking with participatory budgeting and crowdfunding.	**PKC**	Increased community funding to secure additional investment and develop sustainable social enterprises and development and management of assets.

Revenue Budget ('000s)								
21/22		**22/23**		**23/24**		**TOTAL REVENUE**		
Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Total
0	100	0	100	0	100	0	300	300

PERTH AND KINROSS COUNCIL

31 March 2021

Perth and Kinross CPP Annual Performance Report 2019/20

Report by Executive Director (Communities)
(Report No. 21/38)

PURPOSE OF REPORT
This is the third Annual Performance Report for the Community Plan 2017-27. The Annual Performance Report provides an overview of how the Community Planning Partnership has performed against our shared strategic objectives for Perth and Kinross.

1. BACKGROUND

1.1 The Annual Performance Report (APR) 2019/20 sets out the progress made by the Community Planning Partnership (CPP) towards achieving our shared strategic objectives, as set out in the Local Outcomes Improvement Plan (LOIP). The APR is a statutory requirement under the Community Empowerment (Scotland) Act 2015 and covers the period from October 2019 to September 2020.

1.2 The APR is a high level overview of the CPP impact on improving outcomes for people and communities across our area. It is focused on the added value the CPP brings by working together with our communities rather than duplicating performance information contained in individual service plans.

2. ANNUAL PERFORMANCE REPORT SUMMARY

2.1 The report, provided as Appendix 1 contains the following sections:

- **Overview of Community Planning –** gives an overview of the work of the CPP during the reporting period.
- **Impacts of COVID-19 –** looks at the impact of COVID-19 and lockdown on services and communities in Perth and Kinross in the period up to October 2020
- **COVID Response –** provides a summary of how Local Action Partnerships and partner organisations helped support communities in response to lockdown
- **Outcome Updates –** contains updates on improvements made in outcomes experienced by service users and communities.
- **Case Studies –** highlights examples of how communities and services have worked together to improve outcomes for people in our area.

2.2 Key highlights of the report include:

Local Action Partnership Grants – in the last reporting year, LAPs provided financial support at two levels: firstly to support projects which help to deliver against the Locality Plan; and secondly to community and voluntary projects which responded to local need as a result of COVID-19 and lockdown. Examples of grants given include:

i. **All Ability Cycling –** Perth City LAP supported Live Active Leisure's 'All Ability Cycling' scheme, where people with disabilities can enjoy a cycle independently, or with the support of a carer or staff member, round the North Inch on a specially purposed bike.

ii. **FeldyRoo –** received funding to deliver over 40,000 meals to vulnerable people who were socially isolated in the Aberfeldy and wider Breadalbane area.

iii. **Food Support in Perth –** involved numerous organisations in Perth providing support for the most vulnerable during the lockdown period. Groups worked in partnership to set up places to access food throughout Perth city and provided a delivery and check-in service.

iv. **'Men's Shed' in Scone –** Eastern Perthshire LAP gave financial backing to support the establishment of a Men's Shed in Scone. The facility is a community run space for men to converse and be creative, thereby providing a safe space for service users and reducing social isolation.

2 Sisters Response – The COVID-19 outbreak in the 2 Sisters Meat Processing Factory in Coupar Angus was a major incident during the pandemic. CPP partners worked together to support employees and the wider community, through a combination of welfare checks, food parcels and communications in 17 different languages.

3. UPDATED LOCAL OUTCOMES IMPROVEMENT PLAN

3.1 This is the last Annual Performance Report for this iteration of the Local Outcomes Improvement Plan. It is intended that an updated LOIP will be finalised by later in 2021, focussing on five key priorities and associated actions, which can only be delivered through the Community Planning Partnership. The new LOIP will tie into the wider Perth and Kinross Offer, as the CPP's contribution, with a specific focus on inequality.

3.2 At the CPP Board in July 2020, members agreed to establish a short-life working group, chaired by Skills Development Scotland, to reflect on the impact of COVID and lockdown on services and communities. The Working Group considered the responses that partners had made to the recovery & renewal community impact assessments, before holding a focussed session in September where partners outlined their thoughts and ideas based on their experiences, performance data and information from service users.

3.3 The Working Group tabled a progress report at the CPP Board in October and a final report with a refined list of strategic priorities was presented to the Board for approval in December. These priorities will form the basis of the new LOIP.

1. Poverty (including child poverty, fuel poverty and food poverty)
2. Mental & Physical Wellbeing
3. Skills, Learning and Development
4. Employability
5. Digital Participation

3.4 The Community Planning Partnership is planning an on-line virtual conference for 28 and 29 April to develop the LOIP further, based on these priorities. CPP Board and Executive Officer Group members have been invited to attend and the invite has also been extended to partner's own Board members. A number of community and voluntary groups from across Perth and Kinross have also been asked to contribute in different ways. The LOIP will be presented to the CPP Board and Council for approval later this year.

4. IMPROVEMENT ACTIONS

4.1 Over the past year, the Community Planning Partnership has begun the process of reviewing how the CPP is organised to deliver. This process has identified the five new strategic priorities, as outlined above, and a number of improvement actions for the Partnership to deliver collectively. These improvement actions include:

- community participation and co-production in service design;
- improving data sharing between services and agencies;
- adopting a shared approach to risk management through the CPP;
- moving away from "business as usual;"
- changing the governance of the CPP to reflect the new LOIP; and
- focussing on those actions that can only be delivered through the CPP.

4.2 These improvement actions will be considered as part of the on-line virtual conference in April and monitored by the CPP Executive Officer Group to ensure effective delivery.

5. CONCLUSION AND RECOMMENDATIONS

5.1 The Community Planning Partnership continues to work towards the vision of delivering better outcomes for the people of Perth and Kinross and is committed to delivering the priorities detailed in the Local Outcomes

Improvement Plan. This Annual Performance Report provides a summary of the progress that was made in the period between October 2019 and September 2020.

5.2 It is recommended that Council:

i) notes the Annual Performance Report for 2019/20
ii) notes the work to develop a new LOIP for Perth and Kinross

Author

Name	Designation	Contact Details
Fiona Robertson	Head of Culture & Communities Services	19 March 2021

Approved

Name	Designation	Date
Barbara Renton	Executive Director (Communities)	23 March 2021

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You can also send us a text message on 07824 498145.

All Council Services can offer a telephone translation facility.

ANNEX

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

1. Strategic Implications

-

Community Plan

1.1 The Annual Performance Report covers the period from October 2019 to September 2020 and summarises the Community Planning activity in relation to its contribution to the five strategic objectives of the Community Planning Partnership, as listed below.

(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
(v) Creating a safe and sustainable place for future generations

Corporate Plan

1.2 As a key member of the Community Planning Partnership, the Council's contribution to Community Planning activity is significant and touches on all five of the strategic objectives of the Corporate Plan:

(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.

2. Resource Implications

N/A

3. Assessments

N/A

4. Consultation

Internal

4.1 The Annual Performance Report was shared with senior Council officers across all services, to secure their input into the Report. The Council's Executive Officer Team was also consulted.

External

4.2 All members of the Community Planning Partnership were asked to provide input into the Annual Performance Report as it was developed. The Community Planning Partnership Board was consulted collectively and approved the report in January 2021.

5. Communication

N/A

6. APPENDICES

Appendix 1 – Annual Performance Report 2019-20

Perth and Kinross Community Plan

Annual Performance Report

2019/20

Welcome

Welcome to the third Annual Performance Report on the Community Plan/Local Outcomes Improvement Plan for Perth and Kinross, which covers the period from October 2019 to September 2020. This report outlines how the Community Planning Partnership (CPP) is working towards improving life chances and opportunities for people across Perth and Kinross. We can only achieve our collective vision by working alongside local people and communities. This report is prepared by the **Community Planning Partnership**, which includes public, private and third sector bodies.

Our Communities

COVID-19 Outbreak

On 23 March 2020 the UK went into a national lockdown as part of efforts to control and suppress COVID-19. Society and how people live their lives changed fundamentally and this resulted in significant changes to service delivery for CPP members, including:

- *closure of numerous corporate buildings and staff working from home;*
- *re-tasking staff to undertake essential duties in response to lockdown;*
- *closure of schools, with children being homeschooled from April - June;*
- *moving service provision online into digital settings where possible;*
- *working with and supporting community volunteers to respond to local need; and*
- *the closure of most retail outlets and leisure and cultural facilities.*

A Communities and Welfare Workstream was established, led by Perth & Kinross Council and with input from CPP members and other relevant organisations. This workstream focussed on:

- *supporting shielding and otherwise vulnerable people with welfare checks, food parcels, prescription deliveries and other necessary interventions to ensure they had the support they needed and were safe in their homes;*
- *co-ordinating responses and engagement with Scottish Government and NHS to ensure that all vulnerable people were identified and contacted;*
- *capturing and sharing information on local voluntary efforts on a new Community Support webpage at* **www.pkc.gov.uk/coronavirus/communitysupport**. *This included downloadable information and maps showing where support was available;*
- *monitoring and responding to over 4,000 enquiries from a variety of sources through a Community Support Team;*
- *offering support and guidance to individual volunteers and voluntary groups who were involved in local efforts to support friends, family and neighbours.*

Impact of COVID-19

COVID-19 and the resulting lockdown has had a significant impact on the Perth and Kinross economy:

- *4,160 individuals claimed out of work benefits, a 125% increase from February to October 2020 compared to 70% increase in Scotland.*
- *34% of eligible jobs signed up to the job retention scheme (furlough) by July 2020.*

The Community Planning Partnership recognises these significant challenges and has identified employability as one of our strategic priorities moving forward.

2 Sisters Meat Processing Factory, COVID-19 Outbreak, August 2020

The COVID-19 outbreak in Coupar Angus was a major incident during the pandemic where CPP partners came together to contain an outbreak of COVID-19. Within two weeks of the first positive test a total of 201 cases were recorded in Coupar Angus (174 from factory workers and 27 from close contacts). The factory was closed, and all workers had to self-isolate for a period of two weeks to contain the virus.

The key challenges facing partner agencies were communications, food and welfare.

Communications

The workforce of over 700 permanent employees and around 300 agency staff were almost all foreign nationals, many of whom had limited English. 17 different languages in total were spoken across the affected group. Employees lived in communities across Tayside and in response partners, including the Council, PKAVS, NHS Tayside and partners from across Tayside:

- *distributed information in various languages explaining the situation, encouraging employees to attend a dedicated test centre and giving contact details for welfare support (a multi-language phone helpline);*
- *repeated these messages on social media, targeting Facebook groups for eastern European communities in Perth and Kinross;*
- *expanded the Tayside Cares website to include a dedicated section for the 2 Sisters outbreak and set up new Facebook and Twitter accounts to support this;*
- *recorded interviews in Romanian and Polish with employees going through the testing process and shared these online and via social media to encourage others to attend.*

By continuing to reinforce clear and simple messages and reassuring affected individuals and families we were able to reduce community transmission and prevent the need for a local lockdown.

Food and Welfare

Over 100 households in Perth and Kinross had door-to-door welfare checks in the first 24 hours and these continued throughout the period. Each household received a food parcel and information on testing and welfare support in Polish, Romanian and Bulgarian.

Within 48 hours of the outbreak, the Council and community volunteers had delivered over 700 food parcels and completed a doorstep welfare check to every affected household in Perth and Kinross. Colleagues in Angus and Dundee also completed welfare checks and delivered food parcels where necessary.

Comprehensive information on restrictions was provided and crisis cash grants were given to people in serious financial difficulty.

Our Communities

Our Vision

Our vision for the period up to 2027 has been developed through engagement with communities across Perth and Kinross:

> ***Creating a confident, ambitious and fairer Perth and Kinross, for all who live and work here.***

Our vision for Perth and Kinross remains the same, however the COVID-19 pandemic has resulted in the CPP collectively reviewing and refocussing our priorities.

Recovery and Renewal

The Perth and Kinross Offer is at the heart of the CPP and the Council's overall approach to recovery and renewal. It acknowledges that *'everyone has something to offer'*. As the key driver for our recovery and renewal approach, the Offer will ensure that we reflect on the impact of lockdown and work more closely with citizens and communities through forums such as Local Action Partnerships (LAPs) to achieve considerable change in how services are co-created and delivered. These changes to service delivery require greater flexibility and new approaches to tasks such as sharing data and intelligence to shift recourses to deal with new priorities and delivering services remotely. Positive developments like this will continue to shape changes to service delivery across the CPP as we move through recovery and renewal.

Review of CPP Priorities

To understand and reflect the impact of COVID-19 on both communities of place and communities of interest across Perth and Kinross, the CPP Board established a short-life working group to identify emerging equality issues in July 2020, with recommendations to the CPP Board in October 2020. These priorities were confirmed as:

- *Poverty, including child poverty, food poverty and fuel poverty*
- *Mental and Physical Wellbeing*
- *Employability*
- *Digital Participation*
- *Skills, Learning and Development*

These priorities will be the focus of a new Local Outcomes Improvement Plan (LOIP) to be considered and approved by the CPP Board in summer 2021. The LOIP will set out the key actions the CPP will need to take to address these issues over a 3 year timeframe. The priorities and actions articulated in the LOIP will align with the Perth and Kinross Offer, complementing the priorities and actions identified as a result of our consultation with communities, businesses and other key stakeholders.

Our Communities

A Place-Based Approach

Within Perth and Kinross we have seven Local Action Partnerships (LAPs) covering the following localities:

- ***Highland***
- ***Strathtay***
- ***Kinross-shire***
- ***Almond and Earn***
- ***Perth City***
- ***Strathearn and Strathallan***
- ***Eastern Perthshire***

LAPs were established in response to the Community Empowerment (Scotland) Act 2015 as part of our local community planning infrastructure. LAPs consist of representatives from the local community, local elected members, and staff from the Community Planning Partnership. Each LAP develops and delivers their own Locality Action Plan, which identifies the key inequality issues for their area and the actions they will collectively take to address them.

LAPs are part of our offer to communities and over the last year local citizens have given their time and expertise to deliver change in their communities. Over the past year the Council has provided £150,000 worth of funding which LAPs have used to support local groups and projects.

As each locality area is different, there are a variety of issues being tackled at a local level. Prior to lockdown LAPs were supporting numerous projects and initiatives. These included: youth work provision in Eastern Perthshire; road safety in Highland Perthshire; access to leisure and sporting opportunities in Perth; and provision of free wi-fi in community facilities in Kinross-shire.

LAPs have been considering the impact of COVID-19 on their localities and as a result, their priorities. Each LAP is now revising and refreshing its Locality Action Plan, with an aim to have these in place by April 2021.

Local Action Partnership Grants

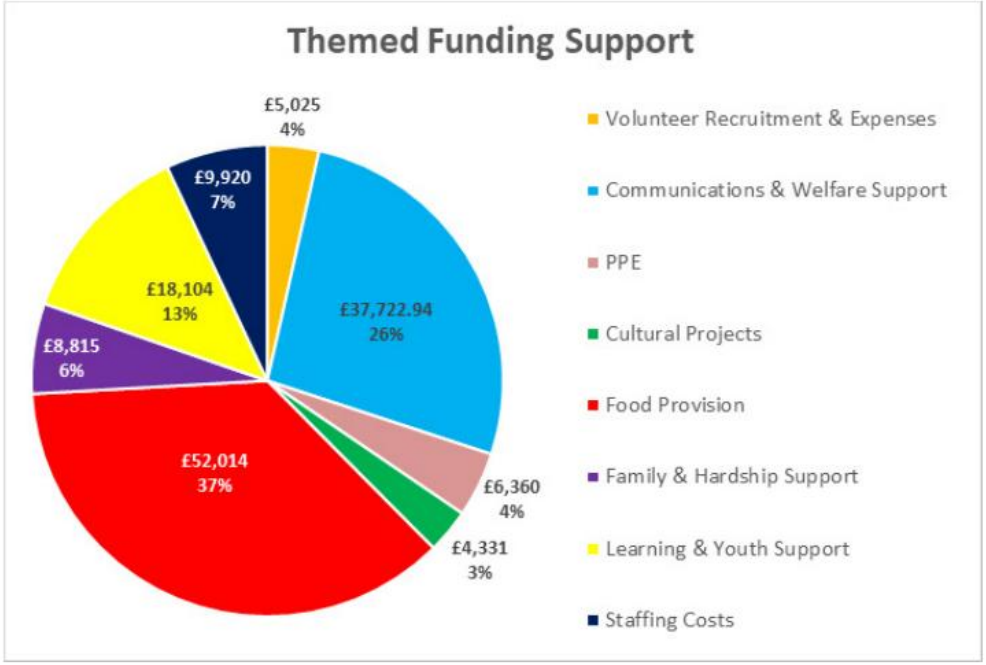
Perth City Local Action Partnership supported Live Active Leisure's *'All Ability Cycling'*, a scheme where people with disabilities can enjoy a cycle independently or with the support of a carer or staff member round the North Inch on a specially purposed bike. The funding allowed Live Active Leisure to hire a staff member to support the scheme in 2019/20 and the number sessions increased by 55% compared to 2018/19. Without this support many people with disabilities would not have an opportunity to be active outside, which is important for mental and physical wellbeing. The Perth City LAP agreed to continue this support in 2020/21.

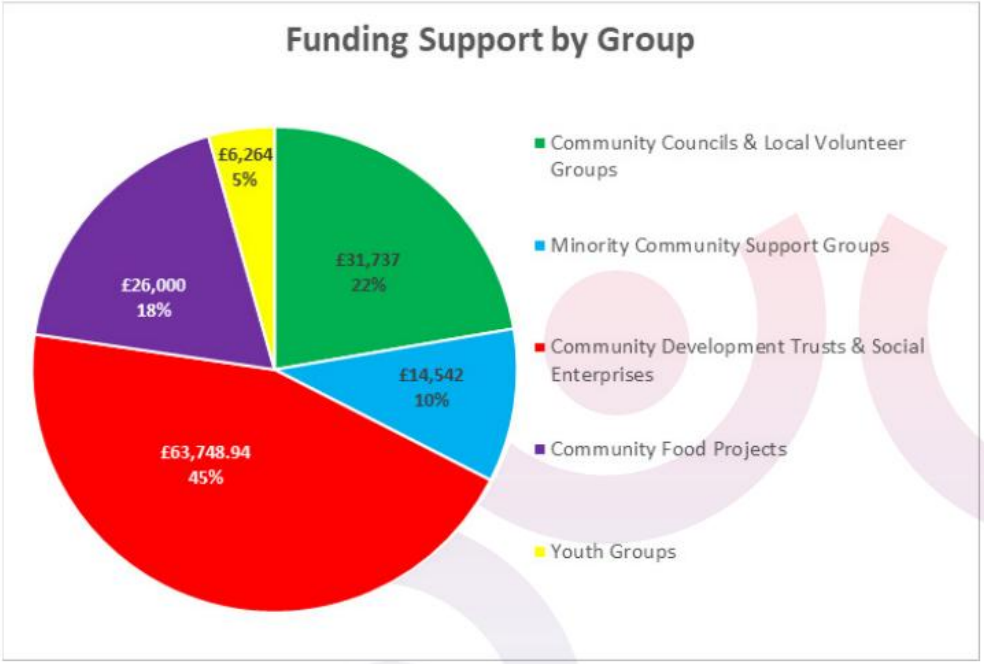
Eastern Perthshire LAP gave financial backing to support the establishment of a *'Men's Shed'* in Scone. Men's Sheds are community-run spaces for men to converse and be creative,

thereby providing a safe space for service users and reducing social isolation. The funding allowed the Men's Shed in Scone to buy equipment, including workbenches, an extraction fan and workshop tools.

Local Action Partnerships and COVID Response

Local Action Partnerships (LAPs) are given a budget to support the delivery of their Locality Action Plan. In March 2020 LAPs agreed to open their budgets to bids from local community groups and voluntary organisations who were responding to needs in their community as a result of COVID-19 and lockdown. From March until the end of September 2020 over 70 different funding bids were supported by LAPs, committing over £180,000 in financial support to a variety of different projects and initiatives. The following graphs detail the spread of this funding by theme and by the nature of the group that was funded. The final section includes some short case studies.





Our Communities

FeldyRoo received funding to deliver hot meals to vulnerable people who were socially isolated in the Aberfeldy and wider Breadalbane area. The group delivered over 40,000 meals during this period and has received national recognition for their outstanding work in supporting community members during lockdown.

Logos received a small grant to fund a Zoom account so they could deliver their youth activity sessions virtually and prevent young people from becoming isolated. This small grant has had a big impact on young people who could continue using the service in the Strathearn and Strathallan area throughout lockdown.

Food Support in Perth involved numerous organisations in Perth providing support for the most vulnerable during the lockdown period. Groups worked in partnership to set up places to access food throughout Perth City and provided a delivery and check-in service. Examples of specific activities include:

- ***Letham4All*** *purchased a larger refrigeration unit to store donated food from local businesses to support families in need of free or discounted food.*
- ***National Christian Outreach Centre*** *delivered 500 hot meals to elderly and vulnerable people living in the Perth area each week for 10 weeks.*
- ***Perth Welfare Society*** *supported people using Zoom, in Urdu and Punjabi, to apply for financial support, such as Universal credit. The group worked with local takeaways to deliver hot meals to vulnerable people in Perth.*

Reporting Progress

In order to achieve our vision, the partnership initially identified five strategic objectives, which support the overarching National Performance Framework:

1. ***Giving every child the best start in life***
2. ***Developing educated, responsible and informed citizens***
3. ***Promoting a prosperous, inclusive and sustainable economy***
4. ***Supporting people to lead independent, healthy and active lives***
5. ***Creating a safe and sustainable place for future generations***

These priorities were reviewed in 2020 via the CPP Short Life Working Group established in light of the COVID-19 emergency. However they form the reporting baseline for reporting period October 2019 - September 2020.

A revised LOIP will be presented to CPP Board for consideration and approval in the first half of 2021 and our next Annual Performance Report will be structured around the revised priorities.

Best Start in Life

Our children and young people have the best start in life and Perth and Kinross is the best place in Scotland to grow up.

Updates

- *Our Getting it Right for Every Child (GIRFEC) approach has ensured that support and intervention has been prioritised for children, young people and families with higher levels of vulnerability throughout the COVID-19 emergency response.*
- *New ways of delivering effective learning and teaching through online learning and digital technologies have been developed in response to lockdown. Through technology we were able to ensure children continued to learn through virtual classrooms.*
- *We supported 3,482 families by providing direct payments to parents whose children were unable to access free school meals during lockdown to ensure that there was money to feed children at home.*
- *The* **Perth and Kinross Play Framework** *launched in June 2019. To support learning and play at home, Play Z cards, with simple play ideas for parents were produced and distributed through the Early Years and Childcare Teams, Schools and the Parenting Team to families to try at home. The Z Cards were also available on the Play Talk Read Bus (PTRB) when it visited Perth and Kinross between 16 and 20 September and was visited by 148 families and 220 children over five locations. 82% said they had learned something new and 90% said they would try different ways of playing with their children at home.*
- *Active Schools undertook a project to encourage more physical activity in children under ten. This resulted in several schools investing their Pupil Equity Funding to extend this project and consequently nine Physical Education, Physical Activity and Sport groups were established.*

Case Studies - Improving the lives of looked-after children

Between 2016 to 2019 the number of looked-after children has remained steady at between 280 and 286 children. Since 2015 the proportion of children being looked after in a safe residential setting has increased from 92% to 96% in 2019/20, meaning that an increasing proportion of looked-after children are finding a positive family environment. The multidisciplinary REACH Team offer intensive and flexible support to young people (aged 12-18) and families to improve outcomes for young people who are looked-after or who are at risk of being accommodated and are therefore *'on the edge of care'*. REACH provides individualised support to help young people to remain in their families, schools and communities and prevent the need to move into care. This approach is continually evaluated using the latest data so we can provide the best support possible to young people living in difficult circumstances.

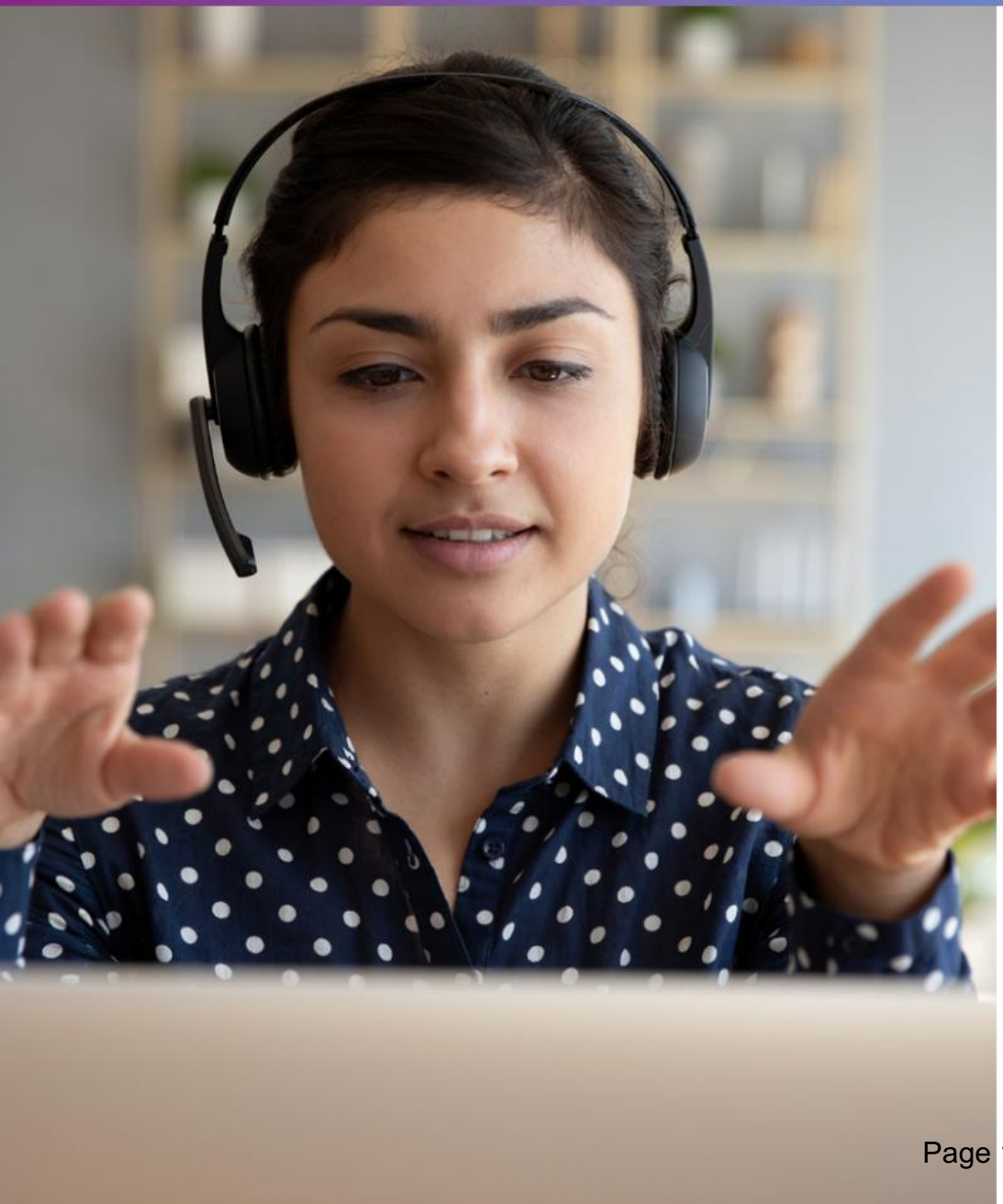
Developing educated, responsible and informed citizens

Everyone in Perth and Kinross has a stake in creating a confident, ambitious and fairer place to live, learn, work and visit. We will support children, young people, adults and communities to develop their skills and active participation in their communities.

Updates

- *Perth and Kinross Schools have been considering ways they can poverty-proof the school day. Many primary schools are using the Pupil Equity Funding to offer free school trips.*
- *273 tablets were provided to enable families to support their child's education during lockdown.*
- *For the fifth consecutive year, Perth and Kinross (95%) remains higher than the national average (92%) overall, as well as in each individual age group, for the proportion of 16-19 year-olds participating in education, training or employment.*
- *Community Investment Fund invests in new and innovative community-led projects which improve quality of life and tackle issues of inequality. In 2019/20 a total of £623,000 was invested in 127 projects, with 75% of that total pot going to over 60 grassroots community organisations, thereby supporting capacity building and community-led local development.*
- *The Adult Literacy Partnership comprising of Perth College, Churches Action for the Homeless, PUSH, HMP Perth, Murray Royal Hospital and PKC developed new blended approaches to learning in order to continue to support adult learners. Around 250 people took part on average each month prior to lockdown restrictions.*
- *Community Police Officers worked with the Council and St Johnstone Football Club on the 'Pitch In Programme'. Schools have identified between 10 to 15 pupils in the 13-15 age group who have been through a programme examining attitudes and responses to Anti-Social Behaviour, Hate Crime and other exploitative practices.*
- *Perth Autism Support collaborated with Perth College UHI to develop cyber security skills with young people aged 14-18, who have ended their formal education but have not yet reached a positive destination. This project, funded through Skills Development Scotland's Digital Neurodiversity fund, has created opportunities for these young people to gain employment within the cyber security field. Key skills and qualifications have been gained in data security, digital forensics and ethical hacking and those who completed the course received an employability qualification and a work placement with a local business.*

Reporting Progress



Case Study - Online Adult Learning Hub

During lockdown all face-to-face adult literacy services were suspended and by May 2020 the likelihood of in-person adult learning restarting seemed unlikely. This impacted on some of our most vulnerable people in need of learning support to gain new skills and (for working age people) increase their employment chances.

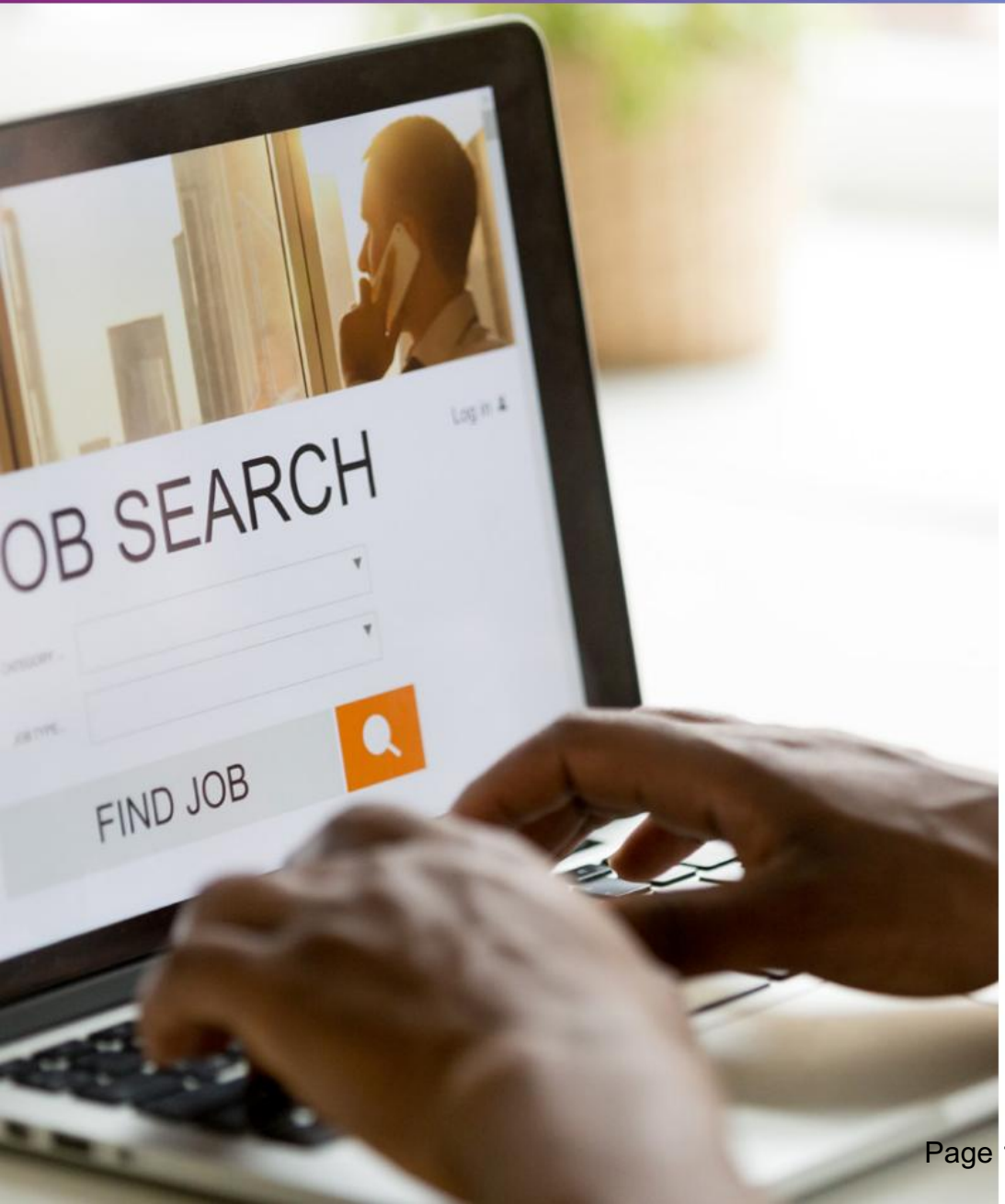
Groups such as Churches Action for the Homeless were able to host online groups for cooking, quizzes and taster courses. NHS Tayside and Perth College continued to support learners: 10 achieved their College Connect Certificate; 57 community learners completed their College Certificate in Literacies, developing skills in numeracy, communication, employability and personal finance; and 15 learners received SQA an accreditation across a variety of disciplines. Through online learning, partners were able to deliver courses which boosted people's confidence, employability skills and kept people connected in a time when learners were at risk of feeling isolated.

Promoting a prosperous, inclusive and sustainable economy

We live in fairer Perth & Kinross which promotes inclusive economic growth and a thriving economy.

Updates

- *Between March and October, the unemployment claimant count in Perth and Kinross rose by 137% (up 2,555 individuals), with the unemployment rate rising from 2% to 4.8%. In Scotland this increased from 3.3% to 6.1% in the same period. We estimate that the total number of redundancies is over 550, and we expect this to grow rapidly over the coming year.*
- *To respond to this significant challenge, the COVID-19 Business Task Force was established comprising the Council, Business Gateway, Scottish Enterprise, Perthshire Chamber of Commerce, Growbiz, Federation of Small Businesses, Perthshire Tourism Partnership and the Perth Traders Association. This Task Force has continued to meet weekly during the response phase to look at what support partners can offer, including the development of on-street dining to help with social distancing.*
- *The Council secured an additional £410,000 to provide a COVID emergency response to meet increased demands from households experiencing financial insecurity. An additional 6 members of staff were deployed to deal with a 148% increase in applications for crisis grants.*
- *The Economic Wellbeing Plan for Perth and Kinross was published in August 2020 for consultation to support the economic recovery of the region. The report sets out how business will employability services across the partnership will work with the third sector to support local business. The report final plan will be considered in December.*
- *The agreed heads of terms for the Tay Cities Deal will see over £150m of new Scottish and UK Government investment in our area over the next 10-15 years, in addition to the significant £600m capital investment already committed by the Council. The Heads of Terms are expected to be signed off in 2020/21.*
- *Regional partners supported a Perth-based company to rapidly increase their workforce as a result of gaining a Scottish Government contract related to COVID-19. This contract resulted in the company increasing its workforce by 200 people. The regional employability partners including: Perth & Kinross Council; Department for Work and Pensions; Skills Development Scotland; Scottish Enterprise; and Perth College UHI supported the company's recruitment exercise, which included pre-employment training for the long term unemployed. This demonstrated the success of the partnership to provide a rapid and positive response to meet employer demand.*



Case Study - Employability Pipeline

The Employability Pipeline supported 153 individuals with employability skills through third sector and in-house delivery in 2019/20. The poverty and social inclusion stream supported 70 individuals with money/debt management skills by Perth Citizens Advice Bureau. The European Social Fund Employability Outreach Service delivered employability services to 71 clients throughout Crieff, Kinross, Blairgowrie and Rattray. This programme seeks to assist those facing multiple barriers to employment, providing one-to-one support and working in partnership with various organisations to help people realise their potential and progress towards their goal of employment.

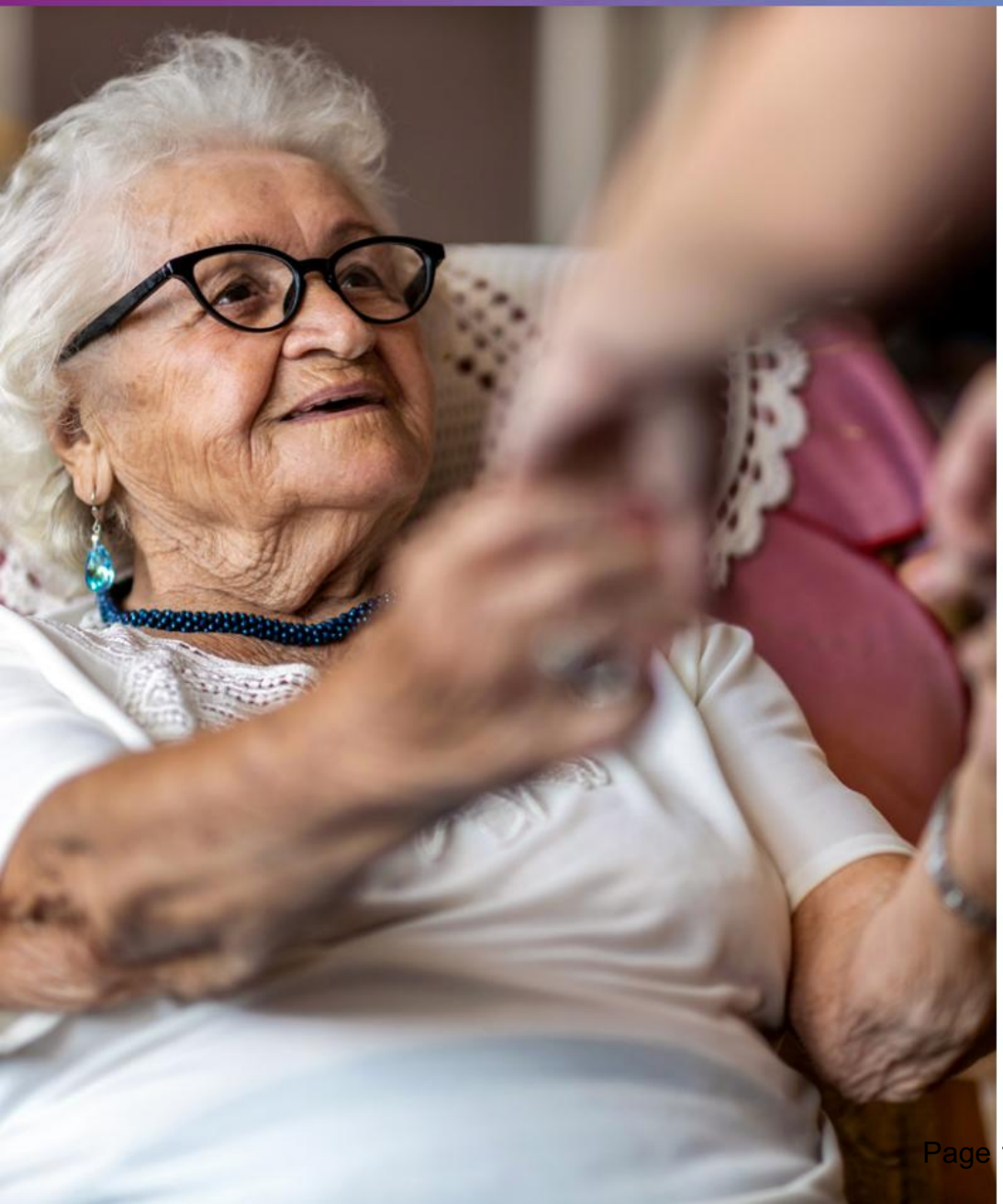
Supporting people to lead independent, healthy and active lives

People in Perth and Kinross lead independent, healthy and active lives, with choice and control over the decisions they make about their health, care and support.

Updates

- *The target for delivering new affordable homes was met one year early. Perth & Kinross Council, Hillcrest Homes, Kingdom Housing Association, Caledonia Housing Association and Fairfield Housing Co-operative worked together to exceed our 2016–2021 Local Housing Strategy target to deliver 861 additional affordable homes. Across the Perth and Kinross area just under £21m has been invested in affordable housing.*
- *In Eastern Perthshire local feedback suggested January was a time of stress and loneliness. As a result, local volunteers and partners collaborated to establish the Big January Get Together. This involved a month-long series of events which attracted 500 attendees, providing a platform for engagement with individuals whom we were then able to signpost to appropriate support services.*
- *The South Perth Wellbeing Day was held in the later stages of winter during the time in which people are most likely to be experiencing feelings of loneliness and isolation. This information day focused on promoting health and wellbeing for residents, with 50 community stallholders involved and over 250 people in attendance. This celebrated and promoted the work being done by groups across the community and created opportunities for people to come together locally and build important connections with active community groups and organisations.*
- *Unpaid carers have been critical throughout the pandemic. The Health and Social Care Partnership has been working with PKAVS to provide additional support to unpaid carers. Locality integrated care teams will improve urgent care for people with a range of conditions to remain at home.*

Reporting Progress



Case Study

The PKAVS Carers' Hub – Self-Directed Support Project, together with Support Choices Project (Highland Perthshire) provides information on Social Care and Self-Directed Support options to people and their Carers. This can be done over the phone or face to face. Short term one to one support is available to help people identify the outcomes they would like to achieve and the support they require. This has given people more knowledge and understanding about what support is available and how to access it.

Creating a safe and sustainable place for future generations

Perth and Kinross is a sustainable, safe place for everyone to live, work and visit, and we make the most of our outstanding urban and rural environment for the benefit of all.

Updates

- *The second* **Perth and Kinross Local Development Plan** *was adopted in November 2019 following examination by the Scottish Ministers. The Plan addresses a wide range of policy issues, including housing, retail, business, industry, transport, recreation, natural heritage, placemaking, climate change and impact public service providers and establishes a framework for the sustainable growth of Perth and Kinross to 2029.*
- *Greenspace management and development plans have been completed for Kinnoull Hill, the Lade in Perth and the Knock in Crieff through partnership working with the local communities.*
- *We prepared and approved 'Net Zero Perth and Kinross' an interim climate emergency report and action plan. We secured external funding to develop key clean growth projects: Low-Carbon Transport Hub and Perth Smart Energy Networks. We installed eight public electric vehicle charging points and three at partnerships depots for fleet vehicles.*
- *Partners are developing infrastructure to make it easy and safe for people to walk, cycle, and work remotely, through dedicated safer spaces for walking and cycling, and resilient digital technology to help get us back to work in a more sustainable way.*
- *33 rural community groups now have resilience plans in place, to be ready for extreme weather, flooding, power outages or any other disruption to normal activities. Local resilience plans that have been put into place to date by various voluntary community groups, with support and guidance from the Tayside Local Resilience Partnership (TLRP).*
- *We now have six social workers and three senior practitioners trained in assessment and delivery of the Caledonian System and the Respect Programme to combat domestic abuse, through the rehabilitation of male offenders.*
- *Fire risk increases among those who are: older; living alone; smokers; using substances; or have existing health conditions. Partners are identifying and referring clients, patients and service users to receive fire safety advice to seek to reduce this risk.*

Case Study - Protecting our natural assets

As Scotland left lockdown natural beauty spots in Perthshire were attracting large numbers of day-trippers and campers. Partners took a multi-agency approach, where hotspot areas were identified and a task force including Community Wardens, Scottish Fire and Rescue Service, Police Scotland, Forestry & Land Scotland and Countryside Rangers supported the community to tackle illegal parking and environmental damage. Partners were on the ground engaging with people enjoying our countryside to ensure they were behaving in a responsible manner. Two projects in Perth and Kinross have been submitted to the Scottish Government's Rural Tourism Infrastructure Fund to improve infrastructure and facilities in tourist hotspots. This initiative is still ongoing, with regular feedback from all involved.

Looking to the Future

Community Plan Refresh and the Perth and Kinross Offer

The Community Planning Partnership will refresh our Local Outcomes Improvement Plan (LOIP) in 2021. The refreshed LOIP will have a focus on key joint actions partners can make together to improve equality in Perth and Kinross. The refreshed plan will be accompanied by new governance arrangements, designed to help the Community Planning Partnership improve the impact it has on the issues which matter most to the people of Perth and Kinross.

The Plan will be developed under the umbrella of the Perth and Kinross Offer. The Offer is our vision for a new sustainable approach to public service delivering, in which services are shaped and delivered in partnership with communities and service users. We believe that this approach leads to better services and improved outcomes.

We will really welcome your views. To do this, contact us at:

Email **CommunityPlanningPartnership@pkc.gov.uk**

Tel 01738 477834

Community Planning
Perth & Kinross Council
2 High Street
Perth

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PERTH AND KINROSS COUNCIL

31 March 2021

RESERVED PLACES IN SCHOOLS 2021/2022 AND MAXIMISING CAPACITIES UPDATE

Report by Executive Director (Education and Children's Services)
(Report No. 21/39)

PURPOSE OF REPORT
This report proposes the number of reserved places for session 2021/2022, within primary and secondary schools, in accordance with Section 28A of the Education (Scotland) Act 1980, as amended. This allows places to be protected for local children to attend their catchment school. This report also informs Council where primary class capacities have been maximised during school session 2020/2021.

1. BACKGROUND/MAIN ISSUES

1.1 Reserved places refer to the number of places which, in the opinion of the Education Authority, are reasonably required to accommodate pupils likely to become resident within the catchment area of a school during the period of considering placing requests and during that school year.

1.2 This allows the Education Authority to calculate and retain a certain number of places for children from families likely to move into the catchment area of schools which have classes with a limited number of spaces in some or all stages. The legislation allows the Education Authority to refuse some or all placing requests made for a particular school on the grounds that children from within the catchment area may become resident during the year. The purpose of Reserved Places in Schools is to support the Council's School Admission Policy.

Places are reserved to try to accommodate these children, where possible, in their catchment school, allowing the Education Authority to take positive steps to protect places in schools for catchment pupils.

1.3 The strategy for the implementation of reserved places within Perth and Kinross Council was approved by Committee in March 1997 for session 1997/98 (Report No 97/145 refers). Further annual reports to Lifelong Learning Committee have been approved for each subsequent session.

1.4 The criteria used for the number of reserved places within schools for the current session is:

a) Schools which have classes with a limited number of spaces at specific stages;
b) Historical or anticipated patterns of migration, information about known movements of families in to (or out of) an area and any current residential development in the area; and

c) The possible pattern of movement indicated by the current session's trends and roll projections for 2021/2022.

The scheme needs to be justifiable and operated fairly, particularly as parents can appeal to the relevant Education Appeal Committee and thereafter to the Sheriff Court.

2. OPERATION OF CRITERIA

2.1 The operation of the criteria for session 2020/2021, to date, has ensured that only 6 primary pupils have moved into an area and have been unable to attend their catchment primary school as their first choice of school.
In respect of secondary schools, no secondary school pupil has moved into an area and has been unable to be granted a place in their catchment secondary school.

2.2 The application of reserved places is most commonly utilised during the process for managing the new P1 and S1 intakes each year where parents may choose to have their child attend a school other than their catchment school. For session 2020/2021, 268 placing requests were made for P1 places in primary schools and 189 of these requests were granted and 79 were refused. 24 of the refusals related to children who live outwith Perth and Kinross. This represents a positive outcome for 70.5% of P1 parents who made a placing request for their child to attend the primary school of their choice outwith their catchment area.

In respect of S1 places, 130 placing requests were submitted and 111 of these requests were granted and 19 were refused. 16 of the refusals related to children who live outwith Perth and Kinross. This represents a positive outcome for 85.4% of parents who made a placing request for their child to attend the secondary school of their choice outwith their catchment area.

2.3 Where a placing request is refused, parents have a statutory right of appeal to the Education Appeal Committee and, thereafter, the Sheriff Court. For session 2020/2021, 42 appeals were considered by the Education Appeal Committee and 1 appeal was considered by the Sheriff Court. The Council was successful in opposing that appeal.

2.4 The historical pattern of migration and house building continues to be monitored to ensure as accurate information as possible when considering the annual requirement for reserved places.

2.5 For session 2021/2022, there are some fluctuations in the reserved places from the previous school session. There are a number of schools whose reserved places have been altered in light of experience in administering placements throughout session 2020/2021. In addition, where additional building work has been undertaken in schools or reconfiguration of class structures, this can lead to the reduction in the requirement for reserved places. Reserved places may be increased where residential build has taken place or is planned within school catchment areas. Reserved places have

also been altered where school rolls have increased or decreased.

2.6 On 22 January 2020, Lifelong Learning Committee approved the report School Estate Transformation Programme - Strategic Sites North West/North Perth Options Appraisal (Report No. 20/18 refers).

This report approved the proposal to build a new primary school to provide capacity for pupils from the strategic sites being progressed to the north/north west of Perth and approved Bertha Park as the preferred location for a new primary school. It was also agreed that options appraisals, which include informal consultation, are undertaken in relation to the catchment for the new school. This is planned to commence in April 2021.

Until such time as the new primary school is built and operational, pupils from the strategic sites of Perth West and Bertha Park require to be able to attend the current primary schools of Ruthvenfield Primary School and Pitcairn Primary School which are the catchment schools serving these areas. Therefore, it is necessary for Education and Children's Services to take steps to ensure that these schools retain capacity to ensure, as far as is practicably possible, that pupils from these strategic sites can attend their local catchment schools until the new school opens. The position taken in session 2020/2021 was to only admit catchment pupils into these schools which reduced the numbers of placing requests in these schools. It was agreed that this arrangement was to be subject to review on an annual basis.

A review of the position in both schools has been considered for session 2021/2022 based on what might be reasonably expected to materialise within the coming school session and the reserved places have been amended downwards to reflect this.

2.7 The total number of reserved places proposed for 2021/2022 has been decreased to reflect the factors outlined in sections 2.5 and 2.6. Reserved places fluctuate on an annual basis and the total number of reserved places each year has varied between 92 and 958 since their introduction in 1997.

3. PROPOSALS

3.1 It is proposed that the reserved places required for session 2021/2022 are accepted as outlined in Appendix 1. The Executive Director (Education and Children's Services) will publish the Reserved Places in Schools 2021/2022 and implement this in full for session 2021/2022.

3.2 In order to provide accurate and clear information, Education and Children's Services publishes the reserved places required on Perth and Kinross Council's website. The published information shows the reserved places at each individual stage for each school. This format allows parents/carers to clearly understand how many reserved places are being held at each/any stage in the school each session.

4. MAXIMISING CAPACITIES

4.1 On 16 May 2018, the Lifelong Learning Committee approved the report Maximising Primary School Capacities (Report No 18/158 refers).
This report gave approval for the Executive Director (Education and Children's Services) to apply the Scottish Government space capacity metric of 1.7m^2 per pupil for primary schools, if required, to accommodate children living in the catchment area.

This provides an additional mechanism to manage the accommodation available in primary schools where there are challenges in accommodating catchment pupils. It also ensures that teaching staffing budgets are not exceeded while providing pupils with the best opportunity to attend their catchment school.

4.2 This report also agreed that the Executive Director (Education and Children's Services) would provide Committee with an annual update on the use of this variation within primary schools.

4.3 During session 2020/2021, the capacity of some primary school classrooms was temporarily maximised at the following primary schools to allow catchment pupils to be admitted:

- Community School of Auchterarder (Primary)
- Dunbarney Primary School
- Methven Primary School
- Milnathort Primary School
- Robert Douglas Memorial (RDM) Primary School
- Viewlands Primary School

4.4 At the time of this report, it is too early to report whether it will be necessary to apply the space capacity metric of 1.7m^2 to any classes for session 2021/2022. The allocation of places for the new school session will be concluded by 15 May 2021 in line with the extended statutory timescales for 2021 and will be reported to Lifelong Learning Committee as part of the next annual Reserved Places in Schools report.

5. CONCLUSION AND RECOMMENDATIONS

5.1 The reserved places procedure allows children moving into a catchment area of a school a greater likelihood of attending that school. Reliable historical and anticipated patterns have been established as accurate information is collected.

The annual revision of the reserved places procedure ensures that Education and Children's Services stringently manage pupil intakes for each school ensuring, where possible, that local children can attend their catchment school.

5.2 It is recommended that Council:

(i) Approves the number of reserved places, within schools which have classes with a limited number of spaces at specific stages, for session 2021/2022 as shown in Appendix 1;

(ii) Requests the Executive Director (Education and Children's Services) to revise these numbers each year to reflect historical or anticipated patterns of migration, information about known movements of families in to (or out of) an area, and any current residential development;

(iii) Delegates responsibility to the Executive Director (Education and Children's Services) to keep under review the reserved places for all schools in light of any building work in schools and in light of residential development; and

(iv) Notes the primary schools where class capacities have been maximised during session 2020/2021.

Author

Name	Designation	Contact Details
Karen Robertson	Service Manager (Business Services)	ECSCommittee@pkc.gov.uk 01738 475000

Approved

Name	Designation	Date
Sheena Devlin	Executive Director (Education and Children's Services)	15 March 2021

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	**Yes / None**
Community Plan/Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	No
Workforce	No
Asset Management (land, property, IST)	No
Assessments	
Equality Impact Assessment	No
Strategic Environmental Assessment	No
Sustainability (community, economic, environmental)	No
Legal and Governance	Yes
Risk	No
Consultation	
Internal	Yes
External	No
Communication	
Communications Plan	Yes

1. Strategic Implications

-

Community Plan/Single Outcome Agreement

1.1 This section sets out how the proposals relate to the delivery of the Perth and Kinross Community Plan/Single Outcome Agreement in terms of the following priorities:

(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
(v) Creating a safe and sustainable place for future generations

This report relates to Objective No (ii) Developing educated, responsible and informed citizens.

Corporate Plan

1.2 This section sets out how the proposals relate to the achievement of the Council's Corporate Plan Objectives.

(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.

This report relates to Objective No (ii) Developing educated, responsible and informed citizens.

1.3 The report also links to the Education & Children's Services Vision, Values and Priorities in respect of the following key Priority area:

- Learning and Achievement

2. Resource Implications

Financial

2.1 N/A

Workforce

2.2 N/A

Asset Management (land, property, IT)

2.3 N/A

3. Assessments

Equality Impact Assessment

3.1 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.

The reserved places procedure presented in this report was considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:

Assessed as **relevant** and the following positive outcomes expected following implementation:

- The outcome is not considered to result in an equality issue but has a positive outcome in terms of fairness. A consequence of reserved places is that it will ensure that children can, as far as possible, attend their catchment schools, thus limiting any adverse impact for low income families.

Strategic Environmental Assessment

3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

However, no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability

3.3 N/A

Legal and Governance

3.4 The Head of Legal and Governance has been consulted in relation to the reserved places scheme. The scheme complies with the legal framework in relation to reserved places set out in the Education (Scotland) Act 1980, as amended.

.5 N/A

Risk

3.6 N/A

4. Consultation

Internal

4.1 Headteachers have been consulted in the preparation of the report.

External

4.2 N/A

5. Communication

5.1 The Reserved Places for 2021/2022 will be published on the Council website to ensure parents and schools are able to easily access the information. This report also forms part of the appeal information provided to parents where a placing request has been unsuccessful.

2. BACKGROUND PAPERS

2.1 The Reserved Places in Schools supports the application and administration of the Council's School Admission Policy.

3. APPENDICES

3.1 Appendix 1 – Reserved Places 2021/2022

Primary Schools	Reserved Places Required 2021/2022	Reserved Places Breakdown 2021/2022																				
		P1	P2	P3	P4	P5	P6	P7	P1/2	P2/3	P3/4	P4/5	P5/6	P6/7	P1 - P3	P4 - P6	P4 - P7	P2 - P4	P1 - P4	P3 - P5	P5 - P7	Whole School
Abernethy Primary School	4								2	2												
Arngask Primary School	8								2					2		2		2				
Auchtergaven Primary School	6										2		2	2								
Balbeggie Primary School	2													2								
Balhousie Primary School	8								2	2			2	2								
Blackford Primary School	6													2	2					2		
Braco Primary School	4													2						2		
Breadalbane Primary School	14	2	2	2	2	2	2	2														
Community School of Auchterarder	28	4	4	4	4	4	4	4														
Comrie Primary School	6								2	2	2											
Coupar Angus Primary School	2													2								
Craigie Primary School	14	2	2	2	2	2	2	2														
Crieff Primary School	18	4	2	2	2	2	2	4														
Dunbarney Primary School	16	2		2	2	2	2	2	2	2												
Dunning Primary School	5								1	1		1	1	1								
Errol Primary School	4	2											2									
Forgandenny Primary School	4								2		2											
Fossoway Primary School	6									2			2	2								
Goodlyburn Primary School	14	2	2	2	2	2	2	2														
Inchture Primary School	14	2	2	2	2	2	2	2														
Inchview Primary School	28	4	4	4	4	4	4	4														
Invergowrie Primary School	16	4	2	2	2	2	2	2														
Kinnoull Primary School	14	2	2	2	2	2	2	2														
Kinross Primary School	36	6	4	6	4	4	6	6														
Kirkmichael Primary School	4											2			2							
Letham Primary School	14	2	2	2	2	2	2	2														
Longforgan Primary School	6								2			2	2									
Luncarty Primary School	10		2						2			2	2	2								
Madderty Primary School	7								3									2			2	
Meigle Primary School	2																2					
Methven Primary School	8								2	2	2			2								
Milnathort Primary School	28	4	4	4	4	4	4	4														
Moncreiffe Primary School	14	2	2	2	2	2	2	2														
Murthly Primary School	2																				2	
Muthill Primary School	6														2					2	2	
Newhill Primary School	20	4	2	2	2	2	4	4														
North Muirton Primary School	14	2	2	2	2	2	2	2														
Oakbank Primary School	30	6	4	4	4	4	4	4														
Our Lady's RC Primary School	14	2	2	2	2	2	2	2														
Pitcairn Primary School	20										5			5	5	5						
Pitlochry Primary School	14	2	2	2	2	2	2	2														
Portmoak Primary School	10	2								2	2		2	2								
Rattray Primary School	4	2			2																	
Robert Douglas Memorial School	28	4	4	4	4	4	4	4														
Ruthvenfield Primary School	18										6		6		6							
Stanley Primary School	8	2								2	2			2								
St John's Academy (Primary)	14	2	2	2	2	2	2	2														
St Madoes Primary School	6								2	2	2											
Tulloch Primary School	28	4	4	4	4	4	4	4														
Viewlands Primary School	28	4	4	4	4	4	4	4														
Total	**634**																					

Secondary Schools	Total Reserved Places Required 2021/2022	Reserved Places Breakdown 2021/2022						
		S1	S2	S3	S4	S5	S6	
Bertha Park High School	40	10	10	10	10			
Breadalbane Academy	8	4	4					
Community School of Auchterarder	18	6	6	6				
Crieff High School	12	4	4	4				
Kinross High School	28	10	10	4	4			
Perth Academy	14	6	4	4				
Perth Grammar School	14	4	4	6				
Perth High School	24	8	8	8				
Total	**158**							

Primary School	634
Secondary School	158
Total	**792**

PERTH & KINROSS COUNCIL

31 March 2021

REVENUE BUDGET 2020/21 UPDATE No.4

Report by Head of Finance
(Report No. 21/40)

PURPOSE OF REPORT
This report provides an update on progress with the 2020/21 Revenue Budget, with a focus on the estimated financial impact of Covid-19 in the current year.

1. BACKGROUND

1.1. On 27 January 2021, the Council considered the Revenue Budget 2020/21 Update No.3 (Report No. 21/8) refers. At that time, the gross impact of Covid on the Council's in-year financial position was estimated at between a projected net under spend of £1.6 million and projected net over spend of £600,000.

1.2. This report provides the Council with the latest forecast year end position for financial year 2020/21 based on expenditure and income to January 2021 for the General Fund and Housing Revenue Account, updated for any anticipated material changes.

1.3. This report also provides a further update on the funding that has been made available to the Council.

2. LATEST PROJECTED FINANCIAL IMPACT OF COVID-19 ON COUNCIL

2.1 The projections included within this report are based on the most up to date information available at the time of writing. The final outturns will be included in the 2020/21 Unaudited Annual Accounts that, it is anticipated, will be considered by elected members in June 2021.

2.2 The Executive Officer Team has reviewed the projected outturns included within this update and these are set out in more detail below.

SERVICE BUDGETS

2.3 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 over-spend on Service budgets, as set out in Appendix 1 to this report, is **£4.307 million** which represents **1.38%** of total net Service expenditure.

Education & Children's Services

2.4 The projected outturn for Education & Children's Services (excluding Devolved School Management (DSM) and Pupil Equity Fund (PEF) is currently anticipated to be **£829,000** more than budget which is summarised as follows.

2.5 Early Learning & Childcare 1140 Expansion Funding – projected net under spend of **£1.584 million.** Of this under spend, £1,034,000 was front loaded funding by the Scottish Government compared to the Perth & Kinross Council projected spending plan. The application of this Scottish Government funding has previously been approved by Council to support Covid related expenditure which is partially offset by additional expenditure in relation to partner providers / child minders and activity centres for essential workers.

2.6 Staff costs – projected net under spend of **£612,000**. Staff slippage of £1.354 million more than the approved budget is anticipated in the current year. This is partially offset by additional staff costs in relation to supply and casual workers of £762,000.

2.7 Property Costs – projected under spend of **£150,000** due to non-domestic rates, rent and unitary charges. These under spends are partially offset by increased cleaning costs in schools.

2.8 Supplies and Services – projected net over spend of **£205,000** comprising projected over-spends on personal protective equipment and school meals partially offset by projected under spends including food insecurity, breakfast clubs and instrumental music.

2.9 Transport Costs – projected under spend of **£256,000** on employee related travel due to reduced activity during periods of restrictions.

2.10 Home to School Transport – projected net over spend of **£893,000** due to additional costs arising from the phased return to school as well as an increase in demand for school transport for pupils with Additional Support Needs.

2.11 Transfer Payments – projected over-spend of **£69,000** due to additional demand for school clothing grants.

2.12 Third Party Payments – projected net under spend of **£331,000,** due primarily to reduced payments to partner providers and service level agreements.

2.13 Residential Schools / Foster Care and Kinship Care – projected net under spend of **£137,000** based on the latest information on demand and placements.

2.14 Income – projected net shortfall of **£2.732 million**. Reduced income across several sources including school meals, kid's clubs, school lets and music tuition.

2.15 There is a planned under spend of **£919,000** on Devolved School Management budgets (DSM) due, mainly, to staff slippage and reduced expenditure on property costs and educational materials e.g. books and photocopying. This includes the planned carry forwards that individual schools identify on an annual basis. In line with the approved DSM scheme, the eventual over and under spends will be carried forward into 2021/22. The budgets for the Devolved School Management scheme are allocated by financial year, whereas expenditure is incurred by academic year.

2.16 At this stage of the academic year, expenditure met from the Pupil Equity Fund is projected to be **£450,000** less than the allocation from the Scottish Government of £1.669 million. In line with the terms of this funding, the final under spend will be carried forward to 2021/22 to meet future commitments. The budgets for the Pupil Equity Fund scheme are allocated by financial year, whereas expenditure is incurred by academic year.

Communities

2.17 The projected outturn for Communities is currently anticipated to be **£4.308 million** more than budget which is summarised as follows.

2.18 Service Wide Budgets are projected to over-spend by a net **£2.287 million**. The majority of this net projected over-spend is made up of additional expenditure of £1.530 million relating to Covid-19 including PPE, cleaning and property ventilation costs. In addition, there are costs related to the August 2020 weather event and a shortfall in income from recharges to capital. These are partially offset by additional staff slippage.

2.19 Roads and Transport are projected to over-spend by **£761,000**. The main factors contributing to this position are a projected over-spend on Winter Maintenance costs and a previously reported revenue contribution to the Almondbank Flood Protection Scheme. This is partially offset by projected under spends on areas such as road safety, street lighting energy and flooding revenue budgets.

2.20 Car Parking – projected net over spend of **£2.200 million** due primarily to the impact of Covid-19 restrictions on income.

2.21 Regulatory Services – projected under spend of **£210,000** due to savings on supplies and services and third-party payments.

2.22 Operations & Fleet Management – projected over-spend of **£90,000** due to reduced income from commercial waste, sales and public toilets offset by savings on loan charges and fuel costs.

2.23 Community Greenspace – projected net under spend of **£59,000** due primarily to slippage on maintenance works partially offset by reduced income.

2.24 Waste Strategy – projected net under spend of **£125,000** due to slippage on the Eating Well, Living Well project partially offset by expenditure on the Fly Tipping Fund.

2.25 Planning & Economic Development – projected under spend of **£175,000**. The main components of this position are under spends on events and economic development initiatives offset by reductions in income from planning & building warrants and commercial rent.

2.26 Housing – projected under spend of **£450,000** due primarily to slippage on the care and repair budget.

2.27 Across Innovation, Culture & Communities, Housing Support and Planning and Commissioning there is a combined net projected under spend of **£11,000**.

Corporate & Democratic Services

2.28 The projected outturn for Corporate & Democratic Services is currently anticipated to be **£830,000** less than budget which is summarised as follows.

2.29 Core Costs – projected over-spend of **£319,000** primarily due to slippage in the delivery of approved savings.

2.30 Property – projected under spend of **£1.275 million** primarily due to savings on energy costs (reductions in price and building closures) and maintenance.

2.31 Other functions – projected net under recovery of income of **£126,000** due, in the main, to reduced income from licencing and recharges to Capital.

CORPORATE BUDGETS

Health & Social care

2.32 Within the latest revenue monitoring statement for the Perth and Kinross Integration Joint Board (IJB), which is set out in Appendix 3, there is a projected net under spend of **£2.271 million**. It is anticipated that this projected under spend will be carried forward within the 2020/21 Annual Accounts of the IJB and therefore has no impact on the Council's final outturn for the current year.

Trading Operations Surplus

2.33 As has been previously reported, there is a projected reduction in the anticipated surplus that the Council could expect to receive from Tayside Contract of **£300,000**.

Additional Covid-19 Funding

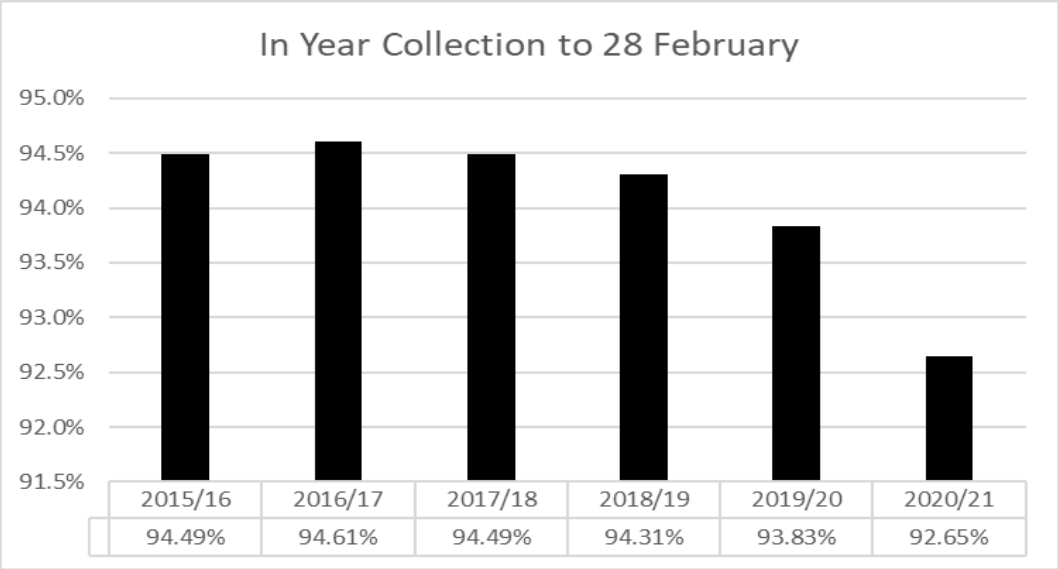
2.34 As previously advised, the Council has received **£7 million** of additional Scottish Government grant funding in 2020/21 which it has the discretion to

use in meeting the Covid-19 related over-spends identified throughout this report (Report No. 21/8 refers).

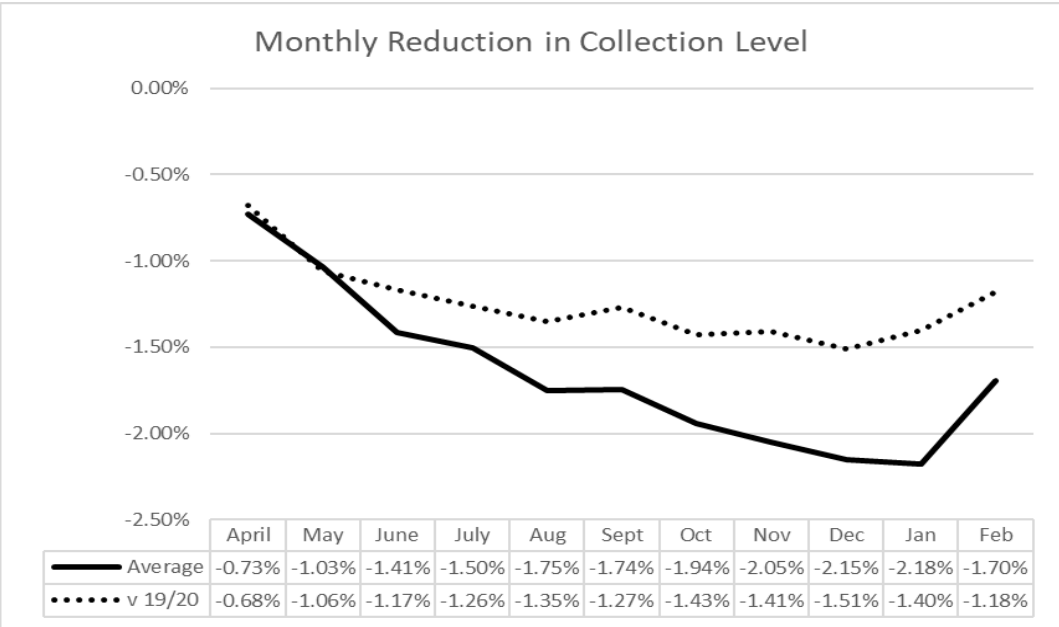
Council Tax

2.35 The amount of income the Council will generate from Council Tax is dependent on two main factors, firstly the collection levels and secondly, the number of Band D properties on the Valuation Roll.

2.36 Monitoring of Council Tax collection levels is carried out monthly. The following graph sets out collection performance to 28 February 2021 together with prior year comparative figures.

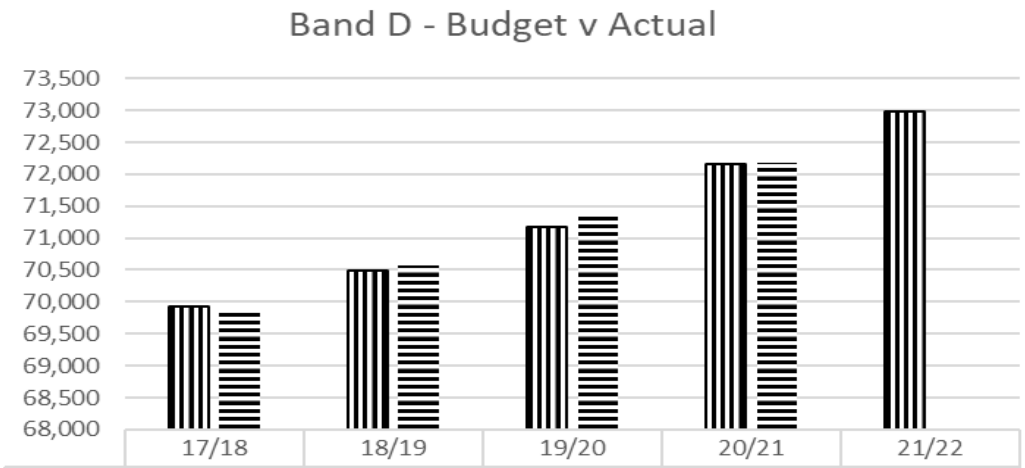


2.37 Collection levels have reduced compared to previous years. Between 2015/16 and 2019/20 the average collection figure by 28 February was 94.35%. The actual collection figure to 28 February 2021 was 92.65% which is a reduction of 1.70% compared to the historical average and 1.18% on the comparable position in 2020.

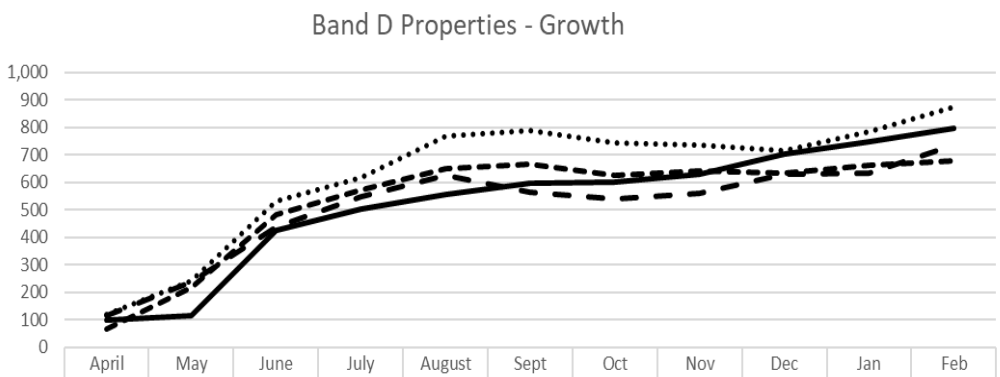


2.38 Although not monitored at an individual Council Tax payer level, it is assumed that the Job Retention Scheme supported Council Tax collection in 2020/21 and the extension of the scheme until September, together with the Council Tax freeze, is expected to have a positive impact on collection. Considering the latest update and experience to date, year-end Council Tax collection levels are now projected to be 2% lower than budgeted (previous assumptions were between 2% - 4% of a reduction in collection). This results in a projected reduction in income of **£1.9 million**. However, potential collection levels in future years remain uncertain and Council Tax collection will continue to be kept under review. The Council recognised this potential issue in setting the 2021/22 Revenue Budget by approving a revised Council Tax collection percentage of 96.5%.

2.39 Secondly, in setting the Council's Revenue Budget, assumptions are made on increases in the number of Band D equivalent properties. The two graphs set out below suggest that there is a risk that the level of growth will be less than budgeted assumptions. This potentially affects not only current year budgets, but also future years because of the impact on the base level of income. The other factor of note is that the growth in the current year had been flattening but appears to have improved towards the end of calendar year 2020.



	17/18	18/19	19/20	20/21	21/22
Budget	69,933.67	70,488.78	71,176.53	72,163.27	72,985.42
Actual	69,878.20	70,574.90	71,401.30	72,185.30	



	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb
17/18	64.90	215.20	482.40	571.80	650.60	664.70	623.10	642.70	632.90	660.90	679.40
18/19	113.90	236.90	438.50	547.60	624.50	564.90	541.10	558.70	630.00	632.30	733.70
19/20	117.20	243.10	529.20	615.30	769.60	787.60	744.90	733.50	712.90	784.90	872.30
20/21	100.20	116.40	425.40	503.40	557.30	597.00	598.60	628.10	700.80	749.10	795.70

2.40 It is now forecast that growth in the 2020/21 Council Tax base will be approximately 100 properties lower than budgeted. This adjustment will result in reduced income of approximately **£100,000**.

Non-Domestic Rates

2.41 The actual collection rate to 28 February 2021 was 94.24%, compared to 96.94% for the same period to 2019/20. The Council continues to provide the Scottish Government with monthly reporting on Non-Domestic Rates collection levels.

Impact on Arm's Length External Organisations (ALEOs)

2.42 Monthly service level agreement payments have been paid as normal to all three Arm's Length External Organisations (Live Active Leisure, Culture Perth & Kinross and Horsecross Arts Ltd.) to assist with their cashflow as they continue to forecast and monitor the ongoing impact of Covid-19 upon their financial position. The scheduled quarter 4 payment to Culture Perth and Kinross was, however, transferred to the Culture earmarked Reserve following the Trust's successful application to the Job Retention Scheme.

2.43 Live Active Leisure have updated their financial planning assumptions based on the latest information available. The two main factors impacting on their latest projections were confirmation that the Job Retention Scheme would remain available for the remainder of the financial year and the assumption that venues will not re-open this financial year. Confirmation of these factors has improved the financial outlook for Live Active Leisure in the current year and, as such, the previously identified potential contribution of £400,000 towards their operations can now be removed from the Council's financial planning.

2.44 With the latest refresh of the Live Active Leisure position, this means that the Council will have had no requirement to provide additional financial support to any of its ALEOs in the current financial year, over and above contractual service level agreement payments.

2.45 Council officers will continue to work will representatives of all three ALEOs into 2021/22 and beyond, to more fully understand the implications of Covid-19 on their operations. An update on all three ALEOs will be included in all future revenue monitoring updates to Council / Strategic Policy & Resources Committee.

GENERAL FUND SUMMARY

2.46 In summary, the net forecast position for the Council's General Fund is currently estimated to be a projected net under spend of **£393,000** (the previous forecast was a range of between a projected under spend of £1.6 million and projected over-spend of £600,000). There is still some uncertainty regarding the final outturn for 2020/21 and these figures will be updated in the 2021/22 Annual Accounts. This position is summarised in the following table.

	£m
Service Budgets	*4.307*
Corporate Budgets	*0.300*
Additional Scottish Government Funding	*(7.000)*
Council Tax	*2.000*
PROJECTED UNDER SPEND	***(393)***

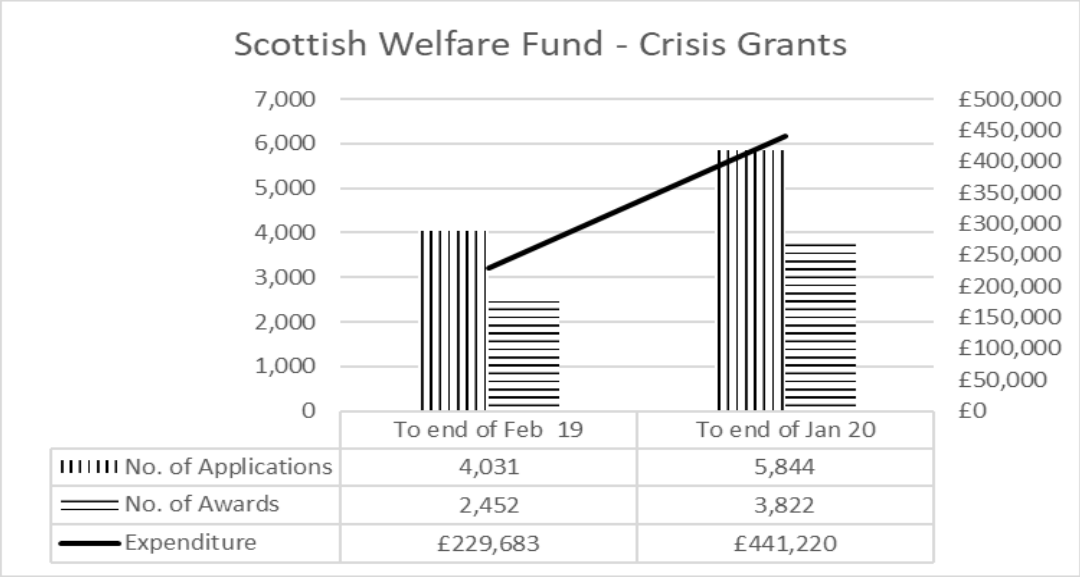
2.47 Based on the projected under spend set out above, £393,000 (or the final under spend) will be transferred to the Covid-19 earmarked Reserve as previously agreed by Council.

Other Financial Information

Crisis Grants

2.48 As at 28 February 2021, the Council had received 5,844 applications for Crisis Grant funding. Of those applications, 3,822 have been paid, with a total value of approximately £441,000.

2.49 This area of activity has seen a significant growth in demand which is set out in the following graph.



Covid-19 Business Support Grants

2.50 Since March 2020, the Council has provided advice and support to local businesses experiencing financial challenges because of restrictions and regulations introduced to control the spread of Covid-19. The Council has delivered financial support from a number of Scottish Government grant schemes. To date, almost £57 million has been distributed. A recurring feature of these grant schemes has been that they have evolved rapidly and have been delivered within very challenging timescales.

2.51 Activity to 19 March 2021 is summarised in the following table.

	£
Business Support Grants	37,092,500
Self Employed Hardship Fund	434,000
Bed & Breakfast	39,000
Business Hardship Fund	394,735
Strategic Framework Business Support (including top up)	21,428,000
Soft Play	60,000
Night Clubs	132,500
Taxi Drivers	445,500
Discretionary Fund	1,380,000
Contingency Fund Plus	145,000
TOTAL	**61,551,235**

Impact on Other Areas

Housing Revenue Account (HRA)

2.52 On 27 January 2021, the Council were advised of a projected over-spend of £490,000 on the Housing Revenue Account which would be funded by reducing the Capital from Current Revenue (CFCR) budget with a corresponding increase in borrowing (Report No. 21/8 refers).

2.53 On 10 March 2021, the Council were advised of a reduction in this projected under spend of approximately £1.4 million and approval was granted to earmark this sum as an HRA Covid-19 earmarked Reserve (Report No.21/33 refers).

2.54 The following narrative provides a further summary of the HRA projected outturn and more detail is set out in Appendix 4.

- Repairs & Improvement – projected net under spend of **£1.218 million** because of restrictions that have been in place throughout 2020/21 and their impact on external repairs & maintenance, external voids and the planned maintenance programme and the associated impact on stock purchases.

- Letham North & South – projected net over spend of **£241,000** due, in the main, to increased demand for the Tenancy Sustainment Fund, additional costs arising from the Covid-19 response and expenditure in relation to Rent Sense.

- Perth City & Specialist and Housing Management are projecting a net under spend of **£13,000**.

- Administration – projected net under spend of **£180,000** made up of projected under spends on loan charges, recharges and staff and non-staff costs. These are partially offset by increased void rent loss and Council Tax on void properties.

- Income – projected shortfall of **£317,000** due to slippage on the new build programme and reduced interest on revenue balances.

- Capital from Current Revenue – projected under spend of **£490,000**, which was approved in January 2021.

2.55 The net effect of the variances set out above is a contribution to the HRA Covid-19 earmarked Reserve of **£1.343 million** which will be utilised on a number of areas including maintenance delayed from 2021/22 as well as augmenting the Tenancy Support Fund and Estates Based Initiatives budget.

3. OTHER 2020/21 FINANCIAL MANAGEMENT ISSUES

3.1 In order to ensure that the 2020/21 Management Budgets continue to reflect the operational requirements of the Council, a number of adjustments are required. These are summarised below and set out in detail in Appendix 1.

Movements in Funding

Scottish Government – Revenue Support Grant

3.2 Since the 2020/21 Final Revenue Budget was updated by Perth & Kinross Council on 27 January 2021 (Report No. 21/8 refers), notification has been received in Finance Circular 5/2021, issued on 18 March 2021 of additional resources in the current financial year as set out below.

- Education Recovery - £3.194 million (Education & Children's Services - ECS)
- Free School Meals Provision January - £103,000 (ECS)
- Free School Meals Provision February - £85,000 (ECS)
- Teacher Induction Scheme – £27,000 (ECS)
- Educational Psychologists - £10,000 (ECS)
- Business Support Grant - £462,000 (Corporate & Democratic Services)
- Winter Hardship Children's £100 Payment - £187,000 (CDS)
- Financial Insecurity Fund - £412,000 (CDS)
- Discretionary Fund – £2.994 million (Communities)
- Test & Protect Combined - £70,000 (Communities)

- EU Brexit - £25,000 (Communities)
- Rapid Rehousing Transition Plans Winter - £135,000 (Communities)
- Environmental Health Officers £43,000 (Communities)

3.3 These resources have been allocated to Service Budgets as shown in Appendix 1 to the report. The Scottish Government has advised that the increase in Revenue Support Grant identified at 3.2 of **£7.747 million** will be made through a redetermination of the Council's Revenue Support Grant.

Scottish Government – Additional Revenue Support Grant

3.4 In Finance Circular 5/2021, issued on 18 March 2021, additional funding of **£11.173 million** was also notified which is set out below.

- Loss of Income Scheme - £3.326 million (share of £200 million)
- General Covid-19 Funding - £6.486 million (share of £275 million)
- Parent Employability Support Fund Boost - £124,000 (share of £5 million)
- Winter Hardship Balance - £33,000 (share of £1.937 million)
- Spring Hardship Payment - £255,000 (share of £17.2 million)
- Tackling Financial Insecurity (increase) - £74,000
- Flexible Fund to Support People Impacted by Restrictions - £826,000 (share of £30 million)
- Test & Protect Extension (£49,000)

3.5 The Scottish Government has advised that the increase in Revenue Support Grant identified at 3.4 above of **£11.173 million** will be made through a redetermination of the Council's Revenue Support Grant in 2020/21. The main components of this additional grant are the loss of income scheme and general Covid-19 funding. Elected members have previously been advised of the loss of income scheme funding with an initial estimate reflected in the Council's Reserves Strategy (Report 21/34 refers). In relation to the general Covid-19 funding, until receipt of the Finance Circular on 18 March 2021, the Council had no information on when this funding would be made available or the level.

Scottish Government: Revenue Support Grant Prepayments

3.6 Finance Circular 5/2021 also included notification of the prepayment of funding by the Scottish Government as follows:

- Prepayment of Free School Meals Provision Easter - £62,000 (Education & Children's Services - ECS)
- Prepayment of Ongoing Costs of Recruitment of Additional Staff - £602,000 (ECS)
- Prepayment of Ongoing Costs of Recruitment of Additional Teachers and Support Staff - £642,000 (ECS)

3.7 The Scottish Government has advised that a prepayment of **£1.306 million** will be made through a redetermination of the Council's Revenue Support Grant. This funding will be paid in 2020/21 but relates to financial year 2021/22 and will be carried forward and applied to Education & Children's Services in 2021/22.

3.8 It is therefore necessary to adjust the management budgets for 2020/21 and, in the case of prepayments for 2021/22, for Education & Children's Services, Corporate & Democratic Services, Communities, and Revenue Support Grant.

3.9 **ACTION:** The Council is asked to approve the adjustments set out at 3.2, 3.4 and 3.6 above. These adjustments are reflected in Appendix 1 (Column 3) to this report.

Other Funding

3.10 Other funding amounting to £563,251 will be paid outside the Revenue Support Grant mechanism as Other Grant income and is, therefore, cost neutral in terms of the budget summary. The detail of this other funding is set out in Appendix 4.

3.11 **ACTION:** The Council is asked to note the receipt of £563,251 of additional resources, with this funding being reflected within Communities and Education & Children's Services as additional grant income. The current projected outturn assumes that all these additional resources will be fully expended in 2020/21 or will be carried forward under the terms of the grant award.

Service Virements

3.12 In order to ensure that the 2020/21 Management Revenue Budget continues to reflect current Service needs and operational requirements the following virements is

- Communities to Capital Grant - £69,000 – to reflect a rephasing of expenditure on Tactran capital projects. This funding will be reinstated in 2021/22.
- Education & Children's Services to Corporate & Democratic Services - £4.959 million to reflect that Tayside Contracts fixed costs were paid centrally during lockdown between April and August 2020.

Movements in Reserves

Culture

3.13 There is currently an under spend within Culture and Community Services. This is due to Culture Perth & Kinross receiving funding from the Job Retention Scheme (see paragraph 2.42) and the Council under spending on adult literacy and non-domestic rates. Approval is sought to transfer this under spend of £215,000 to the earmarked Reserve for Culture for future expenditure.

3.14 **ACTION:** The Council is asked to approve the transfer of £215,000 from Communities to earmarked Reserves. This adjustment is reflected in Appendix 1 (Column 5) to this report.

Transformation Projects

3.15 Due to a rephasing of expenditure there is now a projected under spend on the following transformation projects:

- Low Carbon - £105,000
- Open Data - £169,000
- Review of Community Care Packages - £45,000
- Review of Older People Services - £54,000

3.16 Approval is sought to transfer £274,000 from Communities and £99,000 from Health and Social Care to earmarked Reserves to be drawn down in 2021/22.

3.17 **ACTION:** The Council is asked to approve the transfer of £373,000 to the Services listed above to earmarked Reserves. These adjustments are reflected in Appendix 1 (Column 5) to this report.

Local Action Partnerships

3.18 In the current year, the Local Action Partnerships have incurred £45,000 more expenditure than the approved budget. Approval is sought to transfer £45,000 from earmarked Reserves to Communities to meet this expenditure.

3.19 **ACTION:** The Council is asked to approve the transfer of £45,000 to Communities from earmarked Reserves. This adjustment is reflected in Appendix 1 (Column 5) to this report.

Early Learning & Childcare

3.20 Due to the most recent national lockdown and school closures from January 2021, there has been further slippage within the 1140 hours expansion programme for Early Learning and Childcare of £800,000. It is proposed that this ring-fenced funding is carried forward into 2021/22 to support the full rollout of the programme.

3.21 **ACTION:** The Council is asked to approve the transfer of £800,000 from Education & Children's Services to the Revenue Grants earmarked Reserve for utilisation on 2021/22. This adjustment is reflected in Appendix 1 (Column 5) to this report.

Local Government By-Election – Ward 9, Almond & Earn

3.22 Following the death of Councillor Henry Anderson, a local government by-election was held in Ward 9, Almond & Earn on Thursday 25 March 2021. The estimated cost is £60,000 which it is proposed to fund from Reserves in 2020/21.

3.23 **ACTION:** The Council is requested to approve the transfer of £60,000 from Reserves to Corporate & Democratic Services in 2020/21 to fund the Local Government By-Election in Ward 9, Almond & Earn. This adjustment is reflected in Appendix 1 (Column 5) to this report.

Additional Revenue Support Grant

3.24 Paragraph 3.4 above provides information on the receipt of additional funding of £11.173 million. Given that the 2020/21 financial year is almost at an end, approval is sought to transfer this additional funding to the Covid-19 earmarked Reserve. Proposals to utilise this funding will be brought before elected members through the revenue monitoring process in 2021/22 and beyond.

3.25 **ACTION:** The Council is requested to approve the transfer of £11.173 million to the Covid-19 earmarked Reserve. This adjustment is reflected in Appendix 1 (Column 5) to this report.

3.26 Finance Circular 5/2021 also includes the allocation of £259 million in relation to "Non-Recurring Covid Consequentials" in 2021/22 with the Council receiving **£7.220 million**. Proposals to utilise this funding will be included in revenue monitoring updates to elected members in 2021/22. A further £40 million of funding for local government, announced on 18 March 2021, as part of the Scottish Parliamentary debate on the Local Government Finance (Scotland) Order 2021-22, will be paid as a re-determination of the 2021/22 General Revenue Grant once the distribution has been discussed and agreed with COSLA.

Scottish Crannog Centre

3.27 In 2020, the Scottish Crannog Centre (SCC) completed a successful Community Asset Transfer application to the Forestry Commission which will enable further development of its heritage tourism offer and community engagement activities on a site opposite the current Centre, at Dalerb on the north shore of Loch Tay.

3.28 The current site is limited in terms of physical accessibility and ability to accommodate growing visitor numbers to the Centre. The SCC Board has commissioned feasibility work, funded by Museums Galleries Scotland, to create a masterplan for developing the Dalerb site which will be completed by end March 2021.

3.29 A £200,000 application to the National Lottery Heritage Fund (NLHF) is due to be submitted in April 2021 for the first phase of work. This will fund completion of a Full Business Case and development of a design scheme to RIBA Stage 4.

3.30 A high-level advisory panel has been established to oversee project development and delivery and will begin meeting in May 2021. The Council has been approached for £20,000 contribution to this work and local authority

support will be important for strengthening the NLHF application. The project has significant potential to enhance the cultural and wider tourism offer of Highland Perthshire and a £20,000 contribution from the Council's earmarked Reserve for Culture is proposed, subject to the NLHF application being successful.

3.31 **ACTION:** The Council is asked to approve the contribution of £20,000 to the Scottish Crannog Centre, subject to a successful bid to the National Lottery Heritage Fund.

4. CONCLUSION AND RECOMMENDATIONS

4.1. Covid-19 has resulted in the Council facing a significant financial challenge during 2020/21.

4.2. Through the pro-active management of the Council's Revenue budget, supported by elected member scrutiny, together with additional Scottish government funding, the latest revenue monitoring statement sets out a projected net under spend of £393,000 in 2020/21.

4.3. It is likely that the Council's financial position in 2021/22 will remain challenging and elected members will be updated as the position develops.

4.4. The Council is requested to:

i) Note the current projected net outturn position for 2020/21 of an under spend of £393,000.

ii) Approve the adjustments to management budgets set out in section three of the report.

Author(s)

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

Approved

Name	Designation	Date
Stewart Mackenzie	Head of Finance	23 March 2021
Karen Donaldson	Chief Operating Officer	24 March 2021

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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

Corporate Plan

1.1 The Council's Corporate Plan 2018 – 2022 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.

1.2 This report relates to all these objectives.

2. Resource Implications

Financial

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

Workforce

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

Asset Management (land, property, IT)

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

3 Assessments

Equality Impact Assessment

3.1 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.

3.2 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.

Strategic Environmental Assessment

3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

3.4 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.

Sustainability

3.5 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.

3.6 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

Internal

4.1 The Executive Officer Team have been consulted in the preparation of this report.

2. BACKGROUND PAPERS

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 – 2020/21 Management Budget
- Appendix 2 – 2020/21 General Fund Service Statements
- Appendix 3 – 2020/21 Health & Social Care
- Appendix 4 – 2020/21 Housing Revenue Account
- Appendix 5 – 2020/21 Other Funding

PERTH & KINROSS COUNCIL GENERAL FUND
2020/21 REVENUE BUDGET - SUMMARY

APPENDIX 1

SERVICE	(1) 2020/21 Council Approved Budget Mar-20 £'000	(2) Previously Approved Adjustments (Net) £'000	(3) Movements in Funding £'000	(4) Virements £'000	(5) Movements in Reserves £'000	(6) 2020/21 Revised Mgt Budget £'000	(7) Projected Outturn £'000	(8) Variance to Revised Mgt Budget £'000	(9) Variance to Revised Mgt Budget %
Education & Children's Services	196,529	2,905	3,419	(4,959)	(800)	197,094	197,923	829	0.42%
Communities	62,983	5,437	3,267	(69)	(434)	71,184	75,492	4,308	6.05%
Corporate & Democratic Services	33,874	697	1,061	4,959	60	40,651	39,821	(830)	(2.04%)
Sub - Total: Service Budgets	**293,386**	**9,039**	**7,747**	**(69)**	**(1,174)**	**308,929**	**313,236**	**4,307**	1.39%
Corporate Budgets									
Health & Social Care	60,149	572			(99)	60,622	60,622	0	0.00%
Contribution to Valuation Joint Board	1,297					1,297	1,297	0	0.00%
Capital Financing Costs	12,895	(3,637)				9,258	9,258	0	0.00%
Interest on Revenue Balances	(200)	67				(133)	(133)	0	0.00%
Net Contribution to/(from) Capital Fund	1,530	(1,530)				0	0	0	0.00%
Contribution to/(from) Insurance Fund	200					200	200	0	0.00%
Contribution from Renewal and Repair Fund	0					0	0	0	0.00%
Trading Operations Surplus	(550)					(550)	(250)	300	54.55%
Support Service External Income	(2,088)					(2,088)	(2,088)	0	0.00%
Un-Funded Pension Costs	1,595					1,595	1,595	0	0.00%
Apprenticeship Levy	680					680	680	0	0.00%
Council Tax Reduction Scheme	6,200	350				6,550	6,550	0	0.00%
Discretionary Relief	150					150	150	0	0.00%
COVID	0	7,000	11,173		(11,173)	7,000	0	(7,000)	(100.00%)
Net Expenditure (General Fund)	**375,244**	**11,861**	**18,920**	**(69)**	**(12,446)**	**393,510**	**391,117**	**(2,393)**	**(0.61%)**
Financed By:									
Revenue Support Grant	(198,921)	(28,789)	(20,226)			(247,936)	(247,936)	0	0.00%
Ring Fenced Grant	(15,499)	(16)				(15,515)	(15,515)	0	0.00%
Non Domestic Rate Income	(56,569)	18,693				(37,876)	(37,876)	0	0.00%
Council Tax Income	(94,509)					(94,509)	(92,509)	2,000	2.12%
Capital Grant	(1,600)			69		(1,531)	(1,531)	0	0.00%
Total Financing	**(367,098)**	**(10,112)**	**(20,226)**	**69**	**0**	**(397,367)**	**(395,367)**	**2,000**	**0.50%**
Financed from/(returned to) Reserves including use of Budget Flexibility (£3.232m)	**8,146**	**1,749**	**(1,306)**	**0**	**(12,446)**	**(3,857)**	**(4,250)**	**(393)**	

APPENDIX 2

PERTH & KINROSS COUNCIL - GENERAL FUND 2020/21 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 31 January 2021)

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
Education & Children's Services			
Total	829		
			Devolved School Management (DSM)
		(475)	**Staff Costs** Teachers salaries projected to under spend by £1,439,000 and single status by £1,092,000 due to staff turnover. However, the budgeted slippage target for 2020/2021 is £2,056,000 which, at this stage, will not be met.
		(174)	**Property Costs** Projected under spend on non domestic rates (NDR) in part due to Bertha Park High School reduction in NDR bills by 1.6% by Scottish Government (£154,000) and on painting works at Perth Grammar as work will not be completed by 31 March 2021 (£20,000).
		(300)	**Supplies & Services** Projected under spend on materials due to reduced activity because of restrictions.
		(48)	**Transport Costs** Projected under spend on travel & subsistence due to Covid-19.
		78	**Income** Projected shortfall from Community Campus lets due to Covid-19 (£36,000) and per capita income from home economics (£42,000).
		919	There is a projected net under spend of £919,000. The maximum carry forward under the DSM scheme is 10%.
			Pupil Equity Fund
		(450)	The majority of schools within Perth & Kinross Council have been allocated a share of £1,699,113 of Pupil Equity Funding from the Scottish Government as a ring fenced grant. It is anticipated that £450,000 will be carry forward into 2021/22 for staffing and other commitments as the grant covers the academic rather than the financial year.
		450	Projected carry forward of Pupil Equity Funding.
			Early Learning & Childcare 1140 Expansion Funding
		(2,250)	There is a projected under spend on Early Learning & Childcare funding from the Scottish Government for the implementation of 1140 hours in 2020/21 of £2,250,000. Of this, £1,034,000 was front loaded by the Scottish Government with the remainder being slippage in the current year. This is a ring-fenced grant with any underspend carried forward into the 2021/22 financial year or used to fund Covid-19 expenditure related to education.
		666	Additional expenditure in relation to Partner Providers and Childminders for essential workers and vulnerable young people (£577,000) and Children's Activity Centres (£89,000) has been incurred.
			Other Education & Children's Services Sectors:
			Staff Costs
		(1,354)	Projected under spend due to additional staff slippage (£1,354,000). This is made up of over and underspends in various sectors and cost centres and after accounting for a slippage budget of £1,164,000. This reflects difficulties faced by the Service in recruiting qualified staff in certain professions.
		2,026	Projected expenditure on additional teachers (£1,204,000) and support staff (£80,000) to cover return to education which are offset by income. There are also additional costs on teachers supply (£400,000) and support staff (£304,000) for casual/supply workers covering the period April to June 2020 as per agreements with unions on average earnings.
		(1,284)	Additional grant income to support education recovery
		(150)	**Property Costs** Projected under spend on non-domestic rates rebate (£151,000), rents for music camps due to cancellation (£45,000), savings against the Unitary Charge for IIL Schools (£28,000), catering fixture & fittings (£40,000), reduced recharge from Housing Offices (£27,000) and Scott Street Rent (£8,000). This is partially offset by increased costs in relation to the daily cleaning of schools (£270,000) and feasibility studies (£6,000).

PERTH & KINROSS COUNCIL - GENERAL FUND 2020/21 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 31 January 2021)

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
			Supplies and Services
		205	Projected over spend on catering equipment (£40,000), PPE (£197,000) and school meals (£468,000). This is partially offset by projected under spends on food insecurity (£81,000), breakfast clubs due to new delivery model (£81,000), sanitary products based on expenditure to date (£30,000), savings on miscellaneous budgets (£117,000), instrumental Music - pipes & drumming (£81,000); Highland Perthshire Learning Partnership (£90,000) and historical child abuse Case Review (£20,000) .
		(256)	**Transport Costs**
			Projected under spend due to reduced car allowances and travel and subsistence costs within various cost centres.
		893	**Home to School Transport**
			Projected over spend due to costs of returning children to school (£386,000) less grant funding (£101,000) and additional demand on Additional Support Need e.g. young people transferring to external placements (£444,000) / general demand (£164,000).
		69	**Transfer Payments**
			Projected overspend on school clothing grants due to increased number of applications, in part due to new criteria for entitlement within PKC from last financial year.
		(331)	**Third Party Payments**
			Projected under spends on partner provide payments due to less demand (£225,000), external hall hire (£51,000), service level agreement payments (£56,000) and support for care experienced young people (£45,000). This is partially offset by a projected over spend and self directed support (£46,000).
			Residential Schools/Foster Care and Kinship Care:
		122	The budget for young people with Additional Support Needs (ASN) who are educated outwith the Council's mainstream school provision is projected to over spend in the current financial year based on the number of known placements at this time.
		(465)	The budget for young people with complex behavioural issues which includes a number of pupils placed within residential schools is projected to under spend based on current activity levels.
		206	Based on the latest demand information, there is a projected over spend on foster care (£5,000) and kinship care (£278,000).
		2,732	**Income**
			Projected shortfall in income of £2,732,000 due to Covid-19 and services not being provided and assumed reduction in provision until later in the financial year. The main areas are as follows; Recharge to capital projects due to staff working on other Covid-19 priorities (£69,000); School Lets (£85,000); Kids Clubs (£557,000); Instrumental Music Tuition and Central Groups (£262,000); Breakfast Clubs (£167,000); Paid School Meals (£1,771,000), Renewable Heat Initiative Grant (£42,000) and Recharge to Grants (£33,000). Additional income from Axiom insurance rebate on IIL schools (£177,000); Inter-Agency Adoption Fees (£32,000) and Unaccompanied Asylum Seeking Child (£45,000).

PERTH & KINROSS COUNCIL - GENERAL FUND 2020/21 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 31 January 2021)

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
Communities			
Total	4,308		
			Service-Wide Budgets
		1,530	Additional expenditure projected across the Service due to the COVID19 response, PPE and Cleaning Supplies (£545,000), Food and Distribution costs (£320,000), Property costs including additional ventilation works in schools & offices (£435,000) and Other costs (£230,000)
		(340)	Staff slippage in excess of budgeted target
		25	Corporate Health & Safety - Income shortfall
		(100)	Under spend on non-recurring procurement funding to deliver remaining Corporate procurement savings target.
		429	Projected shortfall in staff recharge to capital projects across Communities .
		743	Contribution from Council towards August weather event
			Roads & Transport
		(300)	VAS and 20mph slippage due to resourcing issues
		65	Shortfall in departure charges Income due to Covid-19
		(110)	Projected saving on street lighting energy budget
		(100)	Contribution from Housing Developer towards Public Transport tendered services
		(104)	Saving on bridge strengthening project
		(235)	Projected underspend in the current year, across flooding revenue budgets due to COVID and repairs/capital work related to the recent flooding events
		430	Revenue contribution to Almondbank Flood Protection Scheme
		85	Additional expenditure on completing works at North Muirton Reservoir
		1,200	Projected Winter Maintenance costs in excess of budget
		(50)	Projected additional income from statutory road network works
		(120)	Smart Cities - Phase 2 projected underspend
			Parking
		2,200	Shortfall in income from on and off street parking and penalty charge notices due to removal of Parking charges from mid March to end of July, due to COVID19 and ongoing impact of restrictions.
			Regulatory Services
		(210)	Projected under spend across regulation supplies and services and 3rd party payments
			Operations & Fleet Management
		(365)	Projected saving on loan charges due to delayed deliveries on planned vehicle replacement programme from COVID19
		450	Shortfall in commercial waste income due to Covid-19
		80	Shortfall in waste income / sale of recyclates due to Covid-19
		75	Shortfall in public conveniences income due to Covid-19
		(150)	Projected saving on fuel costs
			Community Greenspace
		110	Shortfall in Income - North Inch Golf Course, Events and Hanging Baskets - due to Covid 19
		(25)	Saving on grounds maintenance contract due to Covid 19
		(27)	Saving on summer bedding and hanging baskets due to Covid 19
		(50)	Saving on Bloom activities due to Covid 19
		(5)	Saving on repairs and maintenance budget due to Covid 19
		100	Projected shortfall in Bereavement Income
		(117)	Slippage on planned improvement works at North Inch Golf Course
		(45)	Slippage on planned Public Realm works
			Waste Strategy
		20	Fly Tipping Fund
		(145)	Slippage on Eating Well Living Well, Community Food Initiative and Food Fund monies
			Innovation
		25	Review of Communications / Design- savings not achievable
		(10)	Savings in supplies and services

PERTH & KINROSS COUNCIL - GENERAL FUND 2020/21 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 31 January 2021)

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
			Cultural and Communities
		150	Delay in the delivery of approved savings
		(140)	Reduction in SLA to Culture Perth & Kinross
		(30)	Projected under spend on non-domestic rates
		170	Transfer to Culture earmarked Reserve
		(150)	Savings on property costs/ supplies and services and third party payments.
			Planning & Economic Development
		350	Shortfall in planning and building warrant income
		110	Commercial Rent Income projected shortfall
		(115)	Net under spend on Events budget
		(115)	Delays in planned spend on the Rural and International events budgets due to Covid-19
		(50)	Rural Employment Incentive Grant underspends
		(40)	Micro Business Loans underspend
		(250)	Projected underspend in Economic Development budgets due to impact of COVID19
		(65)	Projected under spend on Climate Change initiatives
			Housing
		28	Bad debt provision increase and void rent loss
		(13)	Savings in non-staff budgets
		(465)	Underspend in Care & Repair due to COVID19
			Housing Support
		(71)	Underspend as a result of the new Housing Support contract
			Planning & Commissioning
		45	Payments to Digital Inclusion Scotland

APPENDIX 2

PERTH & KINROSS COUNCIL - GENERAL FUND 2020/21 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 31 January 2021)

SERVICE	Variance £'000	Variance £'000	Summary of Service Variances
Corporate & Democratic Services			
Total	(830)		
			Core Costs
		26	Payment of Tayside Contracts standing charges
		250	Projected over spend due to slippage on the delivery of approved savings.
		43	Miscellaneous net over spends
			Legal Services
		(61)	Projected savings on supplies & services due to restrictions
		(55)	Projected savings on transport costs due to restrictions
		219	Non-achievement of income including licensing and capital recharges
		4	Projected non achievement of staff slippage target.
			Finance
		57	Extension of fixed term contracts within Procurement
		(43)	Projected net under spend due to non achievement of staff slippage and non-staff costs.
		31	Non-achievement of income
			Human Resources
		(126)	Staff slippage in excess of target.
			Information Technology
		105	Projected over spend due to non achievement of staff slippage.
		20	Miscellaneous other net over spends
		(38)	Additional grant income and projected under spend on staff costs
			Revenues & Benefits and Customer Service Centre
		(80)	Net projected under spends across the function
		93	Overtime in relation to Covid-19
			Property
		(591)	Realised savings on energy costs based on current budget position and closure of schools and some office buildings due to COVID19.
		(430)	Projected savings on energy costs due to reductions in price
		(110)	Realised savings on water costs based on current budget position and closure of schools and some office buildings due to COVID19.
		(91)	Projected underspend in Property Maintenance due to COVID19 shutdown of construction industry
		(44)	Projected under spend on the Unitary Charge
		(9)	Miscellaneous other projected under spends
TOTAL	**4,307**		

Perth and Kinross Integration Joint Board
Projected outturn based on Revenue Monitoring to end of January 2021

	January Projection
	Social Care Total Projected Out-turn Over / (Under) £'000
Older People Services	(1,364)
Adult Services	(831)
Other Community Services	(155)
Management/Commissioned/Other	79
Budget Deficit	0
Total PKHSCP (excl. Covid)	**(2,271)**
Covid-19 - Financial Impact	**5,430**
Covid-19 - Scottish Government Funding	**(5,430)**
Total PKHSCP (excl. Covid)	**(2,271)**

APPENDIX 4

PERTH & KINROSS COUNCIL - HOUSING REVENUE ACCOUNT 2020/21 PROJECTED OUTTURN
(Based on Expenditure to 31 January 2021)

£'000	Summary of Service Variances
(1,218)	**Repairs & Improvements** Projected under spend due to impact of three month Covid-19 shutdown on external repairs & maintenance (£194,000) and external voids (£130,000). The Covid-19 shutdown and recent bad weather has also resulted in a projected under spend on planned maintenance (£361,000). There is a projected under spend within stock purchases as a result of reduced repairs works compared to normal (£200,000) , additional staff slippage as a result of vacancies (£201,000), an under spend on planned maintenance on garages & lock-ups (£63,000) and additional income from OFGEM as a result of the installation of Air Sourced Heat Pumps (£50,000). In addition there is also a projected under spend on fuel costs (£28,000) and on SCARF (£25,000). These are partially offset by a projected over spend on non-staff budgets (£34,000).
241	**Letham, North & South** Projected over spend within the Tenancy Sustainment Fund (£150,000), additional expenditure as a result of Covid-19 (£130,000) and costs in relation to Rent Sense (£74,000) and an anticipated shortfall in income for court expenses (£35,000). These are partly offset by a projected under spend in Sheriff Officer Fees (£93,000), staff slippage (£35,000) and in non-staff budgets (£20,000).
11	**Perth City and Specialist** There is a projected over spend as a result of security costs at Pomarium Flats to 31 March 2021 (£62,000) partially offset by staff slippage, non-staff costs and income (£51,000).
(24)	**Housing Management** Staff slippage as a result of vacancies.
(180)	**Administration** Projected under spend due to a reduction in loan charges as a result in changes in the capital programme and lower than anticipated interest rates (£188,000), reduced HRA recharges (£75,000), other staff costs (£82,000) and non-staff costs (£49,000). This is partially offset by a projected over spend due to increased void rent loss due to increased re-let periods (£134,000) and to Council Tax on void properties based on the updated list of empty properties (£80,000).
317	**Income** Anticipated shortfall in income budgets for mainstream houses as a result of delays to the completion of new builds due to the COVID-19 shutdown (£288,000) and reduced income for Interest on Revenue Balances (£29,000).
(490)	**Capital Financed from Current Revenue** As a result of the projected net over spends highlighted above, this is the reduction in the amount available to invest in the HRA capital programme from the Revenue Budget.
(1,343)	**Amount to be earmarked in Reserves for HRA Covid-19 response**

APPENDIX 5

Other 2020/21 Funding

Education & Children's Services	
Scottish Government - Temporary Restrictions Fund for Childcare Providers	£101,000
Creative Scotland – Youth Music Initiative	£210,879
Communities	
Scottish Government – PACE – Single Point of Contact & Key Worker Support	£99,940
Scottish Government - Rural Tourism Infrastructure Fund	£151,432
TOTAL	**£563,251**

PERTH AND KINROSS COUNCIL

31 March 2021

COMPOSITE CAPITAL BUDGET 2020/29 & HOUSING INVESTMENT PROGRAMME 2020/25 – MONITORING REPORT NUMBER 4

Report by the Head of Finance
(Report No. 21/41)

PURPOSE OF REPORT
This report provides a summary position for the 9-year Composite Capital Programme for 2020/21 to 2028/29 and the 5-year Housing Investment Programme 2020/21 to 2024/25 and seeks approval for adjustments to the programmes.

1. BACKGROUND / MAIN ISSUES

1.1 The Council approved an updated nine-year gross Composite Capital Budget for 2020/21 to 2028/29 totalling £600,116,000 and a five-year gross Housing Investment Programme for 2020/21 to 2024/25 totalling £68,642,000 at its meeting on 27 January 2021 (report 21/9 refers).

1.2 The Covid-19 pandemic continues to have a significant impact upon the delivery of the Council's Capital budget in 2020/21. This has led to a significant re-phasing of planned expenditure.

1.3 This report is based upon expenditure to 28 February 2021. Eventual expenditure on the Capital programme in 2020/21 will be determined by the Council's capacity to procure, manage and deliver Capital expenditure given the continuing demands of responding to the Covid pandemic.

2. COMPOSITE CAPITAL PROGRAMME – GROSS CAPITAL RESOURCES

2.1 The current estimated total gross capital resources (which includes movements in Capital Receipts, Capital Grants, Contributions and Borrowing) available over the nine years 2020/21 to 2028/29 amount to £605,785,000. Movements from the revised Composite Capital Budget approved on 27 January 2021 are summarised in the table below, and the constituent elements for each year are shown at Appendix I.

	Total Composite Gross Capital Resources		
	Approved 27 Jan 2021	Current Estimate	Movement
	£'000	£'000	£'000
2020/21	48,657	43,851	(4,806)
2021/22	116,312	124,398	8,086
2022/23	157,240	159,321	2,081
2023/24	122,706	122,693	(13)
2024/25	47,836	47,891	55
2025/26	29,780	29,716	(64)
2026/27	26,855	27,343	488
2027/28	24,766	24,702	(64)
2028/29	25,964	25,870	(94)
Total	**600,116**	**605,785**	**5,669**

2.2 The Local Government Finance Circular issued on 1 February 2021 included the 2021/22 allocation of **Scottish Government General Capital Grant** of £25,287,000 to the Council. After excluding £12,903,000 of grant relating the priority flood schemes and £1,600,000 which is applied within the Revenue Budget, this leaves £10,784,000 available towards the current programme. This is broadly in line with last year's allocation. There is also an adjustment between 2020/21 and 2021/22 of £69,000 relating to Capital Grant applied within the Revenue Budget.

2.3 On 4 February 2021, the Cabinet Secretary for Finance wrote to the President of COSLA providing an "outline five-year indicative allocation for general capital grant and other specific funding streams provided through the local government finance settlement". The intention being to "offer Councils and other public bodies as much certainty as possible at this stage to support effective medium-term planning". The indicative allocation for local government is set out in the table below with the Cabinet Secretary's letter attached at Appendix IV to the report.

Local Government	2020/21	2021/22	2022/23	2023/24	2024/24	2025/26	5 year Total (2021/22-2025/26)
Support for Capital (1)	£467.9m	£477.9m	£488.9m	£486.9m	£514.4m	£521.4m	£2,489.5m
Specific Capital Grants (2)	£310.1m	£139.1m	£139.1m	£139.1m	£139.1m	£139.1m	£695.5m
Total	£778.0m	£617.0m	£628.0m	£626.0m	£653.5m	£660.5m	£3185.0m

Notes: (1) Includes £150m funding to invest in flood risk management
(2) Reduces by £171m from 2020/21 onwards as a result of the completion of the Early Learning (£121m) and Heat Network Early Adaptors (£50m) programmes.

2.4 Although Scottish Government funding for local authority Capital expenditure is set to gradually increase, the funding is lower than in previous years and is different from the Council's current assumptions on Capital Grant funding going forward. These assumptions have been reviewed in light of the above outline allocation and the Council's forecast share of Capital funding. In total, assumed Scottish Government Capital grant funding has been reduced by £19,119,000 over the 9 years of the existing programme as follows:

Forecast Grant	2020/1	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Current	10,266	24,305	21,416	14,000	14,000	14,000	14,000	14,000	14,000	139,987
Revised	10,335	23,618	15,117	11,132	11,845	12,026	12,265	12,265	12,265	120,868
Movement	69	(687)	(6,299)	(2,868)	(2,155)	(1,974)	(1,735)	(1,735)	(1,735)	(19,119)

2.5 The above funding assumptions will be kept under review and will be updated as and when more information becomes available.

2.6 **Ring-fenced Capital Grant** for Cycling Walking & Safer Streets in 2021/22 amounts to £665,000. The Council has also received £124,858 of Capital Grant for Public Sector Gypsy Traveller Sites Improvements in 2020/21 (Section 3.3.9).

2.7 **General Fund receipts**, **Commercial Property receipts** and **Ring-Fenced receipts** have been rephased between the current year and the next two years, whilst there is a small increase of £1,000 in **Housing Receipts**.

2.8 There has been an increase of £12,000 in **Revenue Contributions** in relation to the Corporate Programme Management System. There has also been some reallocation between **Third-Party** and **Revenue Contributions,** with the £15,000 contribution from the Choose Life Fund for works at Kinnoull Hill now included as a Revenue Contribution as the fund is administered by the Council. The level of forecast **Developer Contributions** has also been reviewed, with reduced contributions in the earlier years of the Capital Programme and increased levels in later years.

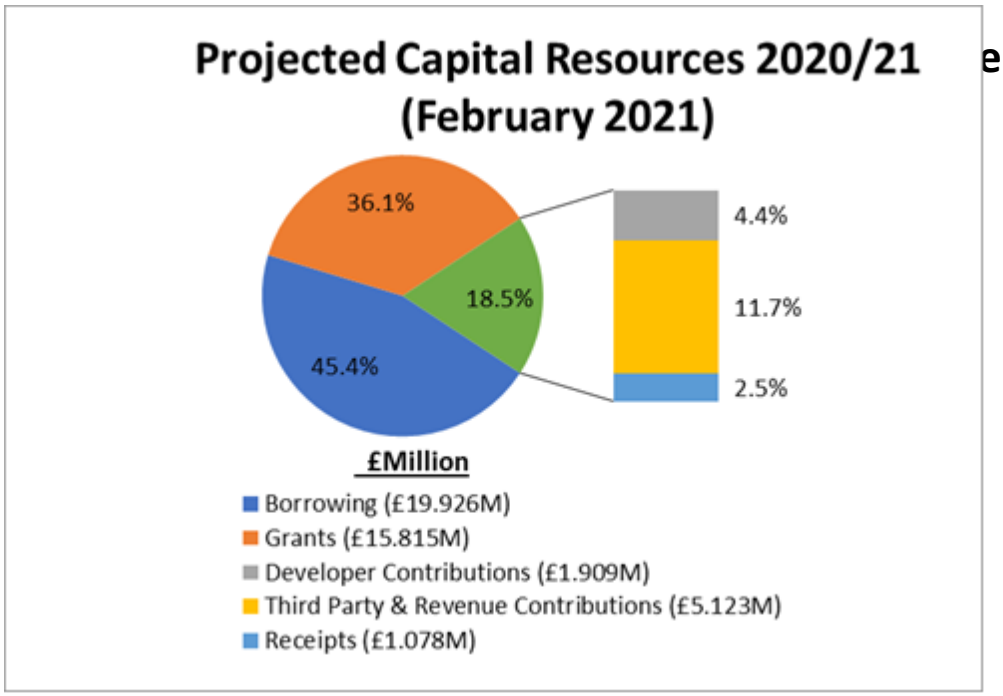
2.9 The projected **Borrowing Requirement** in 2020/21, which is effectively the balancing item for resources, is £19,926,000. This is £1,847,000 lower than the Borrowing Requirement approved by the Council on 27 January 2021 and is a result of the significant rephasing of expenditure and resources in the current year.

2.10 There is a forecast increase in the total Borrowing Requirement in the subsequent years 2021/22 to 2028/29 of £26,032,000 to £369,574,000, resulting in an overall net increase in the amount of borrowing over the 9-year programme of £24,185,000.

2.11 All movements in the Borrowing Requirement are shown in the Proposed Budget Adjustment column within Appendix II, and summarised in the table below:

	2020/21	**2021/22**	**2022/23**	**Later Years**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Increase/(Reduction) in forecast General Capital Grant (Section 2)	0	3,668	3,383	12,202	**19,253**
(Reduction)/Increase in Capital Grant allocated to the Revenue Budget (Section 2.2)	(69)	69	0	0	**0**
(Increase)/Decrease in Grant for Flood Priority Schemes (Section 3.3.4)	0	(3,050)	2,916	0	**(134)**
Increase in Rural Flood Protection Expenditure (Section 3.3.4)	0	0	32	135	**167**
Increase in Structural Maintenance (Section 3.3.1)	0	4,000	0	0	**4,000**
Increase/(Decrease) in Land Purchase & Development Prudential Borrowing (Section 3.3.8)	(1,000)	0	1,900	0	**900**
(Increase)/Decrease in Housing Receipts (Section 2.3)	(3)	1	1	0	**(1)**
Movements arising from re-phasing of expenditure and receipts (Appendix II)	(775)	1,888	681	(1,794)	**0**
Increase/(Decrease) in Borrowing Requirement	(1,847)	6,576	8,913	10,543	**24,185**

2.12 The chart below shows the Capital Resources required to fund the 2020/21 Composite Capital Programme following the proposed budget adjustments detailed in this report.



3. COMPOSITE CAPITAL PROGRAMME – EXPENDITURE

3.1 Total Expenditure and Proposed Budget Adjustments to the Current Programme

3.1.1 Total expenditure (net of contributions) to 28 February 2021 on the Composite Capital Programme amounts to £20,675,000. This represents 63% of the latest projected outturn for 2020/21 of £32,945,000 and is detailed at Appendix II and summarised as follows:

	Net Expenditure to 28 February 2021 (£'000)
Education & Children's Services - Expenditure	7,505
Education & Children's Services – Early Learning & Childcare Grant	(3,800)
Communities	12,211
Health and Social Care	193
Corporate & Democratic Services	4,566
Total	**20,675**

3.2 Education and Children's Services

3.2.1 The Executive Director (Education & Children's Services) has updated the programme for their Service and proposes the following budget adjustments.

3.2.2 At its meeting on 30 September 2020 (report 20/175 refers), the Council approved the North Muirton/Balhousie Primary School Replacement. A budget shortfall of £400,000 was identified at that time. As the project is to be tendered during the summer of 2021 it is proposed to transfer £400,000 from

the Investment in Learning Estate budget to the North Muirton/Balhousie Primary School Replacement budget to facilitate the tender process.

3.2.3 It is proposed to increase the budget for the Inchture Primary School Upgrade in 2020/21 by £110,000 from the Early Learning & Childcare budget in 2020/21 (£50,000) and 2021/22 (£60,000). This is required to cover the costs of additional utilities work undertaken as well as delays resulting from the Covid-19 pandemic. Delays as a result of Covid-19 have also resulted in an increase of £70,000 in costs on the Longforgan Primary School Upgrade in the current year, which is proposed to be funded from the 2021/22 Investment in Learning Estate budget. As a result of the impact of Covid-19, there is a need to align £468,000 of the Blairgowrie Recreation Centre Replacement budget in 2020/21 to 2021/22 to align funding with the revised programme.

3.3 Communities

3.3.1 At its meeting on 10 March 2021, the Council approved additional expenditure for Structural Maintenance (£3,800,000) and road safety measures including 20mph signage around schools (£200,000) in 2021/22 in order to catch up on delayed works and address issues resulting from the recent severe weather (budget motion in respect of report 21/33 refers). This has been included at Appendix II on the 2021/22 Structural Maintenance and Schools Road Safety Measures programmes to be applied across the road network, footways and unadopted roads.

3.3.2 The Executive Director (Communities) has undertaken a further review of the programme for their Service with the proposed budget adjustments outlined below.

3.3.3 The Traffic & Road Safety and Structural Maintenance programmes have been rephased to reflect the latest projections. With officers prioritising grant-funded programmes, other works which had been scheduled for the current year will now be undertaken next year. The Cycling Walking & Safer Streets (CWSS) programme has been increased by £465,000 to £665,000 in 2021/22 in line with the Council's grant allocation included within the Scottish Government settlement. Projected expenditure on Structural Maintenance has increased by £515,000 in relation to the retaining wall project at Welton Road, Blairgowrie as a result of the revised scheme of works. It is proposed that this is met by transferring funding from the Bridge Refurbishment Programme for later years. The Road Safety Barrier works are being undertaken in conjunction with Network Rail, and it is now proposed to undertake the works in 2021/22 once the necessary agreements with Network Rail are in place. In addition, £65,000 of works on the A977 Upgrades programme are also proposed to be moved to 2021/22.

3.3.4 The priority projects within the Rural Flood protection programme have been updated to reflect the latest projected costs and phasing. This has resulted in an increase of £167,000 in the overall costs of the schemes in later years. It is anticipated that £134,000 (80%) of the projected increase in costs will be recoverable through the receipt of additional Scottish Government Capital Grant for Flood schemes at the time the works are tendered. It is proposed that the remaining £33,000 is funded from the overall revised General Grant

estimates. There has also been some rephasing of the current year's budgets to later years.

3.3.5 It is proposed to move £2,045,000 of the Town Centre Fund grant from the current year to 2021/22 to match the profile of expenditure. It is anticipated that all expenditure within the programme will be committed by the end of the current year, with the works being undertaken in the first half of next year.

3.3.6 The Corporate Programme Management system is in the final stage of development and is scheduled to go live from 1 April 2021. Overall costs have increased by £12,000 in the current year, and it is proposed to fund this by Revenue contributions from each service.

3.3.7 With works now commenced on site at Perth City Hall in March 2021, a revised project cashflow has been received from the contractor. Consequently, it is proposed to bring forward £396,000 of next year's budget into the current year.

3.3.8 Within the Prudential Borrowing programme, it is proposed to transfer the £1,000,000 Land Purchase & Development budget to 2022/23, and to increase the total to £1,900,000 to facilitate potential investment in the city centre as considered by Council on 24 June 2020 (report 20/106 refers). There are also adjustments to various other budgets between years.

3.3.9 The Council has been awarded £124,858 of Capital Grant from the Scottish Government for Improvements to Public Sector Gypsy Traveller Sites in 2020/21. Following consultation with the Gypsy Traveling community, it is proposed the grant is used to provide meeting and storage space at the Double Dykes and Bobbin Mill sites. It has been agreed with the Scottish Government that the expenditure under the programme can be carried forward and spent in 2021/22.

3.3.10 All the above proposed adjustments have been included in Appendix II.

3.4 Corporate & Democratic Services

3.4.1 Within the Property Division, some works within the DDA Adaptations programme have been deferred until 2021/22 in order that they can be consolidated with other improvements into a single plan of works at various school and office locations. However, it is proposed to bring forward £411,000 from future years on the Capital Improvements budget to meet betterment costs following the storm damage in August 2020. The other proposed movements in the Property Division programme are smaller adjustments to reflect the latest projections.

3.4.2 Due to delays resulting from Covid-19 it is proposed to reprofile £552,000 of the ICT Infrastructure Programme to 2026/27. In addition, it is proposed that £130,000 of the budget in the current year for Customer Contact Centre system developments is moved into next year.

4. HOUSING INVESTMENT PROGRAMME

4.1 At its meeting on 3 February 2021, the Housing & Communities Committee approved a new Housing Investment Programme for 2021/22 to 2025/26 (report 21/15 refers). This included moving £10,333,000 of expenditure from 2024/25. Of this, £5,000,000 was moved to the Council New Build Future Developments programme in 2022/23 (£3,000,000) and 2023/24 (£2,000,000), with the balance of £5,333,000 moving to 2025/26. Monitoring of the budget for 2025/26 will be included in next year's monitoring reports.

4.2 The current estimated expenditure, net of contributions, for the Housing Investment Programme over the 5 years 2020/21 to 2024/25 now amounts to £63,309,000. Movements from the previous estimates approved by the Council on 27 January 2021, including those set out above, are as follows and are detailed in Appendix III:

	Approved 27 January 2021	Current Estimate	Movement
	£'000	£'000	£'000
2020/21	15,341	14,005	(1,336)
2021/22	9,920	11,527	1,607
2022/23	8,264	11,098	2,834
2023/24	11,608	13,519	1,911
2024/25	23,509	13,160	(10,349)
Total	**68,642**	**63,309**	**(5,333)**

4.3 Total Expenditure to 28 February 2021 (Housing Investment Programme)

Net expenditure for 2020/21 to 28 February 2021 amounts to £10,069,000 which is 72% of the latest projected outturn of £14,005,000. Housing receipts amount to £258,000, giving a borrowing requirement of £7,498,000 for the year to date.

4.4 The Executive Director (Communities) has reviewed the Housing Investment Programme and proposes the further adjustments outlined below.

4.5 The Council has received additional Scottish Government grant for the New Builds programme in 2020/21, which has been included at Appendix III as follows:

- Fairfield, Perth - £141,000, to be applied in 2020/21 (£87,000) and 2021/22 (£54,000)
- Newburgh Road, Abernethy - £4,000 to be applied in 2020/21
- 149-151 Dunkeld Road, Perth - £146,000, to be applied in 2021/22

4.6 It is proposed to accelerate budgeted expenditure from future years into the current year in line with the latest projections for 2020/21 as follows:

- Rewiring, Infrastructure & Property Developments - £16,000 from 2024/25
- Bathroom Modernisation Programme - £89,000 from 2023/24
- Fire Precaution Measures - £200,000 from 2021/22 and 2022/23

- Greyfriars - £9,000 from 2021/22
- General Capital works - £14,000 from 2021/22 and 2022/23

4.7 Work on the Multi-Storey Flats has been delayed, with no works now planned for the current year, with only professional fees to be incurred. It is, therefore, proposed to move £1,322,000 to next year. In addition, there are no works currently planned this year on the Upgrade and Replacement Lift Programme, and it is proposed to move the budget of £83,000 to next year. There is also a proposed movement of £59,000 on the Milne Street New Build project in the current year to next year.

4.8 In setting the HRA Revenue Budget on 3 February 2021, the Housing & Communities Committee approved the level of Capital Financed from Current Revenue (CFCR) for each year of the Capital Programme. This has resulted in a reduction of £1,417,000 in CFCR for the years 2021/22 to 2024/25. Accordingly, with a reduction in expenditure of £5,333,000, offset by the reduction in CFCR, borrowing over the current 5-year programme has reduced by £3,916,000.

5. BUDGET OVERVIEW

5.1 The projected net expenditure outturn in 2020/21 for the Composite Capital Budget is £32.945 million and represents 47% of the 2020/21 budget as approved in March 2020 (£69.599 million). The revised budget is based on the latest projection of expenditure and reflects all budget adjustments approved this year together with the proposals within this report.

5.2 Net expenditure to 28 February 2021 on the Composite Capital Budget is £20.675 million and represents 63% of the proposed revised budget for 2020/21 of £32.945 million.

5.3 The projected net expenditure outturn in 2020/21 for the Housing Investment Programme is £14.005 million and represents 85% of the 2020/21 budget approved by the Housing and Communities committee in January 2020 (£16.520 million).

5.4 Net expenditure to 28 February 2021 on the Housing Investment Programme is £10.069 million which represents 72% of the proposed revised budget for 2020/21 of £14.005 million.

5.5 While the projections have been based upon a comprehensive monitoring exercise, the outturn position will be dependent upon expenditure in March and valuations on ongoing projects.

6. RECOMMENDATIONS

6.1 It is recommended that Council

(i) notes the contents of this report.

(ii) approves the proposed budget adjustments to the nine-year Composite Capital Budget 2020/21 to 2028/29 set out in Sections 2

and 3 of this report and summarised at Appendices I and II.

(iii) approves the proposed budget adjustments to the Housing Investment Programme Budget 2020/21 to 2024/25 set out in Section 4 of this report and summarised at Appendix III.

Author(s)

Name	Designation	Contact Details
John Jennings	Senior Accountant	CHXFinance@pkc.gov.uk

Approved

Name	Designation	Date
Karen Donaldson	Chief Operating Officer	24 March 2021
Stewart MacKenzie	Head of Finance	24 March 2021

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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

Corporate Plan

1.1 The Council's Corporate Plan 2018 – 2023 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.

1.2 This report relates to all of these objectives.

2. Resource Implications

Financial

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

Workforce

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

Asset Management (land, property, IT)

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

3 Assessments

Equality Impact Assessment

3.1 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.

3.2 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.

Strategic Environmental Assessment

3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

3.4 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.

Sustainability

3.5 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.

3.6 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

Internal

4.1 The interim Chief Executive and the Executive Directors have been consulted in the preparation of this report.

2. BACKGROUND PAPERS

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 I – Composite Capital Programme - Estimated Capital Resources 2020/21 to 2028/29
- Appendix II – Composite Capital Programme - Summary of Capital Resources and Expenditure 2020/21 to 2028/29
- Appendix III – HRA Capital Investment Programme – Summary of Capital Resources and Expenditure 2020/21 to 2024/25
- Appendix IV – Cabinet Secretary's letter dated 4 February 2021 on the Local Government capital settlement 2021/22 to 2025/26

PERTH AND KINROSS COUNCIL
COMPOSITE CAPITAL PROGRAMME
Estimated Capital Resources 2020/21 to 2028/29

	Capital Resources 2020/21 (£'000) Revised Budget	Capital Resources 2021/22 (£'000) Revised Budget	Capital Resources 2022/23 (£'000) Revised Budget	Capital Resources 2023/24 (£'000) Revised Budget	Capital Resources 2024/25 (£'000) Revised Budget	Capital Resources 2025/26 (£'000) Revised Budget	Capital Resources 2026/27 (£'000) Revised Budget	Capital Resources 2027/28 (£'000) Revised Budget	Capital Resources 2028/29 (£'000) Revised Budget	Capital Resources TOTAL (£'000) Revised Budget
Capital Grants										
Cycling, Walking & Safer Streets (CWSS)	665	665	200	200	200	200	200	200	200	2,730
Early Learning & Childcare	3,800	0	0	0	0	0	0	0	0	3,800
Digital Inclusion	614	0	0	0	0	0	0	0	0	614
Town Centre Fund	276	2,245	0	0	0	0	0	0	0	2,521
Regeneration Fund	0	1,000	0	0	0	0	0	0	0	1,000
Perth Transport Futures - CTLR	0	10,000	30,000	0	0	0	0	0	0	40,000
Gypsy Traveller Sites Improvements	125	0	0	0	0	0	0	0	0	125
General Capital Grant	10,335	23,618	15,117	11,132	11,845	12,026	12,265	12,265	12,265	120,868
Total Capital Grants	15,815	37,528	45,317	11,332	12,045	12,226	12,465	12,465	12,465	171,658
General Capital Receipts										
General Fund - Capital Receipts	394	12	1,030	250	250	250	250	250	250	2,936
General Fund - Housing Receipts	6	2	1	0	0	0	0	0	0	9
General Fund - Ring Fenced Receipts	303	386	260	300	300	300	300	300	300	2,749
Total General Capital Receipts	703	400	1,291	550	550	550	550	550	550	5,694
Commercial Property Receipts										
Capital Receipts brought-forward	2,644	2,429	2,279	2,904	2,904	2,904	2,904	2,904	2,904	2,644
Commercial Property Capital Receipts	160	1,645	625	0	0	0	0	0	0	2,430
Capital Receipts carried-forward	(2,429)	(2,279)	(2,904)	(2,904)	(2,904)	(2,904)	(2,904)	(2,904)	(2,904)	(2,904)
Total Commercial Property Receipts Applied	375	1,795	0	0	0	0	0	0	0	2,170
Contributions										
Third Party Contributions	4,592	8,424	1,390	2,300	0	0	0	0	0	16,706
Developer Contributions	1,909	1,520	1,520	2,100	2,300	2,367	2,600	2,600	2,600	19,516
Revenue Budget Contributions	531	10	0	0	0	0	0	0	0	541
Total Contributions	7,032	9,954	2,910	4,400	2,300	2,367	2,600	2,600	2,600	36,763
Capital Borrowing Requirement	19,926	74,721	109,803	106,411	32,996	14,573	11,728	9,087	10,255	389,500
TOTAL CAPITAL RESOURCES/ GROSS BUDGET EXPENDITURE	43,851	124,398	159,321	122,693	47,891	29,716	27,343	24,702	25,870	605,785

PERTH AND KINROSS COUNCIL
COMPOSITE CAPITAL PROGRAMME
Estimated Capital Resources 2020/21 to 2028/29

Movements in Resources from Approved Budget - 27 January 2021

	Revised Budget 2020/21 £'000	Revised Budget 2021/22 £'000	Revised Budget 2022/23 £'000	Revised Budget 2023/24 £'000	Revised Budget 2024/25 £'000	Revised Budget 2025/26 £'000	Revised Budget 2026/27 £'000	Revised Budget 2027/28 £'000	Revised Budget 2028/29 £'000	Revised Budget TOTAL £'000
Increase/(Decrease) in:										
Capital Receipts - General Fund	32	0	(32)	0	0	0	0	0	0	0
Capital Receipts - Commercial Property	(243)	243	0	0	0	0	0	0	0	0
Capital Receipts - Housing Receipts	3	(1)	(1)	0	0	0	0	0	0	1
Capital Receipts - Ring Fenced	(100)	100	0	0	0	0	0	0	0	0
Capital Grants:										
Cycling, Walking & Safer Streets (CWSS)	0	465	0	0	0	0	0	0	0	465
Early Learning & Childcare	0	0	0	0	0	0	0	0	0	0
Perth Transport Futures - CTLR	0	0	0	0	0	0	0	0	0	0
Digital Inclusion	0	0	0	0	0	0	0	0	0	0
Regeneration Fund	0	0	0	0	0	0	0	0	0	0
Town Centre Fund	(2,045)	2,045	0	0	0	0	0	0	0	0
Gypsy Traveller Sites Improvements	125	0	0	0	0	0	0	0	0	125
General Capital Grant	69	(687)	(6,299)	(2,868)	(2,155)	(1,974)	(1,735)	(1,735)	(1,735)	(19,119)
Third Party Contributions	(93)	78	0	0	0	0	0	0	0	(15)
Revenue Contributions	27	0	0	0	0	0	0	0	0	27
Developer Contributions	(977)	(490)	(500)	0	200	267	500	500	500	0
Resources b/f	0	(243)	0	0	0	0	0	0	0	0
Resources c/f to future years	243	0	0	0	0	0	0	0	0	0
Borrowing Requirement	(1,847)	6,576	8,913	2,855	2,010	1,643	1,723	1,171	1,141	24,185
Total Increase/(Decrease) in Resources	**(4,806)**	**8,086**	**2,081**	**(13)**	**55**	**(64)**	**488**	**(64)**	**(94)**	**5,669**
Approved Resources 27 January 2021	48,657	116,312	157,240	122,706	47,836	29,780	26,855	24,766	25,964	600,116
Revised Resources	**43,851**	**124,398**	**159,321**	**122,693**	**47,891**	**29,716**	**27,343**	**24,702**	**25,870**	**605,785**

APPENDIX II

PERTH AND KINROSS COUNCIL
COMPOSITE CAPITAL PROGRAMME
SUMMARY OF CAPITAL RESOURCES AND EXPENDITURE 2019/20 to 2028/29

	Approved Budget Report 3 2020/21 (£'000)	Proposed Budget Adjustment Report 4 2020/21 (£'000)	Revised Budget Report 4 2020/21 (£'000)	Actuals to 28-Feb-21 2020/21 (£'000)	Projected Outturn 2020/21 (£'000)	Approved Budget Report 3 2021/22 (£'000)	Proposed Budget Adjustment Report 4 2021/22 (£'000)	Revised Budget Report 4 2021/22 (£'000)	Approved Budget Report 3 2022/23 (£'000)	Proposed Budget Adjustment Report 4 2022/23 (£'000)	Revised Budget Report 4 2022/23 (£'000)	Approved Budget Report 3 2023/24 (£'000)	Proposed Budget Adjustment Report 4 2023/24 (£'000)	Revised Budget Report 4 2023/24 (£'000)	Approved Budget Report 3 2024/25 (£'000)	Proposed Budget Adjustment Report 4 2024/25 (£'000)	Revised Budget Report 4 2024/25 (£'000)
EDUCATION AND CHILDREN'S SERVICES	7,239	(338)	6,901	3,705	6,901	29,073	(130)	28,943	53,984	468	54,452	40,237	0	40,237	17,804	0	17,804
COMMUNITIES	20,479	(1,831)	18,648	12,211	18,648	56,433	5,222	61,655	62,936	1,920	64,856	72,806	(13)	72,793	22,997	55	23,052
HEALTH AND SOCIAL CARE	290	0	290	193	290	677	0	677	320	0	320	320	0	320	320	0	320
CORPORATE AND DEMOCRATIC SERVICES	7,657	(551)	7,106	4,566	7,106	10,087	306	10,393	8,150	(307)	7,843	6,543	0	6,543	6,215	0	6,215
TOTAL NET EXPENDITURE	35,665	(2,720)	32,945	20,675	32,945	96,270	5,398	101,668	125,390	2,081	127,471	119,906	(13)	119,893	47,336	55	47,391
(NET OF GRANTS, REVENUE AND 3RD PARTY CONTRIBUTIONS, AND RING FENCED RECEIPTS)																	
GENERAL CAPITAL GRANT	(10,266)	(69)	(10,335)	(10,266)	(10,335)	(24,305)	687	(23,618)	(21,416)	6,299	(15,117)	(14,000)	2,868	(11,132)	(14,000)	2,155	(11,845)
DEVELOPER CONTRIBUTIONS	(2,886)	977	(1,909)	0	(1,909)	(2,010)	490	(1,520)	(2,020)	500	(1,520)	(2,100)	0	(2,100)	(2,100)	(200)	(2,300)
CAPITAL RECEIPTS	(768)	208	(560)	(393)	(560)	(1,417)	(242)	(1,659)	(1,689)	33	(1,656)	(250)	0	(250)	(250)	0	(250)
ANNUAL BORROWING REQUIREMENT	21,745	(1,604)	20,141	10,016	20,141	68,538	6,333	74,871	100,265	8,913	109,178	103,556	2,855	106,411	30,986	2,010	32,996
CAPITAL RECEIPTS BROUGHT FORWARD	(2,644)	0	(2,644)	(2,644)	(2,644)	(2,672)	243	(2,429)	(2,279)	0	(2,279)	(2,904)	0	(2,904)	(2,904)	0	(2,904)
CAPITAL RECEIPTS CARRIED FORWARD	2,672	(243)	2,429	2,645	2,429	2,279	0	2,279	2,904	0	2,904	2,904	0	2,904	2,904	0	2,904
TOTAL NET BORROWING REQUIREMENT	**21,773**	**(1,847)**	**19,926**	**10,017**	**19,926**	**68,145**	**6,576**	**74,721**	**100,890**	**8,913**	**109,803**	**103,556**	**2,855**	**106,411**	**30,986**	**2,010**	**32,996**

PERTH AND KINROSS COUNCIL
COMPOSITE CAPITAL PROGRAMME
SUMMARY OF CAPITAL RESOURCES AND EXPENDITURE 2019/20 to 2028/29

	Approved Budget Report 3 2025/26 (£'000)	Proposed Budget Adjustment Report 4 2025/26 (£'000)	Revised Budget Report 4 2025/26 (£'000)	Approved Budget Report 3 2026/27 (£'000)	Proposed Budget Adjustment Report 4 2026/27 (£'000)	Revised Budget Report 4 2026/27 (£'000)	Approved Budget Report 3 2027/28 (£'000)	Proposed Budget Adjustment Report 4 2027/28 (£'000)	Revised Budget Report 4 2027/28 (£'000)	Approved Budget Report 3 2028/29 (£'000)	Proposed Budget Adjustment Report 4 2028/29 (£'000)	Revised Budget Report 4 2028/29 (£'000)	Revised Budget Report 4 TOTAL (£'000)
EDUCATION AND CHILDREN'S SERVICES	4,650	0	4,650	4,650	0	4,650	4,823	0	4,823	4,500	0	4,500	166,960
COMMUNITIES	17,554	(64)	17,490	15,602	(64)	15,538	13,316	(64)	13,252	15,478	(94)	15,384	302,668
HEALTH AND SOCIAL CARE	320	0	320	320	0	320	320	0	320	320	0	320	3,207
CORPORATE AND DEMOCRATIC SERVICES	6,756	0	6,756	5,783	552	6,335	5,807	0	5,807	5,166	0	5,166	62,164
TOTAL NET EXPENDITURE	29,280	(64)	29,216	26,355	488	26,843	24,266	(64)	24,202	25,464	(94)	25,370	534,999
(NET OF GRANTS, REVENUE AND 3RD PARTY CONTRIBUTIONS, AND RING FENCED RECEIPTS)													
GENERAL CAPITAL GRANT	(14,000)	1,974	(12,026)	(14,000)	1,735	(12,265)	(14,000)	1,735	(12,265)	(14,000)	1,735	(12,265)	(120,868)
DEVELOPER CONTRIBUTIONS	(2,100)	(267)	(2,367)	(2,100)	(500)	(2,600)	(2,100)	(500)	(2,600)	(2,100)	(500)	(2,600)	(19,516)
CAPITAL RECEIPTS	(250)	0	(250)	(250)	0	(250)	(250)	0	(250)	(250)	0	(250)	(5,375)
ANNUAL BORROWING REQUIREMENT	12,930	1,643	14,573	10,005	1,723	11,728	7,916	1,171	9,087	9,114	1,141	10,255	389,240
CAPITAL RECEIPTS BROUGHT FORWARD	(2,904)	0	(2,904)	(2,904)	0	(2,904)	(2,904)	0	(2,904)	(2,904)	0	(2,904)	(2,644)
CAPITAL RECEIPTS CARRIED FORWARD	2,904	0	2,904	2,904	0	2,904	2,904	0	2,904	2,904	0	2,904	2,904
TOTAL NET BORROWING REQUIREMENT	**12,930**	**1,643**	**14,573**	**10,005**	**1,723**	**11,728**	**7,916**	**1,171**	**9,087**	**9,114**	**1,141**	**10,255**	**389,500**

PERTH AND KINROSS COUNCIL
COMPOSITE CAPITAL PROGRAMME
SUMMARY OF CAPITAL RESOURCES AND EXPENDITURE 2020/21 to 2028/29

	Revised Budget Report 3 2020/21 (£'000)	Proposed Budget Adjustment Report 4 2020/21 (£'000)	Revised Budget Report 4 2020/21 (£'000)	Actual to 28-Feb-21 2020/21 (£'000)	Projected Outturn 2020/21 (£'000)	Revised Budget Report 3 2021/22 (£'000)	Proposed Budget Adjustment Report 4 2021/22 (£'000)	Revised Budget Report 4 2021/22 (£'000)	Revised Budget Report 3 2022/23 (£'000)	Proposed Budget Adjustment Report 4 2022/23 (£'000)	Revised Budget Report 4 2022/23 (£'000)	Revised Budget Report 3 2023/24 (£'000)	Proposed Budget Adjustment Report 4 2023/24 (£'000)	Revised Budget Report 4 2023/24 (£'000)	Revised Budget Report 3 2024/25 (£'000)	Proposed Budget Adjustment Report 4 2024/25 (£'000)	Revised Budget Report 4 2024/25 (£'000)
EDUCATION AND CHILDREN'S SERVICES																	
Arts Strategy Phase 1 - Redevelopment of Perth Theatre	6		6		6	0		0	0		0	0		0	0		0
MIS - Procurement & Integration	49		49		49	55		55	0		0	0		0	0		0
Digital Inclusion	614		614	382	614	0		0	0		0	0		0	0		0
Scottish Government Grant	(614)		(614)	(614)	(614)	0		0	0		0	0		0	0		0
Blairgowrie Recreation Centre - Replacement	598	(468)	130	94	130	4,483		4,483	9,662	468	10,130	0		0	0		0
Schools Modernisation Programme																	
Investment in the Learning Estate	740		740	474	740	2,850	(70)	2,780	8,098	(400)	7,698	8,964		8,964	5,413		5,413
Pitcairn Primary School Upgrade Project	87		87		87	0		0	0		0	0		0	0		0
Longforgan Primary School Upgrade Project	2,680	70	2,750	2,231	2,750	0		0	0		0	0		0	0		0
Early Learning & Childcare	950	(50)	900	740	900	533	(60)	473	0		0	0		0	0		0
Scottish Government Grant	(3,800)		(3,800)	(3,800)	(3,800)	0		0	0		0	0		0	0		0
- Letham Primary School Upgrade Project	948		948	680	948	615		615	0		0	0		0	0		0
- Oakbank Primary School Upgrade Project	555		555	502	555	0		0	0		0	0		0	0		0
- St.Ninians Primary School Upgrade Project	128		128	85	128	0		0	0		0	0		0	0		0
- Rattray Primary School Upgrade Project	100		100	41	100	3,909		3,909	0		0	0		0	0		0
- Inchture Primary School Upgrade Project	839	110	949	875	949	0		0	0		0	0		0	0		0
North/West Perth - New Primary School	0		0		0	0		0	500		500	8,500		8,500	5,350		5,350
North Muirton/Balhousie Primary Schools Replacement	900		900	329	900	8,000		8,000	5,297	400	5,697	1,600		1,600	0		0
Technology Upgrades	50		50		50	675		675	533		533	300		300	0		0
Perth Academy - Refurbishment	1,110		1,110	1,089	1,110	785		785	3,085		3,085	5,162		5,162	2,500		2,500
Perth Grammar School - Upgrade Programme Phase 3	270		270	106	270	1,100		1,100	2,750		2,750	2,315		2,315	0		0
Perth High School - Internal Services & Refurbishment	30		30	9	30	0		0	0		0	0		0	0		0
Perth High School - New School Investment	999		999	482	999	6,068		6,068	24,059		24,059	13,396		13,396	4,541		4,541
TOTAL: EDUCATION AND CHILDREN'S SERVICES	7,239	(338)	6,901	3,705	6,901	29,073	(130)	28,943	53,984	468	54,452	40,237	0	40,237	17,804	0	17,804
COMMUNITIES																	
Traffic & Road Safety																	
Road Safety Initiatives (20mph Zones etc..)	99	(71)	28	13	28	264	71	335	150		150	200		200	200		200
Road Safety Iniatives	265	(102)	163	168	163	0	102	102	0		0	0		0	0		0
Additional Road Safety - Pedestrian Crossings	0		0		0	350		350	175		175	0		0	0		0
Schools Road Safety Measures	408	(90)	318	176	318	350	290	640	0		0	0		0	0		0
20mph Signage Programme	107	(57)	50	45	50	75	57	132	0		0	0		0	0		0
Cycling Walking & Safer Streets (CWSS)	737		737	195	737	200	465	665	200		200	200		200	200		200
Scottish Government Grant - CWSS	(665)		(665)		(665)	(200)	(465)	(665)	(200)		(200)	(200)		(200)	(200)		(200)
Third Party Contribution	(72)		(72)		(72)	0		0	0		0	0		0	0		0
Car Parking Investment	74		74	74	74	358		358	0		0	0		0	0		0
Revenue Contribution	(74)		(74)		(74)	(10)		(10)	0		0	0		0	0		0
Car Parking Investment - Pitlochry	0		0		0	150		150	0		0	0		0	0		0
Strathmore Cycle Network	16		16	1	16	71		71	0		0	0		0	0		0
Sub-Total	895	(320)	575	672	575	1,608	520	2,128	325	0	325	200	0	200	200	0	200
Asset Management - Roads & Lighting																	
Structural Maintenance	10,441	(1,749)	8,692	5,600	8,692	10,967	6,064	17,031	9,851		9,851	9,973		9,973	9,593		9,593
Third Party Contribution (Forestry Commission Timber Routes)	(389)		(389)	(10)	(389)	0		0	0		0	0		0	0		0
Street Lighting Renewals - Upgrading/Unlit Areas	187		187	146	187	0		0	0		0	0		0	0		0
Traffic Signal Renewals - Upgrading	352	(60)	292	168	292	159	60	219	119		119	22		22	0		0
Third Party Contributions	(60)	60	0		0	0	(60)	(60)	0		0	0		0	0		0
Footways	510		510	349	510	435		435	435		435	435		435	435		435
Investment in Local Footpaths	10		10		10	190		190	0		0	0		0	0		0
Road Safety Barriers	54	(54)	0		0	0	54	54	0		0	0		0	0		0
Third Party Contribution	(18)	18	0		0	0	(18)	(18)	0		0	0		0	0		0
Pedestrian Gritters	19		19		19	0		0	0		0	0		0	0		0
Sub-Total	11,106	(1,785)	9,321	6,253	9,321	11,751	6,100	17,851	10,405	0	10,405	10,430	0	10,430	10,028	0	10,028
Asset Management - Bridges																	
Bridge Refurbishment Programme	226	(110)	116	6	116	943	43	986	752	(64)	688	752	(64)	688	752	(64)	688
Dalhenzean Culvert	0		0		0	0		0	287		287	0		0	0		0
Dunkeld Golf Course	0		0		0	0		0	226		226	0		0	0		0
Vehicular Bridge Parapets Programme - Assess & Upgrade	82		82		82	28		28	0		0	0		0	0		0
Old Perth Bridge - Strengthening	33		33	4	33	143		143	10		10	170		170	2,219		2,219
Perth Queens Bridge - Strengthening	53		53		53	178		178	155		155	10		10	60		60
Sub-Total	394	(110)	284	10	284	1,292	43	1,335	1,430	(64)	1,366	932	(64)	868	3,031	(64)	2,967

PERTH AND KINROSS COUNCIL
COMPOSITE CAPITAL PROGRAMME
SUMMARY OF CAPITAL RESOURCES AND EXPENDITURE 2020/21 to 2028/29

	Revised Budget Report 3 2020/21 (£'000)	Proposed Budget Adjustment Report 4 2020/21 (£'000)	Revised Budget Report 4 2020/21 (£'000)	Actual to 28-Feb-21 2020/21 (£'000)	Projected Outturn 2020/21 (£'000)	Revised Budget Report 3 2021/22 (£'000)	Proposed Budget Adjustment Report 4 2021/22 (£'000)	Revised Budget Report 4 2021/22 (£'000)	Revised Budget Report 3 2022/23 (£'000)	Proposed Budget Adjustment Report 4 2022/23 (£'000)	Revised Budget Report 4 2022/23 (£'000)	Revised Budget Report 3 2023/24 (£'000)	Proposed Budget Adjustment Report 4 2023/24 (£'000)	Revised Budget Report 4 2023/24 (£'000)	Revised Budget Report 3 2024/25 (£'000)	Proposed Budget Adjustment Report 4 2024/25 (£'000)	Revised Budget Report 4 2024/25 (£'000)
Improvement Schemes																	
A9/A85 Road Junction Improvements	601		601	110	601	0		0	0		0	0		0	0		0
Perth Transport Futures	991		991	686	991	19,368		19,368	46,236		46,236	41,940		41,940	4,428		4,428
Scottish Government Grant	0		0		0	(10,000)		(10,000)	(30,000)		(30,000)	0		0	0		0
A977 Upgrades	85	(65)	20	2	20	144	65	209	0		0	0		0	0		0
Brioch Road, Crieff - Road Realignment & Safety Measures	35		35	4	35	0		0	0		0	0		0	0		0
Third Party Contribution (Developers)	(130)		(130)		(130)	0		0	0		0	0		0	0		0
Sub-Total	1,582	(65)	1,517	802	1,517	9,512	65	9,577	16,236	0	16,236	41,940	0	41,940	4,428	0	4,428
Rural Flood Protection Schemes																	
Almondbank Flood Protection Scheme	430		430	358	430	0		0	0		0	0		0	0		0
Revenue Contribution	(430)		(430)		(430)	0		0	0		0	0		0	0		0
Perth Flood Protection Scheme (Pump Replacement)	333		333	174	333	202		202	0		0	0		0	0		0
Comrie Flood Protection Scheme	198	(16)	182	35	182	1,200	6	1,206	12,439	5	12,444	12,711	44	12,755	0		0
Milnathort Flood Protection Scheme	146	(29)	117	31	117	76	29	105	1,674	32	1,706	0		0	0		0
South Kinross Flood Protection Scheme	167	(73)	94	37	94	81	55	136	524	2	526	2,568	7	2,575	0	46	46
Scone Flood Protection Scheme	14	(14)	0		0	80		80	51		51	241		241	327	73	400
Sub-Total	858	(132)	726	635	726	1,639	90	1,729	14,688	39	14,727	15,520	51	15,571	327	119	446
Rural Iniaitives																	
Conservation of Built Heritage	44		44	9	44	0		0	0		0	0		0	0		0
Sub-Total	44	0	44	9	44	0	0	0	0	0	0	0	0	0	0	0	0
Perth & Kinross Place-making																	
Mill Street Environmental Improvements	0		0		0	127		127	0		0	0		0	0		0
St Paul's Church	619	(24)	595	338	595	0	65	65	0		0	0		0	0		0
Perth City Centre Golden Route (Rail Station)	4		4		4	489		489	0		0	0		0	0		0
Green Network Routes	0		0		0	115		115	0		0	0		0	0		0
City Greening	11		11		11	0		0	0		0	0		0	0		0
Tay Street, Perth	100		100		100	863	(41)	822	570		570	0		0	0		0
Mill St, Perth (Phase 3) - Shared Space at Bus Station	0		0		0	600		600	0		0	0		0	0		0
South Street, Perth - Transport Hub	0		0		0	200		200	740		740	0		0	0		0
Perth & Kinross Lighting Action Plan	247		247	147	247	1,069		1,069	1,197		1,197	653		653	0		0
Sub-Total	981	(24)	957	485	957	3,463	24	3,487	2,507	0	2,507	653	0	653	0	0	0
Other Planning Projects																	
Creative Exchange (former St. John's Primary School)	89		89		89	0		0	0		0	0		0	0		0
Town Centre - Regeneration & Economic Improvements	358	(82)	276		276	1,963	82	2,045	0		0	0		0	0		0
Scottish Government Grant	(2,321)	2,045	(276)		(276)	(200)	(2,045)	(2,245)	0		0	0		0	0		0
Local Full Fibre Network	1,610		1,610		1,610	2,740		2,740	0		0	0		0	0		0
Third Party Contribution - DCMS	(1,610)		(1,610)		(1,610)	(1,540)		(1,540)	0		0	0		0	0		0
Third Party Contribution - Tay Cities Deal	0		0		0	(1,000)		(1,000)	0		0	0		0	0		0
Low Carbon Transport & Active Travel Hub - Broxden EV Charger	0		0		0	1,060		1,060	0		0	0		0	0		0
Third Party Contribution - ERDF	0		0		0	(424)		(424)	0		0	0		0	0		0
Third Party Contribution - Tay Cities Deal	0		0		0	(636)		(636)	0		0	0		0	0		0
Sub-Total	(1,874)	1,963	89	0	89	1,963	(1,963)	0	0	0	0	0	0	0	0	0	0
City Centre Developments - Cultural Attractions																	
Perth City Hall	1,287	396	1,683	384	1,683	9,352	(396)	8,956	13,553		13,553	0		0	0		0
Revenue Contribution	0		0		0	0		0	0		0	0		0	0		0
Perth Museum & Art Gallery (PMAG)	0		0		0	2,812		2,812	504		504	0		0	0		0
Collections Centre	0		0		0	6,424		6,424	0		0	0		0	0		0
Third Party Contribution (Tay Cities Deal)	(2,000)		(2,000)		(2,000)	(4,327)		(4,327)	(1,373)		(1,373)	(2,300)		(2,300)	0		0
Sub-Total	(713)	396	(317)	384	(317)	14,261	(396)	13,865	12,684	0	12,684	(2,300)	0	(2,300)	0	0	0
Community Planning																	
Letham Community Wellbeing Hub	150		150	68	150	3,073		3,073	0		0	0		0	0		0
Scottish Government Grant (Regeneration Fund)	0		0		0	(1,000)		(1,000)	0		0	0		0	0		0
Sub-Total	150	0	150	68	150	2,073	0	2,073	0	0	0	0	0	0	0	0	0
Community Greenspace																	
Play Areas - Improvements Implementation Strategy	93		93	14	93	324		324	150		150	150		150	150		150
Third Party Contribution	(30)		(30)		(30)	(20)		(20)	0		0	0		0	0		0
3G Pitch, Blairgowrie	0		0		0	0		0	0		0	500		500	0		0
Countryside Sites	10		10		10	147		147	0		0	0		0	0		0
Community Greenspace Sites	0		0		0	457		457	361		361	361		361	361		361

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Small Parks	28		28	1	28	0		0	0		0	0		0	0		0
Third Party Contribution	(13)		(13)	(13)	(13)	0		0	0		0	0		0	0		0
Community Greenspace Bridges	38		38	2	38	0		0	0		0	0		0	0		0
Core Path Implementation	21		21	15	21	0		0	0		0	0		0	0		0
Third Party Contribution	(15)		(15)	(15)	(15)	0		0	0		0	0		0	0		0
Pitlochry Recreation Park	(1)		(1)		(1)	0		0	0		0	0		0	0		0
Alyth Environmental Improvements	26		26	10	26	0		0	0		0	0		0	0		0
Air Quality Improvements	100	(100)	0		0	0	100	100	0		0	0		0	0		0
Premier Parks	34		34		34	0		0	0		0	0		0	0		0
Auchterarder Public Park	8		8		8	142		142	0		0	0		0	0		0
The Knock	155		155		155	17		17	0		0	0		0	0		0
Third Party Contribution	(99)		(99)		(99)	0		0	0		0	0		0	0		0
Kinnoull Hill	126		126	13	126	104		104	0		0	0		0	0		0
Third Party Contribution	(93)	15	(78)		(78)	(40)		(40)	0		0	0		0	0		0
Revenue Contribution	0	(15)	(15)	(15)	(15)	0		0	0		0	0		0	0		0
Cemetery Extensions	23		23	14	23	0		0	327		327	150		150	150		150
Sub-Total	411	(100)	311	26	311	1,131	100	1,231	838	0	838	1,161	0	1,161	661	0	661
Support Services																	
PC Replacement & IT Upgrades																	
Hardware	29		29	14	29	20		20	20		20	20		20	20		20
Licenses	47		47	1	47	30	(15)	15	32	45	77	120		120	120		120
Corporate Programme Management System	11	12	23	14	23	0		0	0		0	0		0	0		0
Revenue Contribution	0	(12)	(12)		(12)	0		0	0		0	0		0	0		0
Sub-Total	87	0	87	29	87	50	(15)	35	52	45	97	140	0	140	140	0	140
Commercial Property Investment Programme																	
North Muirton Industrial Estate - Site Servicing & Provision of Units	151		151	49	151	0		0	0		0	0		0	0		0
Western Edge, Kinross - Site Servicing	12		12	7	12	0		0	0		0	0		0	0		0
Additional Infrastructure Investment - Broxden	46		46		46	0		0	0		0	0		0	0		0
Broxden Drainage Mitigation works	10		10		10	314		314	0		0	0		0	0		0
Third Party Contribution (Scottish Water)	0		0		0	(239)		(239)	0		0	0		0	0		0
Eco-Hub Manufacturing Facility	31		31		31	1,390		1,390	0		0	0		0	0		0
North Muirton Industrial Estate Expansion Land - Servicing	125		125	103	125	330		330	0		0	0		0	0		0
Sub-Total	375	0	375	159	375	1,795	0	1,795	0	0	0	0	0	0	0	0	0
Prudential Borrowing Projects																	
Wheeled Bin Replacement Programme - Domestic Bins	224	(24)	200	176	200	200	24	224	200		200	200		200	200		200
Wheeled Bin Replacement Programme - Commercial Bins	11	(8)	3		3	12	8	20	18		18	20		20	20		20
Recycling Containers, Oil Banks & Battery Banks Replacement Pr	96	(49)	47	37	47	46	49	95	62		62	65		65	65		65
Capital Receipts - Disposals	(6)		(6)	(6)	(6)	0		0	0		0	0		0	0		0
Litter Bins	10		10	9	10	11		11	25		25	25		25	50		50
Smart Cities - Smart Waste	28		28	27	28	302		302	48		48	0		0	0		0
Third Party Contribution	(10)		(10)		(10)	(120)		(120)	(17)		(17)	0		0	0		0
Vehicle Replacement Programme	4,414	(548)	3,866	2,639	3,866	2,862	548	3,410	2,601		2,601	3,000		3,000	3,000		3,000
Capital Receipts - Vehicle Disposals	(397)	100	(297)	(247)	(297)	(286)	(100)	(386)	(260)		(260)	(300)		(300)	(300)		(300)
Crematorium - Abatement Works	20		20	10	20	15		15	0		0	0		0	0		0
Street Lighting Renewal - LED & Column Replacement	371		371	149	371	1,067		1,067	1,094		1,094	1,120		1,120	1,147		1,147
Perth Harbour - Dredging	0		0		0	711		711	0		0	0		0	0		0
Almondbank Flood Protection Scheme	4		4		4	0		0	0		0	0		0	0		0
Land Purchase & Development	1,000	(1,000)	0		0	0		0	0	1,900	1,900	0		0	0		0
Technology & Innovation Incubator Units	0		0		0	1,000		1,000	0		0	0		0	0		0
Sub Total	5,765	(1,529)	4,236	2,794	4,236	5,820	529	6,349	3,771	1,900	5,671	4,130	0	4,130	4,182	0	4,182
Housing Projects																	
Gypsy Travellers Site Improvement Works	268		268		268	0		0	0		0	0		0	0		0
Additional Gypsy Traveller Site Improvement Works	150		150	10	150	75		75	0		0	0		0	0		0
Gypsy Traveller Site Community Improvement Works	0		0		0	0	125	125	0		0	0		0	0		0
Scottish Government Grant	0	(125)	(125)	(125)	(125)	0		0	0		0	0		0	0		0
Sub Total	418	(125)	293	(115)	293	75	125	200	0	0	0	0	0	0	0	0	0
TOTAL: COMMUNITIES	20,479	(1,831)	18,648	12,211	18,648	56,433	5,222	61,655	62,936	1,920	64,856	72,806	(13)	72,793	22,997	55	23,052
Health & Social Care																	
Occupational Therapy Equipment	202		202	148	202	299		299	250		250	250		250	250		250
Moving & Handling Office Refurbishment	0		0		0	29		29	0		0	0		0	0		0

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Software Licences	88		88	45	88	120		120	70		70	70		70	70		70
Developing Supported Tenancies	0		0		0	229		229	0		0	0		0	0		0
TOTAL: HEALTH & SOCIAL CARE	290	0	290	193	290	677	0	677	320	0	320	320	0	320	320	0	320

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CORPORATE AND DEMOCRATIC SERVICES																	
Property Services																	
DDA Adaptation & Alteration Works Programme	335	(87)	248	135	248	200	87	287	200		200	200		200	200		200
Property Compliance Works Programme	485	(46)	439	120	439	1,057	46	1,103	692		692	650		650	650		650
Capital Improvement Projects Programme	2,373	411	2,784	2,200	2,784	1,731	(104)	1,627	1,900	(307)	1,593	1,900		1,900	1,900		1,900
Fire Audit Works - Robert Douglas Memorial school	58		58		58	0		0	0		0	0		0	0		0
Pitlochry High School - Upgrade Programme	228	(47)	181	148	181	500	47	547	501		501	0		0	0		0
Energy Conservation & Carbon Reduction Programme (PB)	191	(100)	91		91	150	100	250	150		150	150		150	150		150
Information Systems & Technology																	
ICT Infrastructure & Replacement and Upgrade Programme	2,002	(552)	1,450	1,024	1,450	3,338		3,338	3,284		3,284	3,428		3,428	2,903		2,903
School Audio-Visual (AV) Equipment Replacement Programme	507		507	397	507	995		995	970		970	30		30	224		224
Online/Mobile Working/Bertha Park IT Equipment	1,031		1,031	210	1,031	268		268	204		204	145		145	148		148
Third Party Contribution (ERDF)	(146)		(146)		(146)	0		0	0		0	0		0	0		0
Swift Social Work System Replacement	397		397	331	397	1,808		1,808	209		209	0		0	0		0
Customer Service Blueprint	196	(130)	66	1	66	40	130	170	40		40	40		40	40		40
TOTAL: CORPORATE AND DEMOCRATIC SERVICES	7,657	(551)	7,106	4,566	7,106	10,087	306	10,393	8,150	(307)	7,843	6,543	0	6,543	6,215	0	6,215
TOTAL COMPOSITE NET EXPENDITURE	35,665	(2,720)	32,945	20,675	32,945	96,270	5,398	101,668	125,390	2,081	127,471	119,906	(13)	119,893	47,336	55	47,391
(NET OF GRANTS, REVENUE AND 3RD PARTY CONTRIBUTIONS, AND RING FENCED RECEIPTS)																	
CAPITAL RECEIPTS																	
General Capital Grant - Scottish Government	(10,266)	(69)	(10,335)	(10,266)	(10,335)	(24,305)	687	(23,618)	(21,416)	6,299	(15,117)	(14,000)	2,868	(11,132)	(14,000)	2,155	(11,845)
Developer Contributions	(2,886)	977	(1,909)		(1,909)	(2,010)	490	(1,520)	(2,020)	500	(1,520)	(2,100)		(2,100)	(2,100)	(200)	(2,300)
General Fund - Capital Receipts/Disposal	(362)	(32)	(394)	(233)	(394)	(12)	0	(12)	(1,062)	32	(1,030)	(250)	0	(250)	(250)	0	(250)
Commercial Property - Capital Receipts/Disposal	(403)	243	(160)	(160)	(160)	(1,402)	(243)	(1,645)	(625)	0	(625)	0	0	0	0	0	0
General Fund Housing Receipts	(3)	(3)	(6)		(6)	(3)	1	(2)	(2)	1	(1)	0		0	0		0
Total: Capital Receipts	(13,920)	1,116	(12,804)	(10,659)	(12,804)	(27,732)	935	(26,797)	(25,125)	6,832	(18,293)	(16,350)	2,868	(13,482)	(16,350)	1,955	(14,395)
Annual Composite Borrowing Requirement	21,745	(1,604)	20,141	10,016	20,141	68,538	6,333	74,871	100,265	8,913	109,178	103,556	2,855	106,411	30,986	2,010	32,996
CAPITAL RECEIPTS BROUGHT FORWARD	(2,644)	0	(2,644)	(2,644)	(2,644)	(2,672)	243	(2,429)	(2,279)	0	(2,279)	(2,904)	0	(2,904)	(2,904)	0	(2,904)
CAPITAL RECEIPTS CARRIED FORWARD	2,672	(243)	2,429	2,645	2,429	2,279	0	2,279	2,904	0	2,904	2,904	0	2,904	2,904	0	2,904
TOTAL NET COMPOSITE BORROWING REQUIREMEI	21,773	(1,847)	19,926	10,017	19,926	68,145	6,576	74,721	100,890	8,913	109,803	103,556	2,855	106,411	30,986	2,010	32,996

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EDUCATION AND CHILDREN'S SERVICES													
Arts Strategy Phase 1 - Redevelopment of Perth Theatre	0		0	0		0	0		0	0		0	6
MIS - Procurement & Integration	0		0	0		0	0		0	0		0	104
Digital Inclusion	0		0	0		0	0		0	0		0	614
Scottish Government Grant	0		0	0		0	0		0	0		0	(614)
Blairgowrie Recreation Centre - Replacement	0		0	0		0	0		0	0		0	14,743
Schools Modernisation Programme													
Investment in the Learning Estate	4,650		4,650	4,650		4,650	4,823		4,823	4,500		4,500	44,218
Pitcairn Primary School Upgrade Project	0		0	0		0	0		0	0		0	87
Longforgan Primary School Upgrade Project	0		0	0		0	0		0	0		0	2,750
Early Learning & Childcare	0		0	0		0	0		0	0		0	1,373
Scottish Government Grant	0		0	0		0	0		0	0		0	(3,800)
- Letham Primary School Upgrade Project	0		0	0		0	0		0	0		0	1,563
- Oakbank Primary School Upgrade Project	0		0	0		0	0		0	0		0	555
- St.Ninians Primary School Upgrade Project	0		0	0		0	0		0	0		0	128
- Rattray Primary School Upgrade Project	0		0	0		0	0		0	0		0	4,009
- Inchture Primary School Upgrade Project	0		0	0		0	0		0	0		0	949
North/West Perth - New Primary School	0		0	0		0	0		0	0		0	14,350
North Muirton/Balhousie Primary Schools Replacement	0		0	0		0	0		0	0		0	16,197
Technology Upgrades	0		0	0		0	0		0	0		0	1,558
Perth Academy - Refurbishment	0		0	0		0	0		0	0		0	12,642
Perth Grammar School - Upgrade Programme Phase 3	0		0	0		0	0		0	0		0	6,435
Perth High School - Internal Services & Refurbishment	0		0	0		0	0		0	0		0	30
Perth High School - New School Investment	0		0	0		0	0		0	0		0	49,063
TOTAL: EDUCATION AND CHILDREN'S SERVICES	4,650	0	4,650	4,650	0	4,650	4,823	0	4,823	4,500	0	4,500	166,960
COMMUNITIES													
Traffic & Road Safety													
Road Safety Initiatives (20mph Zones etc..)	200		200	200		200	200		200	100		100	1,613
Road Safety Iniatives	0		0	0		0	0		0	0		0	265
Additional Road Safety - Pedestrian Crossings	0		0	0		0	0		0	0		0	525
Schools Road Safety Measures	0		0	0		0	0		0	0		0	958
20mph Signage Programme	0		0	0		0	0		0	0		0	182
Cycling Walking & Safer Streets (CWSS)	200		200	200		200	200		200	200		200	2,802
Scottish Government Grant - CWSS	(200)		(200)	(200)		(200)	(200)		(200)	(200)		(200)	(2,730)
Third Party Contribution	0		0	0		0	0		0	0		0	(72)
Car Parking Investment	0		0	0		0	0		0	0		0	432
Revenue Contribution	0		0	0		0	0		0	0		0	(84)
Car Parking Investment - Pitlochry	0		0	0		0	0		0	0		0	150
Strathmore Cycle Network	0		0	0		0	0		0	0		0	87
Sub-Total	200	0	200	200	0	200	200	0	200	100	0	100	4,128
Asset Management - Roads & Lighting													
Structural Maintenance	9,593		9,593	9,800		9,800	7,500		7,500	9,800		9,800	91,833
Third Party Contribution (Forestry Commission Timber Routes)	0		0	0		0	0		0	0		0	(389)
Street Lighting Renewals - Upgrading/Unlit Areas	0		0	0		0	0		0	0		0	187
Traffic Signal Renewals - Upgrading	0		0	0		0	0		0	0		0	652
Third Party Contributions	0		0	0		0	0		0	0		0	(60)
Footways	435		435	435		435	435		435	435		435	3,990
Investment in Local Footpaths	0		0	0		0	0		0	0		0	200
Road Safety Barriers	0		0	0		0	0		0	0		0	54
Third Party Contribution	0		0	0		0	0		0	0		0	(18)
Pedestrian Gritters	0		0	0		0	0		0	0		0	19
Sub-Total	10,028	0	10,028	10,235	0	10,235	7,935	0	7,935	10,235	0	10,235	96,468
Asset Management - Bridges													
Bridge Refurbishment Programme	752	(64)	688	752	(64)	688	752	(64)	688	752	(64)	688	5,918
Dalhenzean Culvert	0		0	0		0	0		0	0		0	287
Dunkeld Golf Course	0		0	0		0	0		0	0		0	226
Vehicular Bridge Parapets Programme - Assess & Upgrade	0		0	0		0	0		0	0		0	110
Old Perth Bridge - Strengthening	0		0	0		0	0		0	0		0	2,575
Perth Queens Bridge - Strengthening	2,173		2,173	0		0	0		0	0		0	2,629
Sub-Total	2,925	(64)	2,861	752	(64)	688	752	(64)	688	752	(64)	688	11,745

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Improvement Schemes													
A9/A85 Road Junction Improvements	0		0	0		0	0		0	0		0	601
Perth Transport Futures	0		0	0		0	0		0	0		0	112,963
Scottish Government Grant	0		0	0		0	0		0	0		0	(40,000)
A977 Upgrades	0		0	0		0	0		0	0		0	229
Brioch Road, Crieff - Road Realignment & Safety Measures	0		0	0		0	0		0	0		0	35
Third Party Contribution (Developers)	0		0	0		0	0		0	0		0	(130)
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	73,698
Rural Flood Protection Schemes													
Almondbank Flood Protection Scheme	0		0	0		0	0		0	0		0	430
Revenue Contribution	0		0	0		0	0		0	0		0	(430)
Perth Flood Protection Scheme (Pump Replacement)	0		0	0		0	0		0	0		0	535
Comrie Flood Protection Scheme	0		0	0		0	0		0	0		0	26,587
Milnathort Flood Protection Scheme	0		0	0		0	0		0	0		0	1,928
South Kinross Flood Protection Scheme	0		0	0		0	0		0	0		0	3,377
Scone Flood Protection Scheme	0		0	0		0	0		0	0		0	772
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	33,199
Rural Iniaitives													
Conservation of Built Heritage	0		0	0		0	0		0	0		0	44
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	44
Perth & Kinross Place-making													
Mill Street Environmental Improvements	0		0	0		0	0		0	0		0	127
St Paul's Church	0		0	0		0	0		0	0		0	660
Perth City Centre Golden Route (Rail Station)	0		0	0		0	0		0	0		0	493
Green Network Routes	0		0	0		0	0		0	0		0	115
City Greening	0		0	0		0	0		0	0		0	11
Tay Street, Perth	0		0	0		0	0		0	0		0	1,492
Mill St, Perth (Phase 3) - Shared Space at Bus Station	0		0	0		0	0		0	0		0	600
South Street, Perth - Transport Hub	0		0	0		0	0		0	0		0	940
Perth & Kinross Lighting Action Plan	0		0	0		0	0		0	0		0	3,166
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	7,604
Other Planning Projects													
Creative Exchange (former St. John's Primary School)	0		0	0		0	0		0	0		0	89
Town Centre - Regeneration & Economic Improvements	0		0	0		0	0		0	0		0	2,321
Scottish Government Grant	0		0	0		0	0		0	0		0	(2,521)
Local Full Fibre Network	0		0	0		0	0		0	0		0	4,350
Third Party Contribution - DCMS	0		0	0		0	0		0	0		0	(3,150)
Third Party Contribution - Tay Cities Deal	0		0	0		0	0		0	0		0	(1,000)
Low Carbon Transport & Active Travel Hub - Broxden EV Charger	0		0	0		0	0		0	0		0	1,060
Third Party Contribution - ERDF	0		0	0		0	0		0	0		0	(424)
Third Party Contribution - Tay Cities Deal	0		0	0		0	0		0	0		0	(636)
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	89
City Centre Developments - Cultural Attractions													
Perth City Hall	0		0	0		0	0		0	0		0	24,192
Revenue Contribution	0		0	0		0	0		0	0		0	0
Perth Museum & Art Gallery (PMAG)	0		0	0		0	0		0	0		0	3,316
Collections Centre	0		0	0		0	0		0	0		0	6,424
Third Party Contribution (Tay Cities Deal)	0		0	0		0	0		0	0		0	(10,000)
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	23,932
Community Planning													
Letham Community Wellbeing Hub	0		0	0		0	0		0	0		0	3,223
Scottish Government Grant (Regeneration Fund)	0		0	0		0	0		0	0		0	(1,000)
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	2,223
Community Greenspace													
Play Areas - Improvements Implementation Strategy	150		150	150		150	150		150	135		135	1,452
Third Party Contribution	0		0	0		0	0		0	0		0	(50)
3G Pitch, Blairgowrie	0		0	0		0	0		0	0		0	500
Countryside Sites	0		0	0		0	0		0	0		0	157
Community Greenspace Sites	361		361	361		361	361		361	365		365	2,988

PERTH AND KINROSS COUNCIL
COMPOSITE CAPITAL PROGRAMME
SUMMARY OF CAPITAL RESOURCES AND EXPENDITURE 2020/21 to 2028/29

	Revised Budget Report 3 2025/26 (£'000)	Proposed Budget Adjustment Report 4 2025/26 (£'000)	Revised Budget Report 4 2025/26 (£'000)	Revised Budget Report 3 2026/27 (£'000)	Proposed Budget Adjustment Report 4 2026/27 (£'000)	Revised Budget Report 4 2026/27 (£'000)	Revised Budget Report 3 2027/28 (£'000)	Proposed Budget Adjustment Report 4 2027/28 (£'000)	Revised Budget Report 4 2027/28 (£'000)	Revised Budget Report 3 2028/29 (£'000)	Proposed Budget Adjustment Report 4 2028/29 (£'000)	Revised Budget Report 4 2028/29 (£'000)	Revised Budget Report 4 TOTAL (£'000)
Small Parks	0		0	0		0	0		0	0		0	28
Third Party Contribution	0		0	0		0	0		0	0		0	(13)
Community Greenspace Bridges	0		0	0		0	0		0	0		0	38
Core Path Implementation	0		0	0		0	0		0	0		0	21
Third Party Contribution	0		0	0		0	0		0	0		0	(15)
Pitlochry Recreation Park	0		0	0		0	0		0	0		0	(1)
Alyth Environmental Improvements	0		0	0		0	0		0	0		0	26
Air Quality Improvements	0		0	0		0	0		0	0		0	100
Premier Parks	0		0	0		0	0		0	0		0	34
Auchterarder Public Park	0		0	0		0	0		0	0		0	150
The Knock	0		0	0		0	0		0	0		0	172
Third Party Contribution	0		0	0		0	0		0	0		0	(99)
Kinnoull Hill	0		0	0		0	0		0	0		0	230
Third Party Contribution	0		0	0		0	0		0	0		0	(118)
Revenue Contribution	0		0	0		0	0		0	0		0	(15)
Cemetery Extensions	100		100	100		100	100		100	75		75	1,025
Sub-Total	611	0	611	611	0	611	611	0	611	575	0	575	6,610
Support Services													
PC Replacement & IT Upgrades													
Hardware	20		20	20		20	20		20	0		0	169
Licenses	120		120	120		120	120		120	120	(30)	90	829
Corporate Programme Management System	0		0	0		0	0		0	0		0	23
Revenue Contribution	0		0	0		0	0		0	0		0	(12)
Sub-Total	140	0	140	140	0	140	140	0	140	120	(30)	90	1,009
Commercial Property Investment Programme													
North Muirton Industrial Estate - Site Servicing & Provision of Unit:	0		0	0		0	0		0	0		0	151
Western Edge, Kinross - Site Servicing	0		0	0		0	0		0	0		0	12
Additional Infrastructure Investment - Broxden	0		0	0		0	0		0	0		0	46
Broxden Drainage Mitigation works	0		0	0		0	0		0	0		0	324
Third Party Contribution (Scottish Water)	0		0	0		0	0		0	0		0	(239)
Eco-Hub Manufacturing Facility	0		0	0		0	0		0	0		0	1,421
North Muirton Industrial Estate Expansion Land - Servicing	0		0	0		0	0		0	0		0	455
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	2,170
Prudential Borrowing Projects													
Wheeled Bin Replacement Programme - Domestic Bins	200		200	200		200	200		200	200		200	1,824
Wheeled Bin Replacement Programme - Commercial Bins	20		20	20		20	20		20	20		20	161
Recycling Containers, Oil Banks & Battery Banks Replacement Pr	65		65	65		65	65		65	65		65	594
Capital Receipts - Disposals	0		0	0		0	0		0	0		0	(6)
Litter Bins	50		50	50		50	50		50	50		50	321
Smart Cities - Smart Waste	0		0	0		0	0		0	0		0	378
Third Party Contribution	0		0	0		0	0		0	0		0	(147)
Vehicle Replacement Programme	3,000		3,000	3,000		3,000	3,000		3,000	3,000		3,000	27,877
Capital Receipts - Vehicle Disposals	(300)		(300)	(300)		(300)	(300)		(300)	(300)		(300)	(2,743)
Crematorium - Abatement Works	0		0	0		0	0		0	0		0	35
Street Lighting Renewal - LED & Column Replacement	615		615	629		629	643		643	661		661	7,347
Perth Harbour - Dredging	0		0	0		0	0		0	0		0	711
Almondbank Flood Protection Scheme	0		0	0		0	0		0	0		0	4
Land Purchase & Development	0		0	0		0	0		0	0		0	1,900
Technology & Innovation Incubator Units	0		0	0		0	0		0	0		0	1,000
Sub Total	3,650	0	3,650	3,664	0	3,664	3,678	0	3,678	3,696	0	3,696	39,256
Housing Projects													
Gypsy Travellers Site Improvement Works	0		0	0		0	0		0	0		0	268
Additional Gypsy Traveller Site Improvement Works	0		0	0		0	0		0	0		0	225
Gypsy Traveller Site Community Improvement Works	0		0	0		0	0		0	0		0	125
Scottish Government Grant	0		0	0		0	0		0	0		0	(125)
Sub Total	0	0	0	0	0	0	0	0	0	0	0	0	493
TOTAL: COMMUNITIES	17,554	(64)	17,490	15,602	(64)	15,538	13,316	(64)	13,252	15,478	(94)	15,384	302,668
Health & Social Care													
Occupational Therapy Equipment	250		250	250		250	250		250	250		250	2,251
Moving & Handling Office Refurbishment	0		0	0		0	0		0	0		0	29

PERTH AND KINROSS COUNCIL
COMPOSITE CAPITAL PROGRAMME
SUMMARY OF CAPITAL RESOURCES AND EXPENDITURE 2020/21 to 2028/29

	Revised Budget Report 3 2025/26 (£'000)	Proposed Budget Adjustment Report 4 2025/26 (£'000)	Revised Budget Report 4 2025/26 (£'000)	Revised Budget Report 3 2026/27 (£'000)	Proposed Budget Adjustment Report 4 2026/27 (£'000)	Revised Budget Report 4 2026/27 (£'000)	Revised Budget Report 3 2027/28 (£'000)	Proposed Budget Adjustment Report 4 2027/28 (£'000)	Revised Budget Report 4 2027/28 (£'000)	Revised Budget Report 3 2028/29 (£'000)	Proposed Budget Adjustment Report 4 2028/29 (£'000)	Revised Budget Report 4 2028/29 (£'000)	Revised Budget Report 4 TOTAL (£'000)
Software Licences	70		70	70		70	70		70	70		70	698
Developing Supported Tenancies	0		0	0		0	0		0	0		0	229
TOTAL: HEALTH & SOCIAL CARE	320	0	320	320	0	320	320	0	320	320	0	320	3,207

PERTH AND KINROSS COUNCIL
COMPOSITE CAPITAL PROGRAMME
SUMMARY OF CAPITAL RESOURCES AND EXPENDITURE 2020/21 to 2028/29

	Revised Budget Report 3 2025/26 (£'000)	Proposed Budget Adjustment Report 4 2025/26 (£'000)	Revised Budget Report 4 2025/26 (£'000)	Revised Budget Report 3 2026/27 (£'000)	Proposed Budget Adjustment Report 4 2026/27 (£'000)	Revised Budget Report 4 2026/27 (£'000)	Revised Budget Report 3 2027/28 (£'000)	Proposed Budget Adjustment Report 4 2027/28 (£'000)	Revised Budget Report 4 2027/28 (£'000)	Revised Budget Report 3 2028/29 (£'000)	Proposed Budget Adjustment Report 4 2028/29 (£'000)	Revised Budget Report 4 2028/29 (£'000)	Revised Budget Report 4 TOTAL (£'000)
CORPORATE AND DEMOCRATIC SERVICES													
Property Services													
DDA Adaptation & Alteration Works Programme	200		200	200		200	200		200	150		150	1,885
Property Compliance Works Programme	650		650	650		650	650		650	600		600	6,084
Capital Improvement Projects Programme	1,900		1,900	1,900		1,900	2,000		2,000	1,900		1,900	17,504
Fire Audit Works - Robert Douglas Memorial school	0		0	0		0	0		0	0		0	58
Pitlochry High School - Upgrade Programme	0		0	0		0	0		0	0		0	1,229
Energy Conservation & Carbon Reduction Programme (PB)	150		150	150		150	150		150	150		150	1,391
Information Systems & Technology													
ICT Infrastructure & Replacement and Upgrade Programme	3,538		3,538	2,478	552	3,030	2,637		2,637	2,312		2,312	25,920
School Audio-Visual (AV) Equipment Replacement Programme	125		125	365		365	130		130	35		35	3,381
Online/Mobile Working/Bertha Park IT Equipment	153		153	0		0	0		0	0		0	1,949
Third Party Contribution (ERDF)	0		0	0		0	0		0	0		0	(146)
Swift Social Work System Replacement	0		0	0		0	0		0	0		0	2,414
Customer Service Blueprint	40		40	40		40	40		40	19		19	495
TOTAL: CORPORATE AND DEMOCRATIC SERVICES	6,756	0	6,756	5,783	552	6,335	5,807	0	5,807	5,166	0	5,166	62,164
TOTAL COMPOSITE NET EXPENDITURE	29,280	(64)	29,216	26,355	488	26,843	24,266	(64)	24,202	25,464	(94)	25,370	534,999
(NET OF GRANTS, REVENUE AND 3RD PARTY CONTRIBUTIONS, AND RING FENCE													
CAPITAL RECEIPTS													
General Capital Grant - Scottish Government	(14,000)	1,974	(12,026)	(14,000)	1,735	(12,265)	(14,000)	1,735	(12,265)	(14,000)	1,735	(12,265)	(120,868)
Developer Contributions	(2,100)	(267)	(2,367)	(2,100)	(500)	(2,600)	(2,100)	(500)	(2,600)	(2,100)	(500)	(2,600)	(19,516)
General Fund - Capital Receipts/Disposal	(250)	0	(250)	(250)	0	(250)	(250)	0	(250)	(250)	0	(250)	(2,936)
Commercial Property - Capital Receipts/Disposal	0	0	0	0	0	0	0	0	0	0	0	0	(2,430)
General Fund Housing Receipts	0		0	0		0	0		0	0		0	(9)
Total: Capital Receipts	(16,350)	1,707	(14,643)	(16,350)	1,235	(15,115)	(16,350)	1,235	(15,115)	(16,350)	1,235	(15,115)	(145,759)
Annual Composite Borrowing Requirement	12,930	1,643	14,573	10,005	1,723	11,728	7,916	1,171	9,087	9,114	1,141	10,255	389,240
CAPITAL RECEIPTS BROUGHT FORWARD	(2,904)	0	(2,904)	(2,904)	0	(2,904)	(2,904)	0	(2,904)	(2,904)	0	(2,904)	(2,644)
CAPITAL RECEIPTS CARRIED FORWARD	2,904	0	2,904	2,904	0	2,904	2,904	0	2,904	2,904	0	2,904	2,904
TOTAL NET COMPOSITE BORROWING REQUIREME	12,930	1,643	14,573	10,005	1,723	11,728	7,916	1,171	9,087	9,114	1,141	10,255	389,500

PERTH AND KINROSS COUNCIL
HRA CAPITAL INVESTMENT PROGRAMME
SUMMARY OF CAPITAL RESOURCES AND EXPENDITURE 2020/21 to 2024/25

	Approved Budget Report 3 2020/21 £'000	Proposed Budget Adjustment Report 4 2020/21 £'000	Revised Budget Report 4 2020/21 £'000	Actual to 28-Feb-21 2020/21 £'000	Projected Outturn Report 4 2020/21 £'000	Approved Budget Report 3 2021/22 £'000	Proposed Budget Adjustment Report 4 2021/22 £'000	Revised Budget Report 4 2021/22 £'000	Approved Budget Report 3 2022/23 £'000	Proposed Budget Adjustment Report 4 2022/23 £'000	Revised Budget Report 4 2022/23 £'000	Approved Budget Report 3 2023/24 £'000	Proposed Budget Adjustment Report 4 2023/24 £'000	Revised Budget Report 4 2023/24 £'000	Approved Budget Report 3 2024/25 £'000	Proposed Budget Adjustment Report 4 2024/25 £'000	Revised Budget Report 4 2024/25 £'000	Revised Budget Report 4 TOTAL £'000
Council House New Build Programme																		
Glebe, Scone - 65 Units	6,937		6,937	5,406	6,937	161		161	0		0	0		0	0		0	7,098
Council Tax (Second Income)	(1,300)		(1,300)	(1,300)	(1,300)	0		0	0		0	0		0	0		0	(1,300)
Scottish Government Subsidy	(271)		(271)	(270)	(271)	0		0	0		0	0		0	0		0	(271)
	5,366	0	5,366	3,836	5,366	161	0	161	0	0	0	0	0	0	0	0	0	5,527
Milne Street, Perth - 8 Units	1,352	(59)	1,293	881	1,293	124	59	183	0		0	0		0	0		0	1,476
Council Tax (Second Income)	(160)		(160)	(160)	(160)	0		0	0		0	0		0	0		0	(160)
Third Party Contribution (Commuted Sums)	(188)		(188)		(188)	0		0	0		0	0		0	0		0	(188)
Scottish Government Subsidy	(383)		(383)	(383)	(383)	0		0	0		0	0		0	0		0	(383)
	621	(59)	562	338	562	124	59	183	0	0	0	0	0	0	0	0	0	745
Ardler Road, Meigle - 8 Units	1,539		1,539	672	1,539	0		0	0		0	0		0	0		0	1,539
Council Tax (Second Income)	(240)		(240)	(160)	(240)	0		0	0		0	0		0	0		0	(240)
Scottish Government Subsidy	(385)		(385)	(149)	(385)	0		0	0		0	0		0	0		0	(385)
	914	0	914	363	914	0	0	0	0	0	0	0	0	0	0	0	0	914
Huntingtower, Perth - 70 Units	3,114		3,114	2,361	3,114	760		760	0		0	0		0	0		0	3,874
Council Tax (Second Income)	(1,400)		(1,400)	(1,400)	(1,400)	0		0	0		0	0		0	0		0	(1,400)
Scottish Government Subsidy	0		0		0	0		0	0		0	0		0	0		0	0
	1,714	0	1,714	961	1,714	760	0	760	0	0	0	0	0	0	0	0	0	2,474
Fairfield, Perth	65	87	152	119	152	0	54	54	0		0	0		0	0		0	206
Council Tax (Second Income)	0		0		0	0		0	0		0	0		0	0		0	0
Scottish Government Subsidy	0	(141)	(141)	(141)	(141)	0		0	0		0	0		0	0		0	(141)
	65	(54)	11	(22)	11	0	54	54	0	0	0	0	0	0	0	0	0	65
Inchture, Phase 2	1		1	1	1	0		0	0		0	0		0	0		0	1
Council Tax (Second Income)	0		0		0	0		0	0		0	0		0	0		0	0
Scottish Government Subsidy	0		0		0	0		0	0		0	0		0	0		0	0
	1	0	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	1
Lynedoch Road, Methven	9		9	9	9	0		0	0		0	0		0	0		0	9
Council Tax (Second Income)	0		0		0	0		0	0		0	0		0	0		0	0
Scottish Government Subsidy	0		0		0	0		0	0		0	0		0	0		0	0
	9	0	9	9	9	0	0	0	0	0	0	0	0	0	0	0	0	9
Newburgh Road, Abernethy	0	4	4	1	4	0		0	0		0	0		0	0		0	4
Council Tax (Second Income)	0		0		0	0		0	0		0	0		0	0		0	0
Scottish Government Subsidy	0	(4)	(4)	(4)	(4)	0		0	0		0	0		0	0		0	(4)
	0	0	0	(3)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Future Developments	0		0		0	2,144		2,144	2,867	3,000	5,867	2,894	2,000	4,894	13,128	(8,000)	5,128	18,033
Council Tax (Second Income)	0		0		0	0		0	0		0	0		0	0		0	0
Scottish Government Subsidy	0		0		0	0		0	0		0	0		0	0		0	0
	0	0	0	0	0	2,144	0	2,144	2,867	3,000	5,867	2,894	2,000	4,894	13,128	(8,000)	5,128	18,033
Total Council House New Build	**8,690**	**(113)**	**8,577**	**5,483**	**8,577**	**3,189**	**113**	**3,302**	**2,867**	**3,000**	**5,867**	**2,894**	**2,000**	**4,894**	**13,128**	**(8,000)**	**5,128**	**27,768**
Increase in Council House Stock																		
Council House Buy-Backs	2,479		2,479	3,075	2,479	2,337		2,337	833		833	0		0	0		0	5,649
Scottish Government Subsidy	(840)		(840)	(420)	(840)	0		0	0		**0**	0		0	0		0	(840)
	1,639	**0**	**1,639**	**2,655**	**1,639**	**2,337**	**0**	**2,337**	**833**	**0**	**833**	**0**	**0**	**0**	**0**	**0**	**0**	**4,809**
Lock-ups and Garage Sites	0		0		0	0		0	0		0	0		0	50		50	50

APPENDIX III

	Approved Budget Report 3 2020/21 £'000	Proposed Budget Adjustment Report 4 2020/21 £'000	Revised Budget Report 4 2020/21 £'000	Actual to 28-Feb-21 2020/21 £'000	Projected Outturn Report 4 2020/21 £'000	Approved Budget Report 3 2021/22 £'000	Proposed Budget Adjustment Report 4 2021/22 £'000	Revised Budget Report 4 2021/22 £'000	Approved Budget Report 3 2022/23 £'000	Proposed Budget Adjustment Report 4 2022/23 £'000	Revised Budget Report 4 2022/23 £'000	Approved Budget Report 3 2023/24 £'000	Proposed Budget Adjustment Report 4 2023/24 £'000	Revised Budget Report 4 2023/24 £'000	Approved Budget Report 3 2024/25 £'000	Proposed Budget Adjustment Report 4 2024/25 £'000	Revised Budget Report 4 2024/25 £'000	Revised Budget Report 4 TOTAL £'000
Standard Delivery Plan																		
Central Heating and Rewiring Works	1,572		1,572	740	1,572	250		250	0		0	0		0	250		250	2,072
- less Third Party Contribution	(590)		(590)	(100)	(590)	0		0	0		0	0		0	0		0	(590)
Rewiring, Infrastructure & Property Refurbishment	174	16	190	193	190	0		0	1,000		1,000	1,000		1,000	1,826	(16)	1,810	4,000
Triple Glazing	227		227	124	227	0		0	0		0	0		0	0		0	227
Controlled Door Entry	42		42	8	42	10		10	10		10	0		0	30		30	92
Kitchen Moderisation Programme	74		74		74	343		343	632		632	1,332		1,332	2,129	(625)	1,504	3,885
Bathroom Moderisation Programme	65	89	154	85	154	25		25	0		0	654	(89)	565	1,217	(312)	905	1,649
External Fabric	483		483	130	483	1,469		1,469	1,311		1,311	1,098		1,098	1,153	(625)	528	4,889
Energy Efficiency	473	20	493	493	493	454		454	83		83	0		0	1,500	(625)	875	1,905
- less Third Party Contribution (Feed in Tarrif)	0	(20)	(20)	(19)	(20)	0		0	0		0	0		0	0		0	(20)
Multi Storey Flats	1,348	(1,322)	26	13	26	1,012	1,322	2,334	0		0	0		0	0		0	2,360
Environmental Improvements	220		220	141	220	333		333	334		334	333		333	0		0	1,220
Fire Precaution Measures	73	200	273	98	273	50	(38)	12	400	(162)	238	500		500	1,000		1,000	2,023
Sound Insulation	0		0		0	0		0	146		146	162		162	142	(42)	100	408
Structural	0		0		0	0		0	438		438	458		458	354	(104)	250	1,146
Total Standard Delivery Plan	**4,161**	**(1,017)**	**3,144**	**1,906**	**3,144**	**3,946**	**1,284**	**5,230**	**4,354**	**(162)**	**4,192**	**5,537**	**(89)**	**5,448**	**9,601**	**(2,349)**	**7,252**	**25,266**
Other Investment in Council House Stock																		
Total Major Adaptations to Council House Stock	141		141	54	141	0		0	0		0	0		0	100		100	241
Balmoral Road, Rattray, Refurbishment (3 Units)	115		115		115	160		160	0		0	0		0	0		0	275
Anchor House, Rannoch Road, Perth - Conversion (5 Ur	32		32	4	32	0		0	0		0	0		0	0		0	32
149-151 Dunkeld Road, Perth	108		108	11	108	0	146	146	0		0	0		0	0		0	254
- Government Grant	0	(146)	(146)	(146)	(146)	0		0	0		0	0		0	0		0	(146)
St.Catherine's Square Redevelopment	0		0		0	0		0	0		0	2,991		2,991	402		402	3,393
Shops & Offices	89		89		89	50		50	70		70	50		50	50		50	309
Greyfriars and Satellite Sites	0	9	9	2	9	43	(9)	34	0		0	0		0	50		50	93
Sheltered Housing	26		26		26	25		25	0		0	0		0	18		18	69
General Capital Works	39	14	53	50	53	10	(10)	0	40	(4)	36	36		36	10		10	135
Upgrade and Replacements to Lifts Programme	83	(83)	0		0	60	83	143	0		0	0		0	0		0	143
ICT Expenditure	193		193	50	193	50		50	50		50	50		50	50		50	393
Mortgage to Rent	25		25		25	50		50	50		50	50		50	50		50	225
- Less Scottish Government Grant	0		0		0	0		0	0		0	0		0	0		0	0
Total Other Investment in Council House Stock	**851**	**(206)**	**645**	**25**	**645**	**448**	**210**	**658**	**210**	**(4)**	**206**	**3,177**	**0**	**3,177**	**730**	**0**	**730**	**5,416**
Total Net Expenditure	**15,341**	**(1,336)**	**14,005**	**10,069**	**14,005**	**9,920**	**1,607**	**11,527**	**8,264**	**2,834**	**11,098**	**11,608**	**1,911**	**13,519**	**23,509**	**(10,349)**	**13,160**	**63,309**
Income																		
CAPITAL RECEIPTS (Muirton)	(258)		(258)	(258)	(258)	(74)		(74)	0		0	0		0	0		0	(332)
CFCR	(2,094)		(2,094)		(2,094)	(3,155)	261	(2,894)	(3,724)	383	(3,341)	(4,004)	393	(3,611)	(4,416)	380	(4,036)	(15,976)
TOTAL BORROWING REQUIREMENT	**12,989**	**(1,336)**	**11,653**	**9,811**	**11,653**	**6,691**	**1,868**	**8,559**	**4,540**	**3,217**	**7,757**	**7,604**	**2,304**	**9,908**	**19,093**	**(9,969)**	**9,124**	**47,001**

Rùnaire a' Chaibineit airson Ionmhas
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Councillor Alison Evison
COSLA President
Verity House
19 Haymarket Yards
Edinburgh
EH12 5BH

4 February 2021

Dear Councillor Evison,

Local Government capital settlement 2021-22 to 2025-26

I am writing to set out the capital allocations for local government as presented in "Investing for Jobs: Capital Spending Review 2021-22 to 2025-26", published on 4 February 2021.

The Capital Spending Review is published alongside the Infrastructure Investment Plan, which sets out the Scottish Government's priorities for its own such investment, building on the work of the Infrastructure Commission for Scotland. Decisions about the deployment of the Local Government capital grant are, of course, a matter for local authorities.

The Capital Spending Review provides an outline five-year indicative allocation for general capital grant and other specific funding streams provided through the local government finance settlement, and reflects the 2021-22 capital allocations proposed in the Scottish Budget 2021-22. The multi-year allocations aim to offer Councils and other public bodies as much certainty as possible at this stage to support effective medium-term planning. Future capital budgets for Local Government will be agreed in consultation with COSLA as part of the budget process and wider engagement about the delivery of shared outcomes and priorities.

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Outline indicative capital allocation:

LOCAL GOVERNMENT	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	5 year total
Support for Capital[1]	467.9	477.9	488.9	486.9	514.4	521.4	2489.5
Specific Capital Grants	310.1	139.1	139.1	139.1	139.1	139.1	695.5
Total	763.0	617.0	628.0	626.0	653.5	660.5	3185.0

[1] Includes £150m funding to invest in flood risk management from 2021-22 on the profile £10m; £21m (2022-23); £19m (2023-24); £46.5m (2024-25); £53.5m (2025-26). Discussions will be held with COSLA to agree on how the funding should be deployed.

The specific capital grants total reduces after 2020-21 by £171 million as a result of the completion of the Early Learning (£121 million) and Heat Network Early Adopters (£50 million) programmes.

As you are aware, I published our Capital Spending Review Framework in September 2020, which set out the context for our review and the financial planning assumptions that governed it, specifically:

- Level cash capital grant across Scottish Government as a whole, rolling forward Scottish Budget 2020-21 baselines* into future years to 2025-26
- Boosting total maintenance investment over the 5 year period within this limit, alongside future asset creation. Capital maintenance includes asset enhancement, ensuring asset compliance with regulatory requirements, major equipment and fleet.
- As a minimum, preserving the almost £1.8 billion annual level of low carbon investment
- £2 billion new funding for low carbon schemes over the next Parliamentary term

*Baselines are as set out in the Scottish Budget 2020-21 introduced into Parliament, not including one-off sums, or those added as part of the Budget Bill agreement.

I am pleased to indicate that the support for LG capital is able to track a little way above the level cash planning assumption.

In addition, of the £2 billion new investment over 5 years which the Scottish Government has committed to low carbon schemes, around 28% of the funding will specifically benefit Councils, in whole or part. Relevant portfolios will be discussing the operation of these, itemised below, with local government partners in due course.

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Low Carbon Fund Portfolio/Programme	2021-22	2022-23	2023-24	2024-25	2025-26	5-year total
Environment, Climate Change and Land Reform						
Waste Sector - improvements to local authority recycling collection infrastructure	14.0	16.0	17.0	9.0	9.0	65.0
Communities and Local Government						
Vacant and Derelict Land – new funding stream - using land for maximum environmental and community benefit	5.0	5.0	10.0	15.0	15.0	50.0
Transport, Infrastructure and Connectivity						
Bus Priority Infrastructure - for Councils and bus operators, to give buses priority on local roads	25.0	65.0	150.0	105.0	100.0	445.0
Totals	**44.0**	**86.0**	**177.0**	**129.0**	**124.0**	**560.0**

Over and above the capital support provided through the local government finance settlement there are a number of other confirmed capital funding streams for 2021-22 that provide support to local government. These are attached to specific policy initiatives that are administered through other portfolio budgets. Details of these were set out in the Scottish Budget 2021-22 publication (Table 5.15 refers), and for ease of reference are listed in the table below. Future Scottish Budgets will also set out forward funding in these areas.

Funding lines	**2020-21**	**2021-22**
Capital Land and Works	22.2	22.2
City Region and Growth Deals ©	201.0	198.1
Clyde Gateway Urban Regeneration Company	5.0	5.0
Coig Tourist Routes	0.3	0.0
Future Transport Fund	18.0	51.0
Home Energy Efficiency Programmes for Scotland (HEEPS)	55.0	58.0
Regeneration Capital Grant Fund	25.0	25.0
Support for Sustainable and Active Travel	1.0	1.0
Travel Strategy and Innovation	55.1	35.0
Gaelic Capital Fund		3.8
Vacant & Derelict Land Investment Programme		5.0
Place, Town Centres & 20 Minute Neighbourhoods		23.0
Total Capital	**382.4**	**426.9**

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I hope these specific details about the forward capital allocations for Councils are helpful, and look forward to our ongoing dialogue about both capital and overall funding of local government.

KATE FORBES

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PERTH AND KINROSS COUNCIL

31 March 2021

TREASURY & INVESTMENT STRATEGY and PRUDENTIAL INDICATORS 2021/22 – 2028/29

Report by the Head of Finance
(Report No. 21/42)

PURPOSE OF REPORT
This report details the Council's proposed Treasury Strategy for 2021/22 to 2028/29 and the Investment & Property Strategy for 2021/22.

1. BACKGROUND / MAIN ISSUES

1.1 The Treasury and Investment Strategy details the expected activities of the Council's treasury function for the relevant financial years. Its submission to the Council is a requirement of the Council's approved Treasury Management Practices (TMPs) and is also a requirement under the CIPFA Code of Practice for Treasury Management. The Investment Strategy details the Permitted Investments of the Council, and outlines the risks associated with the expected investment activities. The submission of an annual Investment Strategy is a requirement of the Local Government Investments (Scotland) Regulations 2010. The report also provides an annual review of treasury activity undertaken in 2020/21.

1.2 In determining the Treasury Strategy, the Council is required to review its Prudential Indicators. The Council considered the Composite Capital Budget for the 9-years to 2028/29 at its meeting on 30 September 2020 (report 20/175 refers). Updated Prudential Indicators for the 9 years 2020/21 to 2028/29 were then approved by the Council on 7 October 2020 (report 20/179 refers).

1.3 The proposed Treasury Management strategy for financial years 2021/22 to 2028/29 covers:

- Annual Review of 2020/21
- The Council's current Treasury position
- Prospects for interest rates
- Capital requirements and the borrowing strategy 2021/22 to 2028/29
- The Investment Strategy 2021/22
- Investment properties 2021/22
- Debt rescheduling opportunities
- The Prudential Code
- Prudential Indicators 2021/22 to 2028/29

2. ANNUAL REVIEW 2020/21

2.1 The Council approved the Treasury & Investment Strategy for the 9 financial years 2020/21 to 2028/29 at its meeting on 7 October 2020 (report 20/179 refers).

2.2 In response to the emerging Covid-19 pandemic, the Bank of England's Monetary Policy Committee (MPC) made emergency cuts to the Bank Base Rate during March 2020 to 0.1%. Subsequently, the MPC considered introducing a negative Base Rate, and whilst this wasn't applied during the year, it remains an option for the MPC. This has, in turn, significantly increased the level of uncertainty and volatility in financial markets. The run up to the UK's departure from the European Union (EU) resulted in additional volatility. Detailed forecasting of interest rates during 2020/21 was suspended due to the high level of uncertainty in the short to medium term arising from the pandemic and in the run up to the UK leaving the EU. However, the rates were expected to remain at a low level for some time before increasing gradually back to normal levels, although the timescales were unknown. The underlying assumption for some time has been that rates will rise gradually in future years as economic growth and inflationary pressures increase.

2.3 Consequently, throughout the year, UK Government gilt yields stayed at around their historic low levels. Public Works Loans Board (PWLB) rates, which are based on the gilt yields, therefore also remained low. The PWLB had increased their lending rates by 1% in October 2019 following a significant increase in borrowing by UK local authorities. However, in November 2020, following a period of consultation, the PWLB removed the 1% increase that they had previously applied.

2.4 All Treasury activities in 2020/21 were reported to the Council through the quarterly reports. As a result of the increased new borrowing undertaken in 2019/20, there was no immediate requirement for new long term borrowing in 2020/21 with short term borrowing used to meet immediate cashflow requirements where necessary. Consequently, no new long-term borrowing was undertaken in the year, while £7.5m of PWLB loans were repaid at maturity. Several short-term market loans were borrowed for an average period of around one month.

2.5 Investments at the start of the year were £255 million and were expected to steadily reduce as the Council dealt with the impact of the pandemic. However, delivery of the Council's Capital Programme was also significantly impacted by the lockdown in the first half of the year. Whilst the programmes did pick up later in the year, over the year capital expenditure was significantly less than budgeted. Consequently, much of the planned expenditure (and borrowing requirement) has been rephased into 2021/22 and later years. As interest rates on deposits with banks reduced significantly, increased demand for borrowing by other local authorities meant that interest rates on local authority lending remained relatively high. Therefore, most of the investment activity related to lending to other local authorities. Investment of funds which were required for more immediate needs were placed in bank notice accounts and Money Market Funds. There were no breaches in compliance with the Council's approved Treasury Management Policy and all investments were undertaken in accordance with the approved Investment Strategy.

2.6 The Council's PWLB portfolio reduced from £498 million to £490.5 million, with the average interest rate on PWLB borrowing reducing from 2.61% to 2.59%. The Council's Consolidated Loans Fund rate for 2020/21, calculated in accordance with statutory guidance and including all Council debt, is

estimated to be 3.07%.

2.7 The Strategy and Investment policy in respect of Common Good and Property Investments were also complied with in full.

3. THE CURRENT TREASURY POSITION

3.1 In order to put the proposed treasury strategy for 2021/22 to 2028/29 into context, the Council's estimated treasury position at the start of the financial year (at 31st March 2021) is shown below:

		PRINCIPAL AMOUNT (£million)	AVERAGE RATE (%)
Fixed Rate	• Public Works Loan Board (PWLB)	490.5	2.59
	• Market Bonds	0.1	0.00
		490.6	2.59
Variable Rate	• Short Term Market Loans	49.0	0.07
	• Market Bonds	43.2	4.59
	• Local Loans	5.3	0.15
		97.5	2.08
TOTAL GROSS DEBT		**588.1**	**2.51**
TOTAL SHORT-TERM MARKET INVESTMENTS		**235.0**	**0.54**
TOTAL NET DEBT		**353.1**	**3.82**

3.2 The projected Borrowing Requirement for each of the next eight years, which is a significant determinant of treasury activity, is summarised below. This reflects the approved Capital expenditure within the Council's Composite and Housing Investment Programme Budgets which is to be funded by new borrowing.

£ million	2021/22	2022/23	2023/24	2024/25	2025/26	2026-2029	Total
Borrowing Requirement	86.5	116.3	111.4	45.3	23.5	69.1	452.1

3.3 The above figures are based upon the Composite Capital Budget for 2021/22 to 2028/29 and the Housing Revenue Account Capital Investment Programme for 2021/22 to 2025/26. As the Housing Capital Investment Programme covers a shorter time period than the Composite Programme, Housing estimates have been included for the years to 2028/29 based upon the current level of investment in order to ensure the time periods match.

3.4 The above figures do not take account of the estimated annual borrowing requirement carried-forward between years in order to match cashflow requirements. However, they do highlight the front loading of the Council's planned Capital expenditure.

3.5 In light of the level of borrowing undertaken in 2019/20 when PWLB rates reached historic lows, together with projected slippage on the Capital programme as a result of Covid-19, it is anticipated that no new borrowing will require to be undertaken in 2021/22 to finance the Council's planned Capital expenditure in the year.

4. PROSPECTS FOR INTEREST RATES

4.1 The Council's treasury adviser, Link Asset Services Ltd, assists the Council in formulating a view on interest rates. Appendix I shows forecasts of the Bank Base Rate (or short-term/variable rates) and longer-term PWLB fixed interest rates, whilst Appendix II shows the forecast in graphical form. As can be seen, increases in rates over the next few years are expected to be relatively slow and gradual, subject to short term fluctuations.

4.2 As outlined above, the Monetary Policy Committee (MPC) reduced the Bank Base Rate to 0.1% on 19 March 2020, and subsequently considered introducing a negative rate. This was in response to the growing coronavirus outbreak and its significant effect on global economic activity including in the UK. However, with significant progress now being achieved with the vaccination roll-out in the UK, in February 2021 the MPC revised upwards its forecast for economic recovery and inflation. Whilst the Bank advised that they do not expect the Base Rate to be increased for some time, the prospect for economic restrictions, and thus economic growth, to be gradually lifted throughout 2021/22 has resulted in an increase in gilt yields and PWLB rates. Further increases in gilt yields are expected to be small and gradual.

4.3 In the longer term, in order to manage economic growth and anticipated inflationary pressures as the UK returns to normal economic conditions, interest rates are anticipated to gradually increase. Consequently, subject to periods of volatility, the forecast for UK interest rates shows a gradual increase over the next few years once economic activity starts to recover. However, the potential for variant strains of coronavirus and future economic restrictions could limit these increases.

4.4 The Council's borrowing costs are largely determined by the Public Works Loan Board's (PWLB) interest rates, which in turn are determined by the yield on UK Government gilts. Gilt yields had been at exceptional low levels and fell further at the onset of the coronavirus outbreak. As stated at Section 2.3 above, during 2020/21 the PWLB removed the additional 1% they had added to their interest rates, therefore the rates available during 2021/22 are expected to remain lower than they had been for much of the previous year.

4.5 As with any forecast, the above interest rate expectations are subject to variation. The main sensitivities of the above forecast are likely to be as follows:

- A fall in long term rates which, for example, could occur if economic growth or inflation recovered at a slower rate than forecast. This could arise if current restrictions remained in place for longer than anticipated, or if new variant forms of the coronavirus became prevalent.

- An unexpected sharp rise in both long and short-term rates could occur if, for example, economic growth recovered faster than expected, or if inflation increased more rapidly than expected as the economy begins to recover, bringing forward increases in the Bank Rate.

4.6 Interest rate forecasts throughout the period covered by the Capital Programme must be considered, particularly when determining the most appropriate timing for new borrowing. This is particularly the case as the Council's current Borrowing Requirement is larger than historic levels, much of which is required in the earlier years of the current 8-year programme.

4.7 The current forecasts indicate that short term borrowing will continue to be cheaper than longer term borrowing over the next few years. However, longer term borrowing gives longer term savings and reduces the refinancing risk in later years.

5. CAPITAL REQUIREMENTS AND BORROWING STRATEGY

5.1 The Council still requires significant levels of new borrowing over the next few years to fund the Capital Budget. As a result of the pandemic which affected the whole of 2020/21, a significant level of capital expenditure has been rephased into subsequent years. Following the advance borrowing undertaken in 2019/20, and in consideration of the interest rate forecasts, there is, therefore, no immediate need or expectation to borrow in 2021/22 based on current planned expenditure. The flexibility to borrow in advance of need is permissible where it can be shown to be cost-effective but must be considered in conjunction with the associated additional risks and low returns of the resultant increase in short term investments. Therefore, new borrowing would only be undertaken if capital expenditure recovered quicker than projected, or if opportunities arose to borrow at exceptionally low levels. Short term temporary borrowing will be required to meet any immediate cashflow requirements where necessary, particularly in the first half of the year. Beyond that, short term borrowing would be required if expenditure picked up faster than expected and long-term borrowing is deferred.

5.2 The current low interest rates and long term cost certainty provided by fixed rate PWLB borrowing make this a cost effective source of financing capital expenditure. Other appropriate market instruments are, however, available to the Council and may be used where appropriate. Such market instruments allow borrowing to be agreed in advance and drawn down at prescribed future dates (usually up to 3 years ahead). Therefore, alternative sources of borrowing will be evaluated and considered where they offer savings or other advantages over PWLB borrowing.

5.3 The Council's Treasury Strategy is based on being "risk-aware" and the Council will actively seek to manage its treasury risks. The Council's borrowing position will continue to be reported on an ongoing basis to the Council as part of the Quarterly Treasury Activities and Compliance reports.

5.4 The Council's borrowing strategy will be continuously reviewed and may change if there are unexpected movements in interest rates. This could impact the borrowing strategy as follows:

- If there was an unexpected fall in long term rates, long-term borrowing in advance of immediate need would be considered when rates were anticipated to have troughed.
- If there was an unexpected sharp rise in long term rates, fixed rate funding would be deferred, and short-term borrowing used to meet immediate needs. Longer term borrowing would be considered in future when longer term rates fell from their peaks.

5.5 The Prudential Code also requires authorities to detail their strategy on gross and net debt where there is a significant level of both investments and borrowing. It is not possible nor desirable to have no investments due to the daily variations in the Council's cashflow or following the borrowing of long-term debt. The level of investments may also increase where there are significant levels of short-term Reserves. The Council's level of investments has increased significantly following the increased level of long-term borrowing undertaken in recent years. Investments may increase further if further borrowing was undertaken at the current low interest rates, however, they are anticipated to reduce steadily over the next 2 years in line with the delivery of the Capital Programme.

6. INVESTMENT STRATEGY 2021/22

6.1 The requirement to set an annual Investment Strategy is determined by the Local Government Investments (Scotland) Regulations 2010. These requirements include specifying the Permitted Investments of the Council and setting an annual strategy, identifying the risks associated with the strategy and the reporting requirements.

6.2 The proposed Permitted Investments of the Council are shown at Appendix III. These reflect low risk investment products and, together with the application of the approved Lending & Investment Policy (*TMP4, Schedule 4.6 Approved Lending & Investment Policy*), ensure investments are only made with low risk counterparties.

6.3 It is not proposed to make any changes to the range of investment instruments or monetary limits. The current limits ensure that the Council always maintains sufficient liquidity and a spread of investments, whilst the specific counterparty list is reviewed continuously by the Head of Finance in light of credit-rating changes and other market information.

6.4 Details of how investments are managed are contained in the Treasury Management Practices (TMPs). The TMPs are reviewed annually, whilst the treasury policies are reviewed continuously in light of prevailing economic and market conditions. A copy of the Treasury Systems Document, which includes the TMPs, is available on the Councillor's CHIP Sharepoint site. It should be noted, however, that the TMPs were not reviewed last year as temporary arrangements have been put in place to maintain a robust control environment and enable officers to maintain the Council's treasury function whilst working

from home. The TMPs will be reviewed once the new long-term working arrangements and practices become known.

6.5 The Council generally only invests short-term cashflow surpluses. Such investments in total are unlimited, as they are determined by cashflow balances. However, investments are limited with each counterparty to ensure any risk is spread.

6.6 Longer term investments may arise where the Council has significant cash-backed reserves or following borrowing in advance of need within the determined Capital Financing (Borrowing) Requirement. This was the case in 2020/21 following the increased level of borrowing in 2019/20, with some funds placed on deposit for up to 24 months. Longer term investments potentially carry greater counterparty risk and a higher market risk of adverse movements in interest rates. Therefore, such investments are limited to £45 million in total (around 20% of the portfolio, as at February 2021) and up to a maximum of 3 years and are only undertaken after consideration of cashflow and interest rate forecasts to determine the optimum duration. All such longer-term investments undertaken were with other local authorities, and therefore had negligible counterparty risk.

6.7 The level of investments is anticipated to fall gradually in the first half of the financial year, with only a small proportion of fixed deposits maturing. Subsequently, in the second half of the year, as more deposits reach maturity, it is anticipated that these will be applied to reduce any short term borrowing that has been required together with supporting capital expenditure. The forecast total level of investments at the start of the current financial year is £211 million. They are expected to reduce gradually over the year, subject to daily variations, unless further new borrowing is undertaken during the year or if the profile of the Council's expenditure during the year changes.

6.8 It is anticipated that the following type of investments will be used by the Council in 2021/22:

- Money Market Funds (MMFs),
- Bank deposits on instant access or notice accounts,
- Fixed deposits with banks and other local authorities.

6.9 Fixed deposits are generally used for cashflow surpluses which are not required within the next 3 months, whilst investment in MMFs, instant access or notice accounts vary in line with daily fluctuations in the Council's cashflow in order to meet more immediate needs. The amounts in each are dependent on several factors, such as changes in cashflow, including long term borrowing, available rates and market opportunities which may arise. This strategy will be reviewed continuously in light of economic forecasts and market developments.

6.10 The Permitted Investments also include loans to third parties. Such loans will be constrained by virtue of the Service having to meet all costs related to such loans. All individual loans to third parties must be approved by Council.

6.11 The submission of Quarterly Treasury and Compliance reports provide elected members with regular updates on the Council's Treasury and Investment activities and an opportunity to exercise scrutiny over the Council's Treasury Management arrangements throughout the year.

6.12 The Common Good Funds operate with relatively small cash balances and with no other financial investments. The Common Good Committees also have authority to grant loans to third parties, and these are included as Permitted Investments. However, the granting of such loans in practice is rare, with each individual proposed loan requiring the specific approval of the relevant Common Good Committee. It is proposed that investments with the Perth & Kinross Council Loans Fund, together with third party loans, remain the only Permitted Investments for the Common Good Funds. It is not proposed to change the terms under which the Common Good Funds place deposits with the Loans Fund.

6.13 In addition, the Common Good Funds hold various properties which generate rental income, and which are therefore deemed to be Investment Properties, and covered by the investment regulations.

6.14 Investments made by any charity or trust administered by the Council are not within the scope of the Investment Regulations and this Strategy. However, any other Council funds that are managed by external investment managers would be covered by this strategy, and the investment manager would therefore be bound by this Investment Strategy in relation to those funds. It is not proposed to use any external investment manager during 2021/22, other than for the Council's charitable funds.

7. INVESTMENT PROPERTIES 2021/22

7.1 Properties held solely to earn rental income and/or for capital appreciation, and not used by the Council for service delivery or administrative purposes, are also covered by the Investment Regulations. Accordingly, an additional permitted investment category of "Investment Property" has been included in the list of Permitted Investments. The Council's initial limit was established as "unlimited", and this remains unaltered.

7.2 Budgeted gross income of the portfolio in 2020/21 is £1,871,000, with the latest projection indicating that the final income will be £1,830,000 as a result of movement in tenancies and vacancies in the small business units. Considering the ongoing pandemic (Covid-19) there are additional risks in terms of rents being collected in the short to medium term within the commercial portfolio. The strategy action plan for the rationalisation of the commercial property portfolio remains on programme.

7.3 The Annual Property Investment Strategy 2020/21 is attached in Appendix IV and covers property purchased or managed for the following purposes:

- Socio Economic e.g. precinct shops and community facilities
- Economic development e.g. Industrial Estates and workshop units.
- Revenue generation e.g. St Johns Centre head lease

7.4 The overall aim of the attached Property Investment Strategy for Perth & Kinross Council is to support the objectives of the Corporate Plan 2018 - 2023 and in doing so, it meets the requirements of the Regulations.

8. DEBT RESCHEDULING

8.1 Debt rescheduling involves prematurely repaying existing loans and replacing them with new loans at lower interest rates. Any savings in interest costs, however, must be assessed against the premium payable to the lender to compensate for their loss of interest. The amount of premium payable to the PWLB is calculated based on the difference in the interest rate on the existing loan and the prevailing interest rates for new borrowing. The main benefits of undertaking rescheduling include:

- Generating interest savings, without exposing the Council to additional risk,
- Ensuring a better-balanced maturity profile and volatility ratio in the portfolio,
- Reducing the level of investments.

8.2 The current low interest rate environment, together with the PWLB's premature repayment terms, means that any early redemption of PWLB loans is likely to be prohibitively expensive and unlikely to generate savings. Further, the low average rate and maturity profile of the Council's long-term debt mean that it is unlikely that the current portfolio will offer any significant opportunities. Consequently, there is unlikely to be any debt rescheduling undertaken in 2021/22, however interest rates will continue to be monitored to identify any opportunities which may arise.

9. THE PRUDENTIAL CODE

9.1 The Prudential Code requires the Council to set Prudential Indicators for at least the next three years to ensure that the Council's plans are affordable, sustainable and prudent. However, to improve longer term strategic and forward planning, the Council maintains Prudential Indicators for the entire period of the approved Capital Budget, currently 8 years to 2028/29.

9.2 The Council has a statutory duty (under the Local Government in Scotland Act 2003) to determine, and keep under review, how much it can afford to allocate to Capital expenditure. The level of Capital Financing Costs (Loan Charges) strongly influences the level of capital expenditure funded by borrowing and, therefore, the size of the ongoing Capital programme. Effective and proactive Treasury Management aims to minimise these costs and their impact on the overall finances of the Council, whilst not exposing the Council to undue risk in the longer term. Adverse movements in interest rates, for example, would directly impact on the level of Capital expenditure which is affordable and sustainable.

10. PRUDENTIAL INDICATORS 2021/22 to 2028/29

10.1 The principal means of monitoring and controlling adherence to the Council's capital and treasury plans, and ensuring that they remain affordable, sustainable and prudent, is the determination and monitoring of Prudential Indicators. These Indicators must relate to, and be consistent with, the Council's approved Capital Budget and Treasury Management Strategy.

10.2 It is, therefore, proposed that the Prudential Indicators previously approved by Council on 7 October 2020 (report 20/179 refers) and based upon the current eight year Capital Budget remain in force at this time. The Prudential Indicators for 2021/22 to 2028/29 will continue to be included and monitored through the Quarterly Treasury Activity & Compliance reports. It is further proposed that the Indicators are reviewed at the time of updating the Council's Capital Budget later in 2021.

10.3 The Indicators include estimates of the Council's underlying need to borrow for a Capital purpose (Capital Financing Requirement or Borrowing Requirement) and ensure that the borrowing periods are consistent with the type of capital expenditure being funded. The Authorised Limit for borrowing is currently £900 million for each year from 2021/22 to 2028/29. The limit is consistent with the funding strategy for the Council's Capital plans, Loans Fund policies and the Medium-Term Financial Plan. It is based on total gross external borrowing and long-term liabilities under PPP/PFI arrangements and takes account of when the borrowing requirement is at its peak over the period which is then applied in each year (to allow flexibility).

10.4 All the Indicators comply with the CIPFA Code of Practice for Treasury Management in the Public Services.

11. CONCLUSION AND RECOMMENDATIONS

11.1 Treasury operations are undertaken within a dynamic and volatile environment, which can significantly affect both the cost of borrowing and returns from investment. Net annual interest charges for 2021/22 are currently estimated at £14.7 million (General Fund and Housing Revenue Account combined) and projected to rise to around £21 million by 2028/29, with this increase being addressed through the managed use of the Council's Capital Fund. The setting of an appropriate strategy is, therefore, essential in ensuring that the Council is not exposed to undue risks and costs. The strategy outlined in this report is designed to ensure that the Council achieves the best possible returns on its borrowings and investments, whilst seeking to minimise risk in light of prevailing and forecast market conditions.

11.2 The Investment Strategy outlined in this report covers all matters required by the Investment Regulations, and lists the proposed Permitted Investments. These will be reviewed on an ongoing basis as the economic environment changes and/or new investment products are introduced into the financial markets. However, at this time, the proposed Permitted Investments for 2021/22 remain unchanged and there are no proposed changes to investment limits, nor to the definition of approved counterparties.

11.3 The Investment Strategy, in conjunction with the Treasury Management Practices (TMPs), also includes references to the various risks associated with investments, how these will be controlled, and the considerations and procedures to be followed. Security and liquidity of sums invested remains the primary objectives over investment income. The proposed Permitted Investments carry a low level of risk.

11.4 The report also outlines the link between Treasury Management and the Capital Budget. Accordingly, the report proposes the current approved Prudential Indicators for the years 2021/22 to 2028/29 remain in place until the Council's Capital Budget is updated later in 2021.

11.5 It is recommended that the Council:

i) approves the 8-year Treasury Strategy for 2021/22 to 2028/29, as detailed in this report, which is submitted in accordance with the Council's approved Treasury Management Practices (TMP).

ii) approves the Permitted Investments and Investment Strategy for 2021/22 outlined at Section 6 and detailed at Appendix III of this report.

iii) approves the Property Investment Strategy for 2021/22 outlined at Section 7 and detailed at Appendix IV of this report.

iv) approves the current Prudential Indicators for 2021/22 to 2028/29 remain in place pending the update of the Capital Budget later in 2021, as outlined at Section 10 of this report.

Author(s)

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Approved

Name	Designation	Date
Stewart MacKenzie	Head of Finance	24 March 2021
Karen Donaldson	Chief Operating Officer	24 March 2021

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All Council Services can offer a telephone translation facility.

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

Corporate Plan

1.1 The Council's Corporate Plan 2018 – 2023 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.

1.2 This report relates to all these objectives.

2. Resource Implications

Financial

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

Workforce

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

Asset Management (land, property, IT)

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

3. Assessments

Equality Impact Assessment

3.1. 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.

3.2. 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.

Strategic Environmental Assessment

3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

3.4 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.

Sustainability

3.5 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.

3.6 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 The interim Chief Executive, and the Council's Treasury advisors, Link Asset Services, have been consulted in the preparation of this report.

2. BACKGROUND PAPERS

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 I – Outlook for Interest Rates.
- Appendix II – Forecast for Interest Rates (Link Asset Services Ltd).
- Appendix III – Permitted Investments 2021/22.
- Appendix IV – Property Investment Strategy 2021/22

Outlook for Interest Rates

The data below shows forecasts published by 2 different institutions. The forecast within this strategy has been drawn from these different sources and Council officer's own views.

Link Asset Services Forecast for Interest Rates

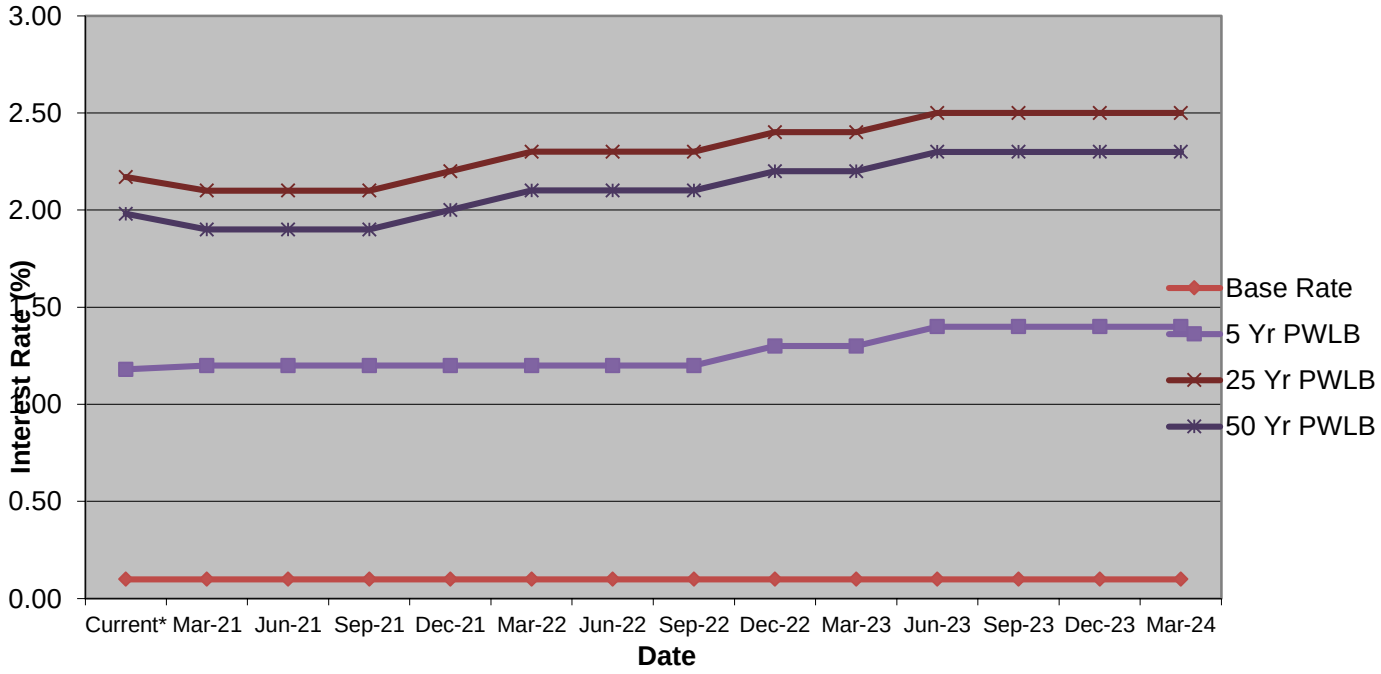
(%)	Current*	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Bank Rate	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
5 Yr PWLB	1.18	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.40	1.40	1.40	1.40
10 Yr PWLB	1.70	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	1.90
25 Yr PWLB	2.17	2.10	2.10	2.10	2.20	2.30	2.30	2.30	2.40	2.40	2.50	2.50	2.50	2.50
50 Yr PWLB	1.98	1.90	1.90	1.90	2.00	2.10	2.10	2.10	2.20	2.20	2.30	2.30	2.30	2.30

* current rates taken as at 22 March 2021.

APPENDIX I

APPENDIX II

Forecast for Interest Rates
(Link Asset Services Ltd)



PERTH AND KINROSS COUNCIL
PERMITTED INVESTMENTS 2021/22

Treasury Management Investment Type	Total Limit	Individual Limit	Objectives	Risk Assessment		
				Counterparty	Market	Liquidity
Fixed Deposits with approved Banks and Building Societies up to 1 year	Unlimited	per policy	Guaranteed investment returns	Low risk applied in Treasury Policy	Risk of increase in interest rates	Low risk of tied-up funds
Instant Access Deposits with approved Banks and Building Societies	Unlimited	per policy	Maximise liquidity	Low risk applied in Treasury Policy	Risk of fall in interest rates	No risks
Variable Rate deposits with approved Banks and Building Societies up to 1 year	35%	per policy	Maximise returns	Low risk applied in Treasury Policy	Risk of fall in interest rates	Low risk of tied-up funds
Fixed Deposits with approved Banks and Building Societies over 1 year up to 3 Years	£45M	per policy	Guaranteed longer term investment returns	Increased risk applied in Treasury Policy	Risk of increase in interest rates	Higher risk of tied-up funds
Variable Rate deposits with approved Banks and Building Societies over 1 year up to 3 years	Lower of 35% or £10M	per policy	Maximise longer term investment returns	Increased risk applied in Treasury Policy	Risk of fall in interest rates	Higher risk of tied-up funds
Certificates of Deposit, Fixed Bonds and other fixed commercial paper issued by approved Banks and Building Societies, up to 1 Year	Unlimited	per policy	Maximise returns and counterparty diversification	Low risk applied in Treasury Policy	Risk of increase in interest rates	No risk as negotiable
Certificates of Deposit, Fixed Bonds and other fixed commercial paper issued by approved Banks and Building Societies, over 1 Year up to 3 Years	£45M	per policy	Longer term investment returns and counterparty diversification	Low risk applied in Treasury Policy	Risk of increase in interest rates	No risk as negotiable
Floating Rate Notes and other variable commercial paper issued by approved Banks and Building Societies, up to 1 Year	Unlimited	per policy	Maximise returns and counterparty diversification	Low risk applied in Treasury Policy	Risk of decrease in interest rates leading to loss in capital value	No risk as negotiable
Floating Rate Notes and other variable commercial paper issued by approved Banks and Building Societies, over 1 Year up to 3 Years	£10M	per policy	Longer term investment returns and counterparty diversification	Low risk applied in Treasury Policy	Risk of decrease in interest rates leading to loss in capital value	No risk as negotiable
AAA rated Short Term and Standard Money Market Funds, including Low Volatility Net Asset Value (LVNAV) Funds.	Unlimited	per policy	Maximise returns and liquidity on smaller deposits	Low risk applied in Treasury Policy	No risk as instant access	No risk

APPENDIX III

Fixed Rate deposits with Local Authorities, up to 1 Year	Unlimited	per policy	Maximise security on fixed returns	Low risk applied in Treasury Policy	Risk of increase in interest rates	Low risk of tied-up funds
Fixed Rate deposits with Local Authorities, from 1 Year up to 3 Years	£45M	per policy	Longer term investment returns and counterparty diversification	Low risk applied in Treasury Policy	Risk of increase in interest rates	Higher risk of tied-up funds
Variable Rate deposits with Local Authorities	35%	per policy	Maximise security on variable returns	Low risk applied in Treasury Policy	Risk of fall in interest rates	Low risk of tied-up funds
Loans to third parties, including "soft loans"	To be reviewed upon each application	Subject to approval by the Council	For operational Service requirements	Higher risk	High risk, often given on intrest-free terms, but met by Service.	Higher risk of tied-up funds
Investment Properties (controls and limits per Investment Property strategy document)						

Notes:
1. All investments to be made in sterling
2. The policy refered to above is defined in TMP4, Schedule 4.6 (Approved Lending & Investment Policy)
3. Individual limits apply to all investment types in aggregate
4. Variable rate limit (excluding instant access accounts) applies to all investment types in aggregate
5. The limit for amounts invested over 1 year refer to the remaining period to maturity of investments

APPENDIX III

Property Investment Strategy 2021/22

1. Introduction

The Local Government in Scotland Act 2003 included specific powers (Section 40) for local authorities to invest money in accordance with regulations approved by Scottish Ministers. Under these powers, the Local Government Investments (Scotland) Regulations 2010 were approved by Scottish Ministers on 1 April 2010, and came into effect from that date.

Each Council is granted the freedom to determine what types of investments they may make, and the level of risks acceptable to each Council in making investments must be explicitly stated. These must be approved by the Council in advance of each financial year.

The properties within the Council's commercial investment property estate which are held solely to earn rental income and/or capital appreciation fall within the scope of the regulations. The requirements outlined for financial investments therefore apply to these Council property investments. The Council is required to approve an Investment Strategy before the start of each financial year.

This paper is the Council's Property Investment Strategy for 2021/22, which forms part of the Council's requirement for an annual overall Investment Strategy.

2. Context

The Council does not normally acquire property solely for investment purposes.

New property acquisitions generally support one of the functions noted below and do not therefore fall within the scope of the Local Government Investments (Scotland) Regulations 2010;

- **direct service provision** e.g. new school sites and land for road junction improvements, or
- **Socio economic or economic development** e.g. land and buildings held on the Commercial Property Investment Programme (CPIP) to support a supply of land to businesses and industry.

The Regulations do, however, cover those parts of the commercial estate which are generally held to provide rental income. Predominantly these properties would have initially been acquired to meet a socio economic or economic development need, but having met that need at some time in the past, are now retained for the rental income they produce. The portfolio has therefore been developed over a long period and includes properties such as

shops, offices, small workshop units, industrial and commercial ground and land purchased to facilitate development etc.

3. Strategic Vision for the Property Investment Portfolio

To move from the historic legacy of a portfolio of properties acquired or developed over many years to a more balanced sustainable portfolio to meet the future financial and corporate objectives of the Council.

4. Corporate Aims and Objectives

The overall aim of the Property Investment Strategy is to support the objectives of the 2018/22 Corporate Plan.

The Property Investment Strategy supports corporate objectives by seeking to:

- Maximise and enhance socio economic and economic development opportunities to the benefit of local communities and businesses.
- Encourage new business take up, retain and enhance existing businesses and opportunities.
- Maximise community benefit through the provision of land and premises.
- Clearly identify the primary purpose for holding individual assets (and groups of assets) and apply appropriate management, retention and disposal policies, and procedures relevant to the asset categories by completing a review of the commercial property portfolio.
- Optimise financial return and best value.

5. Current Portfolio

Perth and Kinross Council's commercial portfolio currently consists of approximately 215 properties together with land held for future investment, infrastructure or disposal;

The properties currently held for income generation are managed through the use of lease agreements and the number of leases per asset type is approximately;

32 Shops
9 Offices
39 Industrial premises
120 Ground leases
15 Miscellaneous properties

The budgeted gross income for the financial year 2021/22 is £1,780,000 and regular appropriate monitoring and reporting of the current position is being carried out.

The Council holds a number of town and village halls, leisure facilities etc which are “let” to management committees, community groups and Live Active. As these assets are effectively managed to provide functions which would otherwise be provided by the Council, they are not classified as investment properties and, therefore, lie outwith the remit of the regulations.

6. Categorisation

In developing a strategy for managing the commercial investment property portfolio it is necessary to define the reasons for retaining non-operational properties, to categorise the individual properties, and to apply criteria to ensure that the appropriate return (financial, economic or community benefit) is achieved from each property.

The portfolio can be split into the following categories, with each requiring a different approach when deciding future management and retention policies.

The categories adopted are:

- Socio economic
- Economic development
- Operational occupation
- Revenue generation (Investment)
- Housing Revenue Account (non-Housing - includes investment)

7. General Strategic Principles

There will be a presumption against the acquisition of new heritable properties solely for financial investment purposes.

- Heritable property will only be acquired to support the Council’s strategic objectives, with the property’s investment potential being secondary to securing Council objectives.

Existing Council owned properties which become surplus to operational requirements will be disposed of in line with the Disposal of Land and Buildings Policy.

- There will be a presumption against the retention of surplus property assets for financial investment purposes unless the retention supports Council strategic objectives. As with new acquisitions, the assets investment potential is secondary to securing Council objectives

There are a number of general principles that will be applied to the management of the retained investment portfolio;

- Day to day decisions on the management of the portfolio should support the efficient & effective delivery of the Council’s strategic and

operational objectives.

- The portfolio should reflect strategic and operational objectives by clearly differentiating between those held for the benefit of the community (economic development and socio economic) and those retained purely as investment opportunities.

- "Added value" principles should apply – investment and expected returns should be on the basis of what is "best for communities" rather than concentrating on purely financial return.

8. Specific Strategic Principles

The Council will use the portfolio to support corporate objectives by adopting the following principles in the future management of the various categories of commercial properties:

- **Socio Economic Portfolio** – Held primarily for promotion or enhancement of the Council's 5 strategic objectives for securing the future. Revenue generation for this category, although important and justifiable, is secondary to supporting Council objectives.

- **Economic Development Portfolio** - Held primarily to support strategic objectives but with an emphasis on supporting Objective (iii) - a prosperous, sustainable and inclusive economy. The portfolio will be used to safeguard, control and promote the use of land for economic development and regeneration through;

    - **Business Opportunity enhancement** – Land and buildings acquired or provided to facilitate and encourage business opportunities in local communities where the private sector has failed to provide infrastructure due to market conditions. There is a general presumption that this provision will be made available at sustainable market levels but with an acceptance that provision may have to be subsidised to generate development in certain areas. As part of this proposed approach the intention is to focus on strategic sites with development potential partnering with the private sector via Memorandums of Understanding intended to explore and exploit development and incoming-producing opportunities

    - **Start-up Workshop Units** – units should be held to encourage new and expanding businesses locate and flourish. Such units, where available, should be on short term lets with flexible terms to assist firms become established.

- **Commercial Investment Property** – Properties will generally only be held for rental income generation whilst generating an adequate and

competitive return. There will be a presumption in favour of disposal of poorly performing properties. Units which are difficult to let, expensive to manage or present a company growth opportunity for a sitting tenant will generally be positively considered for disposal unless these form part of a larger grouping where disposal of part would be detrimental to the value of the whole e.g. part of a row of workshop units.

In appropriate circumstances, consideration will be given to sales to sitting tenants if the disposal would not adversely affect the remaining portfolio; but only at full market value and at a price economically advantageous to the Council e.g. sales may be resisted at times of economic downturn when sale prices are unfavourable.

Poorly performing multi occupancy investments; industrial estates, rows of shops etc will be considered for disposal to either existing occupiers or as investments.

There is a presumption against properties held on the commercial estate being occupied by Council Services. Properties held for revenue generation may, however, be occupied by Council Services, with that service meeting the full cost of occupation, including payment of a market rent where appropriate.

Commercial Property Investment Programme (CPIP)

The Council's approved CPIP is a comprehensive 10-year programme of employment land acquisition, servicing, and development to support the Council objectives of attracting investment and supporting businesses across Perth and Kinross. The programme (CPIP 2013-23) which is funded through sales receipts from sites and properties sold to developers and businesses has delivered 9.15ha of business land to support company growth since inception in 2013. The revised programme approved by the SP&R Committee on in November 2019 included a review of the approach to ensure effective delivery of corporate property development and investment activities. The CPIP is kept under regular review by the Estates & Commercial Investment Team and the Executive Director (Housing & Communities) through the SP&R capital monitoring process with appropriate committee approval sought regarding land and property disposals with an impact on the revenue budget.

Housing Revenue Account (non-housing) – There is no general presumption in favour of the disposal of investment properties held on the Housing Revenue Account (HRA) and the Executive Director (Housing & Environment) is consulted prior to the consideration of disposal of any HRA assets to allow consultation in accordance with current Housing Legislation to be carried out. The same principles as applied to the rental income-generating portfolio will generally be applied to the HRA portfolio.

9. Portfolio Management Principles

Socio Economic Portfolio:

- Clearly identify any “subsidy” level in leases to future socio economic and community lets.
- Only consider future lets on socio economic grounds where supported by a business case clearly identifying the community benefits and financial viability of the proposed let and having identified a sponsoring Service within the Council to provide support.

Economic Development Portfolio:

- The sale or lease of land and premises held for economic development purposes will be considered against the economic benefit to the local community and business needs.

Revenue generating portfolio:

- Always seek to maximise the return from the investment by applying market rents to all properties held in this category.
- Wherever practical, identify and allocate all running costs associated with the portfolio including “hidden” costs e.g. management costs.
- Monitor return on investment.
- Regularly review portfolio performance.
- Assess requests to sell from sitting tenants against the return on investment and the impact of sale on any remaining holdings in the immediate area.
- Manage the portfolio to maximise returns, balancing maintenance expenditure requirements against capital and rental growth potential.
- Support capital receipt generation (disposal of poorly performing assets) whilst seeking to achieve a balance between revenue and capital. Investigate options for investment to maximise and maintain revenue streams.

HRA (non-housing) Portfolio:

- Unless identified by the Executive Director (Housing & Environment) as a property held for socio economic or economic development purposes, manage the portfolio on terms consistent with the management of the general fund revenue generating portfolio.
- Consult with the Executive Director (Housing & Environment) prior to agreeing to the disposal of investment properties, providing advice on whether disposal represents a good return on the investment.

10. Risk Management

Risk of falling rental income

A substantial unforeseen decrease in projected rental income could present a risk to the Council’s revenue planning. Rental forecasts are regularly reviewed and managed in consultation with the Head of Finance.

The major risks affecting income potential are;

- Changing market conditions and

- Reducing rental income through disposal of investment properties.

Changing market Conditions – Low to Medium Risk
The risk of a substantial unanticipated decrease in income resulting from changes in market conditions was previously considered to be "Low" as leases tend to terminate on set dates, with a relatively small proportion terminating within a single year. The risk element in the retail sector of the portfolio rose to Medium" for 2021/22 due to challenging economic conditions in light of the ongoing global pandemic (Covid-19). There are additional risks in terms of rents being collected in the short to medium term within the commercial portfolio as a result of this. If leases terminate, even if unanticipated, the Council retains the capital asset which can be made available for re-letting or disposal. The current economic climate as a result of the pandemic however, continues to make re-letting challenging.

Disposal of investment properties – Low Risk
Disposal of investment properties will result in a capital receipt, but the consequence of this will be the loss of rental income from the asset. Decisions to dispose of major assets will therefore affect income. Disposal will be discussed with the Head of Finance and a programme agreed as appropriate to support the Council's revenue budget and capital programme needs.

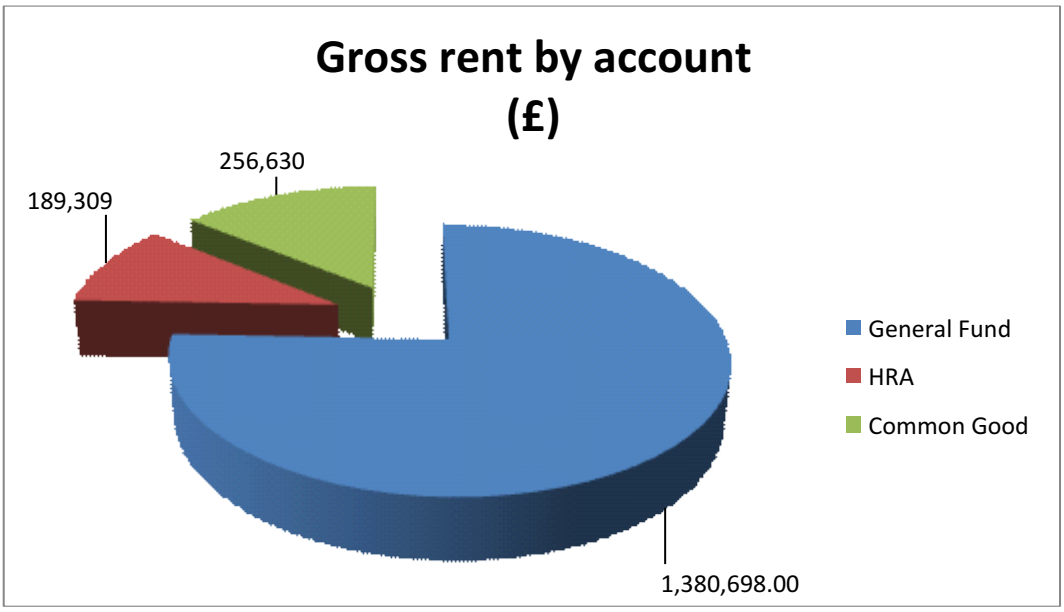
Risk associated with new investment acquisitions
Procedures are in place to assess and manage the risk attached to any new investment proposal as the acquisition will be subject to a full business case analysis and risk assessment by the appropriate corporate group and will require subsequent Committee approval.

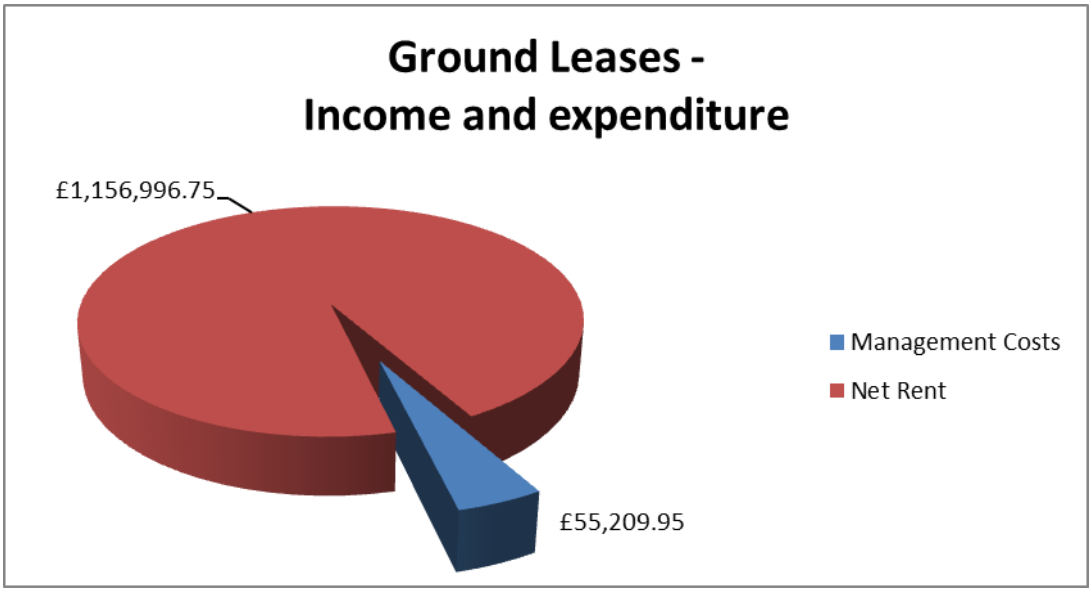
11. Strategy Action Plan

The portfolio is being transformed from the historic legacy to a more balanced sustainable portfolio to meet the Council's current strategic objectives and the future financial viability of the commercial portfolio will be maintained through;

- the assessment and classification of each property as either socio-economic, economic development, investment or HRA (investment),
- regular review of the commercial estate to determine each property's investment potential and viability, and
- by disposal of poorly performing investment properties and redevelopment/conversion of properties (e.g. conversion from retail to social housing).

The valuation, classification and review of the portfolio is periodically carried out by the Council's Estates and Commercial Investment Team and the 2018/19 review is shown in the following diagrams. It can clearly be seen that the vast majority of the rental income is received from ground leases which by their nature provide a low risk, low management, secure net rental income to the Council. The findings are informing the framework for development and investment in the Perth and Kinross area and in Perth as part of the work being undertaken nationally to develop a consistent approach to investment in the Scottish cities and City Investment plans.





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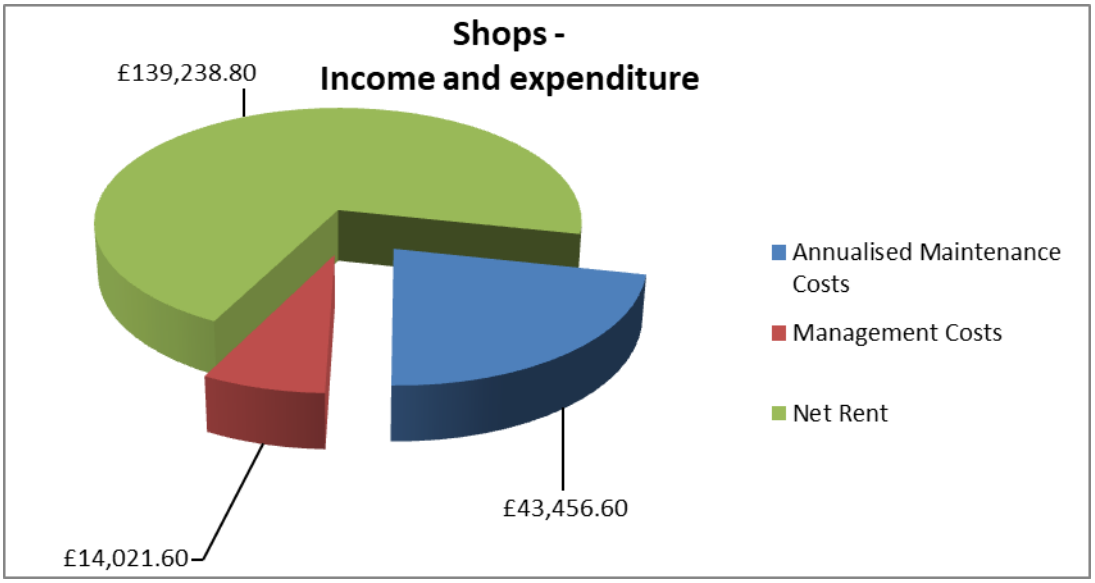

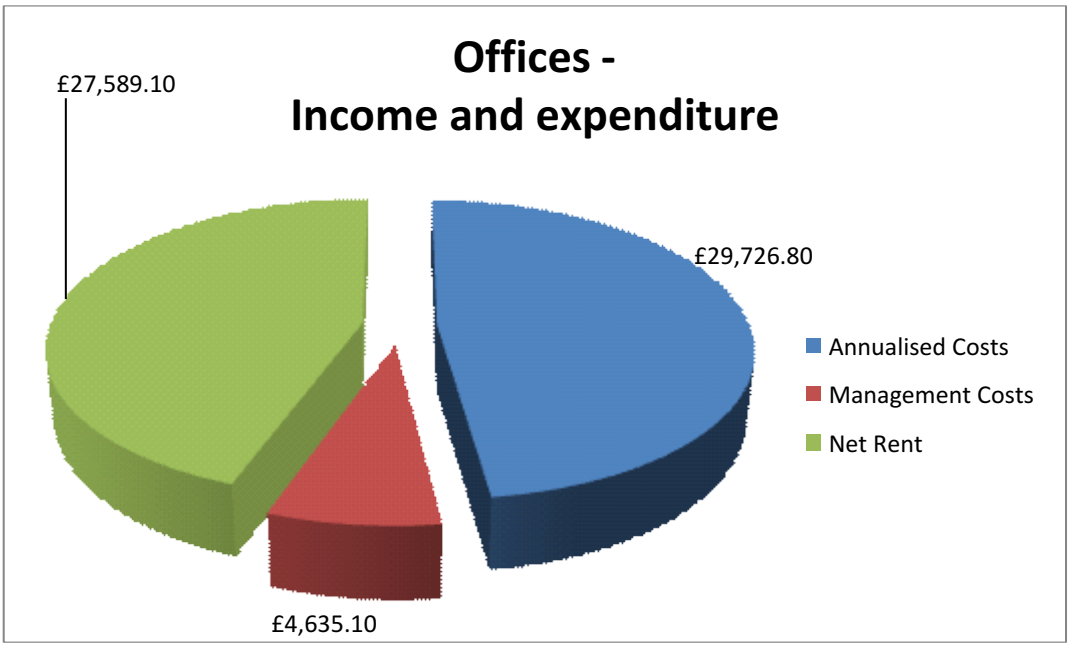

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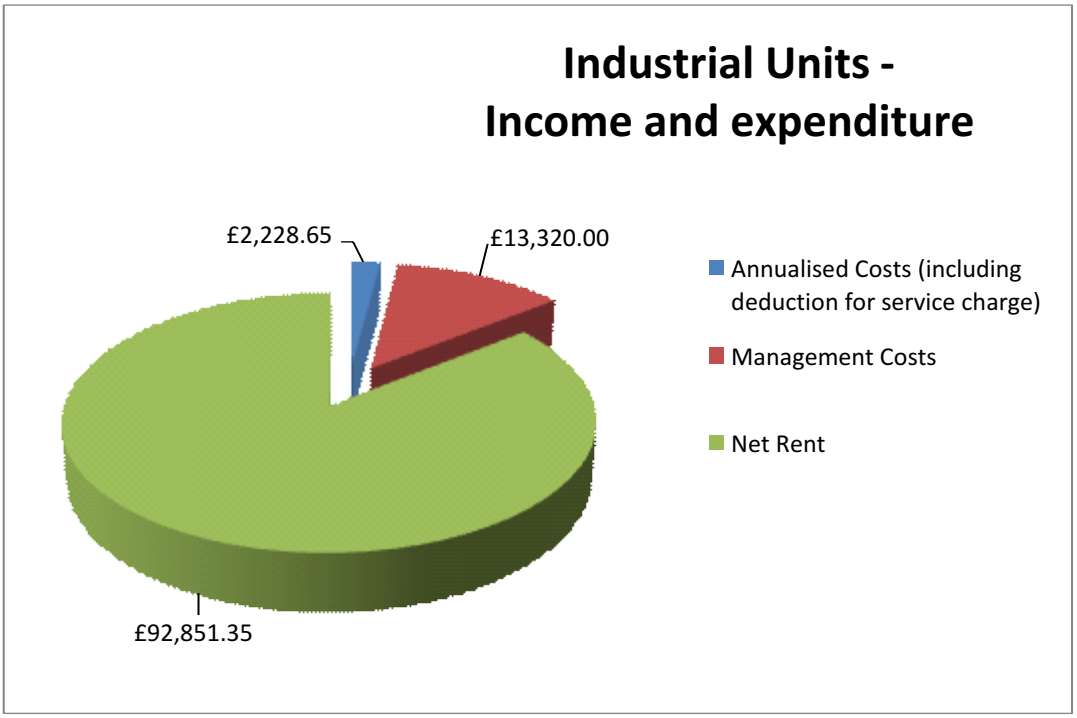
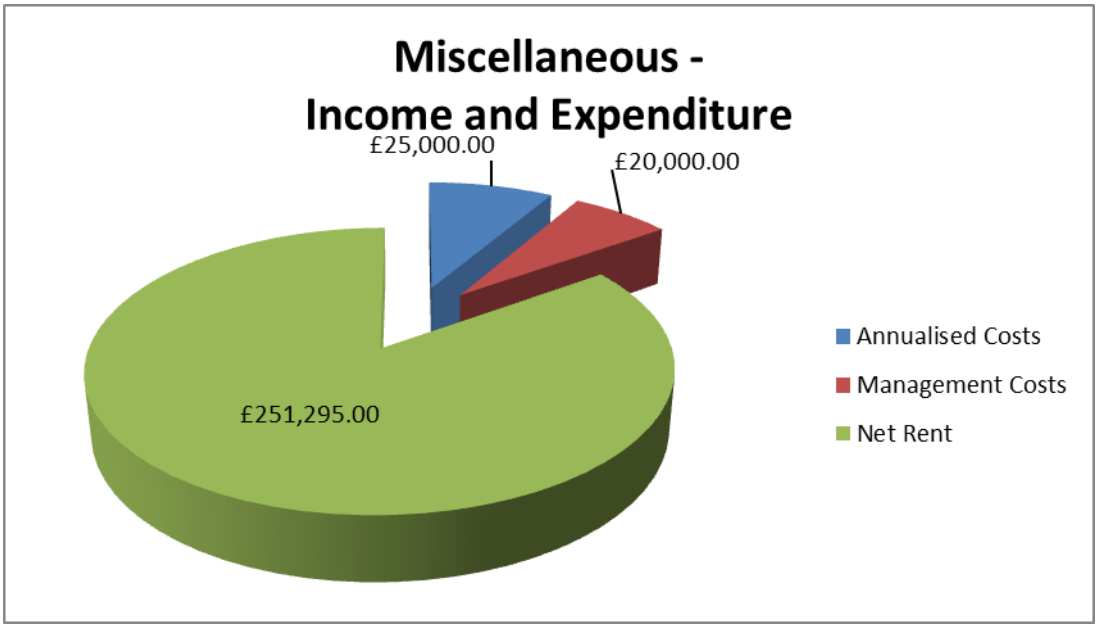

Industrial Units -
Income and expenditure
£2,228.65
£13,320.00
£92,851.35
Annualised Costs (including deduction for service charge)
Management Costs
Net Rent


Miscellaneous -
Income and Expenditure
£25,000.00
£20,000.00
£251,295.00
Annualised Costs
Management Costs
Net Rent

Appointments to Committees/Outside Bodies

(i) Strategic Policy and Resources Committee

Council is asked to agreed that Councillor A Bailey replace Councillor X McDade

(ii) Property Sub-Committee

Council is asked to agreed that Councillor A Bailey replace Councillor X McDade

(iii) Environment and Infrastructure Committee

Council is asked to agreed that Councillor A Bailey replace Councillor M Barnacle

(iv) Scrutiny Committee

Council is asked to agreed that Councillor X McDade replace Councillor M Barnacle

(v) Moulin Kirk Trust

Council is asked to note that Councillor X McDade stepped down as a Trustee of the Moulin Kirk Trust on 31 January 2021.

Council is asked to agree that Councillor M Williamson be appointed as a replacement.