

Appendix A – Detailed Revenue Budgetary Control position and explanation of Key Variances

Key Movements between the December and January Forecasts

	£000
December position	(2,506)
HR additional savings	(114)
Additional Planning Income - considerably higher income received Jan18 than previous months.	(230)
Junction 18 Footbridge - capacity bid no longer required for maintenance works as capital project underway 18/19. CMDN recently approved	(150)
Capitalising DFG expenditure	(155)
PFI insurance rebate Sep 15 to Aug 17	(134)
Insurance - Estimated reduction in insurance provision required as at 31.3.18.	(173)
Shortfall in Energy Projects saving target	188
Minor variances	(192)
January position	(3,466)

Chief Executives

Budget Group	Budget 2017/18	Cont. from reserves	Revised Budget 2017/18	Forecast Spend 2017/18	Cont. to reserves 2017/18	Forecast Variance 2017/18	Forecast Variance 2017/18	Previous Month Variance	Mvmt
	£000	£000	£000	£000	£000	£000	%	£000	£000
Chief Executive	240	0	240	185	0	(55)	-23%	(51)	(4)
HR	1,393	217	1,610	1,374	0	(236)	-15%	(122)	(114)
Total Chief Executives	1,633	217	1,850	1,559	0	(291)	-16%	(173)	(118)

Chief Executives is overall reporting a favourable variance of £0.291m against its budget.

Chief Executive

- An underspend of £0.055m is expected on the £0.240m budget for the Chief Executive due to one off savings in supplies and services budgets.

HR

- There is a £0.116m saving on the salary budget of £1.220m due to vacant posts. The saving has increased by £0.019m in the month due mainly to a reduction in consultancy costs.
- There is an expected £0.074m saving against the £0.259m Workforce Development and Training budgets expected in this financial year.
- Other miscellaneous small underspends across the department are £0.046m.

Governance

	Budget 2017/18	Cont. from reserves	Revised Budget 2017/18	Forecast Spend 2017/18	Cont. to reserves 2017/18	Forecast Variance 2017/18	Forecast Variance 2017/18	Prev. Month Variance	Mvmt
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Director of Governance	369	0	369	333	0	(36)	-10%	(40)	4
Legal & Democratic	3,544	115	3,659	3,653	0	(6)	0%	(25)	19
Performance & Information	585	0	585	623	0	38	6%	48	(10)
Total Governance	4,498	115	4,613	4,609	0	(4)	0%	(17)	13

Governance is overall reporting a favourable variance of £0.004m against its budget.

Director Of Governance

- Miscellaneous small underspends across the service area are £0.036m.

Legal & Democratic

- An overspend of £0.304m is expected on the £1.740m Legal salaries budget due to a combination of the use of locums being used to cover vacancies, payment of market supplement to retain current staff and also an overspend in children's safeguarding legal costs. There has been agreement to fund an additional Lawyer and a Business Support Officer to cope with the increased workload.
- An underspend of £0.038m is expected on the salary budgets of £0.430m in the Governance support and Elections service.
- Additional income is expected of £0.147m on the £0.220m income budget for Land Charges.
- An underspend of £0.005m is expected on the elections budget of £0.205m due to the low number of elections this year. The budget will be required in full in 18/19.
- An underspend of £0.088m is forecast in relation to the Members' Allowances and other costs budget of £1.120m.
- Other miscellaneous small savings across the service area are £0.032m.

Performance & Information

- An overspend of £0.068m is expected on the £0.480m Coroner's budget due to an increase in demand. This ongoing pressure is incorporated within the budget requirement for future years.
- An underspend of £0.020m is forecast on the £0.180m FOI Team staff cost budget.
- Miscellaneous small underspends across the service area are £0.010m.

Growth & Regeneration

Budget Group	Budget 2017/18	Cont. from reserves	Revised Budget 2017/18	Forecast Spend 2017/18	Cont. to reserves 2017/18	Forecast Variance 2017/18	Forecast Variance 2017/18	Prev. Month Variance	Mvmt
	£000	£000	£000	£000	£000	£000	%	£000	£000
Development and Construction	291	0	291	52	0	(239)	-82%	70	(309)
Director, OP & JV	528	185	713	(5)	150	(568)	-80%	(588)	20
Peterborough Highway Services	9,673	0	9,673	9,508	0	(165)	-2%	61	(226)
Sustainable Growth Strategy	1,800	35	1,835	1,617	105	(113)	-6%	(145)	32
Corporate Property	639	0	639	476	0	(163)	-26%	(163)	0
Amey Peterborough & Waste Management	11,864	0	11,864	11,564	0	(300)	-3%	(250)	(50)
Westcombe Engineering	92	0	92	92	0	0	0%	0	0
Total Growth and Regeneration	24,887	220	25,107	23,304	255	(1,548)	-6%	(1,015)	(533)

Growth & Regeneration is overall reporting a favourable variance of £1.548m against its budget.

Development and Construction

- There is a forecast £0.230m variance on the £1.260m income budget within Development and Construction mainly due to additional Planning fee income. Considerably higher income was received in January 2018 (£0.265m) than previous periods (average £0.095m pm) and much higher than expected.
- Other miscellaneous small savings across the Department are £0.009m.

Director, Opportunity Peterborough & Joint Venture

- A saving of £0.438m has been delivered in respect of the Highways roadmap efficiency programme, covering £3.98m of maintenance and related budget. This includes removing budget from the Highways contract where the same level of service is delivered at a lower cost, to “bank” the saving earlier. This includes the programming and co-ordination of efficiencies to avoid separate traffic management costs. It also includes receiving rebates based on a percentage of additional works put through the contract e.g. works for third parties. The ongoing elements of these savings are factored into 18/19 budgets.
- A saving of £0.130m has been achieved against a total budget for the directorate of £24.887m, through extracting budgets from across the directorate following outturn review for car allowances, administration expenses, telephones, salaries, professional services, and computer software.

Peterborough Highway Services

- An overspend of £0.276m is expected against a budget of £0.870m due to a substantial inflationary increase in street lighting energy costs and a delayed start to the LED project. A budget adjustment is included within the 18/19 budget.

- Highways Development is favourable by £0.119m on a £0.470m budget due to departmental savings. This is partly offset by other staff costs and Community Link Bus Service costs.
- Junction 18 Footbridge – there is no longer a requirement for the capacity bid for maintenance works of £0.200m (previously reported £0.050m) as the capital project will be underway in 18/19.
- The department is also delivering a further £0.196m of savings on a £9.673m budget. This is being delivered via savings within the transport planning, street lighting maintenance and the drainage services. These will be kept under review for 18/19.
- Other miscellaneous pressures across the Department are £0.074m.

Corporate Property

- Additional rental income of £0.108m on a £4.140m budget arises from investment property purchased in Fengate in March 2017. This is built into the budget for 18/19.
- A saving of £0.055m is reported on Utility costs against a budget of £0.500m. Expected increases in costs are likely to mean this saving will not continue for 18/19.

Amey Peterborough & Waste Management

- An underspend of £0.180m arises on an £8.600m budget for the Amey contract, in respect of a lower pension contribution rate compared with that assumed in the contract. The impact of this in future years has been considered along with a number of other potential contract costs.
- However proposed savings from Bin Sponsorship income £0.040m, and charging developers for bins £0.040m have not been achieved. This Pressure has been reflected in the 18/19 budget.
- Energy from Waste is reporting £0.150m of additional income on an income budget of £2.580m. The one-off additional income is due to increased volume and price change
- Street Cleansing £0.050m saving on budget of £2.210m, this saving is a result of a delayed start in additional cleansing agreed within the 17/18 budget.

People & Communities

Budget Group	Budget 2017/18	Cont. from reserves	Revised Budget 2017/18	Forecast Spend 2017/18	Cont. to reserves 2017/18	Forecast Variance 2017/18	Forecast Variance 2017/18	Prev. Month Variance	Mvmt
	£000	£000	£000	£000	£000	£000	%	£000	£000
Adults	45,623	0	45,623	43,789		(1,834)	-4%	(1,776)	(58)
Commissioning and Commercial Operations	14,243	0	14,243	15,728		1,485	10%	1,464	21
Children's & Safeguarding	10,588	66	10,654	10,569		(85)	-1%	(82)	(3)
Director	774	0	774	92		(682)	-88%	(444)	(238)
Education	5,779	0	5,779	6,370		591	10%	582	9
Communities	4,828	107	4,935	6,884		1,949	39%	2,073	(124)
Total People and Communities	81,835	173	82,008	83,432	0	1,424	2%	1,817	(393)

People & Communities are overall reporting an adverse variance of £1.424m against its budget. The key variances in each of the service areas are as follows:

Adults

- The Therapy, Reablement, Community Equipment service area is forecast to overspend by £0.163m against a total budget of £2.930m, of this staffing is forecast to overspend by £0.320m (the 0-25 Team accounts for £0.229m of this) and non-pay is forecast to underspend by £0.157m.
- The Home Services Delivery Model is forecast to underspend by £0.105m against a total budget of £1.418m. This saving is part of the non-digital element of the Digital Front Door savings.
- The Financing Section is forecast to underspend by £2.306m against a total budget of £0.453m including the following:
 - The forecast is £0.100m more favourable in January due to a contribution from BCF to CCG that is no longer required.
 - £0.600m assumed to off-set pressures is no longer required.
 - £0.293m proportion of the Department Savings target has now been found.
 - £0.532m of the Improved Better Care Fund is now reflected in the forecast. In overall Directorate terms this off-sets the pressure on the Adults placement budget
 - A commitment of £0.219m arises from the Care Act 2014. This issue will be addressed in the 2018-19 budget.
- The Adults placement budget is forecast to overspend by £0.532m against a total budget of £28.610m. This is being mitigated by IBCF Funding held to cover Winter Pressures.
- Other Adults underspends total £0.118m.

Commissioning and Commercial Operations

- Currently Clare Lodge is forecasting an adverse variance of £0.594m at the end of the year. This is due to the following key factors:
 - A pressure of £0.250m relating to the non-achievement of the additional income target as a result of the delay in Construction work.
 - A £0.100m pressure is as a result of non-achievement of pay terms and conditions savings.
 - A pressure of £0.244m is forecast, which is broken down as follows:
 - There is reduced occupancy and therefore income as the result of lower demand from other Local Authority Commissioners for beds at Clare Lodge, creating a pressure of £0.380m. This may well be because other Local Authorities are in a difficult financial situation and are having to make savings on commissioned and other services.
 - Clare Lodge is also struggling to recruit and retain staff, without the required staffing levels it can't safely staff the units and therefore can't make beds available. Due to the low staffing levels there is an under spend on this budget of £0.128m offsetting the income pressure.
 - There is also a small underspend of £0.008m on supplies and services.
 - Clare Lodge in conjunction with the responsible Local Authority Officer are working to increase occupancy
- The Commissioning service area is forecast to underspend by £0.155m against a budget of £1.079m.
 - A pressure of £0.047m relating to Play Centre property costs has arisen as a result of the delayed Community Asset transfers.
 - An underspend of £0.202m against Children's Commissioning budgets has been identified to mitigate the reported pressure against Clare Lodge.
- The Permanency Service (TACT) is forecast to overspend by £1.000m against a budget of £13m. The additional cost is as a result of LAC numbers being higher at the beginning of the contract than was anticipated, work is ongoing with TACT on plans to reduce this number however this is taking longer than anticipated and as such giving rise to a pressure in year. Work is still underway to address this with results more likely to give rise to savings in 18/19. Further work is being done

around placement mix and the impact on the savings built into the contract for 17/18 due to the later than planned mobilisation of the contract and therefore the changes that TACT are making were later into the contract than was originally anticipated. Discussions held with TACT are that at this time it is expected that this will be resolved for 18/19 and that they will be able to deliver the level of savings that the contract require. But this will depend upon working together to get the LAC numbers back to the level that the contract was built on.

- Other Commissioning and Commercial Operations pressures total £0.046m.

Children's & Safeguarding

- The Children's Social Care service area is forecast to underspend by £0.058m against a budget of £6.727m. This is due to a £0.166m pressure on car and travel allowances, a £0.257m saving on staffing costs, a £0.023m pressure on room hire costs & a £0.010m pressure in relation to other costs including ICT maintenance, mobile phone costs, financial assistance etc.
- Other Children's & Safeguarding budgets are forecast to underspend by £0.027m.

Director

- Currently reporting a £0.091m pressure:
 - The £0.500m savings target in relation to 'New ways of working' has not been achieved and has therefore been reported as a pressure.
 - This pressure has been partially offset by a £0.409m saving in relation to the prior year element of the Norfolk Ordinary Residence case which has recently been agreed and paid.
- Currently reporting £0.400m underspend:
 - The MTFs saving re 'SERCO Insight and Analytics' has been reported as a £0.163m pressure.
 - £0.563m of the departmental contingency has been released to off-set the 'SERCO Insight and Analytics' pressure and £0.400m of the Permanency Service (TACT). A departmental contingency was set up to help cover some in year pressures including the TACT contract which is the first of its type in the country. It was deemed appropriate to hold a contingency in light of this especially late mobilisation of the contract, an uncommitted balance of £0.127m remains.
- Currently reporting £0.218m underspend
 - A pressure in relation to non-achievement of Business Support savings of £0.015m has been reported.
 - Shared Management arrangements with Cambridgeshire have generated an underspend of £0.094m.
 - £0.045m released from a transformation post.
 - Staff vacancies in the People and Communities Finance Team have resulted in an underspend of £0.078m.
 - Non staff savings total £0.016m.
- It has been agreed to capitalise existing Revenue expenditure against the additional Disabled Facilities Grant of £0.176m. Of this figure £0.021m has already been reported against Performance and Information in relation to salaries. The balance of £0.155m has been reported against the Director Service Area pending agreement on precisely which Revenue expenditure will be capitalised (note that this is likely to be Adults / Communities service area).

Education

- The Home to School and Children's Social Care Transport service area is forecast to overspend by £0.569m against a budget of £3.720m.
 - The Home to School Transport budget is forecast to overspend by £0.422m. This forecast includes demographic pressure and the savings arising from the recent exercise to rationalise and re-tender routes etc.
 - Children's Social Care transport is forecast to overspend by £0.107m. In part this is due to the loss of voluntary drivers and the necessity to therefore procure more taxi transport. The transport team are actively trying to recruit additional voluntary drivers.
 - Other pressures total £0.040m.
- The Pupil Referral Service is forecast to overspend by £0.237m against a surplus budget of (£0.237m), this is as a result of the implementation of a new funding model. This pressure has been addressed in the 18/19 budget process.
- £0.134m favourable movement on PFI due to insurance rebate received for Sept 2015 to Aug 2017
- Other Education savings total £0.081m.

Communities

- The Housing Service area is forecast to overspend by £1.512m against the total budget of £0.854m.
 - Of the overspend £1.597m relates to Homelessness / temporary accommodation costs. This is being closely monitored by Management.
 - Housing Service underspend on the staffing budget £0.085m. This underspend will not continue in to 18/19 as the team will be fully complemented. Recruitment in to new positions to deliver preventative action is in progress.
- The Housing Enforcement Service area is forecast to overspend by £0.411m against the total net income budget of £0.083m.
 - Selective Licensing is forecast to overspend by £0.285m which is primarily as a result of the very high take up of an early bird discount scheme. Work is being undertaken to identify additional homes that should be licensed. The additional income should close the gap in financial years 2018/19 onwards.
 - An overspend of £0.143m has arisen due to under achievement of income in relation to EPC certificates. The income loss has been addressed in the 2018/19 budget setting process.
 - Other Enforcement underspends total £0.017m.
- Other Communities pressures total £0.026m.

Public Health

Budget Group	Budget 2017/18	Cont. from reserves	Revised Budget 2017/18	Forecast Spend 2017/18	Cont. to reserves 2017/18	Forecast Variance 2017/18	Forecast Variance 2017/18	Prev. Month Variance	Mvmt
	£000	£000	£000	£000	£000	£000	%	£000	£000
Children 0-5 Health Visitors	2,967	0	2,967	2,967		0	0%	0	0
Children 5-19 Health Programmes	1,999	0	1,999	1,999		0	0%	0	0
Sexual Health	1,817	0	1,817	1,817		0	0%	(1)	1
Substance Misuse	2,370	0	2,370	2,348		(22)	-1%	(22)	0
Smoking and Tobacco	374	0	374	322		(52)	-14%	(52)	0
Miscellaneous Public Health Services	1,875	0	1,875	1,782		(93)	-5%	(93)	0
Public Health Grant	(11,196)	0	(11,196)	(11,196)		0	0%	0	0
Total Public Health	206	0	206	39	0	(167)	-81%	(168)	1

Public Health is reporting a favourable variance of £0.167m against its budget. The key variances in each of the service areas are as follows:

- Substance misuse is forecast to underspend by £0.022m against the budget of £2.370m. This underspend is as a result of an accrual for DETOX treatment which is no longer required.
- Smoking and Tobacco is forecast to underspend by £0.052m against the budget of £0.374m. This underspend is against Smoking cessation services.
- Miscellaneous Public Health Services is forecast to underspend by £0.093m against the budget of £1.875m. This underspend is as a result of an accrual for Redundancy which is no longer required (£0.060m) and the balance relates to two PH projects which will no longer be funded from 2017/18 revenue budgets. These are South Asian health checks for people aged under 40, which will no longer be implemented following changes to the relevant evidence base, and Healthier Eating in fast food outlets, which is still under discussion with the Environmental Health Team, and for which any costs will be funded from public health reserves.

Resources

	Budget 2017/18	Cont. from reserves	Revised Budget 2017/18	Forecast Spend 2017/18	Cont.to reserves 2017/18	Forecast Variance 2017/18	Forecast Variance 2017/18	Prev. Month Variance	Mvmt
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Director's Office	258	0	258	296	0	38	15%	49	(11)
Financial Services	3,604	418	4,022	3,159	511	(352)	-9%	(156)	(196)
Capital Financing	12,443	1,322	13,765	11,421	0	(2,344)	-17%	(2,342)	(2)
Corporate Items	5,726	90	5,816	4,342	0	(1,474)	-25%	(1,474)	0
Peterborough Serco Strategic Partnership	7,224	0	7,224	6,672	0	(552)	-8%	(550)	(2)
ICT	5,995	110	6,105	6,476	0	371	6%	371	0
Commercial Group	336	0	336	343	0	7	2%	(27)	34
Energy	392	0	392	1,344	0	952	243%	764	188
Vivacity/Cultural Services	2,473	0	2,473	2,479	0	6	0%	6	0
Cemeteries, Cremation & Registrars	(1,350)	38	(1,312)	(1,357)	0	(45)	3%	(68)	23
City Services & Communications	(865)	40	(825)	(399)	0	426	-52%	390	36
Total Resources	36,236	2,018	38,254	34,776	511	(2,967)	-8%	(3,037)	70

Resources is overall reporting a £2.967m favourable variance against its budget.

Directors Office

- An overspend of £0.038m is forecast against the Director's budget of £0.258m relating to staffing costs

Financial Services

- A favourable variance of £0.352m is forecast within Financial Services, mainly in respect of the £1.030m Insurance budget, arising from additional income of £0.065m from external recharges relating to management fees on school insurance recharges, £0.083m expected underspend on the Risk Management budget, there is also an expected reduction of £0.173m in the insurance provision required which has resulted in a favourable movement in the month. Additional savings total £0.031m.

Capital Financing

- A favourable position of £2.344m is being reported within this area. The variance includes:
 - A saving of £1.093m on Minimum Revenue Provision due to slippage in the capital programme.
 - The planned MTFs borrowing requirement was £101.276m. This comprises both capital programme requirements; the replacement of maturing debt; and the impact of making minimum revenue provision. See Appendix D for further detail. The reduced level of borrowing; better than expected interest rates achieved; and borrowing been transacted later in the year than expected have led to a favourable variance of £1.251m.

- The capital financing budget is net of £12.7m capital receipts income. Non-delivery of the income is a key financial risk and is being carefully monitored. The income consists of a £1.3m brought forward balance; £3m of smaller disposals; and £8m of strategic disposals none of which have so far been completed.

Corporate Items

- There is a favourable variance of £1.474m within this area due to a recent review of corporate budgets. The variance includes higher than budgeted income from the Cross Keys VAT shelter (£0.140m variance on £0.380m budget). The favourable variance also includes the retention of £0.373m general and specific inflation not allocated to services. There was a budget allocated for the introduction of the auto enrolment of the pension scheme which was to be introduced this year, but it is expected that this budget will no longer be required (£0.412m) and a further £0.385m saved on a budget of £2.230m in respect of lump sum pension fund contributions. Pension costs for premature retirement are forecast to be £0.100m lower than the £1.260m budgeted. External Audit fees are £0.017m lower than the £0.120m budgeted. Around £0.037m has been saved in respect of the Apprenticeship Levy. Other minor savings total £0.010m. The 18/19 impact of all of these savings are factored into budget proposals.

Peterborough Serco Strategic Partnership

- There is an additional £0.250m of Court Cost income against a budget of £0.600m based on early performance. This is expected to continue and has been factored into future budgets.
- There is a £0.300m favourable variance on the HB Subsidy Budget. The full cost of unsubsidised temporary accommodation is now charged to the People and Communities budget. The budget will be amended accordingly in future years.
- Other minor variances are £0.002m

ICT

- An overspend of £0.270m is expected on the £0.410m budget for the revenue impact of the IT Strategy of moving costs into the Cloud, as the cost was not fully identified at the time that the budget was set.
- There is also a pressure of £0.300m from the delay in delivering Salesforce Line Of Business applications & Box having not yet been decommissioned.
- The SLA's with our partner organisations including NPS and Opportunity Peterborough are generating a surplus of £0.050m on a budget of £0.100m.
- Other miscellaneous savings across the Department are £0.149m.

Energy

- One-off unbudgeted cost of £0.711m in relation to writing off abortive capital project costs.
- There is currently a £0.241m shortfall in the Energy Projects saving target of £0.320m expected this year. The main variances are £0.106m relating to the ENPC (Honeywell) contracts and £0.126m income relating to Solar PV. These are under review to assess the impact on the 18/19 budget. Other minor variances £0.009m.

City Services & Communications

- The off street parking income budget of £2.400m is £0.354m adverse, but this is being offset by staff parking income which is £0.026m higher than the budget of £0.310m and season ticket income £0.077m higher than the budget of £0.108m.
- An adverse variance of £0.197m is expected within the Market, Events and Tourism service area. This is mainly due to £0.155m lower income than the budgeted £0.465m at the Market, and

£0.041m variance on £0.130m budget at the Destination Centre and a £0.023m surplus generated by the PGER. The income budgets for Travelchoice and the Pedestrian Area of £0.390m are forecasting to be adverse by £0.081m due to reduced coach company income and street advertising income. Miscellaneous savings total £0.057m

- An overspend of £0.040m on £0.460m budget is reported in respect of increased costs in Food safety following pressures in the numbers of premises in need of inspection. The 18/19 budget includes proposals to address increased demand. There is also a £0.064m pressure relating to reduced Trading Standards income.
- Health and Safety recharges are expected to be £0.067m lower than the £0.090m budgeted. A proposal to amend the baseline budget is included for 18/19.
- The Design and Print Team is expected to break even, through recharging all costs based on jobs completed, costing around £0.250m. It is expected that £0.033m of this sum will not be recovered.
- Following a review of spending across the City Services & Communications service area, in year savings of £0.225m have been identified for 17/18, over a gross expenditure budget of £5.740m.

