

PERTH AND KINROSS COUNCIL**STRATEGIC POLICY & RESOURCES COMMITTEE – 17 September 2008****REVENUE BUDGET 2008/09 - Monitoring Report No 1****Report by Head of Finance****ABSTRACT**

This report provides an update on progress with the 2008/09 General Fund Revenue Budget based upon the June 2008 ledger. The report also provides an update on the projected financial position of the Housing Revenue Account.

1. RECOMMENDATIONS

The Committee is requested to:

- 1.1 Note the contents of the report.
- 1.2 Approve the adjustments to the 2008/09 management revenue budget detailed in Appendix 1 and Sections 2.2 to 2.25 below
- 1.3 Approve individual Service virements summarised at Appendix 2

2. REVENUE MONITORING**2.1 Service Budgets**

This is the first report updating the Committee on progress with the 2008/09 Revenue Budget. Appendix 1 to this report summarises the current projected year-end (out-turn) position for each Service based upon the June 2008 ledger.

The budget total reflected in column 1 of Appendix 1 to this report is that approved by the Council in setting the 2008/09 Revenue Budget on 14th February 2008 (Report 08/94 refers).

The total net projected overspend on Service budgets as set out in Appendix 1 to this report is £75,000 which represents 0.03% of the net Service budgets. Subject to approval by the Council, over and underspends on Service budgets, as reflected in the projected outturn column of Appendix 1, will be dealt with in accordance with the Revenue Budget Flexibility scheme (Report 01/306 refers) which limits the carry-forward of overspends to 1% and underspends to 2.5% of Service budgets.

Details of variances against Service budgets are shown in Appendix 2 to this report with the most significant variances detailed below:

- **Education & Children's Services:** The projected out-turn is currently anticipated to be £262,000 less than budget.

This net underspend is made up of additional slippage across the Service due to a number of vacancies (£417,000) offset by an overspend on third party payments for financial support to young people leaving residential care due to the increased demand for this service (£155,000).

- **Housing & Community Care:** The projected out-turn is currently anticipated to be £222,000 in excess of budget. This is made up of adverse variances of £178,000 in Community Care Services and £206,000 on Housing and Council Tax Benefits partially offset by a projected underspend in other Housing General Fund activities of £162,000.

The primary reason for the projected underspend in Housing General Fund is the delay in recruiting to the new community wardens posts (£60,000) and additional income from service charges (£102,000).

The primary reason for the projected overspend in Community Care Services are an overspend in Older Peoples Services of £259,000 due to increased demand for personal care (£126,000); increased use of agency staff (£152,000) to cover long term absence; and reduced resource transfer income (£238,000). This is partially offset by savings from the use of “smart technology” to support clients in their own homes (£88,000) and additional income from residential homes (£169,000). In Adult Care Services there is a net projected overspend of £95,000 due to additional staff costs (£121,000) and reduced income (£43,000) offset by savings in the mental health sector (£69,000). Within the net underspend in Older Peoples Services there is a projected shortfall in income from the Community Meals Service of £245,000 due to a delay in reconfiguring the service to allow full consideration of the service delivery options; this is offset by slippage and supporting people funding. In Criminal Justice Services there is a projected overspend on staff costs on a project manager post (£34,000). These overspends are offset by a projected underspend in Strategy and Support due to high levels of slippage (£210,000).

The primary reasons for the projected overspend in Housing and Council Tax Benefits are continuing demand for the provision of bed and breakfast accommodation, the cost of which is not fully recoverable from the Department of Work and Pensions of £406,000. This is partially offset by projected increased bad debt recovery of £200,000

The Executive Director (Housing and Community Care Services) will present proposals for containing this projected overspend to a future meeting of this Committee.

- **The Environment Service** – The projected out-turn is currently anticipated to be £100,000 in excess of budget.

The primary reason for this overspend is a projected shortfall in income from planning application fees (£100,000).

The Executive Director (The Environment Service) will present proposals for containing this projected overspend to a future meeting of this Committee.

- **Chief Executive’s Service:** The projected out-turn is anticipated to be £5,000 less than budget.

The primary reason for this underspend is slippage within the Chief Executive's Service

- **Corporate Services:** The projected out-turn is currently anticipated to be £20,000 more than budget.

The primary reasons for this projected overspend are reduced fee income from council house sales (£90,000); delays in the single status appeals process (£34,000); reduced rental income from the former DWP building (£190,000); a projected net under recovery of professional fees and recharges (£57,000); additional staff costs due to maternity cover (£33,000) and supplies and services (£79,000).

This overspend has been partially offset by increased grant and charging income in Legal Services (£174,000); additional staff slippage (£109,000); commercial rent income (£20,000) and a reduction in planned maintenance (£160,000) to contribute to the pressures discussed above.

The Executive Director (Corporate Services) will present proposals for containing this projected overspend to a future meeting of this Committee.

2.2 Issues Arising from the Completion of the Council's 2007/08 Accounts

In completing the final accounts for the previous financial year, issues have been identified which require adjustments to be made to the 2008/09 management budget. These are set out below although it is noted that the accounts remain subject to audit.

Modernising Government Fund

In total, £147,000 of income received by the Council from the Modernising Government Fund has been carried forward from 2007/08 within the accounts to finance previously approved projects within the Chief Executive's Service. This relates to the implementation of customer focussed initiatives such as the national entitlement card scheme within the Scottish Executive's overall "Customer First" Framework.

Shared Services Diagnostics

The Council received £150,000 in 2007/08 from the Scottish Government as a Revenue Support Grant redetermination. This is to fund the Shared Services Diagnostics Project, a national initiative to identify areas of potential common working across local authorities.

Miscellaneous Adjustments

In addition to the carry forward of resources under the budget flexibility scheme, a further £178,000 has been carried forward from 2007/08 within the accounts in Housing and Community Care Services in respect of additional funding from the NHS for equipment and adaptations.

ACTION: The Committee is requested to approve adjustments totalling £475,000 to the above Service budgets to reflect resources carried forward into the current financial year as part of finalising the Council's accounts for 2007/08. These adjustments are reflected in Appendix 1 (column 2) to this report.

2.3 Education and Children's Services – Additional Resources

Since setting the 2008/09 Revenue Budget, notification has been received of additional resources for Education & Children's Services totalling approximately £119,000 which will be available to the Council in the current financial year. This funding will be paid outwith the Revenue Support Grant mechanism as Grant income from The Scottish Government and others and is therefore cost neutral in terms of the budget summary presented in Appendix 1. Details of these resources are listed below.

The Scottish Government funding:

- Violence Against Women – Perth & Kinross Domestic Abuse Forum: £56,200

Other Funding Sources:

- The Paul Hamlyn Foundation – Reader in Residence at Perth Prison: £25,300
- Big Lottery Fund – Communications Development Worker: £12,900
- Scottish Arts Council – Rehearsal Space Project: £10,000
- Learning & Teaching Scotland – Sex and Relationship Education: £9,900
- Scottish Museums Council – Japanorama: £2,000
- British Council – Global School Partnerships, Reciprocal Visit: £1,900
- Young Scot – Commonwealth Games 2014 Local Investigation Teams: £1,000

ACTION: I would, therefore, ask the Committee to note the receipt of £119,000 of additional resources, with this funding being reflected within Education & Children's Services as additional grant income. The current projected outturn assumes that all of these additional resources will be fully expended in 2008/09.

2.4 The Environment Service – Additional Resources

The Scottish Government has made £45,000 available to the Council for Tobacco Sales Enforcement. This funding is to develop an outcome focussed scheme to secure a more vigorous enforcement of tobacco sales law. This will be paid through a re-determination of the Council's Revenue Support Grant.

ACTION: The Committee is requested to approve an adjustment of £45,000 to The Environment Service revenue budget to reflect the additional resources being made available through Revenue Support Grant. This adjustment is reflected in Appendix 1 (Column 3) to this report.

2.5 Housing and Community Care – Additional Resources

Since setting the 2008/09 revenue budget, notification has been received of additional resources for Housing & Community Care Services totalling £125,000 which will be available to the Council in the current financial year. The Scottish Government has advised that this funding (relating to the Telecare Development Programme) will be paid outwith the Revenue Support Grant mechanism as Grant income from The Scottish Government and is therefore cost neutral in terms of the budget summary presented in Appendix 1.

In addition notification has been received from the Scottish Government advising the Council of an allocation of funding of £216,487 for Adult Support and Protection (Scotland) Act 2007: Implementation funding of Part 1 and other matters. These are to fund Adult Protection Committees; Adult Protection Units; additional frontline social

work staff; and additional local training needs. This will be paid through a re-determination of the Council's Revenue Support Grant.

ACTION: I would, therefore, ask the Committee to note the receipt of £125,000 of additional resources, with this funding being reflected within Housing & Community Care Services as additional grant income. The current projected outturn assumes that these additional resources will be fully expended in 2008/09. In addition the Committee is requested to approve an adjustment of £216,487 to the Housing and Community Care Services revenue budget to reflect the additional resources being made available through Revenue Support Grant. This adjustment is reflected in Appendix 1 (Column 4) to this report.

2.6 Supplementary Estimate - Education & Children's Services — Devolved School Management

Within the Council's approved Devolved School Management (DSM) Scheme there is a facility allowing balances, whether surplus or deficit, to be brought forward from the previous year. Within the 2007/08 Annual Accounts there is £1,151,000 earmarked within the General Fund for this purpose. In accordance with the approved DSM Scheme, the Executive Director (Education and Children's Services) has approved the proposed carry forwards of balances in January 2008. Approval is sought for a supplementary estimate to transfer this amount from Reserves to the Education and Children's Services Revenue Budget.

ACTION: The Committee is asked to approve a supplementary estimate to Education and Children's Services for £1,151,000 being the transfer of Devolved School Management Balances from General Fund Balances. This adjustment is reflected in Appendix 1 (column 5) to this report.

2.7 Virement – Investment in Improvement Fund (Round 1)

The Strategic Policy and Resources Committee approved the Investment in Improvement Fund (Round 1) proposals for financial years 2006/07 and 2007/08 (Report No 06/465 refers). Slippage on these projects has occurred which requires the virement of funds from Reserves to enable the completion of the original projects. Approval is sought for the update of Service Revenue Budgets for 2008/09 as follows:

<u>Project Title</u>	<u>Approved</u>	<u>Remaining at 1/4/08</u>	<u>Proposed Transfer 2008/09</u>
Organisatioal Development Resource / Training Fund	120,000	30,336	30,336
Finance Resource	90,000	56,695	20,000
Shared Services EGF	60,000	-	-
Sustainable Development	220,000	91,903	36,000
Management Information Systems for all Perth and Kinross Council schools	73,000	-	-
	563,000	178,934	86,336

ACTION: The Committee is asked to approve the virements to individual services to fund Investment in Improvement Fund (Round 1) proposals. This adjustment is reflected in Appendix 1 (column 6) to this report.

2.8 Virement – Investment in Improvement Fund (Round 2)

The Executive Sub-Committee of Strategic Policy and Resources Committee of the 19 December 2007 approved the Investment in Improvement Fund (Round 2) proposals (Report No 07/849 refers).

The projected expenditure in 2008/09 is outlined in the following table –

<u>Project Title</u>	<u>Approved</u>	<u>Remaining at 1/4/08</u>	<u>Proposed Virement 2008/09</u>
Transformation Programme	203,000	203,000	141,000
Community Engagement & Equalities	130,000	127,520	90,000
Integrated HR & Payroll	400,000	400,000	400,000
Corporate Asset Management	300,000	300,000	100,000
New Kerbside Recycling Service	514,000	514,000	460,000
Raising Achievement Strategy	197,000	197,000	100,000
Cultural Trust - Feasibility Study	20,000	20,000	20,000
Collaborative Localised Service	41,000	41,000	41,000
Temporary Accommodation Service	330,000	324,228	300,000
	2,135,000	2,126,748	1,652,000

The proposed transfer to Service revenue budgets is funded by a transfer from Reserves.

ACTION: I would, therefore, ask the Committee to approve the virement from Reserves to individual services to fund expenditure on Investment in Improvement Fund (Round 2) Projects. This adjustment is reflected in Appendix 1 (column 7) to this report.

2.9 Virement – The Environment Service to Education and Children’s Services – Perth Youth Theatre

The Environment Service (through the Financial Assistance Panel) has, up until last financial year, provided funding of £11,000 to Horsecross Arts Ltd. for the Perth Youth Theatre. Education and Children’s Services and The Environment Service have agreed that this should be rolled up into the main Council grant to Horsecross Arts Ltd. with a specific condition in the Service Level Agreement that should Perth Youth Theatre cease to operate then the funding would be reduced accordingly.

ACTION: The Committee is asked to approve the virement of £11,000 from The Environment Service to Education and Children’s Services to roll up the grant for Perth Youth Theatre in to the main Council grant to Horsecross Arts Ltd. This adjustment is reflected in Appendix 1 (column 8) to this report.

2.10 Virement – Housing and Community Care to The Environment Service - Shopmobility

In order to consolidate the Council’s future payments to the Shopmobility service a virement of £3,000 is required from Housing and Community Care Services to The Environment Service.

ACTION: The Committee is asked to approve the virement of £3,000 from Housing and Community Care Services to The Environment Service to consolidate future

payments to the Shopmobility service within The Environment Service. This adjustment is reflected in Appendix 1 (column 9) to this report.

2.11 Virement – Fairer Scotland Funding

The Fairer Scotland Fund was introduced as part of the 2008 – 2011 funding settlement in December 2007 with Perth and Kinross Council receiving an initial allocation of £494,000. In preparing the 2008/09 Revenue Budget the £494,000 in its entirety was added to the Housing and Community Care Budget. However, some of this funding relates to projects managed within other Services as follows –

Education and Children's Services	
Changing Children's Services Fund (CCSF)	125,000
Not in Education, Employment or Training (NEET)	39,000
The Environment Service	
Workforce Plus (including the New Futures Fund)	80,000
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	244,000

ACTION: The Committee is asked to approve the virement of £244,000 from Housing and Community Care to Education and Children's Services (£164,000) and The Environment Service (£80,000) to reflect the proposed spending of Fairer Scotland Funding. This adjustment is reflected in Appendix 1 (column 10) to this report.

2.12 Virement – Chief Executives Service and Education and Children's Services to Corporate Services – Customer Service Centre

The Executive Sub Committee of the Strategic Policy and Resources Committee of 25 June 2008 approved the transfer of the Council's Customer Service Centre from the Chief Executive's Service to Corporate Services (report no. 08/365 refers). This recommendation requires that the budget for the Customer Service Centre (£360,000) be vired from the Chief Executive's Service to Corporate Services.

In addition a number of functions recently transferred from Education and Children's Service to the Customer Service Centre, therefore there is a requirement to vire the required budget of £9,000.

ACTION: The Committee is asked to approve the virement of £360,000 from the Chief Executive's Service and £9,000 from Education and Children's Services to Corporate Services for the Customer Service Centre. This adjustment is reflected in Appendix 1 (column 11) to this report.

2.13 Virement – Corporate Services to Housing and Community Care Services – Revenues (Local Taxes)

The Executive Sub Committee of the Strategic Policy and Resources Committee of 25 June 2008 also approved the transfer of the Local Taxes Section ("Revenues") from Corporate Services to Housing and Community Care Services (report no. 08/365 refers). This recommendation requires that the budget for Local Taxes (Revenues) of £697,000 be vired from Corporate Services to Housing and Community Care Services.

ACTION: The Committee is asked to approve the virement of £697,000 from Corporate Services to Housing and Community Care Services for Local Taxes. This adjustment is reflected in Appendix 1 (column 12) to this report.

2.14 Virement – The Environment Service to Corporate Services – Strategic Waste Support

With the mainstreaming of the Strategic Waste Fund (SWF) into the Council's RSG in the 2008/2011 Local Government Settlement, there is no longer a requirement to recharge the SWF for the provision of services from the Customer Service Centre (£47,000).

ACTION: The Committee is asked to approve the virement of £47,000 from The Environment Service to Corporate Services for the provision of services from the Customer Service Centre. This adjustment is reflected in Appendix 1 (column 13) to this report

2.15 Virement – Corporate Services to the Chief Executive's Service – Organisational Development Post

Previous revenue monitoring reports have approved the temporary virement of resources from Corporate Services to the Chief Executives Service to fund the Corporate Core Review recommendation of transferring Organisational Development to the Chief Executive's Service (report no 07/241 refers).

The original virement was for a trial period of 12 months, however, approval is now sought to make this virement permanent resulting in a requirement for a virement of £33,000 from Corporate Services to the Chief Executive's Service.

ACTION: The Committee is asked to approve the virement of £33,000 from Corporate Services to the Chief Executive's Service for the permanent transfer of Organisational Development. This adjustment is reflected in Appendix 1 (column 14) to the report).

2.16 Virement – All Services to the Chief Executives Service – Website Development

Services have agreed to contribute to the recurring costs pressure of £25,000 for the development of the PKC Internet Site including software licenses, hosting services, managed services and prepaid bandwidth.

The split across Services is as follows:

<u>Service</u>	<u>£</u>
Education and Children's Services	13,000
Housing and Community Care Services	6,000
Corporate Services	2,000
The Environment Service	4,000
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	25,000

ACTION: The Committee is asked to approve the virement of £25,000 from Education and Children's Services (£13,000); Housing and Community Care Services (£6,000); Corporate Services (£2,000) and The Environment Service (£4,000) to the Chief Executives Service for New Media Internet Development. This adjustment is reflected in Appendix 1 (column 15) to the report).

2.17 Virement – Education and Children’s Services to the Chief Executive’s Service – Children’s Legal Representation Scheme.

In setting the 2008/2009 Revenue Budget the sum of £9,000 was added to Education and Children’s Service for the Children’s Legal Representation Scheme. It is now considered more appropriate for this budget to lie within the Chief Executive’s Service with other Children’s Panel expenditure.

ACTION: The Committee is asked to approve the virement of £9,000 from Education and Children’s Services to the Chief Executive’s Service for the Children’s Legal Representation Scheme. This adjustment is reflected in Appendix 1 (column 16) to the report.

2.18 Virement – All Services to Corporate Services – Pullar House Reception

The Customer First Project Board, which includes representatives from all Services, has recommended that the Pullar House Reception be transferred to the Customer Service Centre, with budgetary contributions from all Services with a presence in Pullar House.

The split per Service is as follows:

Education and Childrens Services	£ 2,000
Housing and Community Care Services	110,000
The Environment Service	<u>8,000</u>
	120,000

ACTION: The Committee is asked to approve the virement of £120,000 from Education and Children’s Services (£2,000); Housing and Community Care Services (£110,000) and The Environment Service to Corporate Services to finance the Pullar House Reception. This adjustment is reflected in Appendix 1 (column 17) to this report.

2.19 Virement – Housing and Community Care to the Chief Executive’s Service – Health Improvement Funding

The Corporate Core Review (report no 06/821 refers) transferred the responsibilities for Health Improvement from the Chief Executive’s Service to Housing and Community Care Services. A residual income target of £16,000 requires to be transferred to Housing and Community Care Services as they are now the Lead Service for Health Improvement issues.

ACTION: The Committee is asked to approve the above virement of £16,000 from Housing and Community Care Services to the Chief Executive’s Service. This adjustment is reflected in Appendix 1 (column 18) to this report.

2.20 Virement – Corporate Services to Housing and Community Care Services – Training Officer Post

The training function for Housing and Community Care Services was previously supported by the Training and Development Section within Corporate Services. This

function has now transferred to Housing and Community Care Services and therefore there is a requirement to transfer the associated budget of £23,000.

ACTION: The Committee is asked to approve the virement of £23,000 from Corporate Services to Housing and Community Care Services. This adjustment is reflected in Appendix 1 (column 19) to this report.

2.21 Virement - Early Retirements - Pensions Adjustments

Service management budgets and the budget for Un-Funded Pension Costs have been adjusted for the cost of early retirements approved under the terms of the Council's early retirement scheme as at 31 July 2008. In each case, current and future years' budgets will be adjusted to recover the up-front costs of early retirement over a five year period as permitted under the scheme. The cost of approved early retirements in respect of Housing Revenue Account staff are excluded from this adjustment as they are met in full in the year of retirement.

ACTION: The Committee is requested to approve the adjustment to Service management budgets and the budget for Un-Funded Pension Costs as set out in Appendix 1 (column 20) to the report in respect of early retirements approved to date under the terms of the Council's early retirement scheme.

2.22 Virement – Contingency Budget to Education and Children's Services – Third Sector Funding

From 1st April 2008, local authorities entered into a new funding agreement with the Scottish Government.

As a consequence there were transfers of the funding for a number of voluntary and third sector organisations from the Scottish Government to local authorities with the funding being included within a "Spending Review 07" column within individual authorities' detailed settlements. At the time of setting the 2008/09 Revenue Budget on 14th February 2008 (report no 08/94 refers) there was insufficient information available to accurately budget for these costs.

In light of this Council approved that the sum of £250,000 be set aside as a contingency for potential funding requests.

The following table is a summary of the requests received by the Council to date and recommended by the Executive Officer Team for approval.

<u>Service</u>	<u>2008/09</u>
Education and Children's Services	
Duke of Edinburgh Awards	15,000
Prince's Trust	39,000
Who Cares - Scotland	14,500
Aberlour Childcare Trust - National Parenting Development Project	4,250
	<u>72,750</u>

ACTION: The Committee is asked to approve the virement of £73,000 from the Contingency Budget to Education and Children's Services to fund Third Sector Funding requests received to date. This adjustment is reflected in Appendix 1 (column 21) to this report.

2.23 Virement - Council Tax 2nd Home and Long term Empty Property Discount

Under the terms of the Council Tax (Discount for Unoccupied Dwellings)(Scotland) Regulations 2005, the Council has exercised its discretionary powers to raise additional local tax income through reducing the Council Tax discount on second homes and long term empty properties. In line with guidance from Communities Scotland, these monies are held by the Council in an earmarked reserve for the provision of affordable housing in partnership with approved Registered Social Landlords. It is estimated that £950,000 will be collected in the current financial year and transferred to Reserves. Approval is sought for the transfer of £950,000 from the Council Tax Income Budget to Reserves

ACTION: The Committee is asked to approve the adjustment to the Council Tax Income Budget for £950,000 which will be transferred to Reserves. This adjustment is reflected in Appendix 1 (Column 22) to this report.

2.24 Supplementary Estimate – The Environment Service – Broxden Park and Ride Extension

Revenue Monitoring Report Number 1 to this Committee in September 2007 (report no. 07/582 refers) approved the transfer of £258,000 from the Car Park Reserve to contribute towards park and ride initiatives at Broxden and Kinross.

Delays in the Broxden project meant that £130,000 of works slipped from financial year 2007/08 into 2008/09. In addition, as the project progressed, extra works were necessary to complete several aspects of the project. These works included ground works to support the vehicle loading area and the excavating of additional soil, which also resulted in alterations to drainage items and road construction materials. These changes resulted in an increase of £246,000 in costs from the original contract. There was also a planned contribution of £41,000 from the Car Park Reserve in financial year 2008/09.

It is therefore proposed that the additional funding of £417,000, required in financial year 2008/09 to fund the Broxden Park and Ride Extension works, be transferred from the Car Parking Reserve.

ACTION: The Committee is requested to approve the supplementary estimate of £417,000 for the Environment Service to finance the extension to the Park and Ride facilities at Broxden. This adjustment is reflected in Appendix 1 (column 23) to this report.

2.25 Supplementary Estimate – Corporate Services and The Environment Service – Energy and Fuel Costs

Corporate Services and The Environment Service have identified significant cost pressures in terms of energy and fuel prices as a result of the much publicised rise in the cost of energy. The Environment Service has identified pressures of £318,000 for power for street lighting and £240,000 for increased fuel costs. Corporate Services have identified a pressure of £200,000 for building energy costs.

It is proposed to fund these pressures in the current year with a non recurring supplementary estimate from Reserves.

ACTION: The Committee is asked to approve the supplementary estimate of £558,000 to The Environment Service and £200,000 to Corporate Services to fund fuel and energy pressures in the current year. This adjustment is reflected in Appendix 1 (column 24) to this report.

2.26 Capital Financing Costs

The projected underspend on the Capital Financing Costs budget is currently anticipated to be £1,160,000 less than budget. The primary reasons for this favourable movement are (i) an assumed delay in new borrowing from the Public Works Loans Board (PWLB); (ii) investment income in excess of the levels assumed in setting the revenue budget; and (iii) with the General Fund's share of loan debt falling due to increased debt levels in the Housing Revenue Account, the General Fund's share of total costs has fallen.

The use of this projected underspend will be considered in developing the budget strategy for 2009/10 and beyond with any recommendations brought back to a future meeting of the Council.

2.27 Interest on Revenue Balances

The projection for Interest on Revenue Balances is £2,476,000 – an excess over budget of £176,000. The primary reason for this favourable movement is that the Council has held larger balances than anticipated in setting the 2008/09 Revenue Budget and has had a more positive cashflow. These factors have been slightly offset by a lower interest rate.

The use of this additional income will be considered in developing the budget strategy for 2009/10 and beyond with any recommendations brought back to a future meeting of the Council.

3. CONTRIBUTIONS TO JOINT BOARDS

Police, Fire & Valuation Joint Boards

The Treasurer of the Tayside Joint Police Board has intimated that the Council's requisition is currently in line with budget.

The Treasurer of the Tayside Valuation Joint Board has intimated that the Council's requisition is currently in line with budget

The Treasurer of the Tayside Fire and Rescue Board has intimated the Council's requisition is currently in line with budget

4. HOUSING REVENUE ACCOUNT (HRA)

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

This is made up of considerable pressure on the Housing Repairs budget (£500,000) due to continued demand for unplanned maintenance and servicing and maintenance contracts; increased capital financing charges (£307,000) due to increased

borrowing; a projected reduction in Interest on Revenue Balances (£100,000) and other overspends within staff costs and supplies and services (£95,000).

This pressure will be contained with a reduction in Capital Financed from Current Revenue (£1,002,000).

Full details of the movement against the HRA Revenue Budget are detailed in Appendix 3.

5. CONSULTATION

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

6. COUNCIL CORPORATE PLAN OBJECTIVES 2007-2010

The Council's Corporate Plan 2007-2010 lays out five Objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:-

- (i) A Safe, Secure and Welcoming Environment
- (ii) Healthy, Caring Communities
- (iii) A Prosperous, Sustainable and Inclusive Economy
- (iv) Educated, Responsible and Informed Citizens
- (v) Confident, Active and Inclusive Communities

The revenue monitoring process supports the Council in managing the delivery of all of the corporate plan objectives and is consistent with the Council's principles of accountability and transparency; ensuring that we are accountable and transparent to the community; the Community Planning Partners and the Scottish Government in our decision making, planning and delivery of services.

7. EQUALITIES ASSESSMENT

The Council's Corporate Equalities Assessment Framework requires an assessment of functions, policies, procedures or strategies in relation to race, gender and disability and other relevant equality categories. This supports the Council's legal requirement to comply with the duty to assess and consult on relevant new policies to ensure there is no adverse impact on any community group or employees.

The information presented in this report was considered under the Corporate Equalities Assessment Framework and the determination was made that the items summarised in this report do not require further assessment as they do not have an impact on people's wellbeing.

8. STRATEGIC ENVIRONMENTAL ASSESSMENT

Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all plans, programmes and strategies, including policies (PPS).

The plan, programme or strategy presented in this report was considered under the Environmental Assessment (Scotland) Act 2005 and the determination was made that the items summarised in this report do not require further action as they do not qualify as a plan, programme or strategy as defined by the Act.

9. CONCLUSION

The total net projected under-spend on the 2008/09 General Fund management budget based upon expenditure to June 2008 is £1,261,000 (see Appendix 1). The main reasons for this projected underspend are additional Interest on Revenue Balances (£176,000) and Capital Financing Costs (£1,160,000) partially offset by Service variances (£75,000) (see Appendix 2). This represents 0.4% of the Council's Net Management Revenue Budget for 2008/09.

The Executive Director (Housing and Community Care Services) is currently projecting a break even position on the Housing Revenue Account for 2008/09.

J Symon
Head of Finance

Note: 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.

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Council Text Phone Number 01738 442573

**PERTH & KINROSS COUNCIL -
GENERAL FUND 2008/09**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	2008/09 Council Approved Budget	Issues Arising from Completion of the 2007/08 Final Accounts	Tobacco Sales Enforcement Additional RSG	Adult Support & Protection (Scotland) Act 2007	DSM Balances	Investment In Improvement Fund (1)	Investment In Improvement Fund (2)	Virement Perth Youth Theatre	Virement Shopmobility	Virement Fairer Scotland Funding	Virement Customer Service Centre	Virement Revenues (Local Taxes)	Virement Strategic Waste Fund	Virement Organisational Development	Virement New Media Development	Virement Children's Legal Representation Scheme	Virement Pullar House Reception
<i>Reference: Section in Report</i>		2.2	2.4	2.5	2.6	2.7	2.8	2.9	2.10	2.11	2.12	2.13	2.14	2.15	2.16	2.17	2.18
SERVICE	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Education & Children's Services	140,291			216	1,151		143	11		164	(9)				(13)	(9)	(2)
Housing and Community Care	62,442	178					341		(3)	(244)		697			(6)		(110)
The Environment Service	41,687		45			36	560	(11)	3	80			(47)		(4)		(8)
Chief Executive's Services	4,234	147				30	208				(360)			33	25	9	
Corporate Services	21,366	150				20	400				369	(697)	47	(33)	(2)		120
Sub - Total: Service Budgets	270,020	475	45	216	1,151	86	1,652	0	0	0	0	0	0	0	0	0	0
Corporate Budgets																	
Contribution to Joint Boards:																	
(inc. Capital Financing Costs)																	
Police	27,278																
Fire	8,386																
Valuation	1,190																
Capital Financing Costs	15,481																
Interest on Revenue Balances	(2,300)																
Contribution to/(from) Capital Fund	604																
Trading Operations Surplus returned to General Fund	(190)																
Car Parks Surplus	(45)																
Support Service External Income	(1,821)																
Un-Funded Pension Costs	1,183																
Discretionary Relief	150																
Provision for Single Status																	
Contingency Budget	416																
Net Expenditure (General Fund)	320,352	475	45	216	1,151	86	1,652	0	0	0	0	0	0	0	0	0	0
Financed By:																	
Revenue Support Grant	(188,274)	(325)	(45)	(216)													
Non Domestic Rate Income	(53,776)																
Council Tax Income	(69,133)																
Council Tax - 2nd Home Discount	0																
Capital Grant	(2,091)																
Housing Revenue Account (Un-funded Pensions)	0																
Quality of Life Monies	0																
Contribution from Reserves	0																
Total Financing	(313,274)	(325)	(45)	(216)	0	0	0	0	0	0	0	0	0	0	0	0	0
Financed from/(returned to) Reserves including use of Budget Flexibility b/fwd	7,078	150	0	0	1,151	86	1,652	0	0	0	0	0	0	0	0	0	0

**PERTH & KINROSS COUNCIL -
GENERAL FUND 2008/09**

	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
	Virement Health Improvement Funding	Virement Training Support H&CC	Virement Pension Adjustment	Virement Third Sector Funding Requests	Virement Council Tax 2nd Home Discount	Supplementary Estimate Broxden Park and Ride	Supplementary Estimate Fuel & Energy	2008/09 Revised Management Budget	Projected Outturn	Variance to Revised Management Budget	Variance to Revised Management Budget
<i>Reference: Section in Report</i>	2.19	2.20	2.21	2.22	2.23	2.24	2.25				
SERVICE	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
Education & Children's Services	(16)	23	18	73				141,800	141,538	(262)	(0.2%)
Housing and Community Care								63,536	63,758	222	0.3%
The Environment Service			40			417	558	43,356	43,456	100	0.2%
Chief Executive's Services	16							4,342	4,337	(5)	(0.1%)
Corporate Services		(23)					200	21,917	21,937	20	0.1%
Sub - Total: Service Budgets	0	0	58	73	0	417	758	274,951	275,026	75	0.03%
Corporate Budgets											
Contribution to Joint Boards: Police								27,278	27,278	0	0.0%
(inc. Capital Financing Costs) Fire								8,386	8,386	0	0.0%
Valuation								1,190	1,190	0	0.0%
Capital Financing Costs								15,481	14,321	(1,160)	(7.5%)
Interest on Revenue Balances								(2,300)	(2,476)	(176)	(7.7%)
Contribution to/from Capital Fund								604	604	0	0.0%
Trading Operations Surplus returned to General Fund								(190)	(190)	0	0.0%
Car Parks Surplus								(45)	(45)	0	0.0%
Support Service External Income								(1,821)	(1,821)	0	0.0%
Un-Funded Pension Costs			3					1,186	1,186	0	0.0%
Discretionary Relief								150	150	0	0.0%
Provision for Single Status								0	0	0	0.0%
Contingency Budget				(73)				343	343	0	0.0%
Net Expenditure (General Fund)	0	0	61	0	0	417	758	325,213	323,952	(1,261)	(0.4%)
Financed By:											
Revenue Support Grant								(188,860)	(188,860)	0	0.0%
Non Domestic Rate Income								(53,776)	(53,776)	0	0.0%
Council Tax Income								(69,133)	(69,133)	0	0.0%
Council Tax - 2nd Home Discount					(950)			(950)	(950)	0	0.0%
Capital Grant								(2,091)	(2,091)	0	0.0%
Housing Revenue Account (Un-funded Pensions)								0	0	0	0.0%
Quality of Life Monies								0	0	0	0.0%
Contribution from Reserves								0	0	0	0.0%
Total Financing	0	0	0	0	(950)	0	0	(314,810)	(314,810)	0	0.0%
Financed from/(returned to) Reserves including use of Budget Flexibility b/fwd	0	0	61	0	(950)	417	758	10,403	9,142	(1,261)	

APPENDIX 1

GENERAL FUND 2007/08 PROJECTED OUTTURN
(Based on Expenditure to 30th June 2008)

SERVICE	Variance £'000	Variance £'000
Education & Children's Services (ECS)	(262)	0
		(1,658)
		1,658
		(417)
		155
Housing and Community Care	222	
		(60)
		(102)
		364
		21
		21
		(200)
		126
		152
		(169)
	(88)	

GENERAL FUND 2007/08 PROJECTED OUTTURN
 (Based on Expenditure to 30th June 2008)

SERVICE	Variance £'000	Variance £'000
		238
		121
		43
		(69)
		(104)
		(106)
		34
The Environment Service	100	100
Corporate Services	20	(174)
		90
		(109)
		79
		(77)
		34
		33
		(26)
		190
		(20)
		160
		(160)
Chief Executives Service	(5)	(5)
TOTAL	75	

APPENDIX 2

Summary of Service Variances

Devolved School Management

Staff Costs

Teachers salaries underspent due to vacancies and maternity leave.

Teaching supply overspend offsets the teaching vacancies and maternity leave cover as above.

At this time there has been no material variances or variances.

Other Education & Children's Services Sectors:

Staff Costs

There is a projected underspend on staff costs of £417,000. This is made up of over and underspends in various sectors and cost centres.

Third Party Payments

Supporting Young People

There is a projected overspend of £155,000 on supporting young people who are leaving residential care. This budget provides financial support to the young people in various areas such as furniture for accommodation, further education and clothing to attend interviews. There has been an increase in the demand for this service in 2008/09.

Staff Costs - Estate Management

The projected underspend is due to staff slippage in the new Community Warden Service.

Homelessness

Anticipated additional income from increased service charges relating to dispersed tenancies and PSIs. This is partly offset by an anticipated overspend on staff costs at Scott Street along with an overspend in Property & Supplies & Services. There is also an anticipated overspend of £40k in relation to the management charge received from ECS for Wellbank.

Benefits

Rent Rebates. Due to increase in charges from B&B establishments and use of more expensive hotels/guest houses, the amount of non recoverable B & B expenditure is greater than budget

Rent Allowances. The amount of expenditure recoverable from the DWP is less than budgeted as a result of a reduction in the amounts of overpayments recoverable

Council Tax.

Bad Debt Recovery. Projecting an increased recovery of benefits overpaid.

Older Peoples Services

Care at Home: There is a projected overspend due the increased demand for personal care by more dependant older people resulting in more costly packages as the Service continues to follow the Council policy of shifting the balance of care from residential to homecare. £245k of the overspend is the result of the phased implementation of the community meals service from October 2008. These overspends have been partly met by the Homecare management team increasing staff slippage by 2%, implementing new staff rotas and one-off funding from Supporting People. This will continue to be monitored and managed to result in the activity targets being achieved within the approved budget.

Staff costs within the Assessment Teams for Older People Services have increased due to agency staff being employed to cover long term staff sickness

The level of income projected for the Local Authority Care Homes (Beechgrove and Dalweem) is higher than budgeted. In addition savings have arisen at Parkdale Care Home due to staff slippage.

The number of service users receiving "smart technology" within their homes is gradually increasing. The non recurring budget carried forward will be used to meet the cost of equipment, however all the budget will not be required this year. In order to successfully implement the service considerable effort and time in consulting service users and their carers will result in a phased roll out across Perth and Kinross not being fully complete until 2009.

APPENDIX 2

Summary of Service Variances

After discussions between NHS Tayside and the 3 Local Authorities it has been agreed that no further progress can be made regarding historical bed closures and the funding implications. Therefore the anticipated additional resource transfer funding relating to closures in 2006 will not be achieved.

Adult Care Services

Care Commission requirements have seen an increase in the staff costs together with the on-going pressure of transport within the ARC's

The Addictions Team have additional staff overspends projected due to Lottery Funding not being received in the current financial year, however the demands on the service require the posts to continue.

Placements - Present levels of commitments highlight a projected underspend within Mental Health (£138k) and an overspend of £69k for additional clients with a learning disability.

Strategy and Support

Finance and Business Support

This is primarily due to staff slippage in the Business Support function.

Planning and Commissioning

A new staffing structure has been implemented which has resulted in posts being added to the team. The new appointments have not yet fully taken place resulting in staff slippage.

Criminal Justice Services

Staff pressure from CJS whereby funding is required to be identified for a Project Manager post for the service.

Planning

Projected shortfall in planning application fee income which can be attributed to the current economic climate which has resulted in a slowdown in development.

Legal Services

Additional income from licensing (fees and grant income) including private registration of landlords

Reduced fee income as a result of a reduction in the projected level of council house sales

Finance Division

Slippage across the Division

Based on previous years levels of spend there is a projected overspend. This is mainly on stationery; fees (legal, consultants and sheriff officer) and IT licenses.

Projected additional income primarily from the provision of professional services and higher than anticipated commission charges

Human Resources

Delays in the Single Status Appeals process has meant that additional costs have been incurred

Additional staff costs due to the need to provide maternity cover

Additional income from corporate recharges including recruitment and training

Property Division

DWP Building - upkeep costs of the DWP Building in Mill Street pending progress being made on the City Centre Development Plan

Projected additional income from commercial rents

Projected under recovery of income for professional fees due to slippage in a number of projects

Projected reduction in planned maintenance in order to address reduced fee income

Staff Costs

Projected slippage across the Service due to delays in filling vacancies

HOUSING REVENUE ACCOUNT	Variance £'000	£'000	Summary of Service Variances
	0		
		500	<p>Housing Repairs Service The housing repairs team has continued to report an unfavourable variance of £500k. The two main areas of additional net expenditure which account for the variance is unplanned maintenance (£360k) and servicing & maintenance contracts (£134k). Unplanned maintenance is a demand led budget and as such repairs are required to be carried out when the need arises. The requests are filtered to ensure that the optimum level of repairs are carried out at the optimum price. A substantial proportion of the servicing and maintenance contracts were tendered in April of this year and this variance reflects the actual costs.</p>
		307	<p>Capital Financing Charges The latest estimate for Principal Repayments and Interest payments is £4,264k. This is £307k more than the approved budget due additional borrowing required to fund the capital investment plan in 2007/08.</p>
		100	<p>Interest on Revenue Balances The latest projection for IORB shows a reduction of £100k. The HRA utilised all but £750k of its reserves last year and the working balances within the HRA are lower due to the adverse variances previously mentioned.</p>
		95	<p>Others Overspends within the following teams being Allocations, Sheltered Housing & Estate Management resulting from increased staff costs / supplies & services.</p>
		(1,002)	<p>CFCR The anticipated overspends of £1,002k would initially be met from the elimination of the Capital Funded from Current Revenue (CFCR). Current budget of £2,140k</p>
TOTAL	0		