

## PERTH AND KINROSS COUNCIL

Strategic Policy and Resources Committee  
12 February 2014

## REVENUE BUDGET 2013/14 – MONITORING REPORT NUMBER 3

## Report by the Head of Finance

**PURPOSE OF REPORT**

This report provides an update on progress with the 2013/14 General Fund Revenue Budget based upon the November 2013 ledger, updated for any subsequent known material movements. The report also provides an update on the projected financial position of the Housing Revenue Account.

**1. BACKGROUND / MAIN ISSUES**

- 1.1. This is the third report updating the Committee on progress with the 2013/14 Revenue Budget. Appendix 1 to this report summarises the current projected year end (out-turn) position for each Service based upon the November 2013 ledger, updated for any subsequent known material movements.
- 1.2. The budget total reflected in column 1 of Appendix 1 to this report is that approved by the Council in setting the Final 2013/14 Revenue Budget on 14 February 2013 (Report No. 13/53 refers). In addition, adjustments subsequent to 14 February 2013 that were approved by the Strategic Policy and Resources Committee on 17 April 2013, 18 September 2013 and 27 November 2013 are reflected in Appendix 1 (Column 2) to this report (Report No's 13/150, 13/445 and 13/557 refer).
- 1.3. This report details the latest projected outturns and proposed adjustments to the 2013/14 General Fund and Housing Revenue Account budgets.
- 1.4. Service under spends detailed below and in Appendix 2 will be considered as part of the 2014/15 and 2015/16 Revenue Budget Strategy and any proposals to utilise budget flexibility will be considered by the Council on 13 February 2014.

**2. PROPOSALS****2.1 Service Budgets**

- 2.1.1 Details of variances against Service budgets are shown in Appendix 2 to this report with the most significant variances summarised below.
- 2.1.2 **Education & Children's Services:** The projected out-turn (excluding Devolved School Management (DSM)) is currently anticipated to be £1,066,000 less than budget – a favourable movement of £691,000 from the position last reported to Committee.

- 2.1.3 There are further projected under spends on staff costs due to additional slippage partially attributable to service redesign (£156,000) and on third party payments due to savings on service level agreements (£104,000). In addition income is projected (£114,000) in relation to school meals, kids clubs and recharges to other local authorities. There is also a further projected net underspend in relation to supplies and services (£363,000) due to a targeted reduction in expenditure across the Service.
- 2.1.4 Additional grant income has been received in the current financial year. The majority of this additional grant income (£213,000) relates to the final allocation of resources from the Scottish Government for Probationer Teachers which is not required in the current year as the Council has fulfilled its commitments with regard to providing places for Probationers and maintaining teacher numbers. The remainder of additional grant income (£67,000) has only recently been received and relates to Languages 1 + 2 and will be utilised in 2014/15 as the Council works in partnership with Angus Council and Dundee City Council to take this initiative forward.
- 2.1.5 These projected additional under spends are partially offset by projected net over spends on Residential Schools/Foster and Kinship Care (£301,000) due to continued pressure on these budgets including additional placements and extensions to existing placements. There is also a projected increase in the over spend on property costs (£25,000) due to a number of feasibility studies and improvement works.
- 2.1.6 There is also a projected under spend of £1,170,000 on Devolved School Management budgets (DSM) due to projected staff slippage in excess of budgeted levels, projected under spends on supplies and services and property costs and the receipt of additional income. It is anticipated that in line with the approved DSM scheme the eventual under spend will be carried forward into 2014/15.
- 2.1.7 The projected carry forward of £1,170,000 represents 1.42% of the overall DSM budget and is £60,000 less than the balance carried forward from 2012/13 into 2013/14.
- 2.1.8 **Housing & Community Care:** The projected out-turn is currently anticipated to be £2,797,000 less than budget – a favourable movement of £1,830,000 from the position last reported to Committee.
- 2.1.9 Within Older People's Services there is an increase in the projected under spend (£625,000) due to further staff slippage, service redesign and the further early delivery of approved savings. Within Finance and Support there is an increase in the projected under spend (£329,000) due to further staff slippage, further early delivery of approved savings and a reduced provision for Housing Benefit clawback. Within Learning Disabilities there is an increase in the projected under spend (£176,000) due to service redesign and additional income. Within Housing there is a small projected under spend (£10,000).

- 2.1.10 In addition Housing and Community Care have received significant additional grant funding (£928,000) in the current year in respect of which expenditure has not been fully incurred. The most significant amounts of funding relates to Discretionary Housing Payments (£698,000) and Self Directed Support (£204,000). The treatment of these underspends will be considered in the Reserves Strategy that will be presented to the special meeting of the Council on 13 February 2014.
- 2.1.11 These favourable movements are partially offset by a further projected over spend in Other Community Care Services (£144,000) due to additional mental health placements and the delayed implementation of the Contributions Policy (now being implemented with effect from 1 February 2013). In addition there has been a reduction in the projected underspends in Strategic Support and Commissioning (£65,000) due to changes to a funded placement and within Community Safety (£29,000) mainly due to a reduction in staff slippage.
- 2.1.12 **The Environment Service:** The projected out-turn is currently anticipated to be £1,400,000 less than budget – a favourable movement of £900,000 from the position last reported to Committee.
- 2.1.13 This favourable movement is primarily made up of further underspends within the Property Division. Based on the current programme of works, income from the construction team is now projected to exceed the budgeted target (£500,000); further staff slippage is now projected across the Property Division (£160,000) and there is a projected under spend on energy costs based on price and consumption (£90,000). Within Planning and Regeneration there are projected under spends following a rephasing of the Super Connected Perth City Broadband project (£140,000); slippage in the delivery of the additional regeneration events programme (£120,000); slippage on the relocation of the HUB (£70,000) and a projected under spend on the pre-market remediation budget (£75,000).
- 2.1.14 These favourable movements are partially offset by a projected net movement in staff costs due primarily to the Ryder Cup (£30,000); a net projected over spend in Operations (£50,000); a projected shortfall in income from the Aberfeldy Caravan Park and North Inch Golf Course (£55,000) and net additional costs in public inquiry costs associated with the planning process (£120,000).
- 2.1.15 Expenditure on winter maintenance is currently projected to be in line with the approved budget although there is inevitably uncertainty at this stage of the financial year. A further update will be provided to the next meeting of the Strategic Policy and Resources Committee in April 2014.
- 2.1.16 **Chief Executive's Service:** The projected out-turn is currently anticipated to be £204,000 less than budget – a favourable movement of £59,000 from the position last reported to Committee.

2.1.17 This favourable movement is made up of additional staff slippage (£30,000) and net additional income (£36,000). These favourable movements are partially offset by increased expenditure on supplies and services (£7,000).

## **2.2 Movements in Funding**

2.2.1 Since Revenue Monitoring Report Number 2 was approved by this Committee (Report No 13/557 refers) notification has been received of additional resources in the current financial year.

### **2.2.2 Scottish Government: Revenue Support Grant**

- Teacher Induction Scheme: £327,011 (Education & Children's Services - ECS)
- National Care Home Contract Fee Uplift: £79,000 (Housing & Community Care – HCC)
- Sensory Impairment: £27,000 (HCC)
- Energy Efficient Street Lighting £53,000 (The Environment Service – TES)

### **2.2.3 Scottish Government: Other Grants**

- Scottish Survey of Literacy and Numeracy: £6,080 (ECS)

### **2.2.4 Other Funding Sources**

- Museums Galleries Scotland – Alyth Community Museum Project: £26,278 (ECS)
- Cycling Scotland – Bikeability Scotland: £21,959 (ECS)
- Royal Conservatoire Purchase of Musical Instruments: £17,055 (ECS)
- Big Lottery Fund – Communities & Families Fund: £9,941 (ECS)
- Education Scotland – Food for Thought: £7,420 (ECS)
- Creative Scotland – Public Engagement Programme: £5,000 (ECS)
- Youthlink Scotland – Cashback for Creativity Funding: £3,580 (ECS)
- Museums Galleries Scotland – Alison Watt Exhibition: £2,150 (ECS)
- NHS Health Scotland – Community Food & Health: £900 (ECS)

2.2.5 The Scottish Government has advised that the increase in Revenue Support Grant funding identified at 2.2.2 of £486,011 will be made through a redetermination of the Council's Revenue Support Grant. It is, therefore, necessary to adjust the net budgets for Education & Children's Services; Housing & Community Care; the Environment Service and Revenue Support Grant.

2.2.6 The balance of these additional resources (non-Revenue Support Grant) identified at 2.2.3 and 2.2.4, amounting to £100,363 will be paid out with the Revenue Support Grant mechanism as Other Grant income and are therefore cost neutral in terms of the budget summary.

2.2.7 **ACTION:** The Committee is asked to approve an adjustment of £327,011 to the Education & Children's Services budget; £106,000 to the Housing & Community Care budget; and £53,000 to the Environment Service budget to reflect the additional resources being made available through Revenue Support Grant. These adjustments have been reflected in Appendix 1 (Column 3) to this report.

2.2.8 The Committee is also asked to note the receipt of £100,363 of additional resources, with this funding being reflected within Education & Children's Services as additional grant income. The current projected outturns assume that all of these additional resources will be fully expended in financial year 2013/14.

## 2.3 Virements

### 2.3.1 Contribution to Capital Fund

2.3.2 In line with the strategy for managing the Council's Capital Programme over the medium term (as reported to Council on the 14 February 2013 – Report No. 13/54 refers) it is recommended that the eventual over or under spend on Capital Financing Costs and Interest on Revenue Balances be transferred from or to the Capital Fund.

2.3.3 The latest monitoring indicates an increase in the projected outturn for capital financing costs (loan charges) (£22,000) and an increase in income from Interest on Revenue Balances (£20,000) due primarily due to movements in interest rates, particularly in relation to short term borrowing.

2.3.4 **ACTION:** The Committee is requested to approve the virement of £22,000 to the Capital Financing Costs (Loan Charges) Budget; £20,000 to Interest on Revenue Balances with a net reduction of £2,000 in the projected Contribution to the Capital Fund. This adjustment has been reflected in Appendix 1 (Column 4) to this report.

### 2.3.5 Capital Grant

2.3.6 The projection for the revenue contribution to TACTRAN capital projects (Gleneagles junction) in the current financial year has been updated based on the latest information. The latest projection suggests an under spend of £236,000 on this project. However the grant will be used to meet other planned capital expenditure in 2013/14.

2.3.7 **ACTION:** The Committee is asked to approve a reduction in the Environment Service Revenue Budget of £236,000 in 2013/14 with a corresponding reduction in the Capital Grant Budget. This adjustment is reflected in Appendix 1 (Column 4) to the Report. The revenue budget for The Environment Service will be increased by £236,000 in 2014/15 to fund the delayed expenditure on TACTRAN projects.

### 2.3.8 Private Sector Housing Grant

2.3.9 Delays in a number of projects mean that it is unlikely that the Council will be required to make its full budgeted revenue contribution to private sector housing grants in the current financial year. However, the grant will be used to meet other planned capital expenditure in 2013/14. The latest projection suggests an under spend of £494,000 in the current financial year. In addition, the final outturn for Private Sector Housing Grant in 2012/13 was £156,000 more than reported to Committee in April 2013 (Report No. 13/151 refers). Therefore approval is sought to reduce the revenue budget for 2013/14 in line with the capital budget.

2.3.10 **ACTION:** The Committee is asked to approve a reduction in the Housing and Community Care Revenue Budget of £650,000 in 2013/14 with a corresponding reduction in the Capital Grant Budget. This adjustment is reflected in Appendix 1 (Column 4) to the Report. The revenue budget for Housing and Community Care will be increased by the final underspend in 2014/15 (currently projected as £494,000) to fund the delayed expenditure on Private Sector Housing Grants.

## 2.4 **Movements in Reserves**

### 2.4.1 Perth Office Project

2.4.2 The Perth Office Project will be incurring expenditure on the Pullar House Mailroom in the current financial year. Approval is sought to draw down £50,000 from the earmarked Reserve for this project to fund these works.

2.4.3 **ACTION:** The Committee is asked to transfer £50,000 to the Environment Service from Reserves to fund expenditure on the Pullar House Mailroom as part of the Perth Office Project. This adjustment has been reflected in Appendix 1 (Column 5) to this report.

### 2.4.4 Investment in Improvement Funds and Community Safety/Wellbeing Initiatives

2.4.5 Revenue Monitoring Report No. 4 for 2012/13 that was considered by the Strategic Policy and Resources Committee on 17 April 2013 (Report No. 13/150 refers) approved funding from Investment in Improvement Fund Three and Four.

2.4.6 Revenue Monitoring Report No. 2 for 2012/13 that was considered by the Strategic Policy and Resources Committee on 21 November 2012 (Report No. 12/526 refers) approved funding for Community Safety/Wellbeing Initiatives.

2.4.7 Due to slippage on a number of projects the full allocations will now not be utilised in the current financial year. It is proposed that the under spends be returned to Reserves to be utilised in 2014/15. The projects and projected under spends are set out below.

Investment in Improvement Fund Three:

- Redesign of services for children, young people and adults with learning disabilities and/or autistic spectrum disorders - £144,000
- Homelessness – grants payable to private landlords - £92,000

Investment in Improvement Fund Four:

- Review and Redesign of Cultural and Community Services – £20,000
- Alternative Delivery Models for ICT – £27,000
- Review and Redesign of Youth Services – £35,000
- Remodelling of the School Estate – £70,000
- Housing and Homeless Redesign Programme - £7,000
- Business Systems - £8,000
- Care Home Review & Further Redesign of Homecare Services - £28,000
- Community Resilience - £4,000
- Innovation and Organisational Development Support - £32,000

Community Safety/Wellbeing Initiatives:

- Women at Risk of Offending - £17,000

2.4.8 **ACTION:** The Committee is asked to approve the transfer of £152,000 from Education and Children’s Services and £332,000 from Housing and Community Care to Reserves to fund expenditure on Investment in Improvement Fund Three and Four projects in 2014/15. This adjustment is reflected in Appendix 1 (Column 5) to the report.

### 3. CORPORATE BUDGETS

#### 3.1 Contributions to Tayside Valuation Joint Board

3.1.1 The Treasurer of the Tayside Valuation Joint Board has advised that the Council’s projected requisition level is currently £9,000 less than the approved budget.

#### 3.2 Trading Operations Surplus

3.2.1 The Trading Operations Surplus is the Council’s share of the Tayside Contracts surplus that is returned to constituent Councils. The latest information from Tayside Contracts is that the Council will receive £286,130 as its share of the operating surplus – a favourable variance of £96,130. This variance is reflected in Appendix 1.

### 3.3 Unfunded Pension Costs

- 3.3.1 The latest information from Dundee City Council, which administers Tayside Superannuation Fund, indicates a projected outturn for the Unfunded Pensions Budget of £1,401,141 – a favourable variance of £19,859. This variance is reflected in Appendix 1.

### 3.4 Letham Community Sports Club

- 3.4.1 At its meeting of 27 January 2014, the Executive Sub-Committee of the Strategic Policy and Resources Committee considered a report in relation to Letham Community Sports Club (Report No. 14/31 refers). The Sub-Committee agreed to provide funding of £85,000 from Reserves to support the project at Seven Acres Park. To the extent that the funding is not required in the current financial year then the funding would be earmarked in Reserves and utilised in the future.

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

- 4.1 The Executive Director (Housing and Community Care) is currently projecting a break even position on the Housing Revenue Account (HRA).
- 4.2 There is a projected reduction in the level of income being collected due to void rent loss from garages, garage sites, and lock ups (£123,000) and a small projected loss of void rents from mainstream houses (£21,000). The Housing & Health Committee agreed on 13 August 2013 to consult with interested parties on the future of garages, garage sites, and lock up facilities (Report No. 13/380 refers). There is also a projected increase in the provision for bad debts required for uncollected rents based on the 2012/13 rent collection performance (£116,000) and a projected reduction in interest on revenue balances (£42,000) due to lower interest rates.
- 4.3 There are also projected over spends within Housing Repairs (£344,000) due to the poor condition of voids being returned to the Council and additional responsive repairs; Administration (£26,000) and Housing Needs (£25,000).
- 4.4 The projected over spends are partially offset by projected under spends in Sheltered Housing (£129,000) due to savings on staff costs as the Service is transformed and the write back of a potential tax liability and within Neighbourhood Services (£25,000) due to savings on supplies and services.
- 4.5 The net projected over spends described above result in a reduced projected contribution to Capital Financed from Current Revenue (CFCR) (£543,000) to the HRA Capital Programme.
- 4.6 Full details of the movement against the HRA Revenue Budget are set out in Appendix 3.

## 5. CONCLUSION AND RECOMMENDATIONS

- 5.1. The total net projected under spend on Service budgets, as set out in Appendix 1 to this report, is £5,467,000 which represents 1.79% of total net Service budgets.
- 5.2. The total net projected under spend on the 2013/14 General Fund Management Budget based upon expenditure to June 2013, updated for known material movements is £5,592,000 (see Appendix 1). The total variance represents 1.71% of the Council's Revised Net Management Revenue Budget for 2013/14. Additionally the projected under spend on Devolved School Management Budgets currently stands at £1,170,000.
- 5.3. The Executive Director (Housing and Community Care) is currently projecting a break even position for the Housing Revenue Account for 2013/14.
- 5.4. The Committee is requested to:
- 5.4.1. Note the contents of the report;
- 5.4.2. Approve the adjustments to the 2013/14 Management Revenue Budget detailed in Appendix 1 and Sections 2, 3 and 4 above;
- 5.4.3. Approve Service virements summarised in Appendices 2 and 3.

### Author(s)

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### Approved

|            |                 |  |
|------------|-----------------|--|
| John Symon | Head of Finance | <a href="mailto:jsymon@pkc.gov.uk">jsymon@pkc.gov.uk</a><br>01738 475504 |
|------------|-----------------|--|

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## ANNEX

### 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

#### 1. Strategic Implications

##### 1.1. Corporate Plan

1.1.1. The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

1.1.2 This report relates to all of these objectives.

#### 2. Resource Implications

##### 2.1. Financial

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

## 2.2. Workforce

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

## 2.3. Asset Management (land, property, IT)

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

## 3. **Assessments**

### 3.1. Equality Impact Assessment

3.1.1. Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

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

### 3.2. Strategic Environmental Assessment

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

3.2.2. The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

### 3.3. Sustainability

3.3.1. Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.

3.3.2. The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

## 4. **Consultation**

### 4.1. Internal

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

**2. BACKGROUND PAPERS**

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

**3. APPENDICES**

Appendix 1 – General Fund 2013/14 Projected Outturn - Summary

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

Appendix 3 – Housing Revenue Account 2013/14 Projected Outturn

## APPENDIX 1

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

|   | (1)                             | (2)                                   | (3)                  | (4)          | (5)                   | (6)                        | (7)               | (8)                            | (9)                            |
|---|---------------------------------|---------------------------------------|----------------------|--------------|-----------------------|----------------------------|-------------------|--------------------------------|--------------------------------|
|   | 2013/14 Council Approved Budget | Previously Approved Adjustments (Net) | Movements in Funding | Virements    | Movements in Reserves | 2013/14 Revised Mgt Budget | Projected Outturn | Variance to Revised Mgt Budget | Variance to Revised Mgt Budget |
|   | £'000                           | £'000                                 | £'000                | £'000        | £'000                 | £'000                      | £'000             | £'000                          | %                              |
| <i>Reference: Section in Report</i>   |                                 |                                       |                      |              |                       |                            |                   |                                |                                |
| <b>SERVICE</b>  |                                 |                                       |                      |              |                       |                            |                   |                                |                                |
| <b>Education &amp; Children's Services</b>  | 162,481                         | 1,242                                 | 327                  | 2.3          | 2.4                   | 163,898                    | 162,832           | (1,066)                        | (0.65%)                        |
| <b>Housing and Community Care</b>   | 66,815                          | 7,106                                 | 106                  | (650)        | (332)                 | 73,045                     | 70,248            | (2,797)                        | (3.83%)                        |
| <b>The Environment Service</b>  | 59,966                          | (211)                                 | 53                   | (236)        | 50                    | 59,622                     | 58,222            | (1,400)                        | (2.35%)                        |
| <b>Chief Executive's Services</b>   | 9,298                           | 16                                    |                      |              |                       | 9,314                      | 9,110             | (204)                          | (2.19%)                        |
| <b>Sub - Total: Service Budgets</b>   | <b>298,560</b>                  | <b>8,153</b>                          | <b>486</b>           | <b>(886)</b> | <b>(434)</b>          | <b>305,879</b>             | <b>300,412</b>    | <b>(5,467)</b>                 | <b>(1.79%)</b>                 |
| <b>Corporate Budgets</b>  |                                 |                                       |                      |              |                       |                            |                   |                                |                                |
| Contribution to Joint Boards: Valuation   | 1,155                           | 8                                     |                      | 22           |                       | 1,155                      | 1,146             | (9)                            | (0.78%)                        |
| Capital Financing Costs   | 12,714                          | (39)                                  |                      | (20)         |                       | 12,744                     | 12,744            | 0                              | 0.00%                          |
| Interest on Revenue Balances  | (59)                            | 31                                    |                      | (2)          |                       | (118)                      | (118)             | 0                              | 0.00%                          |
| Contribution to/(from) Capital Fund   | 2,996                           | 1,000                                 |                      |              |                       | 3,025                      | 3,025             | 0                              | 0.00%                          |
| Contribution to/(from) Insurance Fund   | 0                               |                                       |                      |              |                       | 1,000                      | 1,000             | 0                              | 0.00%                          |
| Trading Operations Surplus  | (190)                           |                                       |                      |              |                       | (190)                      | (286)             | (96)                           | (50.53%)                       |
| Support Service External Income   | (1,888)                         |                                       |                      |              |                       | (1,888)                    | (1,888)           | 0                              | 0.00%                          |
| Un-Funded Pension Costs   | 1,421                           |                                       |                      |              |                       | 1,421                      | 1,401             | (20)                           | (1.41%)                        |
| Discretionary Relief  | 150                             |                                       |                      |              |                       | 150                        | 150               | 0                              | 0.00%                          |
| Contribution to Investment in Improvement Fund 4                                      | 380                             | (380)                                 |                      |              |                       | 0                          | 0                 | 0                              | 0.00%                          |
| Contribution to Workforce Planning  | 4,000                           |                                       |                      |              |                       | 4,000                      | 4,000             | 0                              | 0.00%                          |
| Contingency Budget  | 250                             |                                       |                      |              |                       | 250                        | 250               | 0                              | 0.00%                          |
| <b>Net Expenditure (General Fund)</b>   | <b>319,489</b>                  | <b>8,773</b>                          | <b>486</b>           | <b>(886)</b> | <b>(434)</b>          | <b>327,428</b>             | <b>321,836</b>    | <b>(5,592)</b>                 | <b>(1.71%)</b>                 |
| <b>Financed By:</b>   |                                 |                                       |                      |              |                       |                            |                   |                                |                                |
| Revenue Support Grant   | (185,987)                       | (5,588)                               | (486)                |              |                       | (192,061)                  | (192,061)         | 0                              | 0.00%                          |
| Non Domestic Rate Income  | (50,928)                        |                                       |                      |              |                       | (50,928)                   | (50,928)          | 0                              | 0.00%                          |
| Council Tax Income  | (71,269)                        | (1,100)                               |                      |              |                       | (72,369)                   | (72,369)          | 0                              | 0.00%                          |
| Capital Grant   | (4,478)                         | 526                                   |                      | 886          |                       | (3,066)                    | (3,066)           | 0                              | 0.00%                          |
| <b>Total Financing</b>  | <b>(312,662)</b>                | <b>(6,162)</b>                        | <b>(486)</b>         | <b>886</b>   | <b>0</b>              | <b>(318,424)</b>           | <b>(318,424)</b>  | <b>0</b>                       | <b>0.00%</b>                   |
| <b>Financed from/(returned to) Reserves including use of Budget Flexibility b/fwd</b> | <b>6,827</b>                    | <b>2,611</b>                          | <b>0</b>             | <b>0</b>     | <b>(434)</b>          | <b>9,004</b>               | <b>3,412</b>      | <b>(5,592)</b>                 | <b>(1.71%)</b>                 |



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

| SERVICE  | Variance<br>£'000 | Variance<br>£'000 | Summary of Service Variances   |
|--|-------------------|-------------------|--|
| <b>Education &amp; Children's Services (ECS)</b> |                   |                   |  |
| Total  | (1,066)           |                   |  |
|  |                   |                   | <b><u>Devolved School Management (DSM)</u></b>   |
|  |                   | (811)             | <b><u>Staff Costs</u></b><br>There is a projected under spend on teachers salaries of £1,624,000 as a result of proactive workforce planning measures which ensure that teacher numbers are maintained. The budget for Single Status staff groups is projected to under spend by £353,000. These projected under spends contribute towards the overall slippage target of £1,166,000.  |
|  |                   | (51)              | <b><u>Property Costs</u></b><br>Projected under spend on repairs and maintenance on a number of school building improvement projects.  |
|  |                   | (70)              | <b><u>Supplies and Services</u></b><br>Projected under spend on supplies and services due to future expenditure plans within schools.  |
|  |                   | (238)             | <b><u>Income</u></b><br>Projected additional income of £238,000. The additional income offsets additional expenditure on staff costs for secondments and SQA work and on supplies and services from pupils for curriculum materials.   |
|  |                   | 1,170             | The projected DSM carry forward for 2013/14 is £1,170,000 which is a reduction of £60,000 on the balance brought forward from 2012/13. The carry forward of £1,170,000 represents approximately 1.4% of the overall DSM budget. The maximum carry forward allowed under the scheme is 10%.   |
|  |                   |                   | <b><u>Other Education &amp; Children's Services Sectors:</u></b>   |
|  |                   | (898)             | <b><u>Staff Costs</u></b><br>There is currently a projected under spend on staff costs of £898,000. This is made up of over and under spends in various sectors and cost centres and is after recognising a slippage target of £558,000.   |
|  |                   | 53                | <b><u>Property Costs</u></b><br>Projected over spend in relation to Investment in Learning (IIL) contract cost reflecting the increase in the retail price index figure since the budget was set in February 2013 and works on various buildings (improvements and feasibility studies) partially offset by an insurance refund in relation to the IIL contract.   |
|  |                   | (216)             | <b><u>Supplies and Services</u></b><br>Projected under spend on Evidence 2 Success (£100,000); general supplies and services across the Service (£233,000) and projected savings on portable electric testing (£64,000). These projected under spends are partially offset by projected over spends on legal costs in relation to ASN / EBD (£80,000); internal recharges relating to IST, postages and photocopying (£51,000) and kitchen equipment within schools (£50,000). |
|  |                   | (104)             | <b><u>Third Party Payments</u></b><br>Projected underspend in relation to various service level agreements including Action for Children and Direct Payments<br>Residential Schools/Foster Care and Kinship Care:  |
|  |                   | (18)              | The budget for young people with Additional Support Needs (ASN) who are educated out with the Council's mainstream school provision is projected to under spend by £18,000 in the current financial year.  |
|  |                   | 228               | The budget for young people with severe behavioural problems which includes a number of pupils placed within secure schools is now projected to over spend due to extensions to two placements and the receipt of revised projections.   |
|  |                   | 370               | The Fostercare budget is projecting an over spend due to additional external placements.   |

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

| SERVICE                           | Variance<br>£'000 | Variance<br>£'000 | Summary of Service Variances  |
|-----------------------------------|-------------------|-------------------|---|
|                                   |                   | (481)             | <p><u>Income</u><br/>Projected increase in income due to £50,000 of grant income which will be utilised post 31/3/14; projected additional school meal income of £42,000; additional £12,000 received for Child Protection Inter Agency work; £9,000 for placements at Woodlea from other local authorities; £6,000 for Asylum Seekers; £9,000 additional income for Wellbank; £40,000 from NHS to offset costs within Change is a Must; £16,000 rental income from School Houses; £4,000 for the sale of IST vehicles; internal IST recharges of £26,000; additional kids Clubs income of £40,000 and £14,000 of income from other local authorities for pupil support assistants. This projection also includes additional grant income in relation to the teachers induction scheme (£213,000) and foreign languages (£67,000). This is partially offset by a projected shortfall in library income of £50,000 and school lets of £17,000.</p> |
| <b>Housing and Community Care</b> |                   |                   |   |
| Total                             | (2,797)           |                   |   |
|                                   |                   | (718)             | <p><u>Finance and Support</u><br/>Accelerated 2014/15 savings (£385,000), staff slippage (£214,000), non recurring income (£29,000), reduced Housing Benefit clawback for 2012/13 and 2013/14 following completion of the final audit for 2012/13 (£78,000) and miscellaneous other under spends (£12,000).</p>   |
|                                   |                   | (120)             | <p><u>Strategy Support and Commissioning</u><br/>Accelerated 2014/15 savings (£68,000) and reduced Housing Support payments (£105,000). These are partially offset by a projected over spend on property costs (£44,000) due to expenditure associated with relocation from Riverview and other miscellaneous over spends (£9,000).</p>   |
|                                   |                   | (828)             | <p><u>Older People</u><br/>There are projected under spends across a range of Older Peoples Services (£584,000) due to recruitment delays and service redesign, plus accelerated 2014/15 savings (£282,000). These are partially offset by an overspend on Residential Placements due to the effect of the inflationary increase on the National Care Home Contract, anticipated winter pressures, and current placement activity (£38,000).</p>  |
|                                   |                   | (254)             | <p><u>Learning Disabilities</u><br/>There is a projected under spend across Learning Disabilities (£239,000) due to recruitment delays, service redesign and additional income as well as accelerated 2014/15 savings (£70,000). These are partially offset by projected over spends on Residential Placements due to the inflationary increase for the National Care Home Contract (£55,000).</p>  |
|                                   |                   | 173               | <p><u>Other Community Care Services</u><br/>There are projected over spends (£231,000) on residential placements for Mental Health clients due to the inflationary increase for National Care Home Contract and placement activity, backfill for staff undertaking MHO training and the delay in implementing the new Contributions Policy. These over spends are partially offset by accelerated 2014/15 savings and non recurring income (£58,000).</p>   |
|                                   |                   | (112)             | <p><u>Community Safety</u><br/>Accelerated 2014/15 savings (£35,000) and staff slippage (£77,000) due to recruitment delay.</p>   |
|                                   |                   | (10)              | <p><u>Housing</u><br/>There is projected over recovery of Hostel Grant income and an under spend on Bed &amp; Breakfast provision (£153,000). These are partially offset by a loss of rental income from the Private Sector Landlord scheme as a consequence of the planned withdrawal from this scheme when leases reach their end date (£150,000). There are other under spends across the Division (£7,000).</p>   |
|                                   |                   | (928)             | <p><u>Grants</u><br/>The Service has received a number of grants in the current year where the expenditure will not be incurred in full until 2014/15 - the largest awards are from the Scottish Government and relates to Discretionary Housing Payments (£698,000) and Self Directed Support (£204,000).</p>  |

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

| SERVICE                        | Variance<br>£'000 | Variance<br>£'000 | Summary of Service Variances  |
|--------------------------------|-------------------|-------------------|---|
| <b>The Environment Service</b> |                   |                   |   |
| Total                          | (1,400)           |                   |   |
|                                |                   | (120)             | <b>Service-wide Budgets</b>   |
|                                |                   | 50                | Projected slippage in excess of Service target<br>Additional staff costs associated with Ryder Cup preparation                    |
|                                |                   | 100               | <b>Roads</b><br>Anticipated reduction in income to the Parking Account as a result of implementing the "free from 2" promotion    |
|                                |                   | 100               | Planned improvement works at South Inch Car Park.   |
|                                |                   | 250               | Deferral of depot charge to Tayside Contracts pending review of Minute of Agreement.  |
|                                |                   | 70                | <b>Operations</b><br>Projected shortfall in commercial waste income due to increased competition from private sector contractors. |
|                                |                   | (200)             | Additional income from the sale of recyclates due to current commodity prices.  |
|                                |                   | (100)             | Projected saving on fuel costs based on current price and consumption estimates.  |
|                                |                   | (50)              | Projected saving on Waste Strategy equipment purchase and consultancy fees  |
|                                |                   | (300)             | <b>Fleet</b><br>Projected net saving on loan charges due to reprofiling of the vehicle replacement programme.                     |
|                                |                   | (100)             | <b>Planning &amp; Regeneration</b><br>Projected increase in planning fee income based on year to date performance.                |
|                                |                   | (140)             | Rephasing of Super Connected Perth City Plan broadband project following report to E&I Committee (13/550).                        |
|                                |                   | (120)             | Slippage in delivery of additional regeneration Events programme.   |
|                                |                   | (70)              | Planned underspend to support relocation of the HUB in 2014/15.   |
|                                |                   | (75)              | Planned underspend to support pre-market remediation in 2014/15.  |
|                                |                   | 236               | Projected slippage on Tactran projects.   |
|                                |                   | (236)             | Use Tactran capital grant to fund other projects.   |
|                                |                   | 240               | Public inquiry costs associated with planning process.  |
|                                |                   | (120)             | Projected transfer from earmarked reserve.  |
|                                |                   | 78                | <b>Bereavement Services</b><br>Planned equipment maintenance and mercury abatement costs.   |
|                                |                   | (78)              | Projected transfer from earmarked reserve.  |
|                                |                   | 55                | <b>Community Greenspace</b><br>Shortfall in income generated at North Inch Golf Course and Aberfeldy Caravan Park.                |
|                                |                   | (90)              | <b>Property</b><br>Projected saving on energy costs based on current price and consumption estimates.                             |
|                                |                   | (120)             | Projected saving on water costs based on current consumption estimates.   |
|                                |                   | (50)              | Rephased implementation of Energy Performance Certificate programme to meet statutory target of January 2015.                     |
|                                |                   | 80                | Mothballed property costs associated with the delay in disposal of schools replaced as part of IIL schools programme.             |
|                                |                   | (190)             | Projected slippage in excess of target across the Division.   |
|                                |                   | (500)             | Projected net increase in construction team fee income based on current programme of works.                                       |

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

| SERVICE                          | Variance<br>£'000 | Variance<br>£'000 | Summary of Service Variances  |
|----------------------------------|-------------------|-------------------|---|
| <b>Chief Executive's Service</b> |                   |                   |   |
| Total                            | (204)             |                   |   |
|                                  |                   | (20)              | <b>Legal Services</b>   |
|                                  |                   | 51                | Projected under spend on staff costs due to vacancies and staff training                                  |
|                                  |                   |                   | Net projected over spend on supplies and services and travel costs primarily due to potential legal costs |
|                                  |                   | 12                | Projected shortfall in income due to the cyclical nature of a number of the income streams                |
|                                  |                   | (224)             | <b>Finance</b>  |
|                                  |                   | 118               | Projected under spend on staff costs due to vacancies   |
|                                  |                   |                   | Projected over spend on supplies and services to fund a number of system and software upgrades            |
|                                  |                   | (67)              | <b>Democratic Services</b>  |
|                                  |                   | (6)               | Projected under spend on staff costs due to delays in filling vacancies                                   |
|                                  |                   |                   | Projected net under spend on supplies and services, third party payments and transport costs              |
|                                  |                   | (6)               | <b>Human Resources</b>  |
|                                  |                   |                   | Various net projected under spends across supplies and services, third party payments and transport costs |
|                                  |                   | (62)              | Projected planned under spend on Modern Apprentices and Professional Trainees                             |
| <b>TOTAL</b>                     | <b>(5,467)</b>    |                   |   |

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

| £'000 | Summary of Service Variances  |
|-------|---|
| 344   | <p><b>Housing Repairs &amp; Improvement Service</b><br/>There is a projected over spend on repairs works due to the poor condition of voids being returned and the level of responsive repairs being processed in relation to damp/condensation and plumbing works. This is partly offset by a projected under spend on staff costs.</p>  |
| 25    | <p><b>Housing Needs</b><br/>There are small variances within property costs and supplies &amp; services.</p>  |
| (129) | <p><b>Sheltered Housing</b><br/>The projected under spend is mainly on staff costs due to vacancies as the Service moves towards a new model of service delivery. There are also small projected under spends on property costs, supplies &amp; services, and transport costs across all complexes. In addition a provision for a possible tax liability for Housing Wardens which had been accrued from previous years is not now required following a ruling by HMRC. These are partially offset by a loss of Housing Support income which is a General Fund approved saving.</p> |
| (25)  | <p><b>Neighbourhood Services</b><br/>The main projected under spends are in relation to Sheriff Officer fees and Cash Collection. This is partially offset by a projected over spend on staff costs due to maternity cover and additional temporary housing officers.</p>   |
| 26    | <p><b>Administration</b><br/>A projected over spend on capital financing costs and property insurance is partially offset by a projected under spend on IT Licence costs.</p>   |
| 302   | <p><b>Income</b><br/>The projected overspend is in relation to an increased provision for bad and doubtful debts (£116k) and an overspend in void rent loss mainly from garages / lock ups (£123k) and houses (£21k). There is also a projected reduction in the interest on revenue balances due to low interest rates (£42k).</p>   |
| (543) | <p><b>CFCR</b><br/>As a result of the projected net over spends highlighted above, this is the reduction in the amount available to invest in the HRA capital programme.</p>  |
| 0     |   |

