

APPENDIX A – 2018/19 REVENUE OUTTURN REPORT

Final Departmental position

Budget Group	Budget 2018/19	Cont. from reserves	Revised Budget 2018/19	Final Actuals 2018/19	Cont. to reserves	Final (Under)/Over Spend 2018/19	Variance 2018/19	January 2019 Variance	Movement from January 2019 to Final Outturn
	£000	£000	£000	£000	£000	£000	%	£000	£000
Chief Executive	240	0	240	193	0	(47)	(20%)	(29)	(18)
Human Resources	1,340	55	1,395	1,187	0	(208)	(15%)	(156)	(52)
Total Chief Executives	1,580	55	1,635	1,380	0	(255)	(16%)	(185)	(70)
Director of Governance	265	0	265	154	0	(111)	(42%)	(128)	17
Legal Services	1,580	54	1,634	1,938	0	304	19%	246	58
Constitutional Services	2,067	0	2,067	2,056	0	(11)	(1%)	(5)	(6)
Performance & Information	193	19	212	197	0	(15)	(7%)	(1)	(14)
Coroners Service	480	0	480	656	0	176	37%	156	20
Total Governance	4,585	73	4,658	5,001	0	343	7%	268	75
Development and Construction	175	0	175	189	0	14	8%	204	(190)
Director, OP & JV	(2)	95	93	(215)	0	(308)	(331%)	20	(328)
Peterborough Highway Services	9,075	0	9,075	8,741	0	(334)	(4%)	(169)	(165)
Sustainable Growth Strategy	1,468	414	1,882	1,590	33	(259)	(14%)	(142)	(117)
Waste, Cleansing and Open Spaces	11,632	462	12,094	11,991	350	247	2%	384	(137)
Westcombe Engineering	100	0	100	185	0	85	85%	76	9
Corporate Property	1,637	1,599	3,236	3,418	125	307	9%	409	(102)
Resilience & Health & Safety	249	0	249	231	0	(18)	(7%)	(22)	4
City Centre Management	324	37	361	644	0	283	79%	255	28
Marketing & Communications	251	0	251	499	0	248	98%	223	25
Parking Services	(2,118)	0	(2,118)	(1,482)	0	636	(30%)	621	15
Regulatory Services	668	20	688	386	23	(279)	(41%)	(221)	(58)
Service Director Environment & Economy	153	0	153	214	0	61	40%	53	8
Total Growth & Regeneration	23,612	2,627	26,239	26,391	531	683	3%	1,691	(1,008)
Adults	37,865	123	37,988	37,534	85	(369)	(1%)	(651)	282
Commissioning & Commercial Operations	14,155	250	14,405	19,187	0	4,782	33%	4,626	156
Children's & Safeguarding	10,656	20	10,676	10,869	0	193	2%	3	190

	Budget 2018/19	Cont. from reserves	Revised Budget 2018/19	Final Actuals 2018/19	Cont. to reserves	Final (Under)/Over Spend 2018/19	Variance 2018/19	January 2019 Variance	Movement from January 2019 to Final Outturn
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Director	1,471	0	1,471	1,456	0	(15)	(1%)	9	(24)
Education	2,949	251	3,200	3,037	47	(116)	(4%)	256	(372)
Communities	9,037	426	9,463	6,785	2,880	202	2%	296	(94)
DSG	(390)	966	576	58	518	0	0%	0	0
Total People & Communities	75,743	2,036	77,779	78,926	3,530	4,677	6%	4,539	138
Children 0-5 Health Visitors	3,718	64	3,782	3,906	0	124	3%	(3)	127
Children 5-19 Health Programmes	879	0	879	879	0	0	0%	0	0
Sexual Health	1,831	0	1,831	1,870	0	39	2%	53	(14)
Substance Misuse	2,299	0	2,299	2,299	0	0	0%	0	0
Smoking and Tobacco	317	0	317	321	0	4	1%	(12)	16
Miscellaneous Public Health Services	1,661	0	1,661	1,513	0	(148)	(9%)	(38)	(110)
Public Health Grant	(10,905)	0	(10,905)	(10,908)	0	(3)	0%	0	(3)
Children 5-19 Healthy Schools Programme	65	0	65	53	0	(12)	(19%)	0	(12)
Healthy Peterborough	10	0	10	6	0	(4)	(36%)	0	(4)
Total Public Health	(125)	64	(61)	(61)	0	0	0%	0	0
Director's Office	112	0	112	236	0	124	111%	88	36
Financial Services	3,282	50	3,332	3,179	0	(153)	(5%)	(452)	299
Programme Management Office	139	127	266	246	0	(20)	(7%)	(21)	1
Capital Financing	21,521	0	21,521	13,306	4,437	(3,778)	(18%)	(3,002)	(776)
Corporate Items	4,823	456	5,279	5,019	3	(257)	(5%)	(170)	(87)
Peterborough Serco Strategic Partnership	5,952	32	5,984	8,250	0	2,266	38%	2,143	123
ICT	5,339	314	5,653	6,147	0	494	9%	349	145
Energy	780	0	780	(43)	0	(823)	(106%)	(745)	(78)
Cemeteries, Cremation & Registrars	(1,358)	0	(1,358)	(1,485)	0	(127)	9%	(76)	(51)
Total Resources	40,590	979	41,569	34,855	4,440	(2,274)	(5%)	(1,886)	(388)
Total Expenditure	145,985	5,834	151,819	146,492	8,501	3,174	2%	4,427	(1,253)
Financed by:									
Council Tax	(69,298)	0	(69,298)	(69,298)	0	0	0%	0	0
Council Tax - Adult Social Care precept	(5,328)	0	(5,328)	(5,328)	0	0	0%	0	0

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	£000	£000	£000	£000	£000	£000	%	£000	£000
NDR Income	(45,792)	0	(45,792)	(45,799)	0	(7)	0%	0	(7)
NDR Levy	216	0	216	272	0	56	26%	0	56
NDR S31 Grants	(3,128)	0	(3,128)	(4,223)	0	(1,095)	35%	(983)	(112)
NDR Tariff	2,370	0	2,370	2,370	0	0	0%	0	0
Revenue Support Grant	(15,056)	0	(15,056)	(15,056)	0	0	0%	0	0
Parish Precept	(586)	0	(586)	(586)	0	0	0%	0	0
New Homes Bonus	(5,152)	0	(5,152)	(5,152)	0	0	0%	0	0
Section 31 Grant	0	0	0	(9)	0	(9)	0%	0	(9)
Contribution (from)/to Grant Equalisation Reserve	(4,231)	0	(4,231)	(4,231)	0	0	0%	0	0
Contribution (from)/to Reserves	0	(5,834)	(5,834)	(5,834)	0	0	0%	0	0
Total Financing	(145,985)	(5,834)	(151,819)	(152,874)	0	(1,055)	1%	(983)	(72)
Net	0	0	0	(6,382)	8,501	2,119	3%	3,444	(1,325)

Explanation of Variances from the January 2019 Position:

Dep	Variance Change	£000
	January 2019 position	3,444
Chief Executive	Improvement in the Chief Executives directorate from further underspends on staffing and supplies and services.	(70)
Governance	Increased legal services costs due to higher than forecast caseloads within the Child Protection Team and use of locums, and other minor changes across the governance department, partially being offset by additional land charges income.	75
Growth & Regeneration	Development and Construction - reduction in employee and supplies and services costs, together with the application of the new accounting standard IFRS 15, which outlines the application of accounting for revenue form contracts with customers.	(190)
Growth & Regeneration	Director, OP & JV – as part of the roadmap efficiency target the Council has received rebate on in relation to the LED capital project and the level of Skanska turnover.	(328)
Growth & Regeneration	Peterborough Highways Services - additional income generated and transport savings	(166)
Growth & Regeneration	Sustainable Growth Strategy - reduction in staffing costs	(116)
Growth & Regeneration	Waste, Cleansing and Open Spaces - final pension rebate figures higher than anticipated, due to the Amey contract extension and additional income generated from the sale of electricity generated from the Energy from Waste facility.	(136)
Growth & Regeneration	Corporate Property - lower than expected rateable value for Sand Martin house, confirmed by the valuation office. Leading to lower than budgeted business rates.	(102)
Growth & Regeneration	Minor changes in position across the Growth and Regeneration	30
Funding	Additional Business Rates Income	(63)
People & Communities	Commissioning and Commercial - Clare Lodge – decreased occupancy and therefore income	163
People & Communities	Adults – Clinical Commissioning Group (CCG) invoice write-offs due to the incorrect raising of invoices	503
People & Communities	Adults Independent Sector Placements - prior year invoice costs and increase in care packages	305
People & Communities	Adults - projects have been delayed to mitigate overspends in other People and Communities budgets.	(651)
People & Communities	Communities - Housing - increase in temporary accommodation costs and less Housing Benefit subsidy income than anticipated	483
People & Communities	Communities - Housing - additional grant income announced March 2019	(340)
People & Communities	Communities - Targeted Youth Support Service (TYSS) underspends	(102)
People & Communities	Communities - Prevention Enforcement Service (PES) underspends	(116)
People & Communities	Education - Commissioned Service saving and staffing underspends	(117)
Resources	Insurance - contribution required to Insurance provision	375
Resources	Capital Financing- additional underspend	(776)
Resources	Peterborough Serco Strategic Partnership - Revenues and Benefits - overpayment income lower than expected and reduction in subsidy.	493
Resources	Peterborough Serco Strategic Partnership - Business Transformation / Strategic Improvement team variable costs	(244)
Resources	Corporate Items - Bad Debt provision requirement for 18/19 greater than budget	231
Resources	Corporate Items - VAT Shelter income greater than budget	(130)

Dep	Variance Change	£000
Resources	Corporate Items – the current year budget for pension strain costs was not required, as pension strain costs incurred by the Council as a result of redundancies in 2018/19, were funded from the Capacity Building Reserve, from the commitment for downsizing.	(213)
Resources	Minor changes in position across the Resources department	(123)
	Outturn position	2,119

Full explanation of the overall variances are highlighted in Section 1-8.

Explanation of Key Departmental Outturn Variances:

1. Chief Executives - £0.255m underspent

Within Human Resources, there are staffing savings of £0.083m and supplies and services savings of £0.125m.

2. Governance - £0.343m overspent

Director of Governance - £0.111m underspent

There is a saving of £0.066m on the Director of Governance post, as a result of sharing the role with Cambridgeshire County Council, and other small savings of £0.045m.

Legal Services - £0.304m overspent

There is an overspend of £0.451m within the legal team largely due to staffing costs as a result of increased workloads relating to Child Protection, General Data Protection Regulation (GDPR), Homelessness and a compensation payment. This was partially offset by additional Land Charges income of £0.147m.

Coroner Service - £0.176m overspent

The final 2017/18 costs were greater than estimated and not fully recognised in that financial year. The overspend in 2018/19 was due to a backlog of referrals, budget pressures from additional staff hired, and a number of complex cases.

This budget pressure is likely to continue into future years and the Council has recognised this by allocating additional budget to this area within Tranche Three of the budget process.

3. Growth and Regeneration - £0.683m overspent

Development and Construction - £0.014m overspent

There is a net outturn position of £0.014m in this area. There is an overspend of £0.199m on temporary staffing costs in Development Control and Planning Enforcement, which includes a £0.085m redundancy payment. This has been offset by reduced expenditure on supplies and services and legal costs and additional income generation.

Director, Opportunity Peterborough & Joint Venture - £0.308m underspent

The underspend is made up of the following, as part of the efficiency roadmap target, where the service, in conjunction with Skanska aims to deliver the same service at a lower cost:

- An efficiency rebate received in respect of the expenditure on the LED street lighting capital project
- A rebate in relation to the overall Skanska turnover as per the agreement within the contract.

Peterborough Highway Services - £0.334m underspent

Street lighting energy costs are budgeted to reduce as the Street Lighting LED Programme replaces the old lighting with more energy efficient units. However, the savings are taking longer to deliver than originally envisaged, and combined with energy price increases, this has led to an overspend of £0.096m.

Additional income of £0.253m from “selling” highways work to developers has been generated. Due to this high workload agency staff have been covering vacant posts and employee costs are overspent by £0.013m.

There is a favourable variance of £0.115m within the Bus Services area, this is from applying Bus Services Operator Grant (BSOG) funding to enhance and develop further existing services and reduced Voluntary Partnership Arrangement (Stagecoach).

Sustainable Growth Strategy - £0.259m underspent

There is a favourable variance on this budget due to the following:

- A saving of £0.090m on employee costs due to vacant posts and reduced hours;
- A saving of £0.047m on consultancy costs as a planning Inspector costs less than anticipated;
- Additional income generation due to staffing recharges and grant received creating a £0.161m surplus;
- Minor variances of £0.039m.

Waste, Cleansing and Open Spaces - £0.247m overspent

Income from electricity sales at the Energy from Waste (EFW) facility is achieving higher levels than budgeted, leading to a favourable variance of £0.674m. This is due to the performance of the plant and the escalating energy prices which offsets the pressure that the council is seeing on the electricity that it buys.

Final earnings for 2017/18 income at the Energy from Waste plant were confirmed and this was higher than expected by £0.177m.

The new Household Recycling Centre opened on 18 February 2019, which is delayed from the original forecast opening. As the new plant costs more to operate this has generated a one off saving of £0.136m in 2018/19. However there are costs of £0.061m relating to the existing site contract extension costs.

The financial negotiations with Amey have now concluded regarding the costs of extending the contract, with services transferred over to Aragon Direct Services on 4 April 2019, and the last of the phased transfer due to complete on 4 May 2019. The additional costs incurred to the 31 March totalled £1.393m, resulting in an overspend on the budget. The Council expects to receive a pension rebate due to lower contribution rates from the Amey contract. This is due to lower contribution rates payable when comparing the contract and actuarial review which results in a £0.613m favourable position offsetting a proportion of the additional costs.

There has been an Insurance Rebate from the EFW Plant of £0.271m. The Council has received this rebate as the insurance costs are reducing to reflect the advancement of the technology, which is reducing the risk profile.

Corporate Property - £0.307m overspent

There are a number of variances within the Corporate Property budget relating to Sand Martin House, these include:

- Income has been lower than originally anticipated. This is due to the nature of the listed buildings and the works required, commercial unit income and office sub-let income having been delayed due to repairs to damage on the ground floor. This reduced the available space in the building during 2018/19, however a lease has now been agreed with the Construction Information Training Board (CITB), which will see them occupy part of the building from Summer 2019. These combined factors result in a £0.362m forecast overspend;
- Saving of £0.132m on Sand Martin House rent as the occupancy date was later than anticipated;
- Saving of £0.128m due to the Rateable Value for Business Rates, being confirmed by the Valuation Office, being lower than anticipated;

Revenue costs associated with the feasibility and abortive works for capital projects amounts to £0.099m. A budget for this will need to be established within the MTFS in future years.

There is a £0.106m overspend relating to the costs associated with procuring temporary accommodation. This action has been taken to reduce the long-term pressures on housing needs budget and to enable the Council to provide suitable accommodation to families who are at risk of or find themselves homelessness.

City Centre Management - £0.283m overspent

Income has been lower than budgeted for the City Market based on current stall occupancy £0.094m, for rent in the Pedestrian Area £0.040m and advertising space £0.011m.

There was a £0.057m adverse variance against the Great Eastern Run budget due to fewer runners and less sponsorship, however there is additional income from events held at the Embankment of £0.010m.

Marketing & Communications - £0.248m overspent

The budget in this area is overspent by £0.248m this is mainly a result of the following:

- Temporary staffing costs of £0.141m;
- Additional cost of £0.045m for the design and print function;
- Reduced sponsorship income of £0.036m.

Parking Services - £0.636m overspent

Income generated is £0.316m lower than the budget for off street car parking, including staff car parking off street fees, permits and season tickets. This arises from a shortfall in expected income based on current parking volumes £0.176m, and the additional multi-storey car park capacity at Fletton Quays £0.140m which is not yet fully utilised by the public, or widely promoted due to the ongoing works around the site.

There is also a £0.320m pressure relating to:

- £0.095m- National Non-Domestic Rates (Business Rates) due to the rateable value of car parks increasing on the revaluation list, issued by the Valuation Office (VOA)
- £0.212- security, cleaning, and Ringo (debit/credit card charges);
- £0.13m- other.

Regulatory Services - £0.279m underspent

Across the service there has been reduced employee costs, due to vacancies, saving £0.201m.

There are other minor variances relating to the staffing and income received for DEFRA services totalling £ 0.078m.

4. People and Communities - £4.677m overspent

Adults -£0.369m underspent

A pressure of £1.558m is reported in relation to Adults Placement costs. This relates to:

- A overspend of £0.750m on residential nursing packages.
- There was a pressure due to writing off £0.503m of Clinical Commissioning Group (CCG) invoices.
- These have been offset by delaying projects and additional savings - £1.859m

Commissioning and Commercial - £4.782m overspent

Permanency Service (TACT) and other - £4.537m overspent

It has been agreed to pay TACT an additional £0.637m in relation to financial year 2017/18. The cost of placements for 2018/19 exceeds budget by £3.9m. This is as a result of increased LAC numbers, the lack of availability of fostering placements (which has resulted in more expensive placements) and higher complexity of need. Responsibility for placements has transferred back to the Council from TACT. Staff have TUPE'd back to the Council and budget will be transferred from the Permanency contract to the PCC Placement budget in 2019/20.

Clare Lodge - £0.218m overspent

A reserve contribution of £0.250m was agreed which offsets some of the overspend arising from the delayed opening of the new High Dependency Unit. Despite this there is a £0.218m adverse position on this budget. This is the result of decreased occupancy and therefore a shortfall in income of £0.812m. The management team have made efforts to control expenditure to mitigate the financial impact of this shortfall and reduced expenditure of staffing, agency and recruitment by £0.594m along with some other smaller savings.

Children's & Safeguarding £0.193m overspent

Children's Social Care - £0.114m overspent

An overspend was incurred against the Children's Social Care budget as a result of overseas recruitment costs and mileage. A financial risk exists around financial assistance and the use of agency staff to cover substantive posts. Other variances £0.079m.

Education £0.115m underspent

Home to School and Children's Social Care Transport - £0.440m overspent

Home to School Transport is overspent by £0.364m. The Passenger Transport Team Manager has been tasked to produce a paper for CMT to explain this overspend and the effect on future year budgets. An adverse variance of £0.021m is reported with regard to Passenger Transport Team staffing. Children Social Care transport is also overspent by £0.096m. Further analysis has been requested to understand what is driving this increase e.g. more children transported, longer average journeys, etc. Other variances £0.040m.

School Improvement Traded Service - £0.146m underspent

A favourable variance of £0.146m is reported against the £1.1m income target, in respect of charges to schools for statutory educational duties carried out by the Council on their behalf. This was incorporated in to the MTFS 2017/18 to off set the impact of £2.2m of Education Services Grant (ESG) reduction. It is unlikely that this favourable variance will be repeated in future years, as more schools transfer to Academy status.

Other - £0.410m underspent

There are a number of variances within this service, outlined as follows:

- PFI Utility costs are underspent by £0.127m, this is as a result of the 2017/18 estimated accrual for utilities which is now not required.
- An adverse variance of £0.079m is reported in relation to the underachievement of income on School Academy conversions. This income target was introduced as a result of charging schools to recover a proportion of the cost the local authority incurred to administer the conversion. As the pace of schools converting has reduced it has meant that meeting the target factored in to the MTFS, has been unachieved. A reduction in business rates was also built in to the budget as a result of the relief academies receive for holding charitable status. As outlined in the funding section, NNDR (business rates) is showing a favourable position.
- A favourable variance of £0.106m is reported in relation to the Attendance Service which is largely in relation to Fixed Penalty Notice charges for School absence, along with a favourable variance of £0.257m in relation to staffing and other smaller underspends.

Communities - £0.202m overspent

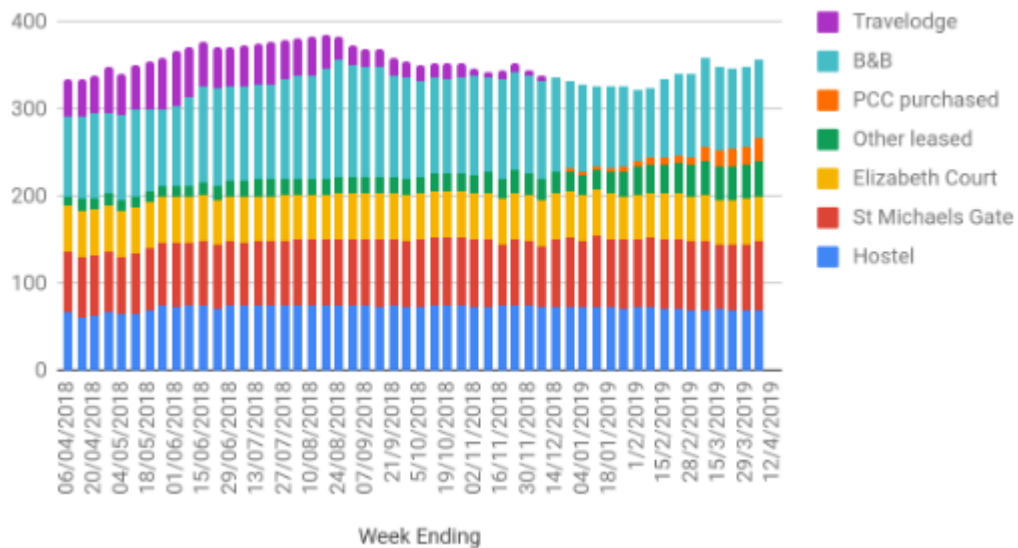
Housing - £0.626m overspent

Temporary accommodation costs have overspent by £1.112m, but have been offset by additional housing grant totalling £0.340m which was confirmed and allocated by Ministry of Housing, Communities & Local Government (MHCLG), in March 2019. This pressure is also being offset by a £0.174m underspend on the staffing budget.

The Council has faced significant demand from homelessness and the need for housing in Peterborough, and this peaked in August when there was 385 households in temporary accommodation. Over the course of the year the housing needs team have supported families to prevent them being in a position where they require housing in addition to reducing the number of families in temporary accommodation to 364.

Plans are in place to ensure there is a supply of housing to meet this need, to avoid putting families in B&B, Travelodges or out of the area. At the beginning of the year (as demonstrated by the purple blocks in Graph 2) there were families in both of these circumstances but through the efforts of the housing needs team, no families are now in that accommodation type. Graph 2 outlines the trend of the number of households in temporary accommodation and the type of accommodation which has been used.

Graph 2: Temporary Accommodation trend analysis 2018/19



Cultural Services - £0.159m overspent

A savings target of £0.250m against the contract with Vivacity will not be achieved, although some of this is being offset by other savings in the department.

St. Georges Hydrotherapy pool is underspent by £0.040m due to lower than expected running costs.

Targeted Youth Support Service (TYSS) - £0.290m underspent

This underspend comprises employee savings of £0.323m due to vacancies being held pending new service implementation. There are other minor savings and pressures within the service which are reducing this staffing underspend.

Prevention Enforcement Service (PES) - £0.234m underspent

The PES underspend is broken down in to the following:

- Employee costs are underspent by £0.155m
- Kingdom costs are underspent £0.148m
- As a result of the staff vacancies the income from Penalty Charge Notices, Fixed Penalty Notice & CCTV is £0.187m below the budget profile. Recruitment to vacant posts is continuing, which should then improve this trend going forward.
- There are also underspends totalling £0.118m in the service from reduced CCTV transmission costs, camera maintenance and other.

Service level variances within People and Communities are further outlined in Appendix B.

5. Public Health- balanced position

Although the position overall at year end is balanced, there are some minor service variances. The children 0-5 health visitors' service was planned to be supported by the Public Health reserve this year while there was a transition to allow the implementation of savings. However as the public health budget overall was underspent this contribution was no longer required. Therefore a pressure of £0.124m is reported within this area. There is an underspend of £0.104m reported in relation to health checks, and a £0.027m saving from sharing a commissioning team with Cambridgeshire County Council.

6. Resources- £2.274m underspent

Directors Office - £0.124m overspent

A Shared services savings target has not been achieved.

Financial Services - £0.153m underspent

This is due to savings generated against the insurance premium budget.

Capital financing - £3.778m underspent

The final underspend for capital financing has been achieved through a combination of factors, which are:

- Borrowing for the 2018/19 capital programme has not been incurred to the timescales originally planned
- Total amount of new borrowing being taken has not been as great as indicated in the 2018/19 MTFS
- Where borrowing has occurred loans have been taken at lower rates than previously forecast due to the continued economic uncertainty being experienced both globally, and nationally from the impact of Brexit decisions
- The council has also benefited from additional income receipts; the ESPO dividend £100k greater than budgeted, early redemption of the Axiom loan fees which was not confirmed until early March of £380k, and additional interest receipts from the Empower loan extensions made throughout the year.
- As reported throughout the year the council has also been able to benefit from the additional loan repayments made through capital receipts as outlined in Tranche 1 of the 2019/20 MTFS.

For further, more detailed information see the Capital section of this report.

Corporate Items - £0.257m underspent

- There has been an underspend of £0.332m on the budget relating to pensions, this is mainly in relation to the pension strain elements of redundancy costs being covered by the downsizing commitment within the Capacity Building Reserve, instead of this budget.
- Additional bad debt provision is required at the end of 2018/19, due to the level of debt (uncollected income) increasing. This has caused a budget pressure of £0.231m
- The VAT shelter agreement with Cross Keys Homes enables VAT to be reclaimed on capital works to housing that was transferred to Cross Keys Homes and the benefit split equally between the Council and the housing association. In 2018/19 this has overachieved the budget, generating an additional benefit of £0.130m.

Peterborough Serco Strategic Partnership (PSSP) - £2.266m overspent

The overspend in this service is from a combination of three key areas. There is £0.990m pressure due to the Annual Delivery Plan (ADP) and business transformation (strategic improvement core cost). All items on the ADP should be linked to funding streams as core funding was reduced to nil in last year's budget. Offsetting this is £0.100m of contract income brought forward, and £0.145m of favourable variances on the costs of changes in the contract. The following savings that were included in the 2018/19 MTFS have not been achieved.

- The £1m Serco variable spend saving. Overall variable spend with Serco has not yet reduced, due to ongoing programmes of work. Whilst budgets are in place for these works, these are mainly one off, and it has not been possible to make the planned ongoing budget reduction of £1m.
- The Serco Business support saving of £0.100m.

ICT - £0.494m overspent

Savings that were expected to be generated through the implementation of a technology platform across Social Care (PeopleToo) have not been achieved as planned, creating a £0.137m pressure. The budgeted return on loans to partners to deliver this project has also not materialised as planned creating a £0.131m pressure through loss of interest receipt.

Savings targets in relation to Digital Roadmap project, including guaranteed resale income and also savings through decommissioning ICT legacy systems and departmental efficiencies have not been fully achieved, causing a £0.792m pressure.

There has been an overspend against the core contract budget in 2018/19, due to one-off costs associated with new change controls being implemented £0.219m. However, there has been a £0.741m rebate received in year within the core contract budget, following a prior year change control notice reconciliation.

Savings off £0.100m were achieved against the corporate computer software budget and other overspends £0.056m have occurred.

Energy - £0.823m underspent

The Council has received additional interest income of £0.894m from extending a loan arrangement with Empower Community Management LLP in respect of solar installations.

Cemeteries, Cremation & Registrars - £0.127m underspent

Bereavement income was £0.119m greater than the budget, with other underspends of £0.08m

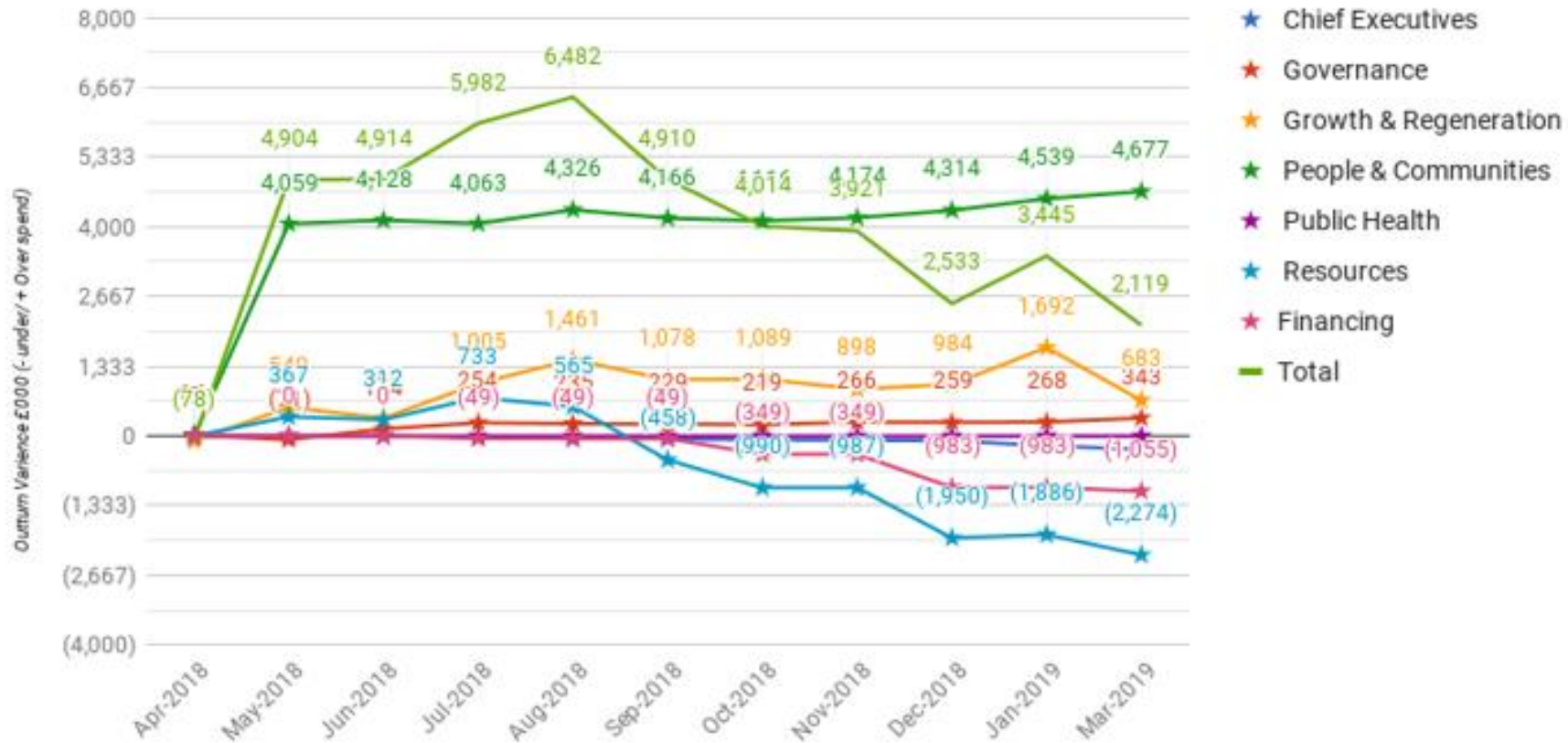
7. Financing- £1.055m underspent

The additional income from business rates during 2018/19 amounting to just over £1m arises from a number of key areas, these are outlined in the following:

- The first results from a redistribution of overpaid levies from previous years amounting to £180m at a national level of which £0.634m was received by Peterborough, the redistribution was based on an assessment of need;
- The second key element is an additional £0.248m of section 31 grant covering the two years to 2018/19 in respect of the changes made by the government from 1st April 2017 to small business rate thresholds. It has arisen due to the diligence of a member of the finance department who identified an error in the initial calculation by MHCLG, the impact of this is to provide an additional £0.124m per annum for the council on an ongoing basis which is estimated to be in excess of £50m per annum nationally as this adjustment affects all authorities;

- Finally there has been a further increase in section 31 grants for small business rate relief and the business rate multiplier cap arising from increased volumes which amounts to some £0.160m net of additional levies.

8. The Departmental Position Reported Throughout 2018/19.



The graph demonstrates the fluctuation of the departmental forecast outturn position reported throughout the year, and how this has improved. The most noticeable changes are the surplus being generated within Resources, largely due to capital financing costs and income from the Empower loan, with the People and Communities directorate remaining fairly static at £4m, which was from a pressure on the children’s placement (TACT) budget. More detail on the individual departmental variances is outlined in sections 1-7 of Appendix A, and an overview of the overall Council position is outlined in section 5, of the main report.

Appendix B – People & Communities further breakdown in to the key service areas

	Budget 2018/19	Cont. from reserve	Revised Budget 2018/19	Final Actuals 2018/19	Cont. to reserve	Final under/ov er spend 2018/19	Variance 2018/19	January 2019 Variance	Moveme nt from January 2019 to Final Outturn
	£000	£000	£000	£000	£000	£000	%	£000	£000
Adults:									
Independent Sector Placements	31,981		31,981	33,539		1,558	5%	750	808
Adult Social Care Teams	7,652	99	7,751	7,779		28	0%	30	(2)
Block Contracts	6,351	24	6,375	6,366		(9)	0%	(127)	118
Financing	(9,607)		(9,607)	(11,467)		(1,860)	19%	(1,226)	(634)
Home Service Delivery Model	1,488		1,488	1,317	85	(86)	-6%	(78)	(8)
Total Adults	37,865	123	37,988	37,534	85	(369)	-1%	(651)	282
Commissioning & Commercial Operations:									
Permanency Service	8,747		8,747	13,284		4,537	52%	4,537	0
Clare Lodge	(1,170)	250	(920)	(702)		218	-24%	55	163
Commissioning & Commercial Operations - Other	6,578		6,578	6,605		27	0%	34	(7)
Total Commissioning & Commercial Operations	14,155	250	14,405	19,187	0	4,782	33%	4,626	156
Children's & Safeguarding:									
Children's Social Care	6,675		6,675	6,789		114	2%	2	112
Children's - Other	3,981	20	4,001	4,080		79	2%	1	78
Total Children's & Safeguarding	10,656	20	10,676	10,869	0	193	2%	3	190
Director:									
Director	1,475		1,475	1,457		(18)	-1%	9	(27)
Department Savings target	(4)		(4)	(1)		3	-75%	0	3
Total Director	1,471	0	1,471	1,456	0	(15)	-1%	9	(24)
Education:									
Home To School & Childrens Social Care Transport	4,001		4,001	4,441		440	11%	491	(51)
School Improvement Traded Service	(779)		(779)	(925)		(146)	19%	0	(146)
Education - Other	(273)	251	(22)	(479)	47	(410)	1864%	(235)	(175)
Total Education	2,949	251	3,200	3,037	47	(116)	-4%	256	(372)
Communities:									
Housing	2,541	50	2,591	3,127	90	626	24%	486	140
Cultural Services	2,636	22	2,658	2,817		159	6%	152	7
Targeted Youth Support Service (TYSS)	1,629		1,629	1,339		(290)	-18%	(188)	(102)
Prevention Enforcement Service (PES)	586	11	597	363		(234)	-39%	(118)	(116)
Communities - Other	1,645	343	1,988	(861)	2,790	(59)	-3%	(36)	(23)
Total Communities	9,037	426	9,463	6,785	2,880	202	2%	296	(94)
Dedicated Schools Grant	(390)	966	576	58	518	0	0%	0	0
Total People and Communities	75,743	2,036	77,779	78,926	3,530	4,677	6%	4,539	138

Appendix C: Council Reserves Position

	2018/19	2018/19	2018/19	2018/19	2018/19	2019/20	2020/21
Summary of Reserves	Balance C/Fwd 1.4.18	Cont from Reserve in 2018.19	Cont to Reserve in 2018.19	Movement between Reserves	Balance at 31.03.19 £000	Estimated Balance at 31.03.20 £000	Estimated Balance at 31.03.21 £000
General Fund Balance	6,000	0	0	0	6,000	6,000	6,000
Available Reserves							
Capacity Building Reserve	12,714	(4,597)	4,735	2,121	14,973	9,638	9,638
Grant Equalisation Reserve	8,445	(4,231)	0	0	4,214	1,130	1,130
Development Equalisation Reserve	1,233	(1,233)	0	0	0	0	0
Departmental Reserves	5,198	(787)	3,079	(600)	6,890	1,147	1,147
	27,590	(10,848)	7,814	1,521	26,077	11,915	11,915
Ring-Fenced Reserves							
Insurance Reserve	4,936	(50)	0	(1,488)	3,398	3,398	3,398
Schools Capital Expenditure Reserve	1,208	(855)	162	(33)	482	482	482
Parish Council Burial Ground Reserve	51	0	3	0	54	54	54
Hackney Carriage Reserve	203	0	23	0	226	226	226
Lease Consolidation Reserve	243	(127)	499	0	615	575	495
Future Cities Reserve	240	(240)	0	0	0	0	0
Public Health Reserve	428	(64)	0	0	364	364	364
	7,309	(1,336)	687	(1,521)	5,139	5,099	5,019
Total Available and Ring-Fenced Reserves and General Fund Balance	40,899	(12,184)	8,501	0	37,216	23,014	22,934

Appendix D - Treasury Management Strategy – Prudential Indicators – Outturn 2018/2019

The Prudential Code for Capital Finance in Local Authorities provides a framework for local authority capital finance to ensure that:

- (a) capital expenditure plans are affordable;
- (b) all external borrowing and other long term liabilities are within prudent and sustainable levels;
- (c) treasury management decisions are taken in accordance with professional good practice.

In taking decisions in relation to (a) and (c) above, the local authority is accountable by providing a clear and transparent framework.

The Code requires the Council to set a range of Prudential Indicators for the forthcoming financial year and at least the following two financial years. The Council has set out indicators for the next five financial years in line with setting a fiveyear budget. During the financial year to date the Council has operated within the treasury limits and Prudential Indicators set out in the Council's Annual Treasury Management Strategy.

The outturn for the Prudential Indicators for the financial year are detailed below. The indicators include the Invest to Save scheme. The costs of borrowing associated with these schemes will be offset by the income or savings generated by these projects.

The updated 2018/19 Prudential Indicators are shown below and the Council's performance to date against them. All performance is within the limits.

1. Indicator 1: Capital Expenditure

This indicator is the estimated capital expenditure for the year based on the Capital Programme for that period.

Capital Expenditure	2018/19 Indicator £m	2018/19 Actual £m
Capital Expenditure	101.3	94.2
Invest to Save	19.8	1.7
Total	121.1	95.9

The outturn is lower than the MTFS indicator due to a number of large projects across all directorates have being reprofiled to more accurately reflect the spending over future years and other projects were removed following an enhanced scrutiny process linking to the development of the 2019/20 MTFS. The Invest to Save projects have been reduced over the next few years due to no planned expenditure but does not impact the Council's budgets as it is for schemes that must cover the cost of borrowing and minimum revenue provision (MRP) from either income generation or from generated savings.

2. Indicator 2: Capital Financing Requirement (CFR)

The CFR measures the Council's underlying need to borrow money in the long term for capital purposes. Any capital expenditure which has not immediately been paid for will increase the CFR.

Capital Financing Requirement	2018/19 Indicator £m	2018/19 Actual £m
CFR b/fwd	540.1	540.1
Underlying Need to Borrow	64.7	35.6
Underlying Need to Borrow - Invest to Save	1.5	1.7
Total CFR C/fwd	606.3	577.4

3. Indicator 3: Actuals and Estimates of the Ratio of Financing Costs to Net Revenue Budget

The Council must estimate the proportion of the revenue budget, which is taken up in financing capital expenditure i.e. the net interest cost and to make provision to repay debt.

The final position for this indicator, 3.9% is a result of the capital receipts being used to repay the principal being greater than originally budgeted due to 'saving' proposals identified in the 2019/20 MTFS being applied earlier as reflected in the updated MRP policy.

Ratio of net financing costs to net revenue stream	2018/19 Indicator	2018/19 Actual
Total Ratio	6.4%	3.9%

4. Indicator 4: Proportion of Gross Debt to the Capital Financing Requirement (CFR)

This indicator shows the proportion of the Council's external borrowings (Gross Debt) against the CFR. In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2017/18) plus the estimates of any additional capital financing requirement for the current (2018/19) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure.

This indicator shows that the Council maintained an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement (CFR)), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used. This strategy was prudent as investment returns were low and counterparty risk was still an issue that needed to be considered. Both the CFR and Gross Debt were less than estimated.

Proportion of Gross Debt to the CFR	2018/19 Indicator £m	2018/19 Actual £m
CFR	606.3	577.4
Gross Debt (inc PFI & Leases)	522.7	507.2
% of Gross Debt to CFR	86.2%	87.8%

5. Indicator 5: The Operational Boundary

The Operational Boundary is a measure of the day to day likely borrowing for the Council. The code recognises that circumstances might arise when the boundary might be exceeded temporarily, but if this continues for a lengthy period then it ought to be investigated.

This indicator takes into consideration the capital programme over the life of the MTFS and the ability to phase the borrowing over this period. The indicator provides flexibility for the Council to take advantage of favourable interest rates in advance of the timing of the actual capital expenditure.

Operational Boundary	2018/19 Indicator £m	2018/19 Actual £m
Borrowing	573.1	457.6
Other Liabilities (PFI & Leases)	52.6	49.6
Total Operational Boundary	625.7	507.2

6. Indicator 6: The Authorised Limit

The Authorised Limit represents the maximum amount the Council may borrow at any point in time in the year. It is set at a level the Council considers is “prudent”.

The indicator takes account of the capital financing requirement estimated at the start of each year, plus the expected net borrowing requirement for the year. This makes allowance for the possibility that the optimum time to do all borrowing may be early in the year.

The limit also incorporates margins to allow for exceptional short-term movements in the Council’s cash flow, bids from service departments to finance efficiencies, changes to the timing of capital payments and fluctuations in the realisation of capital receipts.

Authorised Limit	2017/18 Indicator £m	2017/18 Actual £m
Borrowing	723.4	457.6
Other Liabilities (PFI & Leases)	52.6	49.6
Total Authorised Limit	776.0	507.2

It is ultra vires to exceed the Authorised Limit so this should be set to avoid circumstances in which the Council would need to borrow more money than this limit. However, the Council can revise the limit during the course of the year. The actual position is lower than the indicator as the Council does not currently anticipate borrowing in advance of need due to the additional cost of holding the funds until required.

7. Indicator 7: Fixed Interest rate exposure

This indicator places an upper limit on the total amount of net borrowing which is at fixed rates secured against future interest rate movements. The upper limit allows flexibility in applying a proportion of the investment portfolio to finance new capital expenditure. It also reflects a position where the majority of borrowing is at fixed rate which provides budget certainty with 100% of borrowing being at fixed rate. The upper limit for fixed interest rate exposure was set to allow for flexibility in applying a proportion of the investment portfolio to finance new capital expenditure. It also reflected a position where the majority of borrowing was at fixed rates to provide budget certainty.

Upper limit for fixed rate exposure	2018/19 Indicator £m	2018/19 Actual £m
Upper Limit	761.0	457.6
% of fixed interest rate exposure	100%	100%

8. Indicator 8: Variable interest rate exposure

This indicator places an upper limit on the total amount of net borrowing (borrowing less investment) which is at variable rates subject to interest rate movements. The intention is to keep the variable rate borrowing below 25% of the total gross borrowing (CFR). The limit is expressed as the value of total borrowing less investments

Upper limit for variable rate exposure	2018/19 Indicator £m	2018/19 Actual £m
Upper Limit	190.3	0.0
% of variable interest rate exposure	25%	0%

The indicator is zero due to the borrowing strategy of borrowing only at a fixed interest rate in an economic climate of volatile interest rates. Borrowing at fixed interest rates provides budget certainty for the Council.

9. Indicator 9: Maturity structure of borrowing

The prudential limits have been set with regard to the maturity structure of the Council's borrowing, and reflected the relatively beneficial long term rates that were expected to be available over the next few years. The borrowing that the Council has actually taken is £457.6m (shown in the indicator below).

Period	Upper Limit Indicator	Actual Borrowing	Actual Borrowing £m
Under 12 months*	40%	14%	65.5
1 – 2 years	40%	6%	27.0
2 – 5 years	80%	3%	12.1
5 – 10 years	80%	5%	20.7
Over 10 years	100%	72%	332.3
Total Borrowing			457.6

* The borrowing for under 12 months includes £17.5m of Lenders Option Borrowers Option (LOBO) loans. Although the loans are due to mature in 23-35 years' time, they are classed as loans repayable within the financial year due to LOBO's having a call-in date every six months.

10. Indicator 10: Total Investments for periods longer than 364 days

Authorities are able to invest for longer than 364 days; this can be advantageous if higher rates are available. However it would be unwise to lend a disproportionate amount of cash for too long a period particularly as the Council must maintain sufficient working capital for its operational needs.

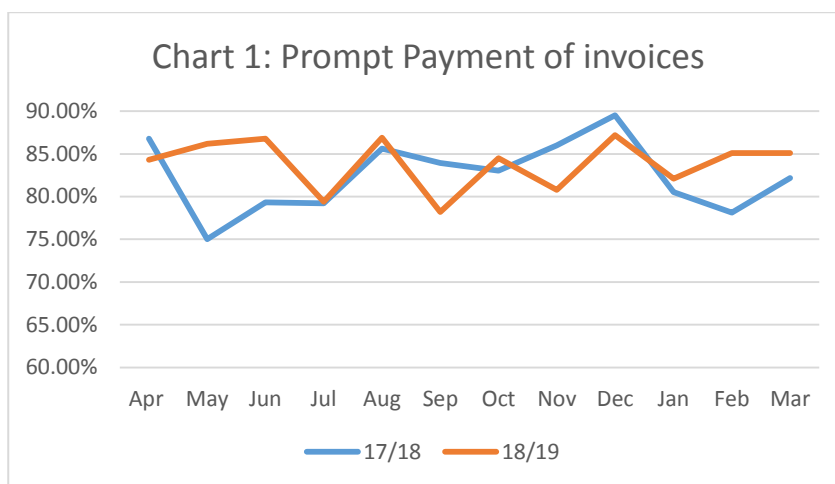
This indicator reflects the Council's current lending policy of keeping investments short term for liquidity purposes. The Council has used its cash balances as an alternative to new borrowing and does not have the available cash balances to invest for long periods.

	2018/19 Indicator £m	2018/19 Actual £m
Principal sums invested >364 days	0.0	0.0

Appendix E – Performance Monitoring Prompt Payment of Invoices (Invoices paid within 30 Days)

1.1. The cumulative position on prompt payment of invoices as at 31 March 2019 was 83.9% which is 1.4% above the previous year's performance of 82.5%. The performance for 2018/19 is shown alongside the equivalent 2017/18 figures in chart 1.

1.2. Within the last financial year the Agresso system has been developed to drive improved compliance to the Council's 'no PO, no pay' policy. At the same time, closer alignment to the procurement system has been achieved which will further support the on-boarding process for suppliers.



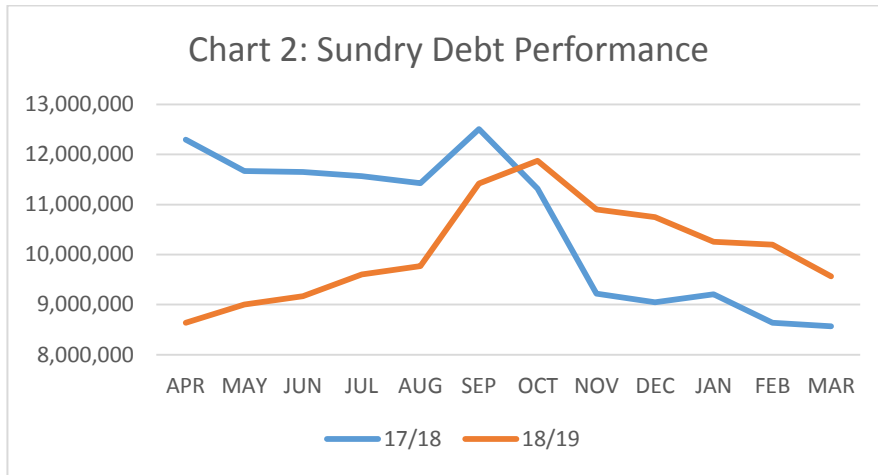
1.3. In 2018/19 a total of 66,406 invoices were paid, of which 55,785 were paid within 30 days. The total value of payments made was £331.3m of which:

- £328.6m was by BACS
- £2.0m by cheque (763 payments)
- £0.757m by CHAPS

(99.4% of the total payments were made electronically (BACS and CHAPS), which equates to 98.3% of invoices being paid electronically).

2. Sundry Debt Performance

2.1. The total outstanding sundry debt in excess of 6 months old (as at 31 March 2019) was £9.6m in total and is set out in Chart 2 (alongside the comparative figures for 2017/18). Of this £9.6m figure, a total of £6.0m, or 63%, was in respect of the NHS/CCG debt (these latter figures are up by £1.1m, or 6% from the previous year).

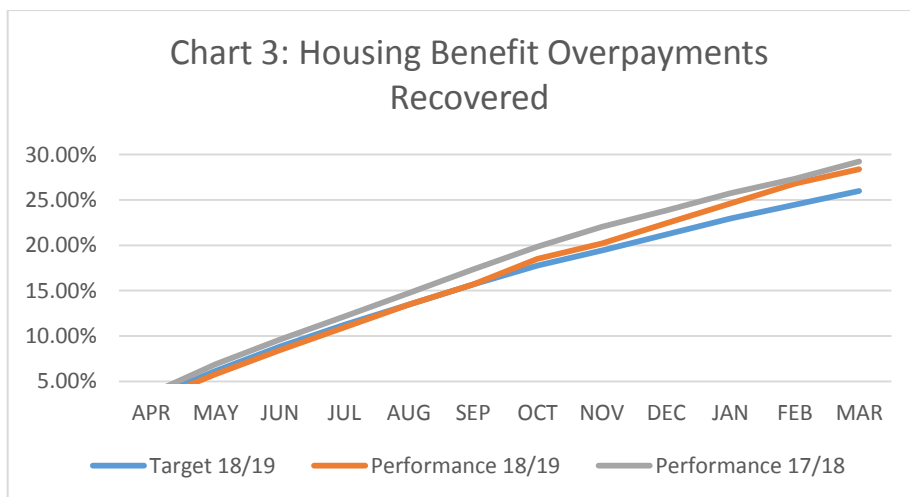


2.2. The top 20 debts owed to the Council at 31 March 2019, and which were more than 30 days old, totalled £14.5m of which £9.5m were for the NHS/CCG. A review of the end-to-end sundry debt recovery process is ongoing. One of the key outcomes of this will be the introduction of more control at the billing stage to improve accuracy and ensure evidence is in place to support latter stage recovery action (should it be required). Closer working between Serco’s Accounts Receivable team, and council directorates continues to be positively developed.

2.3. In 2018/19 a total of £68.5m was raised, whilst £56.2m was collected (across all years). The difference between the two being £6.6m, which was not yet due, credit notes of £4.58m and write-offs of £0.8m. The two ‘aged debt’ projects continue to go well. At the end of 2018/19, a total of £0.325m had been collected across the two initiatives.

3. Housing Benefit Overpayments

3.1. Chart 3 shows the total amount of housing benefit overpayments recovered against the cumulative target rate set for 2018/19 (and the 2017/18 figures).



3.2. Housing benefit overpayment collection as at the 31 March 2019 was 28.38% which is above the target of 26.0% but 0.87% lower than the figure for March 2018 (29.25%). The amount of debt carried forward from 2017/18 was just over £8m (£1m higher than 2016/17) and the amount of newly identified debt was £1.8m lower. As a result the age profile of the debt was much older.

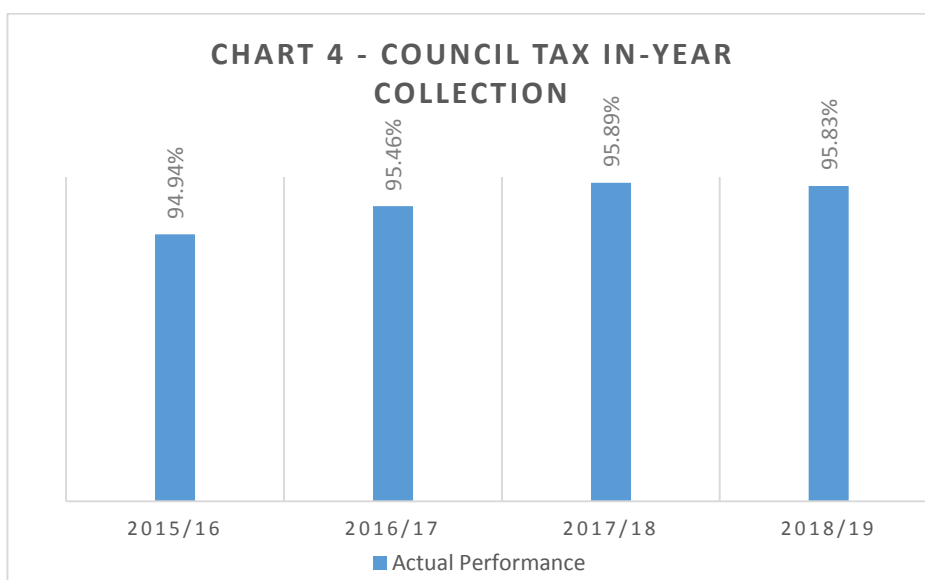
3.3. Overall overpayments are reducing for a number of reasons, the main ones being that:

- a) Benefits processing is significantly more up to date that it has been historically, leading to fewer overpayments caused by delays in processing;
- b) Recent data matching of earnings with DWP and HMRC has led to claims being more promptly updated when changes occur; and
- c) Universal credit is reducing the caseload of Housing Benefit claims. The reduction in identification of new debt is of overall benefit to the council, but does mean the achievement of the KPI becomes increasingly difficult.

3.4. Further resource has been assigned to the oldest debt in 2018/19. An additional £0.345m has been collected as a result, and this will continue into 2019/20.

4. Council Tax and Non Domestic Rates Collection

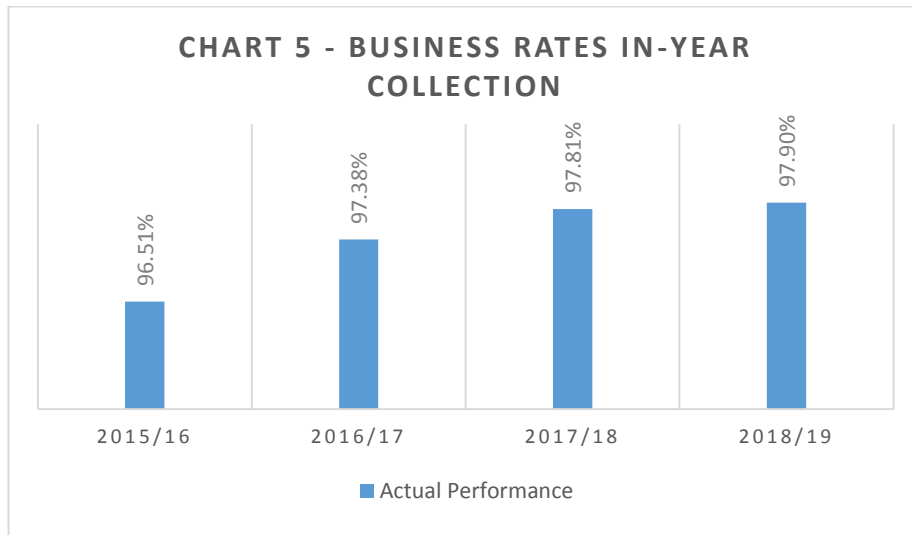
4.1. Chart 4 shows the performance for the collection of Council Tax over the last four years. In-year council tax collection at 31 March 2019 was 95.83%, which is 0.06% less than the amount collected by this stage in 2017/18.



4.2. The amount of Council Tax arrears collected by the 31 March 2019 was 15.76%, achieved against a target of 14.31%. The arrears performance has benefited from the continuation of stringent recovery action during 2018, including the utilisation of enforcement agents where appropriate.

4.3. Administration of the Council Tax Support scheme continues to be challenging, affecting overall council tax collection rates. The continued roll out of Universal Credit is further adversely affecting collection due to the multiple changes incurred throughout the year, delaying recovery of the remaining debt. Changes have been made to the scheme in 2019/20 to reduce expenditure (forecast to be approximately £0.300m), although this will increase pressure on recovery. A further review is planned during 2019 for 2020/21 and beyond, to modernise the scheme, reduce administration costs and simplify the scheme for claimants.

4.4. Chart 5 shows the performance for the collection of Non Domestic Rates over the last 4 years. To date, the in-year collection of Non Domestic Rates as at 31 March 2019 was 97.9%, which is 0.1% above the target set and an increase of 0.09% compared with 2017/18.



- 4.5. Temporary additional resources employed in the business rates team in addition to targeted work on the debt lists and the continuing recovery action through enforcement agents, supported the achievement of the collection target. Business rates collection continues to remain challenging due to increasing use of avoidance tactics.
- 4.6. During 2018/19 the business rates team also implemented the three new discretionary schemes announced in the Spring Budget which benefited small business, public houses and those rate payers most impacted by the 2017 revaluation.
- 4.7. In terms of Non Domestic rates arrears, the amount achieved was 33.53% during 2018/19 against a target of 30.00%.
- 4.8. In total, as a result of all four targets for Council Tax and Non Domestic Rates being exceeded, income received into the respective collection funds has been £600k higher than anticipated.