

Appendix A – BCR Variance Analysis

People & Communities- £0.5m Forecast Overspend

Directorate	Budget Group	Budget £k	Forecast Spend £k	Variance £k	Previous Month Variance £k	Movement £k	Overall Status
People & Communities	Director	1,611	1,548	(62)	(62)	0	Underspend
People & Communities	Education	6,665	6,403	(261)	(485)	223	Underspend
People & Communities	Adults - Commissioning	46,965	45,480	(1,484)	(1,484)	(0)	Underspend
People & Communities	Adults - Operations	9,888	8,996	(892)	(809)	(83)	Underspend
People & Communities	Children's - Operations	12,540	12,474	(67)	(48)	(19)	Underspend
People & Communities	Children's Commissioning	18,079	17,300	(779)	(736)	(43)	Underspend
People & Communities	Commissioning Team and Commercial Operations	479	937	458	492	(34)	Overspend
People & Communities	Communities - City Centre Management	348	672	324	217	107	Overspend
People & Communities	Communities - Cohesion and Integration	1,106	1,056	(50)	(50)	0	Underspend
People & Communities	Communities - Community Safety	(1,343)	(111)	1,232	1,229	3	Overspend
People & Communities	Communities - Think Communities	3,134	4,474	1,341	1,319	22	Overspend
People & Communities	Communities-Regulatory Services	1,744	1,903	159	196	(37)	Overspend
People & Communities	Children's & Safeguarding (DSG)	6,042	6,536	495	215	279	Overspend
People & Communities	Commissioning and Commercial Operations (DSG)	11	10	(1)	(1)	0	Underspend
People & Communities	Education (DSG)	(6,053)	(5,935)	118	93	25	Overspend
	Total People & Communities	101,216	101,745	529	86	443	Overspend

Directorate Variance Analysis	
Education	A £0.150m forecast pressure because of lost income within the School Improvement service. This includes: * £0.050m - School Improvement traded services as Schools are prioritising Covid-19 recovery. * £0.100m - Attendance Fine Fixed Penalty Notices relates to where parents take children out of school during term time for holidays or other unauthorised absence. Due to historic experience of the level of notices being issued a budget was built into the Medium-Term Financial Strategy (MTFS). However, there is a forecast pressure recognised as income is unlikely to return to pre-pandemic levels until restrictions on foreign travel are lifted and penalty notices are issued as a deterrent for parents for taking children out of school.
	£0.237m forecast saving regarding Schools Direct Revenue Financing (DRF) based on estimated value of Schools funding being transferred into Capital.
	£0.055m forecast saving - using SEND Grant funding to off-set existing costs
	£0.092m forecast saving – an agreed new structure for Schools and Settings Finance Team
	£0.206m forecast saving relating to the PFI Insurance rebate. This represents the minimum rebate due. The final rebate will be agreed by end of January 2022.
	£0.499m forecast pressure Home to School Transport. This pressure represents growth, additional contract costs arising from the re-tendering of contracts, the pressure of Primary School directed places and reduced parental contributions following the introduction of Public Services Vehicle Accessibility Regulations which means the Authority cannot charge for post 16 transport on non-compliant vehicles.
Adults - Commissioning	£0.420m favourable from the annual uplift from the Better Care Fund which has been released to support pressures in Adult Social Care caused from demographic and market conditions. £0.494m favourable variance for a one-year basis. Early Help and Transitions investment which has experienced a delay in the restructuring teams, Children's Centres maintenance costs now not required, and from the inspections fund as covid restrictions has meant some inspections have not taken place this financial year.
	£0.045m - part year savings on the closure of interim beds and estimated costs relating to 2020/21 not required
	£0.251m saving - the extension of the Discharge to Assess (hospital discharges) from September 2021 to March 2022 has released the first four weeks of care package spend which is paid for through the CCG funding mechanisms.
	£0.058m pressure - NESTA have been commissioned to review the health and social care system around Discharge to Assess (hospital discharges) redesign including elements such as timely discharges from hospital, seven day working reducing delayed discharges and reviewing support to patients through the process.
	£0.171m saving relating to Mental Health Section 75 agreement based on Cambridgeshire and Peterborough Foundation Trust (CPFT) forecast underspend due to staffing vacancies and difficulty in recruitment for social workers and Approved Mental Health Practitioners (AMHPs).
Adults - Operations	£0.124m forecast pressure due to additional spend required as a result of Covid-19, this includes: * £0.040m for additional Occupational Therapy capacity to deal with increased demand for services from hospital discharges and disabled facilities grant cases awaiting reviews * £0.065m for extension of temporary resource in Transfer of Care (Hospital Discharge) Team to continue to support the health and social care system in discharging patients in a timely manner.

Directorate Variance Analysis	
	<p>£0.771m forecast favourable on staffing costs, is mainly due to the difficulties in recruiting to vacancies due to availability of appropriately qualified staff, new appointments being at a lower spinal column point or reduced hours in comparison to budget.</p> <p>£0.173m forecast favourable on Mental Capacity Act/Deprivation of Liberty Standards services for Best Interest Assessors and section 12 Doctors. Forecasting includes reduced requests and backlog of Court of Protection cases still impacting</p>
Children's - Operations	<p>£0.159m forecast pressure as a result of additional expenditure required due to Covid-19. This includes:</p> <ul style="list-style-type: none"> * £0.077m - Assessment and Family Safeguarding demand, additional resources will be required due to the already increasing numbers of assessments and referrals. * £0.065m - Additional Early Help costs - additional resources are required to respond to a rise in Children's Social Care referrals which will require Early Intervention services. * £0.017m - Additional Youth Family worker to cover a staff member having to shield <p>£0.096m saving released under Targeted Youth Services - £0.032m vacancy savings as posts not being recruited to until April 2022, £0.024m carry forward for Prince Trust released, £0.040m for relief budget travel, other vacancy slippage and financial assistance offered up as part of spending moratorium</p>
Children's Commissioning	<p>£0.778m forecast favourable including:</p> <ul style="list-style-type: none"> * £0.773m - Children's Social Care (CSC) Placements – increased numbers of Looked After Children following covid lockdown have not materialised to the level expected although this has been offset by increased complexity of need and market demands. *£0.050m saving on Children's Centres contribution from the Tackling Troubled Families Grant *£0.070m Savings on New Ark Contract and High-Level Family Support * £0.043m - Short breaks Commissioning with Circles Network * £0.155m - offsetting a pressure relating to Children with Disabilities - Additional Short Breaks and Homecare for periods out of School
Commissioning Team and Commercial Operations	<p>£0.491m forecast pressure in relation to Clare Lodge, this is based on average occupancy of between 8 and 9.5 young people until March 22. The £0.491m forecast overspend represents:</p> <ul style="list-style-type: none"> * A projected shortfall of income of £0.601m based on reduced average occupancy until March 22. * A projected overspend on staffing expenditure of £0.138m. Vacancy savings of £0.533m is offset by a pressure of £0.671m Agency staffing. *A projected underspend of £0.248m on non-staffing expenditure budgets
Communities - City Centre Management	<p>£0.324m forecast pressure includes: £0.112m forecast loss of income at the Market due to non-essential traders having not yet reopened stalls following the Lockdown 3.0 restrictions, £0.103m pressure re cost of Consultancy in relation to Market Relocation, £0.080m pressure loss of Street Trader income and the Government extension to the lower charge rate in relation to outdoor seating and £0.015m as a result of the 2021 Great Eastern Run being cancelled.</p>
Communities - Community Safety	<p>£1.519m forecast pressure due to loss of income across multiple services including</p> <ul style="list-style-type: none"> * £0.658m from Parking charges, * £0.424m from Parking Enforcement and * £0.437m from Environmental Enforcement.

Directorate Variance Analysis	
	Actual parking income continues to be significantly less than budget due to the reduction in footfall within the town centre due to Covid-19. Environmental Enforcement staff has still been redeployed to support the Covid-19 response. Parking Enforcement is fully operational, but income will be dependent on footfall in the town centre.
Communities - Regulatory Services	£0.291m forecast pressure within the coroner's service as a result of unusually complicated and high-profile cases (£0.082m), Covid-19 (£0.078m) and Business as Usual (£0.131m). This is due to the requirement to adhere to strict Covid-19 guideline regarding PPE and a backlog of cases, therefore there is a need to appoint additional area coroners and assistant coroners. There is also a need for additional ICT, due to a shortage of Covid-19 secure premises for remote inquests.
Communities - Think Communities	£1.540m forecast pressure within the Recreation and Culture services. This includes: <ul style="list-style-type: none"> * £0.815m pressure resulting from lost income covering the period April to June 2021. This is due to Covid-19 restrictions in relation to access to Leisure Facilities such as swimming and gyms and Cultural events such as the Key Theatre, Flag Fen and Exhibitions. Recovery plans are in place for Recreation and Culture but will not mitigate losses already incurred. * £0.300m - Further loss of Leisure income. * £0.400m - Additional running costs of City Culture.
	£0.247m saving as Think Communities MTFS investment for 2021/22 is not required this financial year as all costs can be charged to the Integrated Area Programme grant

Public Health- £0.1m Forecast Underspend

Directorate	Budget Group	Budget £k	Forecast Spend £k	Variance £k	Previous Month Variance £k	Movement £k	Overall Status
Public Health	Children 0-5 Health Visitors	3,974	3,975	1	1	0	Overspend
Public Health	Children 5-19 Health Programmes	987	889	(98)	(98)	0	Underspend
Public Health	Sexual Health	2,052	2,062	10	10	0	Overspend
Public Health	Substance Misuse	2,308	2,308	0	0	0	On Budget
Public Health	Smoking and Tobacco	286	286	0	0	0	On Budget
Public Health	Miscellaneous Public Health Services	1,458	1,472	14	14	0	Overspend
Public Health	Public Health Grant	(11,252)	(11,252)	0	0	0	On Budget
	Total Public Health	(188)	(261)	(73)	(73)	0	Underspend

Directorate Variance Analysis	
Children 5-19 Health Programmes	£0.115m saving - Contribution to Family Safeguarding not required until financial year 2022/23 as being covered by reserve funds for family safeguarding.
Children 5-19 Health Programmes	£0.017m pressure - A one year only contribution is required to the cost of the CHUMS (Mental Health and Emotional Wellbeing Service) contract which offers support to young people with mental health difficulties, as the contract was re-procured and lead commissioners changed from PCC to CCG from July 2020.
Miscellaneous Public Health Services	£0.016m pressure - one off increase in Everyone health contract
Sexual Health	£0.010m pressure – additional cash contract cost

Governance- £0.2m Forecast Underspend

Directorate	Budget Group	Budget £k	Forecast Spend £k	Variance £k	Previous Month Variance £k	Movement £k	Overall Status
Governance	Director of Governance	130	115	(15)	(16)	1	Underspend
Governance	Legal Services	1,826	1,753	(73)	(63)	(11)	Underspend
Governance	Constitutional Services	2,032	1,896	(136)	(137)	1	Underspend
Governance	Performance & Information	181	204	23	26	(3)	Overspend
	Total Governance	4,169	3,968	(201)	(190)	(11)	Underspend

Directorate Variance Analysis	
Constitutional Services	£0.136m Favourable - £0.085m saving in Members Services of which £0.056m is a saving in members allowances due to some members carrying out more than one role and only able to claim one Special Responsibility Allowance. Remaining savings due to reduced travel costs, reduced supplies and services including postage, printing, photocopying and IT costs . £0.083m saving in salaries due to two vacancies. £0.032m other misc pressures

Resources- £2.8m Forecast Underspend

Directorate	Budget Group	Budget £k	Forecast Spend £k	Variance £k	Previous Month Variance £k	Movement £k	Overall Status
Resources	Director's Office	269	316	46	7	39	Overspend
Resources	Financial Services	3,962	3,686	(276)	(256)	(20)	Underspend
Resources	Corporate Items	9,441	7,621	(1,820)	(1,646)	(174)	Underspend
Resources	Peterborough Serco Strategic Partnership	8,084	7,355	(729)	(691)	(38)	Underspend
Resources	Corporate Property	2,062	2,025	(37)	(128)	91	Underspend
Resources	Energy	478	609	130	134	(4)	Overspend
Resources	Cemeteries, Cremation & Registrars	(1,525)	(1,641)	(116)	23	(139)	Underspend
	Total Resources	22,771	19,969	(2,802)	(2,557)	(244)	Underspend

Directorate Variance Analysis	
Financial Services	£0.193m Favourable - Savings are expected within the salary budgets within Financial Services. £0.051m of this underspend is related to a secondment of an Internal Audit member of staff to the Community Hub for the remainder of the financial year. The salary costs will be Covid-19 grant funded. £132k savings are within Finance following a review of the interim management arrangements for the remainder of the financial year.
	£0.083m Favourable - Other savings identified across the service area, including £0.020m expected saving in salary related costs generated from the operation of the corporate car lease salary sacrifice scheme and £0.025m from the Risk Management budget underspend.
Corporate Items	£1.337m Favourable - The pension actuary completed the cessation assessment for Peterborough Culture and Leisure Trust (Vivacity) following their admission ceasing on 30/09/2020. This has resulted in the Council receiving a single year reduction to their secondary contributions for the year 2021/22 to the value of 50% of the Vivacity surplus detailed in the assessment report. This variance is the result of the Funding and Management Agreement with Vivacity and the risk agreement for pension contributions.
	£0.180m Favourable - Following a review of the Compensatory Added Years and Unfunded Pension contributions, there is an expected saving against the corporate premature retirement budget. This saving is potentially partially repeatable in future years dependant on the Council's in-year pension strain funding requirements and a permanent saving has been factored into the 2022/23 budget setting process. In addition, in-year costs are forecast to be lower than budgeted.
	£0.305m Favourable - This variance is a result of the Value Added Tax (VAT) shelter income received from Cross Keys Homes (CKH). This favourable position has been driven by maintenance work CKH has carried out on its properties to end of December 2021, and the expenditure profile has varied from original budgeted.

Directorate Variance Analysis	
Peterborough Serco Strategic Partnership	£0.100m Favourable - Final year of growth income received as part of the Peterborough Serco Strategic Partnership contract which has not been budgeted. Not repeatable in future years.
	£0.271m Favourable - Business Support contract credits (freezing core vacancies where possible until transformation work takes place), offset by centralised project costs unable to be recharged directly to projects.
	£0.238m Favourable - Following a review of the PSSP contract budget including inflationary elements, an underspend in the current year of £222k has been identified. This will be partly ongoing and a saving has been factored into the proposed 2022/23 Medium Term Financial Strategy (MTFS)..
	£0.210m Favourable - The Housing Benefit Subsidy budget is forecasting a £0.200m favourable position against budget. Due to a one-off piece of work with historic Housing Benefit payments, the Council has identified a higher level of overpayments than previously forecast which have already been recovered and as a result has received a net £210k overpayment income above budget for this financial year.
	£0.90m Pressure - Court cost income collected is expected to be lower than budgeted. Due to lack of recovery activity, which was restricted over the pandemic, the income was adversely affected in 2020/21. A £0.90m pressure is forecast in this year, and although this has improved on last financial year, it is in line with outturn in 2019/20 suggesting an ongoing pressure. There is no corresponding saving in administration costs.
Energy	<p>£0.130m Pressure - On 12 November 2021 administrators were appointed to ECSP1 and on the same day the Council purchased the assets of ECSP1 from the administrators.</p> <p>The income receivable and interest payable on the Empower loan has resulted in a favourable position. The legal costs for insolvency advice plus the expected MRP charge have offset the favourable variance. The adverse movement, from the reported variance last month, is due to a change in the MRP calculation for the 2021/22 financial year. The Council agreed with the auditors EY that a full charge for the assets will be made in this financial year, and as such is higher than forecast last month. In addition, legal costs are higher than anticipated as Pinsent Mason, on behalf of the Council, have negotiated the sub-contracts essential for the safe and efficient operation of the Solar Assets.</p>
Corporate Property	£0.083m Favourable - NPS Peterborough Ltd is a 50/50 joint venture company owned by the Council and the Norse Group (a wholly owned subsidiary of Norfolk County Council). This favourable variance is a result of the profit share being higher than budgeted. This variance is unlikely to continue as savings have been built into the MTFS for the NPS contract.
	£0.073m Pressure – A debtor invoice write off exercise has meant ££0.073m has been recorded to Corporate Property from the Bad Debt Provision, creating a pressure against the budget in this financial year.
	£0.045m Favourable - Overall savings within Business rates budgets including credits for prior year charges.
Cemeteries, Cremation & Registrars	£0.057k Favourable - Additional income above budget from cremations, internment fees and rights of burial charges, offset by reduction in Registration income (Covid-19 related).
	£0.059k Favourable - Other savings across the service including salaries and other supplies and services.

Chief Executives- £0.036m Forecast Underspend

Directorate	Budget Group	Budget £k	Forecast Spend £k	Variance £k	Previous Month Variance £k	Movement £k	Overall Status
Chief Executives	Chief Executive	162	191	29	31	(2)	Overspend
Chief Executives	HR	1,057	991	(65)	(65)	0	Underspend
	Total	1,219	1,183	(36)	(34)	(2)	Underspend

Directorate Overview

The Chief Executive Directorate is currently reporting a favourable variance against budget of £0.36m

Place & Economy- £1.7m Forecast Underspend

Directorate	Budget Group	Budget £k	Forecast Spend £k	Variance £k	Previous Month Variance £k	Movement £k	Overall Status
Place & Economy	Development and Construction	(65)	(218)	(153)	(166)	14	Underspend
Place & Economy	Director Place & Economy	151	142	(9)	0	(9)	Underspend
Place & Economy	Peterborough Highway Services	4,308	3,590	(718)	(591)	(126)	Underspend
Place & Economy	Sustainable Growth Strategy	1,559	1,360	(199)	(191)	(8)	Underspend
Place & Economy	Waste, Cleansing and Open Spaces	15,805	14,273	(1,532)	(1,238)	(294)	Underspend
Place & Economy	Westcombe Engineering	26	287	261	261	0	Overspend
Place & Economy	Director of Housing	1,709	2,406	696	831	(135)	Overspend
Place & Economy	Growth & Regeneration	495	486	(10)	(10)	0	Underspend
	Total Place & Economy	23,988	22,325	(1,663)	(1,105)	(558)	Underspend

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Directorate Variance Analysis	
Development and Construction	£0.153m Favourable – multiple smaller variances including additional income (Planning fees, Planning Performance Agreement income, S106 Admin fees) and savings on supplies & services. Partly offset by additional consultant fees and reduction in recharges to shared services
Peterborough Highway Services	£0.240m Favourable - Employee cost savings through Highway Services. Further savings due to a delay in recruitment following a restructure.
	£0.209m Favourable - Various cost savings and additional income Network Management (Traffic signal maintenance, bridge maintenance, New Roads Streets Work Act, etc)
	£0.110m Pressure - Highways Schemes - Cost of additional vehicles August 2021 to Jan 2022 due to Covid-19. Also reduced Street Naming income and reduced Road Map savings
	£0.132m Favourable - Additional Highway Development Sec38 Income and supplies & services savings
	£0.247m Favourable - Savings and additional income including savings on street lighting and highway contractor inflation budgets, and additional fees from other Local authorities for PCC project work
Sustainable Growth Strategy	£0.199m Favourable - Various savings across the service including employee and consultancy costs and supplies & services. Also additional income from commuted sums, S106 income and contributions from Cambridgeshire County Council towards plan works

Directorate Variance Analysis	
Waste, Cleansing and Open Spaces	£1.095m Favourable - Energy Recovery Facility (ERF) Electricity Income - Significant Increase in wholesale export price of electricity produced by the ERF (the Council's Energy from Waste Plant operated by Viridor). A pressure of £0.5m was reflected in the Council's budget for 2021/22 due to reduction in energy prices; however, the energy market overall is showing faster signs of recovery than anticipated and the Council is able to achieve an improvement in the sale price. The position has also informed the budget setting for 2022/23
	£0.042m Pressure - Additional cost at Household Recycling Centre due to Covid-19, such as staffing, traffic management, cleansing and signage.
	£0.067m Pressure - Vehicle hire and additional staffing costs on waste collection rounds due to Covid-19
	£0.695m Favourable - Aragon Direct Services. As the financial pressures from Covid-19 start to reduce, and the replacement vehicle programme gets underway, Aragon Direct Services are projecting an improvement in their financial position for 2021/22, and the increase in costs to the Council that were set out in the budget are now forecast to be lower than anticipated.
	£0.230m Favourable - Materials Recycling Facility - Significant increase in Cardboard and Paper recycling prices, forecast under constant review and prices continue to remain high
	£0.372m Pressure - Brown Bin Service - Due to national driver shortages the annual garden waste bin collection service which commenced in August 2021 has been suspended until January 2022. Customers to the service will receive a refund from the council for the 11 months of service which has not been provided. The new annual service is currently forecast to resume from February 2022. This means a loss of income of £647k in the current financial year, but there is a saving of £275k due to the non-delivery of the service.
	£0.007m Pressure - Other miscellaneous pressures, including Bulky Waste service, additional city centre cleansing and fly tipping clearance costs offset by savings from delayed spring clean across the city previously planned Feb 22 and income from Waste Client Team providing service to PECT
Westcombe Engineering	£0.183m Pressure - Loss of income - Significant arrears in raw casting supply due to Covid and Brexit. This lack of castings is not allowing Westcombe Engineering to satisfy Caterpillar schedules and is therefore affecting the ability to maximise income generation through global sales into Caterpillar and Caterpillar Aftermarket, where profit margins are significantly higher. Caterpillar have now made significant capital spend on new tooling to enable dual sourcing and eventually switching to a new supplier.
	£0.078m Pressure - £0.038m cost of backfilling a post seconded to the Covid Hub and £0.040m cost of machine repairs
Director of Housing	£0.496m Pressure - Housing Services - additional costs arising from housing rough sleepers in hotels and B&B's. The pressure is made up of £0.761m expenditure, which is being partially offset by £0.200m of Rough Sleeper initiative grant income and £0.065m Rapid Rehousing Programme Reserve. The council's R.S.A.P (Rough Sleeper Accommodation Programme) bid has been approved by DLUHC (The Department for Levelling Up, Housing and Communities, formerly MHCLG). Although this is capital funding this will directly reduce the Council's expenditure on hotel and B&B accommodation as more places will become available to house rough sleepers. With the plan to purchase properties in December at the earliest, depending on availability. The forecast will be further refined once the R.S.A.P schemes are established.
	£0.150m Pressure - Unachievable savings plan relating to income associated with Temporary Accommodation.
	£0.188m Favourable - Net savings on temporary accommodation schemes - Bushfield Court will not now be leased for temporary accommodation, and a scheme at Walton Road has been delayed until 2022/23. The rent PCC would have paid for these properties is higher than the rental income that would be received, so these changes result in a saving. This saving has been offset by additional rent costs at Redpoll Place, additional costs from Cross Keys Homes relating to Hostel under occupation charges from 2020/21 and costs of surveying properties at Wittering to consider whether they were suitable for temporary accommodation.

Directorate Variance Analysis

£0.111m Favourable – relating to employee costs for Housing Needs, however some vacancy savings are being offset by temporary staff costs
£0.057m Pressure - Other misc variances including increased repair and maintenance costs of Norwood and Oxney Traveller sites
£0.088m Favourable - Employee costs, income and supplies and services within the Housing Enforcement Team
£0.136m Favourable - Employee costs Selective Licensing Team due to two full time vacant posts and one post being seconded to another area for most of 2021/22, with all costs going to the other area.
£0.502m Pressure - Selective Licensing Scheme Income. The Selective Licensing Scheme ended October 2021 and there has been a delay in setting up the new scheme. A proposed replacement scheme will very soon be out for consultation. It will then be reviewed by central Govt and requires their approval, and it is unclear how long this process will take. An estimate has been made regarding how this will impact future years budgets

Business Improvement- £0.036m Forecast Underspend

Directorate	Budget Group	Budget £k	Forecast Spend £k	Variance £k	Previous Month Variance £k	Movement £k	Overall Status
Business Improvement	Programme Management Office	722	686	(36)	(29)	(7)	Underspend
	Total Business Improvement	722	686	(36)	(29)	(7)	Underspend
Directorate Overview							
The BID Directorate is currently reporting a small favourable variance within the service of £0.036m							

Customer & Digital Services- £0.6m Forecast Underspend

Directorate	Budget Group	Budget £k	Forecast Spend £k	Variance £k	Previous Month Variance £k	Movement £k	Overall Status
Customer & Digital Services	IT & Digital Services	6,556	5,901	(655)	(540)	(114)	Underspend
Customer & Digital Services	Marketing & Communications	449	492	43	(2)	46	Overspend
Customer & Digital Services	Resilience & Health & Safety	266	266	(0)	(4)	4	Underspend
Customer & Digital Services	Director of Customer & Digital Services	85	85	0	0	0	On Budget
	Total Customer & Digital Services	7,356	6,744	(611)	(547)	(65)	Underspend

Directorate Overview

The Customer & Digital Directorate is currently reporting an overall favourable variance of £0.611m against budget. The main variances are within IT & Digital service area, primarily through identification of additional external income above budget.

Directorate Variance Analysis

IT & Digital Services	£0.197m Favourable - Additional income expected to be generated through external sources including Service Level Agreements with partner organisations and East of England Broadband Network (E2BN). This is likely to be an ongoing income stream and has been included in the 2022/23 MTFS budget process.
	£0.169m Favourable - Staffing budgets are predicting an underspend due to additional salary capitalisation and vacant posts in year. The restructure of the service is in progress but now not expected to be completed in this financial year.
	£0.101m Favourable - continued rationalisation of the IT revenue budget has meant that the remaining contingency held following the exit from the Serco contract, is not currently expected to be required in this financial year.
	£0.041m Favourable - In-year savings within Software and Hardware, Telephony and Microsoft contracts. Part of the saving relates to repeatable savings which have been considered in the 22/23 MTFS.
	£0.028m Favourable - Other minor variances within the service area.

Capital Financing- £2.7m forecast Underspend

Directorate	Budget Group	Budget £k	Forecast Spend £k	Variance £k	Previous Month Variance £k	Movement £k	Status
Resources	Capital Financing	27,994	25,307	(2,687)	(2,687)	0	Underspend
	Total Capital Financing	27,994	25,307	(2,687)	(2,687)	0	Underspend

Variance Analysis

Less borrowing of £24.3m was undertaken for the capital programme in 2020/21 compared to that estimated to be required in the MTFS at £50.5m. This result, along with a reduction in the overall borrowed amount, means that payments of interest are forecast to be less than the budget by £1.98m.

As part of the drive to find additional savings for the current and future year, the capital programme is being reviewed by Directors for 2021/22 and future years to ensure that a realistic profile of scheme delivery is being costed to enable forecast for borrowing and timings to be more realistically estimated and mitigate some of the budget pressures resulting from the interest rate rise. Following the initial review of the capital programme savings are now forecast against the new borrowing budget of £0.5m.

The minimum revenue provision detailed calculation is anticipated to be completed over the autumn months and given that the performance of the capital programme was £55m for 2020/21 compared to the budget of £83m a forecast underspend is estimated to be £0.7m.

These forecast underspends are offset by a shortfall in interest receipts which reflects the late treatment of the Empower loan which was due to transition into a long-term financing facility at the end of 2020/21. Aragon Direct Services, the Council's Teckal company, were also able to repay an element of their loan earlier than expected due to a better operating position at the end of 2020/21. The forecast reduction in interest receipts is £0.5m, and latest forecast from ESPO with regards to a dividend receipt would help offset this shortfall.

Capital Receipts are used as part of a contribution to repay debt. Close monitoring of the Capital Receipts is maintained as any change has a direct impact on the revenue position. Capital Receipts are monitored on a monthly basis and each sale given a status of Red, Amber, or Green to identify the likelihood of receipt before March 2022. As per the MTFS policy Capital Receipts will be used to repay debt and forms part of the calculation of reducing the overall debt through MRP. If capital receipts are not received, the debt will need to be repaid via revenue resources.

The Council has identified over £4.5m of asset sales in order to achieve the MTFS budget of £2.4m and is undergoing further examination for potential additional asset sales following the results of the both DLUHC reviews which recommend that asset sales are used to stabilise the Council's financial position.

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