

PERTH AND KINROSS COUNCIL

13 February 2014

**REVENUE BUDGET 2014/15 AND 2015/16
REPORT NO. 2****Report by the Head of Finance****PURPOSE OF REPORT:**

This report recommends that the Final Revenue Budget for 2014/15 be determined by updating the Provisional Revenue Budget for 2014/15, which was previously approved by Council on 14 February 2013 (Report No. 13/53 refers) and also recommends that a Provisional Revenue Budget for 2015/16 be determined. The report also requests that the Council determines the Council Tax for 2014/15 and the indicative Council Tax for 2015/16.

1. BACKGROUND

- 1.1 On 2 October 2013 the Council approved the Medium Term Plan (Report No. 13/475 refers) which updated the previous Plan and considered future funding levels over the short to medium term for Perth and Kinross Council. The report also provided an update on information received from the Scottish Government on 11 September 2013 in relation to the financial settlement for local government for financial years 2014/15 and 2015/16. Furthermore the Council agreed to set the Final Revenue Budget for 2014/15 and a Provisional Revenue Budget for 2015/16.
- 1.2 On 18 December 2013 the Council considered the report entitled Revenue Budget 2014/15 and 2015/16 – Report No. 1 (Report No. 13/598 refers). This report provided an update in relation to the information contained in Finance Circular No. 6/2013 – the Local Government Finance Settlement for 2014/15, which was issued on 11 December 2013, as it affected Perth and Kinross Council. The report also explained the levels of revenue budget “headroom” available in the budget process.

2. LOCAL GOVERNMENT FINANCE SETTLEMENT**2.1 Local Government Finance Settlement**

- 2.1.1 Local Government Finance Circular 6/2013, which was issued by the Scottish Government on the 11 December 2013, included the proposed Local Government Finance Settlement for financial years 2014/15 and 2015/16 at a national level. However the Circular only included information on an individual Council basis for financial year 2014/15.
- 2.1.2 The proposed financial package for Scottish local government in 2014/15 and 2015/16 is summarised below:

Proposed Local Government Financial Package: Scotland

Source: Finance Circular 6/2013

	2013/14	2014/15	2015/16
	£million	£million	£million
Total Revenue Funding	9,766	9,805	9,801
Capital Funding	552	773	817
Total Funding	<u>10,318</u>	<u>10,578</u>	<u>10,618</u>

- 2.1.3 For individual Councils to access the full amount of the financial package, the Government will require each local authority to agree to the full list of commitments contained within the package.
- 2.1.4 The commitments required by the Scottish Government which were set out in the letter from the Cabinet Secretary for Finance, Employment and Sustainable Growth of 11 September 2013 and were appended to Report No. 13/598 are summarised below:
- A Council Tax freeze for 2014/15 and 2015/16;
 - Maintaining teacher numbers in line with pupil numbers and securing places for all probationers who require one under the teacher induction scheme.
- 2.1.5 Failure to deliver on the commitments will result in Councils not receiving their share of the £109 million retained by the Scottish Government to deliver on the Council Tax freeze and teacher commitments. The Council's share of this amount is approximately £2.8 million.
- 2.1.6 For 2014/15 only, those Councils who do not intend to take up the offer and agree the full package of measures set out in the letter of 11 September 2013 are required to write to the Cabinet Secretary for Finance, Employment and Sustainable Growth setting out the reasons why they do not wish to comply by no later than 10 March 2014.
- 2.1.7 **ACTION:** the Council is asked to agree to the terms of the letter from the Cabinet Secretary for Finance, Employment and Sustainable Growth's dated 11 September 2013.
- 2.1.8 The Provisional Revenue Budgets for 2014/15 and 2015/16 have been constructed to include cost pressures and savings arising from the settlement offer and on the assumption that the Council is not subject to the hold back mechanism. Under the terms of the offer the Council Tax for Perth and Kinross will remain frozen for the eighth consecutive year in 2014/15 at a Band D equivalent level of £1,158.
- 2.1.9 The Council has received notification from Scottish Water that water and waste water charges for 2014/15 will increase by 1.6%.

2.1.10 Assuming a Council Tax freeze, the Band D equivalent charge in 2014/15 including Scottish Water charges will be £1,568.85, an increase of £6.39 (£1,562.46 in 2013/14), which represents an increase of 0.4%.

2.2 Total Revenue Funding and Funding Assumptions included within the Provisional Revenue Budget for 2014/15

2.2.1 Based on Finance Circular 6/2013 the total revenue funding being made available by the Scottish Government to Perth and Kinross Council in 2014/15 is £239,217,000 (see table below).

Scottish Government Grant Funding - Perth and Kinross Council		
	<i>Finance Circular 5/2012 (Dec-12)</i>	<i>Finance Circular 6/2013 (Dec-13)</i>
	2014/15	2014/15
	£'000	£'000
General Revenue Funding	181,201	183,084
Ring-Fenced / Other Revenue Grants	415	415
Non Domestic Rate Income	55,718	55,718
Total Revenue Funding	<u>237,334</u>	<u>239,217</u>

2.2.2 The Scottish Government has not yet published individual Council funding allocations for 2015/16. This issue is still being discussed between COSLA and the Scottish Government.

2.2.3 The overall increase in the Council's revenue funding between the funding levels announced in December 2012 in Finance Circular 5/2012 and the funding levels announced in December 2013 in Finance Circular 6/2013 is £1,883,000. The adjustments are summarised in the table below.

Additional Funding in 2014/15	
	£'000
Teachers' Induction Scheme	270
Copyright for School Pupils	(38)
National Care Home Contract	79
Children and Young People Bill	1,491
Hostels Grant	389
Removal of Hostels Specific Grant	(335)
Sensory Impairment	27
Total	<u>1,883</u>

2.2.4 The Provisional Revenue Budget for 2014/15 that was approved in February 2013 (Report No/ 13/53 refers) included an expenditure pressure in relation to the implementation of the Children and Young Peoples Bill. At the time of setting the budget it was assumed that this pressure would be entirely funded by the Scottish Government. Finance Circular 6/2013 confirmed that the Council would receive £1,491,000 in 2014/15 to implement the first stages of the legislation (increase to 600 hours nursery child care). This funding has been reflected by adjusting the 2014/15 Provisional Revenue Budget set out at Appendix 1.

2.2.5 Excluding the additional funding for specific priorities identified in the table above the Council received an additional £1,089,000 of funding between financial years 2013/14 and 2014/15. This increase recognises the projected significant increases in population (and demand for services) within Perth and Kinross over the short to medium term. However this increase in cash funding of almost 0.5% represents a real terms reduction in funding of around 2% (after inflation is factored in).

2.2.6 Finance Circular 6/2013 does not include any individual Council information for financial year 2015/16. A recent COSLA Leaders meeting proposed a change in the methodology for allocating local government funding in financial year 2015/16. The Scottish Government has not agreed to this proposal and as such has delayed the announcement of detailed funding levels for 2015/16. The 2015/16 Provisional Revenue Budget includes an estimated increase of £750,000 to reflect changes in the distribution methodology.

2.3 Non Domestic Rates

2.3.1 The Non Domestic Rate poundage for 2014/15 has been set by the Scottish Government at 47.1 pence per £ of rateable value (46.2 pence per £ of rateable value in 2013/14) – this is in line with the rate adopted in England. The Small Business Bonus Scheme thresholds have also been set and remain the same in 2014/15, offering relief as follows.

<u>Combined Rateable Value of all business properties in Scotland</u>	<u>2014/15</u>
Up to £10,000	100%
£10,001 to £12,000	50%
£12,001 to £18,000	25%
£18,001 to £25,000	25% on each individual property with a rateable value not exceeding £18,000

2.3.2 The Fresh Start Scheme will also be expanded to provide rates relief of 50% to businesses who take long term empty properties to rejuvenate high streets. This will include additional types of empty premises, including those previously used as pubs, hotels and restaurants. Further guidance is expected shortly.

3. PROVISIONAL GENERAL FUND REVENUE BUDGET 2014/15 & 2015/16

3.1 Background

3.1.1 In updating the Medium Term Financial Plan on 18 December 2013, the Council approved the setting of a two year revenue budget (2014/15 and 2015/16) (Report No. 13/598 refers). This decision was based on the significant uncertainties facing the Council over the medium term and the fact that the Council only has financial settlement information from the Scottish Government for 2014/15 and 2015/16.

3.2 Process for Updating the Provisional Revenue Budget for 2014/15 & Preparing the Revenue Budget for 2015/16

3.2.1 The process for updating the Provisional Revenue Budget for 2014/15 and preparing the Provisional Revenue Budget for 2015/16 was summarised in the Update of the Medium Term Financial Plan which was considered by the Council at its meeting on 2 October 2013 (Report No. 13/475 refers).

3.2.2 It was agreed that the starting point for updating Service revenue budget submissions for 2014/15 would be the Provisional Revenue Budget approved on 14 February 2013 (Report No 13/53 refers) updated for the impact of subsequent Council decisions.

3.2.3 Each Service has prepared an Executive Summary detailing anticipated expenditure pressures and proposed compensating savings to contain these pressures. This document shows movements from the original approved Provisional Revenue Budget for 2014/15 and new proposals for 2015/16. These Executive Summaries were issued to all Council Members on 18 December 2013. Updated Executive Summaries are attached at Appendix 4 to this report.

3.2.4 The Provisional Revenue Budgets for 2014/15 and 2015/16 are predicated on maintaining the same levels of service delivery reflected in the Provisional Revenue Budget approved in February 2013 (Report No 13/53 refers) with the exception of the specific issues identified within this report or in the Revenue Budget Executive Summaries contained at Appendix 4.

3.2.5 In updating Executive Summaries, Services were required to assess and document the potential impact of expenditure pressures (where applicable) and compensating savings in relation to the following criteria:

- Workforce – including information on numbers of employees affected, vacancies, staff turnover and fixed term contracts.
- Customers – including information on the effect on all customers/stakeholders (both external and internal).
- Outcome & Performance. – identifying any significant impact on the Single Outcome Agreement and/or Service Business Management and Improvement Plans.

- Equalities/Diversity – ensuring that any statutory equalities issues are considered.

3.3 The Provisional Revenue Budget 2014/15 and 2015/16

- 3.3.1 The updated Provisional Revenue Budget for 2014/15 and Provisional Revenue Budget for 2015/16 are detailed by Service in Appendix 1 to this report.
- 3.3.2 In view of the potential financial pressures on Council Services in future years, the Provisional Revenue Budgets have been prepared with the aim of maximising the options available to Members in determining the Council's expenditure priorities. A significant element of flexibility has intentionally been built into the Provisional Revenue Budgets with the result that, if all the savings options included in Appendix 4 are accepted and assuming no increase in Council Tax levels, there are unallocated resources of £4,126,000 in financial year 2014/15 and a further £10,413,000 in 2015/16. The extent to which these unallocated resources are protected will determine the level of resources available to be carried forward to meet future budgetary pressures and/or reductions in income in financial year 2016/17 and beyond.
- 3.3.3 This position has been updated since approval of Revenue Budget 2014/15 & 2015/16 - Report No.1 on 18 December 2013 (Report No. 13/598 refers) with movements in the unallocated resources within the Provisional Revenue Budget summarised in the following table.

Summary of Movements in Available Recurring Headroom		
	2014/15	2015/16
	£000	£000
Available Recurring Headroom (18 December 2013)	4,061	10,379
Adjustments since 18 December 2013	65	34
Revised Available Recurring Headroom	<u>4,126</u>	<u>10,413</u>

- 3.3.4 The adjustments to the level of unallocated resources include savings submissions in excess of expenditure pressures and adjustments to staff costs.
- 3.3.5 Assuming the funding levels notified by the Scottish Government for 2014/15, freezing the Council Tax at 2013/14 levels and an estimate in relation to funding levels in 2015/16, the Provisional Net Revenue Budgets for 2014/15 and 2015/16 are estimated at £324,611,000 and £312,371,000 (assuming the application of none of the available recurring headroom in these two years).
- 3.3.6 **The Council is reminded that the Provisional Revenue Budgets, as set out in Appendix 1 to the report, and the unallocated resources identified in Appendix 1, are based upon the assumption that all of the expenditure pressures and all of the compensating savings within the**

Executive Summaries attached as Appendix 4 to the report are approved.

- 3.3.7 To the extent that the Council accepts the savings proposals from Services, and does not identify any additional expenditure pressures, there is the potential to generate significant contributions to Reserves (on a non-recurring basis). In line with the Reserves Strategy outlined in the separate report on the agenda for this meeting, it is not considered necessary to augment Reserves at this time and it is therefore recommended that proposals are developed to utilise headroom on a non-recurring basis.
- 3.3.8 The Provisional Revenue Budgets have been prepared based upon the information currently available, both in terms of financial resources and anticipated Service delivery pressures. The analysis reflects the judgement of the Council Officers concerned and has been reviewed by the Council's Executive Officer Team. There is, however, a risk that these assumptions may require to be reviewed in due course as part of the ongoing monitoring of the Council's expenditure.
- 3.3.9 The Provisional Revenue Budgets for 2014/15 and 2015/16 have been constructed on the basis that the recent announcements in relation to Free School Meals for P1 – 3 and the extension of child care for two year olds is funded completely by the Scottish Government. The Scottish Government have advised that there is £115 million of funding available nationally but individual allocations have not been issued.
- 3.3.10 The Provisional Revenue Budgets for 2014/15 and 2015/16 also include assumptions in relation to care home fees. The negotiations between the Scottish Government, Scottish Care and COSLA have not yet concluded. It is assumed that any uplift will be funded between the Scottish Government and Councils.
- 3.3.11 The actions set out in the Perth City Plan, will move the Council a considerable way towards its objective of being the most desirable place in Scotland to live, work, visit and invest in. However the Council's ambition for the City and the wider Perth & Kinross area does not stop with delivering these over the next 10 years or so.
- 3.3.12 The recently established City Development Board has indicated it is up for the challenge to map out a medium to longer term vision for Perth and identify the step-change projects that will help make it happen. While the Council has already provided resources to support projects such as the A9/A85 junction as part of the wider transport futures project, it is anticipated that further resources will be required going forward to allow the city, and the wider area, to compete in the national and international arena.

3.4 Revenue Budget Flexibility

- 3.4.1 The Council has an approved Revenue Budget Flexibility Scheme (Report No. 01/306 refers) which allows certain Service under and over spends from one financial year to be carried forward to future financial years.

3.4.2 The proposed use of Revenue Budget Flexibility (£4,413,000) is reflected within the Updated Provisional Revenue Budget for 2014/15 and set out in Appendix 2 to the report.

3.4.3 **ACTION: The Council is requested to approve the use of Revenue Budget Flexibility as set out in Appendix 2 to the report.**

3.5 Medium Term Financial Plan

3.5.1 The Council's Medium Term Financial Plan places the development of budgetary strategy in the context of delivering the Council's key outcomes and considers the financial and process risks considered in the management of the Council's finances (Report No. 13/475 refers). The Medium Term Financial Plan is subject to regular review and the updated plan will be submitted, in due course, to a future meeting of the Council for further consideration.

3.5.2 The key elements of the Medium Term Financial Plan, in addition to the General Fund Revenue Budget, are summarised below.

Composite Capital Budget

3.5.3 In setting the 2014/15 Final Revenue Budget and 2015/16 Provisional Revenue Budgets, the Council is approving the amount available to support current and future borrowing.

3.5.4 The Composite Capital Budget 2013/14 – 2019/20 was the subject of a separate report to the Strategic Policy and Resources Committee on 12 February 2014 (Report No. 14/48 refers). In addition the Council will also consider the Composite Capital Budget for financial year 2020/21 at this special meeting of the Council (Report No. 14/45 refers).

General Fund Reserves Strategy

3.5.5 The strategy under-pinning the use of the Council's General Fund Revenue Reserves is an integral part of the development of both the Revenue and the Composite Capital Budget. The Reserves Strategy is the subject of a separate report to this special meeting of the Council (Report No. 14/46 refers).

Housing Revenue Account

3.5.6 The final Housing Revenue Account (HRA) Revenue Budget for 2014/15 and Five Year Capital Investment Programme and Rent Strategy to 2018/19 were approved by the Housing and Health Committee on 29 January 2014 (Report No. 14/18 refers). The Committee approved the recommendation of an average weekly rent increase of £2.81 per week (4.7%) in accordance with the requirements of the Council's approved Housing Business Plan including supporting investment in new council housing.

4. ASSUMPTIONS ON COUNCIL TAX COLLECTION RATES; COUNCIL TAX BASE & COUNCIL TAX DISCOUNT ON SECOND HOMES

4.1 Council Tax Collection Rate

- 4.1.1 It is recommended that the current budgeted collection rate of 97.5% be maintained in determining the 2014/15 Final Revenue Budget and 2015/16 Provisional Revenue Budget. This target, whilst challenging, is supported by the Council's collection performance over recent years and represents a realistic budgeted collection rate.
- 4.1.2 The level of Council Tax recovered in the year of billing was 96.6% in 2012/13 (the latest audited statistics), but it takes on average a further 6 years to reach or exceed a collection level of 97.5%. The Council remains committed to sustaining and improving performance in respect of all its income recovery activities.
- 4.1.3 It should, however, be noted that there is a risk of reduced collections levels due to the challenging economic environment; changes in legislation in relation to debt recovery; Welfare Reform (see 6.5 below) and changes to the Benefits System.

4.2 Council Tax Base

- 4.2.1 The number of chargeable dwellings at Band D equivalent for Council Tax purposes (after adjusting for assumed non-collection of 2.5 %) – the Council Tax base – is estimated to be 61,745 in 2014/15 and 61,961 in 2015/16.
- 4.2.2 The Council's tax base has been reviewed, based upon an analysis of recent trends, and adjusted for anticipated growth in the number of dwellings as well as increases in the number of discounts and exempt dwellings.

4.3 Council Tax Discount on Second Homes and Long Term Empty Properties

- 4.3.1 The additional income generated from a reduced Council Tax Discount on Second Homes and Long Term Empty Properties is retained for the provision of affordable social housing in accordance with locally determined priorities.
- 4.3.2 As at 31 December 2013 the total additional amount collected since 2005/06, when the regulations came into effect, is approximately £9,338,000. At 31 March 2014 it is projected that there will be £2,706,000 earmarked in Reserves for the provision of affordable social housing.
- 4.3.3 In previous years the Council has determined the level of Council Tax discount to be applied to second homes and long-term empty properties at the same time as setting the Final Revenue Budget.
- 4.3.4 However on 26 June 2013 the Council considered a report on Empty Properties – Council Tax Changes (Report No. 13/338 refers). For financial year 2014/15 the Council agreed the following.

- 4.3.5 Second Homes – legislation allows a discount of between 10% and 50% - the Council agreed to continue to award a 10% discount in respect of second homes (with protected categories such as job related dwellings and purpose built holiday homes continuing to receive 50% discount).
- 4.3.6 Unoccupied Dwellings – 6 to 12 months – legislation allows a discount of between 10% and 50% - the Council agreed to award a 10% discount for unoccupied dwellings, a reduction from the 50% awarded in previous financial years.
- 4.3.7 Unoccupied Dwellings – beyond 12 months – legislation allows a range of options from awarding a discount between 10% and 50%; no discount or adding a surcharge of up to 100% - the Council agreed to award no discount for a dwelling unoccupied for 12 months or more. However, where evidence is provided to show that the dwelling is being actively marketed for sale or let a 10% discount will apply for up to 24 months from the date the dwelling became unoccupied.

5. WORKFORCE PLANNING

- 5.1 The Council has a successful track record in reducing the size of the workforce. To date, this has been achieved using proactive workforce planning measures. These measures (vacancy management, fixed term contracts, age related retirements and non-filling of vacancies) will continue to be utilised, wherever possible.
- 5.2 Continuing this proactive approach, on 17 July 2013 the Executive Sub-Committee of the Strategic Policy Resources Committee approved proposals in relation to workforce management (Report No. 13/359 refers).
- 5.3 The purpose of the report was to set out the proposed approach to workforce management over the medium term. This would allow a reshaping of the workforce to meet the predicted medium term financial challenges and facilitate service redesign, transformation and efficiencies. The proposals build on existing workforce management measures which were approved by the Council in February 2010. The additional measures reflect a desire to maximise the opportunities for workforce change over the medium term while, as far as possible, safeguarding jobs; the need to manage change in a consensual way in partnership with employees and trade unions and the importance of giving greater choice and support to employees. The staff leaving the Council under this Voluntary Severance Scheme will leave between 31 March 2014 and 31 March 2015.
- 5.4 Specifically the Sub-Committee approved the launch of a Voluntary Severance Scheme.
- 5.5 The key dates in the process are set out below.
- 2 September 2013 – Launch of Voluntary Severance Scheme
 - 16 September 2013 – Deadline for staff to express interest
 - 30 September 2013 – Deadline for staff to request estimated final figures payable for voluntary severance

- 11 November 2013 – Deadline for staff to formally apply for voluntary severance
- By 6 December 2013 – Service Management Team assessments complete
- By 18 December 2013 – Executive Officer Team assessments complete
- 13 February 2014 – Special Council meeting to set Final Revenue Budget for 2014/15 and Provisional Revenue Budget for 2015/16
- Post 13 February 2014 – Staff advised of final outcome.

5.6 All applications were assessed on an individual basis against a number of weighted criteria as follows:

- Affordability – must produce a saving with maximum weighting where pay back is achieved within two years.
- Impact on service delivery.
- Impact on retaining a balanced workforce – in terms of skills, competencies and experience, scope for redeployment or by the creation of additional Modern Apprenticeship or Graduate Trainee opportunity.
- In the Council's interests to release the employee.
- Individual circumstances.

5.7 The Executive Officer Team has assessed 191 business cases for voluntary severance and is recommending approval of 112 applications as follows:

	No of Applications Considered	Recommendation		Total Cost (Approved)	Total Savings (Approved) (Full Year) £'000
		Approved	Not Approved / Withdrawn	£'000	£'000
Education & Children's Services	71	30	41	£383,165	£579,082
Housing and Community Care	62	46	16	£695,563	£970,680
The Environment Service	34	16	18	£203,494	£238,205
Chief Executive's Service	11	8	3	£266,638	£234,171
Total (General Fund)	178	100	78	£1,548,860	£2,022,138
Housing Revenue Account	13	12	1	£326,514	£348,807
Total (Housing Revenue Account)	13	12	1	£326,514	£348,807
Total	191	112	79	£1,875,374	£2,370,945

5.8 The implications on service delivery of approving the 112 applications are summarised in the individual savings options set out in Appendix 4. By approving the savings options in Appendix 4 the Council is approving the voluntary severance scheme proposals summarised in the above table.

5.9 The Final Revenue Budget for 2013/14 included £4 million towards the costs of workforce planning measures in the short term (Report No. 13/53 refers). The adjustments to Service budgets will be included in Revenue Monitoring Report No.4 that will be considered by the Strategic Policy and Resources Committee in April 2014.

- 5.10 It is proposed that utilisation of the residual funding for workforce planning measures in 2013/14 be considered as part of the Reserves Strategy which is on the agenda for this special meeting of the Council (Report No. 14/46 refers).
- 5.11 The Strategic Policy and Resources Committee of 12 June 2013 considered an Accounts Commission report into Managing Early Departures from the Scottish Public Sector (Report No. 13/289 refers).
- 5.12 The report set out good practice as follows:
- Early departure schemes should be driven by the needs of organisations and their workforce plans.
 - Alternatives to early departures should be considered such as redeployment, natural turnover and service redesign.
 - There should be clear policies and procedures which are consistently applied.
 - Proposals should be supported by business cases, showing the full additional costs of early departures and their anticipated savings.
 - There should be restrictions on staff who have accepted an early departure package from being re-employed.
 - Councillors should approve early departure schemes ensuring that proposals represent value for money.
 - Councillors should approve proposals affecting senior managers to ensure each application is independently authorised.
 - Compromise agreements should not be used to limit public accountability.
 - Senior managers as well as councillors should monitor progress to help ensure that planned savings are being made.
 - Senior managers as well as councillors should use lessons learned from past and existing schemes and apply these accordingly to future proposals.
 - Organisations should be open in their annual reports and accounts about the costs of early departures and the savings they have generated.
- 5.13 Perth & Kinross Council's application of early retirement and voluntary severance complies in full with the principles of good practice set out in the Accounts Commission report.

6. RISK ASSESSMENT

- 6.1 Determining the Revenue Budget requires consideration of the strategic, operational and financial risks potentially facing the authority. Both the uncertainty of future events and resource constraints make it impractical to mitigate against all potential risks. In developing a medium term financial plan, the Council must also be aware of the sustainability of its expenditure proposals. Significant risks, which are of relevance in determining the Revenue Budget, are outlined below.

6.2 The General Fund Reserves Strategy is integral to supporting the Council's approach to the management of financial risk. The following comments on the most significant risks identified in preparing the Revenue Budget require to be considered in conjunction with the Reserves Strategy which is the subject of a separate report to this special meeting of the Council (Report No 14/46 refers).

6.3 Funding Levels in Future Years

6.3.1 As outlined in the Update of the Medium Term Financial Plan, presented to the Council on 2 October 2013 (Report No. 13/475 refers), the potential for cash and real terms reductions in future funding beyond financial year 2015/16 is considered to represent a significant risk in the management of the budget over the medium term.

6.3.2 The Improvement Service published their latest forecasts in December 2013. These forecasts indicated cash reductions in funding in 2016/17, 2017/18 and 2018/19 of 0.9%, 2% and 0.9% respectively. These reductions are indicative and are based on Departmental Expenditure Limits (DEL) for Scotland. The actual impact on local government may differ from those forecasts. Once inflation is factored in this may result in significant real terms reductions in funding to the Council over the medium term at a time of rising demand for Council services.

6.3.3 In view of this, the Council is advised to consider a prudent approach in applying unallocated budgeted resources when determining the 2014/15 Final Revenue Budget and 2015/16 Provisional Revenue Budget.

6.4 Current Economic Climate

6.4.1 There is a risk that both the Council's capacity to generate income, and the expenditure it incurs in meeting demand for its Services, may be less predictable in the current economic climate.

6.4.2 In terms of income generation, there is a continued risk that Council Tax collection levels, commercial rental income and other areas of income generated by the Council may be further affected.

6.4.3 The economic climate may also increase demand for and expenditure on Council services. Specifically this may have the most immediate impact in areas such as Housing and Council Tax Benefits and support for homeless clients. This risk will require to be managed within the Council's available resources.

6.5 Welfare Reform

6.5.1 At this time it is not possible to fully estimate the timing and potential total financial impact on Council Services and budgets of Welfare Reform with any accuracy.

6.5.2 It has been assumed that the implementation of Universal Credit will be effective from 1 April 2016 at the earliest. Should this assumption require to

be revised in advance of that date updates will be provided to the Strategic Policy and Resources Committee and included in the update of the 2015/16 Provisional Revenue Budget that will be considered by the Council in 2015.

- 6.5.3 There is also uncertainty around future allocations of funding in relation to the Scottish Welfare Fund and the associated administrative costs involved in the scheme. Any updates will be included in the 2015/16 Provisional Revenue Budget that will be considered by the Council in 2015.

6.6 Pay Award / Employers Costs

- 6.6.1 The 2014/15 Updated Provisional Revenue Budget contains a pay award assumption of 1% for all staff groups. The 2015/16 Provisional Revenue Budget includes an assumption of a pay award of 2% for all staff groups.

- 6.6.2 There is, however, a risk that the outcome of national pay negotiations differs from these assumptions which could have a significant financial impact upon the Council.

- 6.6.3 The negotiations involving teaching unions for 2014/15 include a proposal to reduce the length of time that a supply teacher is paid at the bottom of the scale from five days to two days. It is assumed that this change will be funded by the Scottish Government.

6.7 Inflation

- 6.7.1 There is a risk that levels of Service specific inflation exceed budgeted provisions and that levels of general inflation cannot be contained within existing resources as is currently assumed within the Provisional Revenue Budgets. The most significant examples of inflationary pressures contained within the Council's Provisional Revenue Budgets for 2014/15 and 2015/16 are in respect of energy and fuel costs.

6.8 Changes In Employers National Insurance from April 2016

- 6.8.1 National Insurance Contributions (NIC) are levied on employees and employers. Employees that have paid NIC are entitled to: A flat rate state pension, this is often referred to as the "old age pension", and a State Earnings Related Pension (SERP), which is a top up to the flat rate state pension and is based on earnings over a proportion of the employees working life.

- 6.8.2 The government has announced that from 6 April 2016, the reduced rate of NIC's in respect of "contracted out" employees will be removed and all NIC will revert to the full rate. This will result in a significant increase in costs for the Council from 2016/17 of approximately £3.5 million. It will also impact on employees and, therefore, potentially in pay negotiations. It is not yet clear whether there will be any recognition of the increased costs in future local government finance settlements.

7. CONCLUSION AND RECOMMENDATIONS

7.1 The Council is requested to:

7.1.1 Approve the 2014/15 Updated Provisional Revenue Budget and 2015/16 Provisional Revenue Budget as set out in **Appendix 1** to the report.

7.1.2 Agree to the terms of the letter from Cabinet Secretary (Finance and Sustainable Growth) dated 11 September 2013 whereby the Net Revenue Budget for financial year 2014/15 includes provision to deliver the requirements of the agreement between Perth and Kinross Council and the Scottish Government.

7.1.3 Determine the Final Revenue Budget and Council Tax for financial year 2014/15.

7.1.4 Determine the Provisional Revenue Budget and indicative Council Tax for financial year 2015/16.

7.1.5 Approve the carry forward of resources from 2013/14 into 2014/15 under the terms of the Revenue Budget Flexibility scheme as set out in **Appendix 2** to the report.

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Approved

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If you or someone you know would like a copy of this document in another language or format, (on occasion only, a summary of the document will be provided in translation), this can be arranged by contacting (*Scott Walker – 01738 475515*)



Council Text Phone Number 01738 442573

ANNEX

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

1. Strategic Implications

1.1. Corporate Plan

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

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

1.1.2 This report relates to all of these objectives.

2. Resource Implications

2.1. Financial

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

2.2. Workforce

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

2.3. Asset Management (land, property, IT)

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

3. **Assessments**

3.1. Equality Impact Assessment

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

3.1.2. The Revenue Budget Executive Summaries have been subject to an equalities assessment where appropriate.

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, all Executive Directors, the Head of Democratic Services, the Head of Legal Services and the Corporate Human Resources Manager have been consulted in the preparation of the Provisional Revenue Budgets for 2014/15 and 2015/16.

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 – Provisional Revenue Budget 2014/15 and 2015/16

Appendix 2 – Budget Flexibility Scheme – Proposed Carry Forwards from 2013/14

Appendix 3(i) – Movement between 2014/15 Provisional Revenue Budget (February 2013) and Updated 2014/15 Provisional Revenue Budget (February 2014)

Appendix 3(ii) – Movement between Updated 2014/15 Provisional Revenue Budget and 2015/16 Provisional Revenue Budget

Appendix 4 – Executive Summaries

PROVISIONAL REVENUE BUDGET

	<u>2014/15</u> <u>£000</u>	<u>2015/16</u> <u>£000</u>
Education & Children's Services	165,350	162,326
Housing & Community Care	71,796	68,836
The Environment Service	60,249	54,408
Chief Executive's Service	9,331	9,216
Sub-Total: Service Budgets	306,726	294,786
<u>Corporate Budgets</u>		
Contribution to Valuation Joint Board	1,155	1,155
Capital Financing Costs	12,744	13,359
Interest on Revenue Balances	(86)	(70)
Contribution to Capital Fund	3,034	2,653
Contribution to Insurance Fund	200	200
Tayside Contracts Surplus	(190)	(190)
Support Service External Income	(1,888)	(1,888)
Unfunded Pension Costs	1,516	1,516
Contingency	250	250
Discretionary Relief	150	150
Contribution to Investment in Improvement Fund Four	1,000	0
Council Tax Reduction Scheme	0	450
Sub-Total: Corporate Budgets	17,885	17,585
Net Expenditure (General Fund)	324,611	312,371
<u>Financed By:</u>		
Council Tax	(71,501)	(71,751)
Total Revenue Funding (see below)	(245,138)	(245,888)
Capital Grants	(4,815)	(2,815)
Budget Flexibility (c/f 2013/14 - see Appendix 2)	(4,413)	0
Balances	(2,870)	(2,330)
Surplus Resources	(4,126)	(10,413)

Total Revenue Funding - this figure includes the funding notified in Finance Circular 6/2013 and estimates in relation to the Council Tax Reduction Scheme, Discretionary Housing Payments and the Scottish Welfare Fund which have still to be allocated on an individual Council basis.

**PERTH & KINROSS COUNCIL
SPECIAL COUNCIL MEETING - 13 FEBRUARY 2014
REVENUE BUDGET 2014/15 AND 2015/16
Budget Flexibility Scheme - Proposed Carry Forwards from 2013/14**

APPENDIX 2

SERVICE	Underspend to be c/fwd from 2013/14 £'000	Utilisation of resources in 2014/15 £'000
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Education & Children's Services

Carry forward of 2013/14 savings	(954)	
Community Campuses		100
Staff Contracts		255
Evidence 2 Success Project		100
Living Communities Project		15
Horsecross - Temporary Transitional Funding		242
Cultural and Community Services - Transitional Funding		75
Modern Languages in Primary Schools - 1 plus 2 Initiative		67
Extension of Perth City Campus programme		100

Housing and Community Care

Carry forward of 2013/14 savings	(1,885)	
Refurbishment of Dalweem		650
Drugs and Alcohol Projects		21
Increased Capacity to Assist with Strategic Employee Engagement (Community Care)		37
Complex Case Integration Groups		30
Welfare Reform Project Officer		40
Homeless Nutrition and Youth Homeless Prevention Projects.		47
Community Hub - Oudenarde		41
Housing Options		20
Document Scanning and Electronic Access - Transforming the Workplace		331
Temporary Staff - Finance and Support Services		257
Fleet Management		70
Performance Dashboard Project		80
Self Directed Support - IT Systems Development		80
Organisational Development - Innovation Centre		122
Criminal Justice Service		38
Glenelg Resettlement Programme		21

Budget Flexibility Scheme - Proposed Carry Forwards from 2013/14

SERVICE	Underspend to be c/fwd from 2013/14 £'000	Utilisation of resources in 2014/15 £'000
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The Environment Service

Carry forward of 2013/14 savings	(1,375)	
Food Waste Trial - Education and Awareness Initiative		50
Contribution to Super Connected Perth City Broadband Plan		140
Regeneration Events		120
HUB Relocation		70
Pre Market Remediation for Surplus Buildings		75
Contribution to SHAW Trust		50
Replacement Property Business System		150
IIL - Mothballed Property Costs		150
Data Input Posts		70
Electrical Works		500

Chief Executive's Service

Carry forward of 2013/14 savings	(199)	
Modern Apprentices / Professional Trainees		50
Democratic Services - Modern Ways of Working		70
Workforce Management Costs		45
Systems Upgrades		34

TOTALS	(4,413)	4,413
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Full details of the above underspends are included in Revenue Budget 2013/14 Monitoring Report No. 3 (Report 14/47) considered by the Strategic Policy and Resources Committee on 12 February 2014.

**PERTH & KINROSS COUNCIL
SPECIAL COUNCIL MEETING - 14 FEBRUARY 2013
REVENUE BUDGET 2013/14 & 2014/15**

APPENDIX 3 (i)

PROVISIONAL REVENUE BUDGET

Movement Between 2014/15 Provisional Revenue Budget (February 2013) and
Updated 2014/15 Provisional Revenue Budget (February 2014)

	<u>£000</u>	<u>£000</u>
2014/15 Investment in Improvement Fund Three	236	
2014/15 Investment in Improvement Fund Four	521	
2014/15 Revised Pay Award - 2% to 1%	(1,692)	
2014/15 Unwind Welfare Reform Assumptions	(1,650)	
2014/15 Contribution to Insurance Fund	200	
2014/15 Modern Apprentices - Full Year Effect	148	
2014/15 Voluntary Severance Scheme - Recurring Costs	60	
2014/15 Settlement Adjustment	1,417	
2014/15 Service Savings in Excess of Pressures	(726)	
2014/15 Reserves Adjustments	425	
2014/15 Revenue Budget Flexibility	4,413	
	<hr/>	3,352
<u>Financed By:</u>		
General Revenue Grant		(1,883)
2013/14 Budget Flexibility		(4,413)
Reserves		(1,182)
Headroom c/f to 2014/15		<hr/> <hr/> <u>(4,126)</u>

**PERTH & KINROSS COUNCIL
SPECIAL COUNCIL MEETING - 14 FEBRUARY 2013
REVENUE BUDGET 2013/14 & 2014/15**

APPENDIX 3 (ii)

PROVISIONAL REVENUE BUDGET

Movement Between Updated 2014/15 Provisional Revenue Budget and
2015/16 Provisional Revenue Budget

	<u>£000</u>	<u>£000</u>
2014/15 Non Recurring Expenditure Reversed	(4,137)	
2014/15 Unwind Change Fund / Investment in Improvement Fund	(2,000)	
2014/15 Reserves Reversed	(2,997)	
2014/15 Revenue Budget Flexibility Reversed	(4,413)	
2015/16 Reserves Adjustments	5,322	
2015/16 Excess Corporate Savings Target	(942)	
2015/16 Expenditure Pressures in Excess of Savings	726	
2015/16 Council Tax Reduction Scheme	450	
2015/16 Capital Grants Adjustment (net)	(2,000)	
2015/16 Contribution to Reserves	(2,899)	
2015/16 Settlement Adjustment	400	
2015/16 Council Tax Growth to fund Loans Charges	250	
	<hr/>	
Movement between Updated 2014/15 Provisional Revenue Budget and 2015/16 Provisional Revenue Budget		<hr/> <u>(12,240)</u>

**PERTH & KINROSS COUNCIL
SPECIAL MEETING OF THE COUNCIL – 13 February 2014
REVENUE BUDGET 2014/15 & 2015/16**



**2014 - 2016
REVENUE BUDGET**

Expenditure Pressures & Savings

13 February 2014

PERTH & KINROSS COUNCIL

Revenue Budget 2014/15 & 2015/16

Expenditure Pressures & Savings

Page	SERVICE
26	Summary of Pressures & Savings
27	Education & Children's Services
46	Housing & Community Care
67	The Environment Service
85	Chief Executive's Service
93	Glossary of Savings Type

PERTH & KINROSS COUNCIL

2014/15 & 2015/16 REVENUE BUDGET

SUMMARY OF PRESSURES & SAVINGS

	2014/15 New/Revised Pressures £'000	2014/15 New/Revised Savings £'000	2015/16 New Pressures £'000	2015/16 New Savings £'000
Education & Children's Services	1,207	1,288	4,218	4,137
Housing & Community Care	1,319	1,319	2,491	2,491
The Environment Service	1,203	1,199	2,339	2,339
Chief Executive's Service	50	50	203	203
TOTAL	<u>3,779</u>	<u>3,856</u>	<u>9,251</u>	<u>9,170</u>

PERTH AND KINROSS COUNCIL
 REVENUE BUDGET 2014/16
 SERVICE – EDUCATION & CHILDREN'S SERVICES
 EXECUTIVE SUMMARY

	<u>Activity Expenditure Pressure & Impact Analysis</u>	Un-Funded Expenditure Pressures	
		Movement in 2014/15 Provisional Budget £000	2015/16 £000
1	Corporate Savings Target	0	2,678
2	<p><u>Fostercarer and Kinship Care Payments</u></p> <ul style="list-style-type: none"> Anticipated 2.0% inflationary increase in payments to Fostercarers and Kinshipcarers in line with recommended Fostering Network rates. This is an investment in the most appropriate placements for young people achieving better outcomes in a more cost effective way. <p><u>Increased Demand Pressures</u></p> <ul style="list-style-type: none"> Increase in demand in Fostercare placements Increased demand in Kinshipcare placements. 	0	71
		217	0
		59	15

	<u>Activity Expenditure Pressure & Impact Analysis</u>	Un-Funded Expenditure Pressures	
		Movement in 2014/15 Provisional Budget £000	2015/16 £000
3	<p><u>Increase in Property Costs</u></p> <ul style="list-style-type: none"> Estimated Inflation in Property Costs – Rates (3% annually), Cleaning (1% annually) Landfill (3% annually) <p>These are additional property costs for inflation & expansion of the ECS Estate, rates, cleaning and ground maintenance for example Invergowrie PS, Inchture PS and Perth High School.</p>	0	183
4	<p><u>Inflation on Investment in Learning Programme</u></p> <p>At financial close as approved by Full Council on the 23/08/2007 (Committee Report 07/546 refers) the financial model was fully funded up to the first full year of operation (2012/2013). From 2013/2014 onwards annual increase in operational costs of the programme are addressed as a budget pressure within the normal budget process. Pressure is based on a 2.8% (2014/15) and 2.4 % (2015/16) RPI inflation.</p>	126	297
5	<p><u>ASNEBD Provision</u></p> <p>Pupil Support Assistants increase in hours partly due to the number of young people being assessed on the Autistic Spectrum Disorder (ASD) being educated within mainstream provision.</p>	181	109
6	<p><u>Increased Social Worker Capacity</u></p> <p>Requirement to increase capacity within Children & Families to meet the rise in demand and complexity of Social Work Services to children and families. This includes additional responsibilities arising from Getting it Right for Every Child implementation, increased demand on Duty Staff; Long Term Teams; Fostering and Permanency work. Additional resources would be allocated as follows :-</p> <p>1 FTE Child Protection/Duty Team 2.5 FTE Fieldwork Teams 1 FTE Permanency Team 0.5 FTE Family Placement Team.</p>	228	0

<u>Activity Expenditure Pressure & Impact Analysis</u>		Un-Funded Expenditure Pressures	
		Movement in 2014/15 Provisional Budget £000	2015/16 £000
7	<p><u>Living Wage for Tayside Contracts Cleaning and Catering staff</u></p> <p>Tayside Contracts has implemented the "Living Wage" from April 2013; this will be funded from Tayside Contracts reserves for financial year 2013/14 and partly in 2014/15 but is now a pressure for the Service from 2015/16.</p>	0	400
8	<p><u>Supporting Vulnerable Families</u></p> <p>Current funding from the Change Fund ceases from 2015/16.</p> <p>This funding provides support for projects/services which are now deemed to be core to the delivery of support for vulnerable children.</p> <p>Change is a Must is an intensive assessment and support programme for children affected by parental substance misuse. This project has been successful in allowing earlier decisions to be made about children whether at home or in permanent care. This project also attracts funding from Lloyds TSB Foundation and Hopscotch.</p> <p>Family Change Support to Kinship Carers – the additional posts meets the demand for support to kinship carers. This also attracted funding from Lloyds TSB Foundation.</p> <p>Child Protection/Duty Team – as a result of the Joint Child Protection Inspection, enhanced multi agency screening group arrangements have been put in place and need to continue.</p> <p>These projects provide valuable support to vulnerable children to remain within the local community therefore the continuation of this funding is required.</p>	0	62
		0	80
		0	44

<u>Activity Expenditure Pressure & Impact Analysis</u>		Un-Funded Expenditure Pressures	
		Movement in 2014/15 Provisional Budget £000	2015/16 £000
9	<p><u>Transitions in the Community</u></p> <p>The need for change in the arena of children with additional support needs and learning disabled/ autistic adults was articulated in 2011 as a response to: growing demand for services; rising costs; drive towards personalisation, and a need for more 'inclusive' services.</p> <p>Investment in Improvement Fund 3 has provided funding to meet these challenges on a non-recurring basis and there are clear indications that significant impact has been made in changes to culture and expectations of parents and young people by mainstreaming elements of this project and the Council will capitalise on the progress achieved so far.</p>	197	0
10	<p><u>Horsecross</u></p> <p>Horsecross are in a stage of transition at present and reviewing their business plan, to assist them during this process additional non-recurring resources are required. This will be funded from budget flexibility within the Education & Children's Services Budget in 2013/14.</p>	121	0
	TOTAL	1,207	4,218

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 2014/15 Provisional Budget £000	2015/16 £000	2014/15	2015/16	
1	<p><u>Further Increase in ECS Staff Slippage Target</u></p> <p>Increase in ECS staff slippage to 2.1% of staff costs to reflect slippage currently being generated within ECS.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: This will be achieved through approved workforce management measures. Customer: Minimal impact. Equalities: No significant impact identified. Outcome and Performance: BMIP – No impact. SOA – NO 15 (LO 15)</p>	400	0	0	0	2A
2	<p><u>Workforce Management</u></p> <p>Reduction in staffing levels across the Service through application of the Council's Voluntary Severance Scheme (VSS).</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: It is anticipated that this saving will be achieved by the VSS scheme. Customer: A reduced level of service in some areas. Equalities: No significant impact identified. Outcome and Performance: BMIP – No impact. SOA – NO 15 (LO 15)</p>	197	0	0	0	2A

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 2014/15 Provisional Budget £000	2015/16 £000	2014/15	2015/16	
3	<p><u>Budget Flexibility - Horsecross</u></p> <p>A targeted underspend against the 2013/14 Education & Children's Services Budget. This is being achieved by stringent management of resources. This is a non-recurring proposal to allow time for redesign of the business model for Horsecross.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: No impact. Customers: No impact. Equalities: No impact. Outcome and Performance: BMIP - No impact</p>	121	0	0	0	4B
4	<p><u>Living Wage for Tayside Contracts Cleaning and Catering staff</u></p> <p>A review and reduction in specification of cleaning and catering in conjunction with Tayside Contracts to fund the cost of the Living Wage</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: None. Customers: In some smaller schools there will be a removal of cooks and a move to dining centres and the introduction of the champion box. There will also be a reduced cleaning standard applied across the estate. Equalities: No impact. Outcome and Performance: BMIP - Enabling the delivery of high quality public services.</p>	0	400	0	0	4B

<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>		Net Saving		Staffing Implications		Savings Type																
		Movement in 2014/15 Provisional Budget £000	2015/16 £000	2014/15	2015/16																	
5	<p><u>Review of Charges</u></p> <p>5% increase in all charges across ECS where appropriate. This includes: School and Community Campus Lets, Libraries and Museums, Youth Services, Arts Services, Outdoor Education, Sports Development, Childcare Strategy Services and Equipment Hire and Services.</p> <p>From 2015/16 A 10p increase in school meal prices. The costs of school meals for 2014/15 will be frozen.</p> <p>Current charges across Tayside:</p> <table border="0"> <tr> <td></td> <td>PKC</td> <td>Angus</td> <td>Dundee</td> </tr> <tr> <td>Primary</td> <td>£1.90</td> <td>£1.90</td> <td>£2.00</td> </tr> <tr> <td>Secondary</td> <td>£2.05</td> <td>£2.00</td> <td>£2.05</td> </tr> <tr> <td>Adult</td> <td>£2.90</td> <td>£2.40</td> <td>£3.10</td> </tr> </table> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None. Customers: The 5% increase in charges may reduce access to these services. Equalities: The increase in charges and the change in welfare reform may impact on low income families.</p> <p>Outcome and Performance: BMIP – Enabling the delivery of high quality public services. CP – Confident, active and inclusive communities. SOA - NO 10, 15 (LO 15).</p>		PKC	Angus	Dundee	Primary	£1.90	£1.90	£2.00	Secondary	£2.05	£2.00	£2.05	Adult	£2.90	£2.40	£3.10	0	61	0	0	4A
	PKC	Angus	Dundee																			
Primary	£1.90	£1.90	£2.00																			
Secondary	£2.05	£2.00	£2.05																			
Adult	£2.90	£2.40	£3.10																			

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 2014/15 Provisional Budget £000	2015/16 £000	2014/15	2015/16	
6	<p><u>Review of Information Technology</u></p> <p>Maximise efficiencies arising from the Review of IT and consolidation of IT systems and infrastructure assets. Saving figure in 2015/16 is subject to the external review.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: This will be determined at the conclusion of the review and approved workforce management measures will be applied. (0 vacant) Customers: Minimal impact. Equalities: No impact. Outcome and Performance: BMIP - Enabling the delivery of high quality public services. CP – Educated, responsible and informed citizens. SOA – LO 15 (LO 12, 15).</p>	0	335	0	0	3B & 1C
7	<p><u>Removal of Primary Swimming</u></p> <p>It is not a statutory requirement to provide swimming lessons to pupils. Currently 1 x 10 week block of swimming lessons is provided for all primary school pupils. There was a 1 x 10 block of swimming lessons taken as a saving in 2010/2011.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: None. Customers: Children in rural areas will benefit from less time out of the classroom. Some Primary pupils may not be taught how to swim. Equalities: Potential impact on low income families. Outcome and Performance: BMIP - Raising achievement for all. CP – Healthy, caring communities. Educated, responsible and informed citizens. SOA - NO 4, 6 (LO 6, 10)</p>	60	20	0	0	3B

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 2014/15 Provisional Budget £000	2015/16 £000	2014/15	2015/16	
8	<p><u>Freeze in Fostercarer and Kinship Care Payment Rates</u> (Link to expenditure Pressures)</p> <p>A freeze in the rate of payments to both Fostercarer and Kinship Carers. Carers have received year on year increases in recent years. The freeze on rates may impact on the recruitment and retention of carers.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: None. Customer: Loss of income in real terms and potential loss of carers. Equalities: No direct impact. Outcome and Performance: BMIP - Supporting vulnerable children and families. CP – A safe, secure and welcoming environment SOA - NO 4, 5, 6, 7, 8 (LO 6, 7, 8, 10).</p>	0	71	0	0	4B
9	<p><u>Removal of Universal Free Fruit</u></p> <p>Removal of universal Free Fruit. Fruit is provide three times a week (normally Monday; Wednesday and Friday) to P1 and P2 pupils plus all pupils in composite classes that contain P1 and P2 pupils.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: None. Customers: Pupils who have benefited from receiving a piece of free fruit most days will no longer have this provided for them. Greatest impact may be on those pupils who are most vulnerable and including many who are entitled to free school meals. Equalities: No impact. Outcome and Performance: BMIP – Improving the quality of life for individuals and communities. CP – Healthy Caring Communities. SOA - NO 5, 6, 7, 8 (LO 6, 7, 8, 10)</p>	0	78	0	0	3B

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 2014/15 Provisional Budget £000	2015/16 £000	2014/15	2015/16	
10	<p><u>Strategic Review of all commissioned services and service level agreements within Education and Children's Services</u></p> <p>A review of all existing SLA's within Cultural and Community Services (CCS) and Children and Families Services (CFS) is being undertaken with a view to reducing the current level of funding to third party providers. Within CCS this may take the form of both a blanket reduction across all existing SLA's and the consideration of the potential removal of some SLA's if these services are either no longer required, cannot be sustained financially, or can be delivered in-house through other means. Within CFS the focus will be to protect core social work services of child protection, family services and Looked After services. There is a targeted reduction over all SLA's following a review of the existing and new early years provision. Vulnerable children and families will still receive the support they need.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: None. Customers: Dependent on the outcome of the review and discussions with service providers, there is a likelihood of some service reduction to service users to reflect the reduced funding and potential removal of the SLA. Equalities: An Equalities Impact Assessment will be undertaken to assess impact on a case by case basis on client groups and identify measures to reduce negative impact. Children and young people affected by the changes to services provided are some of the most vulnerable children and young people we deal with. Outcome and Performance: BMIP – Improving the quality of life for individuals and communities. Supporting vulnerable children and families. CP – Confident, active and inclusive communities. SOA – NO 4, 5, 7, 8, 11 (LO 5, 6, 7, 8, 10, 11).</p>	0	72	0	0	3B

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 2014/15 Provisional Budget £000	2015/16 £000	2014/15	2015/16	
11	<p><u>Maintaining teaching numbers in line with pupil numbers</u></p> <p>Pupil rolls in the secondary schools are currently projected to flat line over the next few years. The delivery of this saving may affect the Services ability to achieve current slippage targets.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: This will be achieved through approved workforce management measures (5 from 1,203 - 130 vacant). Customers: There should be no impact as teachers will be allocated based on pupil numbers. Equalities: No impact due to staff turnover. Outcome and Performance: BMP – Raising achievement for all. CP – Educated, responsible and informed citizens. SOA – NO 4, 5 (LO 6,7)</p>	0	205	0	5	2A
12	<p><u>Review of Business & Resource Services</u></p> <p>A review and reduction in Business & Resource. A reduction of 3fte from a total of 73.8fte. This saving is creating pressure on staff to provide support to senior management and front line services. Not all of the savings are staff costs.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: This will be achieved through approved workforce management measures (3 from 73.8 - 1 vacant). Customers: Improved process and efficiencies should mean no impact on customers. Equalities: No impact. Outcome and Performance: BMP – Enabling the delivery of high quality public services. SOA - NO 15 (LO 12, 15).</p>	0	140	0	3	2A

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 2014/15 Provisional Budget £000	2015/16 £000	2014/15	2015/16	
13	<p><u>A further 34% reduction in School Supply contingency budget</u> Reduction in central school supply budget which covers long term absences & maternity absence in schools. Schools will not be guaranteed funding to support overspends in their school supply budget. This budget was reduced by 46% in 2013/14 and this saving would be an additional 34% reduction.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: None. Customers: There will be a risk that there will not be enough central resources to cover school overspends on supply cover. Equalities: No impact Outcome and Performance: BMIP – Raising achievement for all. CP – Educated, responsible and informed citizens. SOA - NO (LO)</p>	311	0	0	0	2A
14	<p><u>Strategic Commissioning of Leisure Services</u> A programme of redesign, efficiency, and targeted savings in relation to services commissioned from Live Active Leisure (LAL) as a key service provider. This will include a reduction in the value of the contractual agreements in place and will result in a reduction in provision of services currently provided by LAL and pursuit of a programme of efficiency savings including a review of the current asset portfolio. 3% reduction for Live Active Leisure (total contractual payment in 2013/14 is £3.574m):</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: None. Customers: The range and nature of service provision across the organisation-will be reduced. Equalities: No impact. Outcome and Performance: BMIP – Improving the quality of life for individuals and communities. CP - Healthy, caring communities. Confident, active and inclusive communities. SOA – NO 6, 11 (LO 1, 3, 10, 11).</p>	0	113	0	0	1C

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 2014/15 Provisional Budget £000	2015/16 £000	2014/15	2015/16	
15	<p><u>Review and reduction in 3rd and 4th tier Managers across ECS</u></p> <p>A phased reduction in 3rd and 4th tier managers.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: It is anticipated that this saving will be achieved by the VSS scheme (1 FTE from 29 - 0 vacant). Customers: Reduced management capacity for the leadership, management and implementation of key priorities within ECS. Additional workload for remaining staff with reduced capacity to deliver on expectations of customers, clients and Councillors. The reduction in admin staff will also add to the reduced management capacity of the Service. Equalities: No impact. Outcome and Performance: BMIP – Enabling the delivery of high quality public services. CP – Educated, responsible and informed citizens. SOA - NO 4 (LO 6)</p>	0	45	0	1	2A
16	<p><u>Integration of Family and Youth Services</u></p> <p>This saving will be realised through a further-integration of key aspects of services for young people and their families across ECS.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: This will be determined at the conclusion of the review and approved workforce management measures will be applied. Customer: The service will focus on highest priority young people who need intensive support and focus on the most vulnerable. Equalities: No impact. Outcome and Performance: BMIP – Supporting vulnerable children and families. Improving the quality of life for individuals and communities. CP – Educated, responsible and informed citizens. SOA - NO 5, 8 (LO 6, 7)</p>	0	35	0	0	2A

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 2014/15 Provisional Budget £000	2015/16 £000	2014/15	2015/16	
17	<p><u>Review of Skills for Work; Curriculum for Excellence; College Courses</u></p> <p>Withdrawal of existing courses organised by Perth College in partnership with Secondary Schools. This would impact on skills for work development and the employability strategy.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: None. Customer: Fewer vocational/skills courses available for pupils. Lower academic ability pupils more likely to be affected. Equalities: No impact. Outcome and Performance: BMIP – CP – SOA -</p>	86	87	0	0	3B
18	<p><u>Review of School Management Arrangements</u></p> <p>Review of allocation of senior managers in identified schools.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: None. Customer: Fewer senior managers in schools to provide strategic leadership and operational management in a school. Additional pressure would then fall to headteachers to provide this, as well as providing class cover when supply teachers cannot be accessed. Equalities: No impact. Outcome and Performance: BMIP – a rationalisation of roles and responsibilities within senior management teams in schools could lead to increased workload for some. CP – no impact SOA - no impact</p>	63	62	0	0	2A

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 2014/15 Provisional Budget £000	2015/16 £000	2014/15	2015/16	
19	<p><u>Realignment of Parenting Budget</u></p> <p>The expected investment and move to evidence based approaches over the next three years should allow us some element of disinvestment in this area. Support to vulnerable parents and families will be reviewed and reduced to focus on key priorities in the revised parenting strategy. This saving represents a reduction of 10% in the Parenting budget.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: None. Customer: Reduced level of service to vulnerable client group. Equalities: An EQIA will be undertaken to assess impact on key client groups. Outcome and Performance: BMP – supporting vulnerable children and families. CP – A safe, secure and welcoming environment. SOA - No 15 (LO – 15)</p>	50	0	0	0	3B
20	<p><u>Review of the delivery of Culture and Leisure Services</u></p> <p>The current delivery model will be reviewed to identify cost effective options to maximise tax efficiency and wider efficiencies more integrated support functions including catering, marketing and facilities management. Sports development would be included in this review to maintain a service but a reduced level from current delivery model.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: This will be determined at the conclusion of the review and approved workforce management measures will be applied. Customers: The overall level of service could change. Equalities: No impact. Outcome and Performance: BMP – Improving the quality of life for individuals and communities. CP - Confident, active and inclusive communities. SOA – NO 4, 5, 7,8,11 (LO 5, 6,7,8, 10, 11)</p>	0	542	0	0	1C

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 2014/15 Provisional Budget £000	2015/16 £000	2014/15	2015/16	
21	<p><u>Reduction of the Youth Justice Partnership</u></p> <p>Alternative arrangements for coordination of YJ Partnership due to the success of this project and embedding of processes. Ending of dedicated Police Analyst post. This would also substantially reduce service level agreements funded by the partnership.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: It is anticipated that this saving will be achieved by the VSS scheme (0.7FTE from 0.7 - 0 vacant). Customer: Some reduction in capacity to support Partnership business. Equalities: Vulnerable young people at risk of offending may be affected by this. Outcome and Performance: BMIP – Supporting vulnerable children and families. Improving the quality of life for individuals and communities. CP – Educated, responsible and informed citizens. SOA - NO 5, 8 (LO 6, 7)</p>	0	100	0	0.7	4B
22	<p><u>50% Reduction in Education Support Officers</u></p> <p>A review and reduction in Education Support Officers. These staff provide essential support to the development and implementation of Curriculum for Excellence.</p> <p>Workforce: This will be achieved through approved workforce management measures (6FTE from 11 - 3 vacant). Customer: Reduction in central support would mean very limited curriculum development support for staff in schools, placing greater demands on headteachers and their staff to deliver this function. Equalities: No impact. Outcome and Performance: BMIP – Raising achievement for all. CP – Educated, responsible and informed citizens. SOA - NO 4 (LO 6)</p>	0	320	0	6	2A

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 2014/15 Provisional Budget £000	2015/16 £000	2014/15	2015/16	
23	<p><u>Review of Tuition, Central Groups and Music Camp resources, including charges</u></p> <p>The current music service would be reviewed including options for externalisation / joint service delivery with other local authorities, raising of charges and removing the option for a second instrument.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: This will be determined at the conclusion of the review and approved workforce management measures will be applied. Customers: The overall level of service would reduce and subsidy currently provided to music tuition camps and central groups would be reduced. Equalities: May adversely effect families on low income. Outcome and Performance: BMIP - Raising achievement for all. CP – Confident, active and inclusive communities. SOA - NO 4 (LO 6, 7)</p>	0	200	0	0	3B
24	<p><u>Full Removal Creche Facilities (Playstart)</u></p> <p>Removal of Early Years Crèche services which provides childcare to a range of children and families including those most vulnerable.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: This will be achieved through approved workforce management measures (7.3FTE from 7.3 - 0 vacant). Customers: Increase barriers for the most vulnerable in participation in social, developmental and learning opportunities. Will impact on the engagement and participation of vulnerable families and parents with young children involved in E2S parenting programme. Equalities: Will have most impact on the most vulnerable low income families. Outcome and Performance: BMIP – Improving the quality of life for individuals and communities. CP – Confident, active and inclusive communities. SOA – NO 2, 4 (LO 12)</p>	0	239	0	7.3	3B

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 2014/15 Provisional Budget £000	2015/16 £000	2014/15	2015/16	
25	<p><u>50% Reduction in Community Link Workers</u> Community Link Worker (CLW) functions will be remodelled into small peripatetic teams providing support for the highest priority families and young people only. If this saving is taken this will compromise our ability to make savings against residential placements.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: This will be achieved through approved workforce management measures (8 FTE from 16 - 0 vacant). Customers: The current service model for CLW supporting school clusters would be removed and the team would provide support to priority families and young people based on evidence of highest needs across Perth and Kinross. Parent and Family support services would be significantly reduced across localities and would also be provided on the basis of highest priority need. Equalities: An Equalities and Impact Assessment will be undertaken as part of the service remodelling. Outcome and Performance: BMIP – Improving the quality of life for individuals and communities. CP – Confident, active and inclusive communities. SOA - NO 11, 15 (LO 11, 12)</p>	0	317	0	8	2A
26	<p><u>Revised Breakfast Club Charging Policy</u> Revised charging policy for breakfast club provision.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: This will be achieved through approved workforce management measures (5FTE from 6.5 - 0.7 vacant). Customers: No Impact. Equalities: No Impact. Outcome and Performance: BMIP – Improving the quality of life for individuals and communities. CP – Healthy Caring Communities. SOA - NO 5, 6, 7, 8 (LO 6, 7, 8, 10)</p>	0	150	0	5	3 B

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 2014/15 Provisional Budget £000	2015/16 £000	2014/15	2015/16	
27	<p><u>Full Removal of Community Link Workers</u> Community Link Worker (CLW) functions will be fully removed. If this saving is taken this will compromise our ability to make savings against residential placements.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: This will be achieved through approved workforce management measures (8 FTE from 8 - 0 vacant). Customers: The current service model for CLW supporting school clusters would be removed. Equalities: An Equalities and Impact Assessment will be undertaken. Outcome and Performance: BMIP – Improving the quality of life for individuals and communities. CP – Confident, active and inclusive communities. SOA - NO 11, 15 (LO 11, 12)</p>	0	317	0	8	3B
28	<p><u>Reduction in Offsite Provision for Secondary Pupils</u> This saving will be realised through a reduction in the number of available places provided in our offsite establishments (Almondbank and Navigate). This saving is directly linked to the pressure of increased social worker capacity</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: This will be determined at the conclusion of the review and approved workforce management measures will be applied. Customer: The service will focus on highest priority young people who need intensive support and focus on the most vulnerable. Equalities: An EQIA will be undertaken to assess impact on key client groups. Outcome and Performance: BMIP – Supporting vulnerable children and families. Improving the quality of life for individuals and communities. CP – Educated, responsible and informed citizens. SOA - NO 5, 8 (LO 6, 7)</p>	0	228	0	0	2A
	TOTAL	1,288	4,137	0	44.0	

	<u>Housing & Community Care</u> <u>Activity Expenditure Pressure and Impact Analysis</u>	Un-Funded Expenditure Pressures	
		Movement in 2014/15 Provisional Budget £000	2015/16 £000
1	<u>Contribution to Corporate Savings Exercise</u>	0	1,184
2	<u>Sheltered Housing & Housing with Care (Residential Placements Element) – Previous Approved Saving Rephased</u> This saving was included in the list of Transformation - Service Review Programmes agreed by Council on 30 June 2010 in Securing the Future – Towards 2015 and Beyond (Report No 10/357 refers). The transformation project focuses on service redesign in existing sheltered housing complexes (in both Council and Registered Social Landlords ownership). Potential savings will rely on incremental turnover of existing services rather than large scale expansion through new build projects. The complexity of the redesigned model of service delivery requires the previously approved saving to be rephased over financial year 2015/16 (see saving 15 below) and future years.	383	0
3	<u>Care Home Fees (2014/15 Additional Pressure) + 2015/16</u> The 2013/14 negotiations between Scottish Care and COSLA regarding the National Care Home Contract Fees resulted in a final settlement of a 2.5 % increase which was higher than PKC had anticipated when setting its 2014/15 provisional budget in February 2013. The additional pressure for 2014/15 reflects the residual cost pressure caused by the late settlement of the 2013/14 negotiations. The 2014/15 negotiations have not yet concluded. The 2015/16 pressure is based on an assumed 2.5% increase in rates for 2015/16 less an adjustment for the assumed PKC share of the announced national allocation which is expected to be separately identified in the national financial settlement as indicated in the Cabinet Secretary's letter to Councils dated 11.09.13.	34	303

		Un-Funded Expenditure Pressures	
		Movement in 2014/15 Provisional Budget £000	2015/16 £000
<p><u>Housing & Community Care</u></p> <p><u>Activity Expenditure Pressure and Impact Analysis</u></p>			
4	<p><u>Additional Demands for Adult Social Work Services</u></p> <p>The Community Care section has experienced a significant increase in demand levels in the last 2 years with the volume of Community Care assessments completed up by 55% over the last 18 months, and, based on the activity in the 6 months to June 2013, it is anticipated that we are likely to see a further increase of 25% in the demand levels.</p> <p>The 4 largest contributory factors to this increase have been:</p> <ul style="list-style-type: none"> • An incremental rise in Older Peoples' assessments, both in a community setting and awaiting discharge from hospital. This rise in the number of Older People's referrals accounts for the bulk of the overall increase in Community Care referrals. Over the last 2 years, the number of assessments for Older People in community settings has increased by 90%. Additionally, over the last 3 years, the number of assessments for Older People in hospital settings across Perth & Kinross has risen by 50%. • There has been a continuing increase in the number of Adult Concern Reports submitted to our Access Team resulting in a much increased need for integrated screening and assessment. An increase of 87% in the last 2 full financial years (2011/12 + 2012/13) with ongoing continuing increases in demand. • The need to review the appropriateness of care/support packages involving an element of Self Directed Support (SDS). Experience within the first stage of SDS roll out in the North Locality clearly indicates that the need for regular review of SDS packages amounts to an additional workload for Long Term Locality Care Teams • A sharp rise in the number of complex homeless cases presenting to the Drug & Alcohol Team <p>The impact of these pressures is experienced most acutely within the Access Team, Home Care Teams, and our Long Term Locality Care Teams. This has resulted in an identified need for additional assessing Social Worker capacity within Long Term Locality Care Teams and the Access Team, and additional</p>	257	0

	<u>Housing & Community Care</u> <u>Activity Expenditure Pressure and Impact Analysis</u>	Un-Funded Expenditure Pressures	
		Movement in 2014/15 Provisional Budget £000	2015/16 £000
	<p>Home Care capacity. The total proposed investment for recurring funding is as follows:</p> <ul style="list-style-type: none"> • 2 Social Workers for the Long Term Locality Care Teams - £96,000 • 1 Social Worker for the Access Team - £48,000 • 1 Social Worker for the Drug & Alcohol Team - £48,000 <p>Total: £192,000</p> <p>Further, in order to support the development of talented staff, through 'Growing our Own', we seek funding to cover the supply costs of seconding 2 Graduate Trainees for formal Social Work training over 2 years. The projected 2 year non-recurring cost of this additional exercise is £130,000 (£65,000 per annum for 2 years).</p>		
5	<p><u>Retention of Learning Disability Transitions Team</u></p> <p>The Council provided bridging finance in 2012/13 and 2013/14 from the Investment in Improvement Fund 3 to support a joint project between HCC and ECS to develop better outcomes for children and young people with learning disabilities who eventually transition into Adult Care services.</p> <p>One part of this project was the creation of a Transitions Team to work with clients and their families to ensure that they achieve the best outcomes to meet their assessed needs within the resources available. Sustaining key elements of the team beyond the period of the Improvement Fund financing arrangement is vital to ensuring that the new model of service delivery continues to meet the needs and wishes of clients and their families. The Council previously recognised the ongoing need to retain this team when setting the provisional revenue budget for 2014/15 in February 2013.</p> <p>The 2015/16 pressure is the full year effect of that decision, and can be funded by the reduction in anticipated care package costs for a number of the transitional clients to come from ECS in 2015/16 (see pressure 6 below).</p>	0	55

		<u>Housing & Community Care</u> <u>Activity Expenditure Pressure and Impact Analysis</u>		Un-Funded Expenditure Pressures	
				Movement in 2014/15 Provisional Budget £000	2015/16 £000
6	<p><u>Learning Disabilities – Transition Clients from ECS</u></p> <p>Each year a number of clients whose care has previously been the responsibility of Education & Children's Services reach the stage of moving into Community Care Services. There is no budget resource within HCC to fund these additional commitments hence additional pressure is placed on existing HCC budget resources.</p> <p>This pressure relates to the part and full year effect of care packages for clients, responsibility for which will transfer to HCC, and includes an anticipated uplift of 5% on current prices to reflect the historical price increases experienced year on year over recent times. In addition, on average three placements per year (at an average cost of £25k each) come to an end and this partly offsets the additional transition costs and has been netted off in the final pressure stated.</p> <p>2015/16 Full Year Costs of 2014/15 new clients £ 176,000 (12 clients) Part Year Costs of 2015/16 new clients £ 532,000 (12 clients) Less average of 3 placements ending (£ 75,000)</p> <p>Less anticipated savings arising from permanent Establishment of Transitions Team (see pressure 5 above) (£147,000)</p> <p>Total Pressure in 2015/16 £ 486,000</p>	0	486		
7	<p><u>Free Personal Care Payments - 2014/15 + 2015/16</u></p> <p>This is the inflationary increase for free personal care provided to self-funding clients in order to continue to deliver the shared Scottish Government/COSLA commitments on free personal care for which payments will be updated in 2015/16. The current fees (2013/14) are £159 for residential care, £231 for nursing care (over 65) and £72 for nursing care (under 65).</p>	0	156		

	<u>Housing & Community Care</u> <u>Activity Expenditure Pressure and Impact Analysis</u>	Un-Funded Expenditure Pressures	
		Movement in 2014/15 Provisional Budget £000	2015/16 £000
8	<p><u>Home Care/Reablement – Cost of Commissioning</u> This pressure assumes a 2% increase for 2015/16. This is in line with anticipated public sector pay awards in future years and the Council's current budget planning assumptions.</p>	0	136
9	<p><u>Demographics – Older People</u> The impact of the increased demography in the older people population will place additional pressure on Housing & Community Care services.</p>	0	86
10	<p><u>Loss of DWP Admin Grant</u> There has been an annual reduction in the level of Administration Grant received from the DWP in recent years and this is expected to continue for the foreseeable future. Communication received from DWP on 5 November 2012 confirmed a reduction of £114k in 2012/13 levels (this equates to 11.6% compared to the 2012/13 funding levels). For 2014/15 a further 11.6% reduction was assumed in the provisional budget approved in February 2013. For 2015/16, the Service Manager (Revenues & Benefits) has advised that the best estimate that can be made at this time, in the absence of any further information from DWP, is a further 5% reduction in 2015/16 (see saving 11 below).</p>	0	40
11	<p><u>Withdrawal of Homeless Hostel Deficit Grant</u> The Scottish Government has confirmed (letter dated 24.09.13 from Scottish Government - Housing, Regeneration and Welfare Directorate refers) the withdrawal of Homeless Hostel Deficit Grant monies from 2014/15. PKC is one of 18 Councils which receives grant funding for our Homeless hostel. The September 2013 letter identifies that there is to be a new funding distribution formula which has been agreed by the Scottish Government, COSLA, ALACHO, and local authority Directors of Finance. The letter states that for 2014/15 PKC will receive £390k reducing to £345k in 2015/16 with further reductions year on year until 2017/18. The compensating saving (see saving 5 below) sets out the assumption made in respect of the new distribution formula for funding of homeless services within Perth & Kinross for 2014/15.</p>	0	45

<u>Housing & Community Care</u> <u>Activity Expenditure Pressure and Impact Analysis</u>		Un-Funded Expenditure Pressures	
		Movement in 2014/15 Provisional Budget £000	2015/16 £000
12	<u>Payment To Reserves</u>	645	0
	In updating the 2014/15 pressures and savings approved in February 2013, it is now possible to transfer some of the previously approved funds to Council Reserves for draw down in 2015/16 to ensure that the Service's budget is balanced across the 2 years (see saving 1 below).		
	TOTAL	1,319	2,491

	<u>Housing & Community Care</u>	Net Saving		Staffing Implications		Savings Type
		2014/15 £000	2015/16 £000	2014/15	2015/16	
1	<p><u>Compensating Savings/Budget Flexibility & Impact Analysis</u></p> <p><u>Repayment From Reserves</u></p> <p>In updating the 2014/15 pressures and savings it was possible to transfer some of the previously approved funds to Council Reserves for draw down in 2015/16 to ensure that the Service's budget is balanced across the 2 years (see pressure 12 above).</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: None Customer: None Equalities/Diversity: No identified equalities/diversity issues Outcome and Performance: None</p>	0	645	0	0	
2	<p><u>Impact of Welfare Reform – Previous Funded Pressure no Longer Required within current Budget Setting Timeframe</u></p> <p>The UK Government's deficit reduction plan includes savings to be made from the introduction of various elements of Welfare Reform (these changes will affect more than Housing Benefit and its administration). Welfare Reform began to affect the delivery of housing benefit in 2010. In addition, new proposals are currently being considered by the UK Government.</p> <p>The lack of definitive implementation dates and some of the details of the various planned changes makes it extremely difficult to predict the pressures likely to be faced by the Council and, based on the most up to date information at this time, it is considered unlikely that there will be any further impact on Council services before 1 April 2016.</p>	707	60	0	0	

	<u>Housing & Community Care</u> <u>Compensating Savings/Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		2014/15 £000	2015/16 £000	2014/15	2015/16	
	<p>In setting the provisional budget for 2014/15 in February 2013, the Council agreed to fund £1.088m of anticipated pressures arising from the Welfare Reform changes. It is now considered unlikely that further Government changes will be implemented before 1 April 2016 therefore these funds are no longer required within the current budget setting timeframe. However, given that the whole issue of Welfare Reform is very fluid and changing at regular intervals it may be necessary to accelerate or slip funding for the pressures arising and potential associated savings over the coming years as the UK Government clarifies the details and timing of implementation of those changes yet to be finalised.</p> <p>The 2014/15 saving is the net saving now deliverable after incorporating the Council's decision (in setting the provisional revenue budget in February 2013) to withdraw from operating the Private Sector Leasing Scheme as leases come to an end/review date, and the expected implementation date for Universal Credit now being not before 1 April 2016. The Private Sector Landlords (PSL) Scheme is the most expensive temporary accommodation arrangement operated by Perth & Kinross Council, and also attracts the highest levels of Benefits Subsidy loss.</p> <p>The 2015/16 saving is the residual impact of the decision to withdraw from the PSL Scheme and reflects the variety of end/review dates for those leases currently in place.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: None Customer: None Equalities/Diversity: No identified equalities/diversity issues Outcome and Performance: None</p>					

	<u>Housing & Community Care</u>	Net Saving		Staffing Implications		Savings Type
		2014/15 £000	2015/16 £000	2014/15	2015/16	
3	<p><u>Compensating Savings/Budget Flexibility & Impact Analysis</u></p> <p><u>Home Care/Reablement – Cost of Commissioning – Full Pressure no Longer Required</u></p> <p>The previously approved pressure assumed a 2% increase for the service in 2014/15 which has now been reduced to 1%. This is in line with anticipated public sector pay awards for next year and the Council's current budget planning assumptions.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: None Customer: None Equalities/Diversity: No identified equalities/diversity issues Outcome and Performance: None</p>	64	0	0	0	4B
4	<p><u>Free Personal Care funded by Scottish Government</u></p> <p>The Scottish Government wrote to all Councils in September 2012 advising that for 2014/15 they would be including £3m and £4.5m for these 2 years in the financial settlement. The 2014/15 impact was included in the provisional budget approved by Council on February 2013.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: None Customer: None Equalities/Diversity: No identified equalities/diversity issues Outcome and Performance: None</p>	0	156	0	0	4B

	<u>Housing & Community Care</u> <u>Compensating Savings/Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		2014/15 £000	2015/16 £000	2014/15	2015/16	
5	<p><u>Revised Funding arrangements for Homeless Services following withdrawal of Hostel Deficit Grant</u></p> <p>The Scottish Government has confirmed (letter dated 24.09.13 from Scottish Government - Housing, Regeneration and Welfare Directorate refers) the withdrawal of Homeless Hostel Deficit Grant monies from 2014/15. PKC is one of a 18 Councils which receives grant funding for our Homeless hostel and therefore the withdrawal of the deficit grant funding will mean a pressure on Homeless services if not replaced by an alternative funding mechanism (see pressure 11 above). This letter advises that an alternative funding distribution formula has been agreed by the Scottish Government, COSLA, ALACHO, and local authority Directors of Finance to fund Homeless services. The letter states that for 2014/15 PKC will receive £390k.</p> <p>In setting the provisional budget in February 2013, PKC assumed £208,000 would be received. The additional income announced in the September 2013 letter is shown here.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: None Customer: None Equalities/Diversity: No identified equalities/diversity issues Outcome and Performance: None.</p>	182	0	0	0	4B

	<u>Housing & Community Care</u>	Net Saving		Staffing Implications		Savings Type
		2014/15 £000	2015/16 £000	2014/15	2015/16	
6	<p><u>Compensating Savings/Budget Flexibility & Impact Analysis</u></p> <p><u>Reduction in Transport Costs - MacKinnon Centre, Dundee</u></p> <p>Transport to MacKinnon Centre has been retendered and renegotiated during 2013/14 resulting in a reduction in costs incurred in delivering this service. The transport schedule is now more efficient as clients attending have been rescheduled to attend on the same days with a reduced number of transport runs.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None</p> <p>Customer: All clients are happy as they are still able to attend MacKinnon and this is their preferred option.</p> <p>Equalities/Diversity: No impact</p> <p>Outcome and Performance: All clients still able to access their chosen resource and this is sustainable within current budgets due to re-organising of transport arrangements.</p>	75	0	0	0	1A

	<u>Housing & Community Care</u> <u>Compensating Savings/Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		2014/15 £000	2015/16 £000	2014/15	2015/16	
7	<p><u>Sheltered Housing & Housing with Care – Sheltered Housing Element</u></p> <p>This saving was included in the list of Transformation - Service Review Programmes agreed by Council on 30 June 2010 in Securing the Future – Towards 2015 and Beyond (Report No 10/357 refers).</p> <p>This transformation project focuses on service redesign in existing sheltered housing complexes (in both Council and Registered Social Landlords ownership). The new models planned include delinking existing Sheltered Housing complexes, and the development of amenity and retirement housing which will require reduced staffing levels. The additional saving identified for 2015/16 is the full year effect of the savings achieved in 2014/15.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: For 2014/15 4.3fte posts are affected and there are 3.4fte vacancies. It is anticipated that this saving will be achieved via the VSS scheme. None in 2015/16. Customer: Reshaping services to enable customers to regain/retain independence will have a positive impact on this client group. Equalities/Diversity: There are no identified equality or diversity. Outcome & Performance Develop a modernised, fit for purpose provision of independent living for older people. Changes will be incremental as turnover occurs within units.</p>	0	70	0	0	1C

	<u>Housing & Community Care</u> <u>Compensating Savings/Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		2014/15 £000	2015/16 £000	2014/15	2015/16	
8	<p><u>Review of Staffing Levels in Planning and Commissioning Teams</u></p> <p>By reconfiguring the Planning and Commissioning Team it will be possible to achieve the planned savings target. Reductions in lower priority service levels delivered by the Planning and Commissioning Team have been identified.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: It is anticipated that this saving will be achieved via the VSS scheme. 0 vacancies at present. Customer: More targeted planning and policy and commissioning and contract compliance capacity. Equalities/Diversity: An Equalities Impact Assessment will be undertaken to identify issues and measures taken. Outcome and Performance: Targeted, focused work will be necessary to support service developments and prepare, produce and deliver strategic plans.</p>	0	80	0	2	2A

	<u>Housing & Community Care</u> <u>Compensating Savings/Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		2014/15 £000	2015/16 £000	2014/15	2015/16	
9	<p><u>Finance & Support Services – Efficiency Saving</u></p> <p>These reductions will cover a range of teams including Revenues & Benefits, Learning & Development, Finance & Resources, Customer Service Centre, and Business Improvement. They will be achieved by reducing uncommitted supplies & services budgets, reducing the current budgets for Sherriff Officers' fees and DWP Error Clawback provision (based on improved performance over the last few years in these areas of operations), and deleting posts to secure efficiencies following implementation of new ways of working and improved systems/processes.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: This will be determined at the conclusion of the review and approved workforce management measures will be applied. It is anticipated that this saving will be achieved by the VSS scheme. 0 vacancies at present.</p> <p>Customer: Customers will continue to receive a consistent standard of information, advice and financial administration.</p> <p>Equalities/Diversity: No identified equalities/diversity issues</p> <p>Outcome & Performance: Future support for service developments and workloads will require to be targeted and prioritised.</p>	0	104	0	3.97	2A

	<u>Housing & Community Care</u>	Net Saving		Staffing Implications		Savings Type
		2014/15 £000	2015/16 £000	2014/15	2015/16	
10	<p><u>Compensating Savings/Budget Flexibility & Impact Analysis</u></p> <p><u>Reconfiguration of Safer Communities Team</u></p> <p>PKC currently funds a Police Scotland civilian post for Research and Information. Following a review of the Safer Communities Team there will be internal capacity within PKC to provide this service and negotiations with Police Scotland have reached agreement that funding for this post can be withdrawn.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None</p> <p>Customer: Negligible Impact</p> <p>Equalities/Diversity: No identified equalities/diversity issues</p> <p>Outcome and Performance: May have some limited impact on service delivery during the transition period.</p>	0	24	0	0	2A

	<u>Housing & Community Care</u>	Net Saving		Staffing Implications		Savings Type
		2014/15 £000	2015/16 £000	2014/15	2015/16	
11	<p><u>Compensating Savings/Budget Flexibility & Impact Analysis</u></p> <p><u>Loss of DWP Admin Grant 2015/16 – Reduction in Benefits Team Staffing</u></p> <p>The DWP has had a programme of annual reductions in the Admin Grant paid to PKC for a number of years. This is expected to continue for the foreseeable future although there has been no communication that this will be the case. In terms of prudent medium term financial management an anticipated reduction of 5% for 2015/16 has been added as a pressure in this Executive Summary (see pressure 10 above). At this time no specific compensating saving has been identified pending confirmation of the reduction in grant income but it is likely that this level of saving would require the deletion of 2 fte posts within the Benefits Team if it were not resolved by another means.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: This will be determined at the conclusion of the review and approved workforce management measures will be applied. 0 vacancies at present.</p> <p>Customer: Could result in delays in processing which could lead to difficulties such as rent arrears (issues for households and landlords).</p> <p>Equalities/Diversity: None</p> <p>Outcome and Performance: Could lead to a reduced service which detrimentally impacts on our communities and also could lead to increased risk of financial loss for Council (e.g. subsidy loss, reduced income).</p>	0	40	0	2	2E

	<u>Housing & Community Care</u> <u>Compensating Savings/Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		2014/15 £000	2015/16 £000	2014/15	2015/16	
12	<p><u>Review of Private Sector Housing Grant Allocations</u> A review of care and repair and improvements to the operational arrangements will provide efficiencies and financial savings.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: This will be determined at the conclusion of the review and approved workforce management measures will be applied. Customer: improved customer care and more efficient delivery of services Equalities/Diversity: None Outcome and Performance: the review and changes should result in better, more targeted and efficient services.</p>	0	155	0	0	2E
13	<p><u>Mainstream Care at Home – Reduction in Management and Support Costs</u> Following the move in recent years from direct provision to a commissioned Home Care service it is proposed to restructure the current management and clerical support staffing model for reablement and care at home by reducing staffing levels. The proposed structure will ensure an integrated Reablement/Care at Home service and will support the now greater commissioned service model.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: This will be determined at the conclusion of the review and approved workforce management measures will be applied and it is anticipated that this saving will be achieved by the VSS scheme. 0 vacancies at present. Customer: None Equalities/Diversity: No identified equalities/diversity issues Outcome and Performance: None.</p>	0	200	0	8	1C 2A

	<u>Housing & Community Care</u>	Net Saving		Staffing Implications		Savings Type
		2014/15 £000	2015/16 £000	2014/15	2015/16	
14	<p><u>Compensating Savings/Budget Flexibility & Impact Analysis</u></p> <p><u>Transformation of Learning Disabilities – Commissioned Services/Independent Sector</u></p> <p>The personalisation of the Learning Disability Transformation Project will be delivered through the new Learning Disability and Autism Strategy. The aim of the Project will be to deliver personalised services that enable increased choice, control, and localised supports for service users and carers. It is also aimed to improve transition planning from school into adult services for service users.</p> <p>The main area of the savings will be achieved via reducing the number of external placements. This will be achieved under the following areas;</p> <ol style="list-style-type: none"> 1) Development of a Shared Lives model - £50k saving 2) Shifting the balance of care from residential care to more personalised supports in the community - £200k 3) Ensure efficiencies in the short breaks budget - £40k <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None</p> <p>Customer: As long as there is sufficient capacity for managing change, current service provision will change towards a more personalised approach. .</p> <p>Equalities/Diversity: No identified diversity or equalities issues</p> <p>Outcome and Performance: Achieving the ambitions of the Learning Disability and Autism Strategy for Perth and Kinross will be a greater challenge in light of the proposed savings. An increased emphasis on best value, integrated working and utilising community supports will be required.</p>	0	290	0	0	1C 2B

	<u>Housing & Community Care</u> <u>Compensating Savings/Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		2014/15 £000	2015/16 £000	2014/15	2015/16	
15	<p><u>Sheltered Housing & Housing with Care (Residential Placements Element) – Previously Approved Saving Rephased</u></p> <p>This saving was included in the list of Transformation - Service Review Programmes agreed by Council on 30 June 2010 in Securing the Future – Towards 2015 and Beyond (Report No 10/357 refers).</p> <p>The complexity of the redesigned of model of service delivery requires the previously approved saving to be rephased over financial year 2015/16 (see pressure 2 above) and future years.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: None Customer: Reshaping services to enable older people to regain/retain independence will have a positive impact. Equalities/Diversity: There are no identified equality or diversity issues. Outcome & Performance Develop a modernised, fit for purpose provision of independent living for older people.</p>	0	82	0	0	

	<u>Housing & Community Care</u>	Net Saving		Staffing Implications		Savings Type
		2014/15 £000	2015/16 £000	2014/15	2015/16	
16	<p><u>Compensating Savings/Budget Flexibility & Impact Analysis</u></p> <p><u>Reduction in Residential Placements for Older People</u></p> <p>In order to meet the pressures identified above it will be necessary to reduce the number of residential placements made. The current gross budget for purchased residential or nursing placements for older people/people with a physical disability is £17.2m. As at 31 October 2013, PKC was funding 806 clients in residential and/or nursing care.</p> <p>For 2014/15 this will necessitate a reduction of 14 full year residential placements. A further reduction of 29 full year residential placements will also be necessary in 2015/16. This equates to a 5% reduction in the number of funded placements over the 2 years.</p> <p>This reduction can only be achieved by a combination of not filling currently funded placements when a vacancy arises through natural turnover, and reducing the number of new placements agreed throughout the year via the weekly allocation process.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: None</p> <p>Customer: There is a risk that older people will be at risk if remaining at home when they are assessed as being in need of residential or nursing care. Older People ready to leave hospital will not be able to be discharged to an appropriate care setting due to lack of funding causing them to remain in hospital when there is no identified medical need to do so.</p> <p>Equalities/Diversity: Older people may be more adversely impacted on than other clients groups in terms of accessing services they are assessed as requiring.</p>	291	585	0	0	4B

	<u>Housing & Community Care</u>		Net Saving		Staffing Implications		Savings Type
	<u>Compensating Savings/Budget Flexibility & Impact Analysis</u>		2014/15 £000	2015/16 £000	2014/15	2015/16	
	<p>Outcome and Performance:</p> <ul style="list-style-type: none"> The lack of resources to fund permanent care placements will cause increased delayed discharge rates from hospital. There will be additional pressure on NHS resources available to meet the needs of the wider PKC population (but particularly older people). There will be a greater risk for older people who are in the community if there is less capacity in the placements budget to fund permanent care placements for them. There is the potential for considerable adverse press publicity as older people and their families feel that they may be at risk if not admitted to a permanent care placement due to lack of available funding. There is a risk that community based services will not be able to cope with the additional demands to care for individuals who are remaining at home but who have been assessed as requiring a permanent care placement. 						
	TOTAL		1,319	2,491	0.00	15.97	

<u>The Environment Service</u> <u>Activity Expenditure Pressure & Impact Analysis</u>		Un-Funded Expenditure Pressures	
		Movement in 14/15 Provisional Budget £000	15/16 £000
1	Contribution to Corporate Savings Exercise.	0	707
2	Street Lighting and Urban Traffic Control - Contract inflation on Street Lighting energy contract and Urban Traffic Control maintenance contract assumed at 10%.	0	100
3	Waste Management – Additional disposal costs associated with increased landfill tax of £8 per tonne per annum (estimated £88 p/t 2015/16).	0	360
4	Waste Management – Additional disposal costs associated with an assumed average 3% per annum increase in gate fee contract inflation across all waste streams.	0	50
5	Operations – Additional fuel costs associated with an assumed 5% per annum increase in fuel price (not volume /consumption).	0	75

	<u>The Environment Service</u> <u>Activity Expenditure Pressure & Impact Analysis</u>	Un-Funded Expenditure Pressures	
		Movement in 14/15 Provisional Budget £000	15/16 £000
6	<p>Public Transport Unit - Local Bus Service</p> <p>Reduction in provisionally approved saving for 2014/15 (from £94k to £35k) to reflect decrease in contract inflation requirement.</p> <p>For 2015/16, provision for contract inflation and contract price increase of 3% arising from tendering (2013/14 budget £2.183m).</p>	59	95
7	<p>Non Domestic Rates - Increase in non-domestic rates across Service property estate due to estimated 3% increase in rate poundage from 2015/16.</p>	0	12
8	<p>Planning & Regeneration – Shortfall in Commercial rent income due to prolonged downturn in economy.</p>	150	0
9	<p>Waste Management – Additional waste disposal costs associated with an estimated 0.2% increase in waste arisings.</p>	138	0

	<u>The Environment Service</u>	Un-Funded Expenditure Pressures	
		Movement in 14/15 Provisional Budget £000	15/16 £000
	<u>Activity Expenditure Pressure & Impact Analysis</u>		
10	Refuse Collection – Realignment of Commercial Waste income budget to reflect existing customer base.	170	0
11	Refuse Collection – Reduced percentage increase for Commercial Waste charges from provisionally approved 10% to 3% to reflect market competition.	80	0
12	Street Lighting and Urban Traffic Control – Carbon Reduction Commitment Energy Efficiency Scheme allowance payments for supply of unmetered electricity (£16 per tonne of CO with effect from 2014/15).	90	0
13	Fees & Charges – Reduced percentage increase for Cremations and Burials from provisionally approved 13% to 5% for 2014/15.	95	0
	TOTAL	782	1,399

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 14/15 Provisional Budget £000	15/16 £000	14/15 FTE	15/16 FTE	
1	<p>Street Lighting – Reduction in provisionally approved contract inflation assumption for Street Lighting energy contract based on 2013/14 projected outturn and 2014/15 estimates.</p> <p>Impact Analysis & Risk Assessment Workforce: None. Customers: No significant impact identified. Outcome and Performance: No significant impact identified. Equalities: No significant impact identified.</p>	90	0	0	0	
2	<p>Refuse Collection – Defer provisionally approved pressure for additional operating costs associated with an increase in the number of households due to lower than anticipated growth.</p> <p>Impact Analysis & Risk Assessment Workforce: None. Customers: No significant impact identified. Outcome and Performance: No significant impact identified. Equalities: No significant impact identified.</p>	138	0	0	0	2A

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 14/15 Provisional Budget £000	15/16 £000	14/15 FTE	15/16 FTE	
3	<p>Fleet Management – Short term (2 year) loan charge savings associated with Vehicle replacement programme. Loan charge projections from 2016/17 will require reinstatement of saving to meet future borrowing costs.</p> <p>Impact Analysis & Risk Assessment Workforce: None. Customers: No significant impact identified. Outcome and Performance: No significant impact identified. Equalities: No significant impact identified.</p>	190	0	0	0	
4	<p>Waste Management. Recognise recurring income budget for sale of scrap metal and Waste Electrical and Electronic Equipment (WEEE).</p> <p>Impact Analysis & Risk Assessment Workforce: None. Customer: No significant impact identified. Outcome and Performance: Income level is determined by tonnage levels and price fluctuations in the metals markets. However, sensitivity analysis has shown that the level of income is reasonable and achievable. Equalities: No significant impact identified.</p>	138	52	0	0	2A

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 14/15 Provisional Budget £000	15/16 £000	14/15 FTE	15/16 FTE	
5	<p>Financial Assistance Panel – Reduction in budget for community projects grant.</p> <p>Impact Analysis & Risk Assessment Workforce: None. Customer: Reduction in funding available to support local not-for-profit and community groups. Outcome and Performance: Reduced ability to deliver on priorities identified by local communities. Equalities: No significant impact identified.</p>	0	50	0	0	3B
6	<p>Workforce Management - staff slippage target to increase from 1.67% to 2%.</p> <p>Impact Analysis & Risk Assessment Workforce: This will be achieved through approved workforce management measures. Customers: No significant impact identified. Outcome and Performance: May result in reduction in levels of service across a range of Service activities. Equalities: No significant impact identified.</p>	0	90	0	0	2A

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 14/15 Provisional Budget £000	15/16 £000	14/15 FTE	15/16 FTE	
7	<p>Public Conveniences – Adjust opening hours of attended public toilets to breakeven financial position (this will retain Pitlochry, Dunkeld and Marshall place, Perth on a seasonal basis). Toilets at Crieff, Auchterarder, Blairgowrie and Ropemakers Close, Perth will close). Close 6 of 7 unattended public toilets (retain toilets at Perth bus station).</p> <p>Impact Analysis & Risk Assessment</p> <p>Workforce: This will be achieved through approved workforce management measures (12 from 14 FTE – 2 vacant).</p> <p>Customer: Approximately 300,000 users of attended public toilets each year. Impact on these customers if alternative provision via Comfort Schemes cannot be secured.</p> <p>Outcome and Performance: Negative impact on tourism.</p> <p>Equalities: This may be mitigated by Comfort Schemes but there is a risk that suitable Comfort Scheme providers may not be available in certain areas.</p>	163	0	12	0	3B

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 14/15 Provisional Budget £000	15/16 £000	14/15 FTE	15/16 FTE	
8	<p>Operations – Review of Second Domestic General Waste Bin Policy.</p> <p>Prior to 2009, householders could request a second general waste bin in return for a one-off payment. After 2009, new requests for second bins were granted only when certain criteria were met (eg 5 or more occupants) and the householder pays an annual charge. This was not applied retrospectively.</p> <p>It is proposed that those householders that previously only paid a one-off sum (pre-2009) will have to meet the criteria and charges applied to residents since 2009. It is estimated that this change would apply to around 3% of householders. The saving will be a combination of:</p> <ul style="list-style-type: none"> a) householders now paying annually for the service (estimated total £7k) and b) householders no longer using their second general waste bin, thereby reducing waste/recycling more (estimated total £63k) <p>These changes are in line with the Environmental protection Act 1990 and would ensure equality of payment for all householders who use a second general waste bin. Householders with a specific medical need will not be charged for having a second general waste bin.</p> <p>Impact Analysis & Risk Assessment Workforce: None. Customer: Unpopular decision for residents who previously paid for a 2nd 240 litre general waste bin. Outcome and Performance: The savings generated from the Review of Second Domestic General Waste Bin Policy will predominantly be from savings in landfill tax and gate fee by households diverting material into their recycling bins. Equalities: No significant impact identified.</p>	0	70	0	0	4B

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 14/15 Provisional Budget £000	15/16 £000	14/15 FTE	15/16 FTE	
9	<p>Operations – Options for Refuse Collection service. Currently around 70% of general waste collected is compostable/recyclable. To support further recycling of this material, a pilot would be undertaken in a chosen locality to examine the impact of replacing 240 litre general waste bins with 140 litre bins and collecting fortnightly</p> <p>Impact Analysis & Risk Assessment Workforce: Further analysis will be undertaken to identify if there are any workforce planning implications. Customer: This saving relies on householders changing their behaviour towards managing their waste. Outcome and Performance: The option of changing containers to 140 litre has a significant capital cost (proposal would be to prudentially borrow). Savings in landfill costs through increased recycling and composting will be realised. However, this requires participation by householders. Equalities: The assisted lift scheme will continue so no impact.</p>	0	150	0	0	4B
10	<p>Fees & Charges – Increase non-statutory charges by 10% per annum for Trading Standards, Environmental Health, Community Greenspace, Waste Services and Planning and 3% for Cremations and Burials in 2015/16.</p> <p>Impact Analysis & Risk Assessment Workforce: None. Customer: Resistance and complaints about increased charges. Outcome and Performance: Helps retain current service levels. Equalities: No significant impact identified.</p>	0	40	0	0	2A

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 14/15 Provisional Budget £000	15/16 £000	14/15 FTE	15/16 FTE	
11	<p>Waste Management - Reduction in Recycling Centre numbers through closure of Auchterarder, Aberfeldy and Bankfoot Recycling Centres (3 from 9). These would be replaced by installation of recycling points at these locations. Committee Report 08/439 approved the recommendation to keep Bankfoot Recycling Centre under review pending the opening of the North Perth Recycling Centre.</p> <p>These sites were selected as they either have the lowest tonnage throughput (less than 1,000 tonnes p/a) and/or the lowest recycling performance (60% or lower).</p> <p>Impact Analysis Workforce: This will be achieved through approved workforce management measures (2.8 from 13 FTE – none vacant). Customer: Customers will have to travel longer distances to deposit their general waste and some recyclates. Outcome and Performance: Risk of increases in fly tipping. Equalities: No significant impact identified.</p>	0	56	0	2.8	3B

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 14/15 Provisional Budget £000	15/16 £000	14/15 FTE	15/16 FTE	
12	<p>Winter Maintenance – c5% reduction in budget which would be achieved by:</p> <p>Further 3 gritters removed from fleet (£60k); As a result, revision to gritting routes, saving on stand by and overtime (£30k); Reduce Snow Blower availability (2 to 1) (£7.5k); Removal of stand by and early start payments for footway plough drivers (£30k); As a result, saving on overtime (£9k); Reduce salt resilience level (£23k).</p> <p>(2013/14 budget £3.617m).</p> <p>Impact Analysis & Risk Assessment Workforce: None. Customer: Reduction in winter maintenance level of service - Completion of routes by 8am instead of 7.30am; 3 less gritting routes; Unavailability of Snow Blower for periods of time and certain routes as it will concentrate on A93 Glenshee with other snowbound Glens cut off for longer periods (e.g. Dunning Glen, Little Glenshee, Glen Quaich); Footway routes not treated until normal working hours and Monday to Friday only. Risk of equipment breakdowns due to sand/salt mix; Risk of salt levels running low and premium paid for if additional supply required; Outcome and Performance: Resources will be directed at the agreed priority routes. Equalities: No significant impact identified.</p>	0	160	0	0	3B

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 14/15 Provisional Budget £000	15/16 £000	14/15 FTE	15/16 FTE	
13	<p>Public Transport Unit – Local Bus Service</p> <p>Reduction in provisionally approved pressure for 2014/15 (from £94k to £35k) to reflect decrease in contract inflation requirement.</p> <p>For 2015/16, reduction of 18% in funding support for the local bus service network (2013/14 budget £2.183m).</p> <p><u>Impact Analysis & Risk Assessment</u></p> <p>Workforce: None.</p> <p>Customer: Reduction in service most likely to be in the evenings, on Sundays and off-peak.</p> <p>Outcome and Performance: Contraction of the bus network and/or frequency, including routes addressing work, education, tourism and health related needs.</p> <p>Equalities: People without access to a car will have reduced travel opportunities.</p>	59	395	0	0	3B

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 14/15 Provisional Budget £000	15/16 £000	14/15 FTE	15/16 FTE	
14	<p>Public Conveniences – Cease comfort schemes.</p> <p>Perth and Kinross Council operates 24 Comfort Schemes in various locations as a direct alternative to providing public toilets. These are free to use public toilets through partnerships with local service providers such as hotels, pubs and public buildings. These facilities are available for public use regardless of whether or not they are a customer.</p> <p><u>Impact Analysis & Risk Assessment</u> Workforce: None. Customer: Removal of popular service with customers, businesses and Visit Scotland Outcome and Performance: Partnerships are mostly in vital tourist destinations. Will leave communities with no public toilet provision if this saving was taken in conjunction with saving 7 (Public Conveniences). Equalities: A lack of public toilets could present issues for certain protected groups.</p>	0	30	0	0	2A
15	<p>Workforce Management. Reduction in staffing levels across the Service through application of the Council's Voluntary Severance Scheme (VSS).</p> <p><u>Impact Analysis & Risk Assessment</u> Workforce: It is anticipated that this saving will be achieved by the VSS scheme (10 from 798 FTE – 10 vacant). Customers: A reduced level of service in some areas. Outcome and Performance: Reduction of staffing levels will reduce capacity, impacting on quality of service delivery. Full impact will not be known until VSS applications are approved. Equalities: No significant impact identified.</p> <p>TOTAL</p>	0	306	0	10	4B
		778	1,399	12.00	12.80	

<u>The Environment Service (Property)</u>		Un-Funded Expenditure Pressures	
<u>Activity Expenditure Pressure & Impact Analysis</u>		Movement in 14/15 Provisional Budget £000	15/16 £000
1	Contribution to Corporate Savings Exercise	0	278
2	Property - Estimated 3% annual increase in Pullar House unitary charge.	0	75
3	<p>Property – Estimated average annual increase in price of energy (not volume/consumption) including ILL schools. Increase in energy unit costs and standing charges.</p> <p>Estimated average increase:</p> <p>Increase in Standing Charges: 5%</p> <p>Increase In Unit Costs: Electricity 15% Gas/Oil 15% Biomass 5%</p> <p>Costs will be subject to change over the period as they are impacted by world market prices.</p>	0	564

<u>The Environment Service (Property)</u> <u>Activity Expenditure Pressure & Impact Analysis</u>		Un-Funded Expenditure Pressures	
		Movement in 14/15 Provisional Budget £000	15/16 £000
4	Property - Increase in non-domestic rates for office buildings due to estimated 3% increase in rate poundage.	0	23
5	Property – Provision of 4% for inflationary increase in maintenance costs and service contracts.	156	0
6	Property – Carbon Reduction Commitment Energy Efficiency Scheme allowance payments for supply of metered and unmetered electricity – increase from £12 per tonne of CO to £16 per tonne of CO with effect from 2014/15).	65	0
7	Property – Creation of earmarked reserve for Energy and Water management to deal with potential overspends associated with severe weather (one year pressure only, reversed in 2015/16).	200	0
	TOTAL	421	940

	<u>The Environment Service (Property)</u> <u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 14/15 Provisional Budget £000	15/16 £000	14/15 FTE	15/16 FTE	
1	<p>Property Energy Management – Reduction in provisionally approved price increase for energy contracts based on 2013/14 projected outturn and 2014/15 estimates, down from 15% to 7%.</p> <p>Impact Analysis & Risk Assessment Workforce: None. Customers: No significant impact identified. Outcome and Performance: No significant impact identified. Equalities: No significant impact identified.</p>	321	0	0	0	2C
2	<p>Property Energy and Water Management</p> <p>Further energy efficiency measures introduced including improved controls, continuing energy conservation campaigning in line with current energy policy (2012) and increased use of renewables (e.g. biomass). Baseline budget for water reduced by £100k for 2014/15 in line with projected outturn for 2013/14 including savings generated from Business Stream prepayment discount.</p> <p>Impact Analysis & Risk Assessment Workforce: None. Customers: No significant impact identified. Outcome and Performance: Potential increase in complaints from staff and customers, staff productivity adversely affected. Equalities: Certain buildings will be exempt from reduced temperature levels i.e. Residential Homes for the Elderly.</p>	100	130	0	0	2A

	<u>The Environment Service (Property)</u> <u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 14/15 Provisional Budget £000	15/16 £000	14/15 FTE	15/16 FTE	
3	<p>Property Energy and Water Management – Reversal of 1 year pressure to create earmarked reserve for Energy and Water management (per expenditure pressure 7 above).</p> <p>Impact Analysis & Risk Assessment Workforce: None. Customers: No significant impact identified Outcome and Performance: No significant impact identified. Equalities: No significant impact identified.</p>	0	200	0	0	2C

		<u>The Environment Service (Property)</u> <u>Compensating Saving / Budget Flexibility & Impact Analysis</u>		Net Saving		Staffing Implications		Savings Type
				Movement in 14/15 Provisional Budget £000	15/16 £000	14/15 FTE	15/16 FTE	
4	<p>Property Maintenance</p> <p>In order to fund the corporate energy costs, compensatory savings will be made in the corporate property maintenance budgets. 2013/14 budget £3.7m.</p> <p>Approximately £1.7m of the current maintenance budget funds statutory inspection and repair contracts as well as property related health and safety compliance contracts - such as lifts, fire alarms, boilers, asbestos removal, legionella, gas safety, electrical safety testing.</p> <p>Alternative ways of reducing property maintenance costs will need to be actioned such as the disposal of surplus/vacant properties and addressing underutilised space.</p> <p>In addition, the ability to make savings under this heading is compromised by the continued expansion of the property portfolio and the potential future impact of severe weather on the estate. Moreover, reduced maintenance will result in increased energy costs through the continued operation of inefficient plant and the ongoing use of buildings with outstanding repairs.</p> <p>70% of maintenance and repair work is passed to local contractors and a reduction will have some impact on local contractors.</p> <p>Impact Analysis & Risk Assessment Workforce: This will be achieved through approved workforce management measures. Customers: Reduction in reactive or planned maintenance, school DSM, DDA works and cyclical maintenance. Potential increase in complaints. Outcome and Performance: Reduced customer / client satisfaction Equalities: Potential reduction in DDA works.</p>	0	610	0	2		3B	
		421	940	0	2			
TOTAL								

	<u>CHIEF EXECUTIVE'S SERVICE</u>		Un-Funded Expenditure Pressures
	<u>Activity Expenditure Pressure & Impact Analysis</u>		
		Movement in 14/15 Provisional Budget £000	15/16 £000
1	<u>Contribution to Corporate Savings Exercise</u>	0	153

	<u>Activity Expenditure Pressure & Impact Analysis</u>		Un-Funded Expenditure Pressures
		Movement in 14/15 Provisional Budget £000	15/16 £000
2	<u>Review of Legal Services</u> A review of Legal Services is being carried out to make recommendations to ensure it is fit for purpose to support the Council in respect of the challenges it now faces and will require to face in the near future. The Review will address issues of capacity.	50	50

	TOTAL	50	203
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	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 14/15 Provisional Budget £000	15/16 £000	14/15 FTE	15/16 FTE	
1	<p><u>Legal Services</u></p> <p>A reduction of 42% (£5,000) in Hackney Licences and an increase in income of (£7,000).</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: none Customers: Services will be delivered in different ways Statutory Equalities: none identified Outcome and Performance: none identified at this stage</p>	0	12	-	-	2A

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 14/15 Provisional Budget £000	15/16 £000	14/15 FTE	15/16 FTE	
2	<p><u>Review of Accounting and Exchequer Functions (14%)</u></p> <p>A review of the Accounting and Exchequer Functions excluding Employment Service Team (EST) has identified opportunities for efficiencies.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: A reduction of 1.8 FTE. This saving has been achieved by the VSS scheme.</p> <p>Customers: none identified at this stage</p> <p>Statutory Equalities: no issues identified.</p> <p>Outcome and Performance: The workforce in the area under review has decreased by around 8% over the last five years and staffing in some areas is already at low levels.</p> <p>Within the Exchequer section, the Employment Services Team (EST) has already delivered in excess of 20% savings as part of the IHRP implementation and was therefore, excluded from the scoping of this review.</p>	0	66	0	1.8	2A/2E

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 14/15 Provisional Budget £000	15/16 £000	14/15 FTE	15/16 FTE	
3	<p><u>Review of Democratic Services</u></p> <p>Workforce planning within Committee Services.</p> <p>With a loss of work for Tayside Fire and Rescue and utilising Modern Ways of Working a review of the function is appropriate at this time.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: Reduction of 1 FTE. It is anticipated that this saving will be achieved by the VSS scheme.</p> <p>Customers: Services will be delivered in different ways</p> <p>Statutory Equalities: none identified</p> <p>Outcome and Performance: reduction in numbers will lead to increased span of control impacting on the capacity to deliver services</p>	0	33	0	1.0	2A/2E

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 14/15 Provisional Budget £000	15/16 £000	14/15 FTE	15/16 FTE	
4	<p><u>Modernising Services for Administrative Services to Members</u></p> <p>Reduction to Photocopying Budget (£5,000) 50% from the Core Budget; Reduction to Postage Budget (£2,000) 50% from Committee Services Budget.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: none Customers: Services will be delivered in different ways Statutory Equalities: none identified Outcome and Performance: none identified at this stage</p>	0	7	-	-	2A/2E

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 14/15 Provisional Budget £000	15/16 £000	14/15 FTE	15/16 FTE	
5	<p><u>Democratic Services</u></p> <p>Reduce expenditure to achieve:-</p> <p>Reduction to Twinning Costs (£3k) 38%;</p> <p>Reduction to Presentational Items (£5k) 56%.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: none</p> <p>Customers: Services will be delivered in different ways</p> <p>Statutory Equalities: none identified</p> <p>Outcome and Performance: none identified at this stage</p>	0	8	-	-	2A/2E

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 14/15 Provisional Budget £000	15/16 £000	14/15 FTE	15/16 FTE	
6	<p><u>Human Resources</u></p> <p>Further efficiencies will be delivered within Human Resources through more effective and efficient ways of working. E.g. the roll out of partnership arrangements in the delivery of the Council's employability programme.</p> <p><u>Impact Analysis and Risk Assessment</u></p> <p>Workforce: none Customers: The review will ensure that the most efficient and effective service delivery model is in place for all stakeholders Statutory Equalities: none identified Outcome and Performance: none identified at this stage</p>	0	27	0	0	2A/2E

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving		Staffing Implications		Savings Type
		Movement in 14/15 Provisional Budget £000	15/16 £000	14/15 FTE	15/16 FTE	
7	<p><u>Freedom of Information (FOI) and Data Protection (DP)</u></p> <p>Review the FOI and DP functions and transferring this work to the services and reducing the staffing complement within Information Security Team.</p> <p><u>Impact Analysis and Risk Assessment</u> Workforce: 3 FTE posts being affected (3 staff from a team of 3 no vacancies) Customer: FOI and DP are both statutory functions. If the team were to be disbanded the work would have to be done by Services and the expertise, quality assurance and corporate management of the activities would be lost. Asset Management Planning: None Equalities / Diversity: There are no identified equality or diversity issues. Outcome and Performance: The possibility of failure to meet the statutory requirements with the potential intervention by the Scottish Information Commissioner.</p>	50	50	1.5	1.5	2A

TOTAL	50	203	1.5	4.3	
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GLOSSARY OF SAVINGS TYPE

The EOT have endorsed three main savings work streams as follows –

1	RE-DESIGN: A programme of major service re-design projects	
	<ul style="list-style-type: none"> - Alternative delivery models - Major corporate re-design projects - Service re-design projects 	1A 1B 1C
2	EFFICIENCY: Existing programme of improvement and efficiency work	
	<ul style="list-style-type: none"> - Workforce Management - Procurement / Commissioning - Asset Management - Shared Services - Process improvement / re-design - HR Review 	2A 2B 2C 2D 2E 2F
3	REDUCTION: A review of key services, their current legislative requirements and whether the Council can maintain current service levels	
	<ul style="list-style-type: none"> - Strategic Best Value Review programme - Service Cuts 	3A 3B
4	OTHER	
	<ul style="list-style-type: none"> - Income Generation - Other 	4A 4B

