

CABINET	AGENDA ITEM No. 7
15 JULY 2019	PUBLIC REPORT

Cabinet Member(s) responsible:	Cllr David Seaton, Cabinet Member for Resources	
Contact Officer(s):	Peter Carpenter, Acting Director of Corporate Resources Kirsty Nutton, Head of Corporate Finance	Tel. 452520 Tel. 384590

BUDGET CONTROL REPORT MAY 2019

RECOMMENDATIONS	
FROM: Corporate Director: Resources	Deadline date: 5 July 2019
<p>It is recommended that Cabinet notes:</p> <ol style="list-style-type: none"> 1. The Budgetary Control position for 2019/20 at May 2019 includes a projected overspend of £5.457m against budget. 2. The key variance analysis and explanations are contained in Appendix A. 3. The estimated reserves position for 2019/20 outlined in Appendix B 4. In year budget risks are highlighted in Appendix C. 5. The Asset Investment and Treasury Budget Report is contained in Appendix D. 	

1. ORIGIN OF THE REPORT

1.1. This report is submitted to Cabinet following discussion by the Corporate Management Team (CMT).

2. PURPOSE AND REASON FOR REPORT

2.1. This report is for Cabinet to consider under its Terms of Reference No. 3.2.7 'To be responsible for the Council's overall budget and determine action required to ensure that the overall budget remains within the total cash limit'.

2.2. This report provides Cabinet with an early indication of the forecast for 2019/20 at May 2019 budgetary control position.

3. TIMESCALE

Is this a Major Policy Item/ Statutory Plan	NO	If yes, date for Cabinet meeting	N/A
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4. MAY 2019 BUDGETARY CONTROL- REVENUE

4.1. The revenue budget for 2019/20, agreed at Full Council on 6 March 2019, was approved at £150.768m.

	£m
Approved Budget 2019/20	150.768
Use of reserves per MTFS	3.084
Revised Budget 2019/20	153.852
Drawdown of reserves during 2019/20	1.394
NNDR Timing Issue	(1.030)
Revised Budget 2019/20	154.216

4.1. The 2019/20 year-end outturn position is currently forecast to be overspent by £5.457m, which will need to be met from the Capacity reserve. This is based on reported departmental information as at the end of May 2019. It should be noted that this is an early projection for 2019/20, and where risks are highlighted within this report, CMT are putting plans in place to mitigate these as far as possible.

4.2. This has reduced by £0.047m in comparison to a £5.504m overspend position forecast at the end of April 2019, which was reported to Cabinet on 10 June 2019. The main reasons for the movement are outlined in the following table:

Key Movements between the Forecasts	£m
Previous month forecast	5.504
Highways Development - additional income and savings on professional services and contractors	(0.251)
Housing temporary accommodation	0.945
Housing Needs employee savings	(0.112)
Cultural Services - non-achievement of savings target	0.250
Capital Financing and Capital Receipts	(0.867)
Other	(0.012)
Current Month forecast	5.457

CMT have put plans in place to manage and scrutinise expenditure throughout the council through the use of additional levels of spending approval across all Council expenditure, to mitigate the financial impact of the forecast overspend identified.

The key negative variances are in the following areas:

- Working with partners to deliver back office services in more cost effective ways (PSSP, Finance, HR, Legal, Highways) £3.360m which is an ongoing piece of work;
- Peterborough Serco Strategic Partnership £1.341m, made up of variable costs reduction saving £1.000m, Business Support saving £0.100m, Annual Delivery Plan (ADP) costs £0.132m, reduction in Housing Benefit and Council tax admin subsidy £0.109m;
- Housing temporary accommodation costs £0.945m;

- Home to School Transport £0.372m;
- Underachievement of parking income £0.300m.

4.3. At the beginning of 2019/20 there were some key reporting changes for services. New directorates were created for Customer & Digital Services and Business Improvement and the Growth & Regeneration directorate has been renamed to Place & Economy. Therefore these directorate budgets will have different totals in comparison to the Medium Term Financial Strategy (MTFS) agreed at Council on 6 March 2019. These changes are summarised in the following table:

Service Area	Directorate Previously reported within	New Directorate for 2019/20
Coroners	Governance	People & Communities
ICT	Resources	Customer & Digital Services
Energy	Resources	Place & Economy
Programme Management Office	Resources	Business Improvement
Corporate Property	Growth & Regeneration	Resources
Regulatory Services	Growth & Regeneration	People & Communities
Parking Services	Growth & Regeneration	People & Communities
Marketing & Communications	Growth & Regeneration	Customer & Digital Services
Resilience, Health & Safety	Growth & Regeneration	Customer & Digital Services

4.4. The summary budgetary control position is outlined in the following table:

	Budget 2019/20	Cont. from reserve	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserve	Forecast Variance 2019/20	Forecast Variance 2019/20	Previous Month Variance	Movement
Directorate	£000	£000	£000	£000	£000	£000	%	£000	£000
Chief Executives	1,340	0	1,340	1,600	0	260	19%	260	0
Governance	4,069	0	4,069	4,432	0	363	9%	363	0
Place & Economy	20,619	0	20,619	21,009	0	390	2%	622	(232)
People & Communities	87,041	0	87,041	88,802	0	1,761	2%	672	1,089
Public Health	63	364	427	427	0	0	0%	0	0
Resources	33,482	0	33,482	35,417	377	2,312	7%	3,237	(925)
Customer & Digital Services	7,065	0	7,065	7,436	0	371	5%	350	21
Business Improvement	173	0	173	173	0	0	0	0	0
Total Expenditure	153,852	364	154,216	159,296	377	5,457	0	5,504	(47)
Financing	(153,852)	(364)	(154,216)	(154,216)	0	0	0	0	0
Net	0	0	0	5,080	377	5,457	0	5,504	(47)

4.5. Further information is provided in the following appendices:

- Appendix A- Detailed revenue budgetary control position and explanation of Key variances and risks
- Appendix B- Reserves position
- Appendix C – Budget risk register
- Appendix D - Asset Investment and Treasury Budget Report

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