

<b>CABINET</b>	AGENDA ITEM No.
<b>21 SEPTEMBER 2015</b>	<b>PUBLIC REPORT</b>

Cabinet Member(s) responsible:	Councillor David Seaton, Cabinet Member for Resources	
Contact Officer(s):	John Harrison, Corporate Director Resources Steven Pilsworth, Service Director Financial Services	Tel. 452520 Tel. 384564

## MEDIUM TERM FINANCIAL STRATEGY 2016/17 TO 2025/26

R E C O M M E N D A T I O N S	
<b>FROM :</b> Corporate Director Resources	<b>Deadline date :</b> n/a
<p>That Cabinet notes:</p> <ol style="list-style-type: none"> <li>1. The financial pressures in the current financial year and the continuing work by CMT to deliver a balanced budget; and</li> <li>2. The forecast budget gap for the financial year 2016/17 and onwards, the key assumptions currently included in the MTFS forecast, and the significant uncertainty surrounding next and future years' government funding for local authorities.</li> </ol> <p>That Cabinet recommends to Council:</p> <ol style="list-style-type: none"> <li>1. Approval of amendments to the 'Budget Framework Procedure Rules' to follow a two stage budget process as set out in section 7 of this report.</li> </ol>	

### 1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet following discussion by the Corporate Management Team (CMT), Cabinet Policy Forum, and the cross party Budget Working Group.

### 2. PURPOSE AND REASON FOR REPORT

- 2.1 This report comes to Cabinet as part of the Council's agreed process within the Budget and Policy framework that requires Cabinet to initiate and consider financial strategy and budget proposals in order to set a balanced budget for the forthcoming financial year.
- 2.2 The purpose of the report is to:
- Update Members on the forecast financial position of the Council for both the current and future financial years;
  - To outline national and local issues which will need consideration within the medium term financial strategy for 2016/17 onwards; and
  - To set out the proposed process and timetable for the 2016/17 budget process including dates for the 'budget conversation' with the public.

- 2.3 This report is for Cabinet to consider under its Terms of Reference Number 3.2.1 which states ‘to take collective responsibility for the delivery of all strategic Executive functions within the Council’s Major Policy and Budget Framework and lead the Council’s overall improvement programmes to deliver excellent services’.

**3. TIMESCALE**

Is this a Major Policy Item/Statutory Plan?	<b>YES</b>	If Yes, date for relevant Cabinet Meeting	21 September 2015
Date for relevant Council meeting	14 October 2015	Date for submission to Government Dept.	

**4. JULY BUDGET POSITION**

- 4.1 **REVENUE BUDGET:** The approved revenue budget for 2015/16 is £139.7m. The year-end outturn, based on reported departmental information as at end of July 2015, is forecast to be £139.6m, which is a forecast underspend of £59k. The summary position is shown in table 1 and illustrated in graph 1 below.

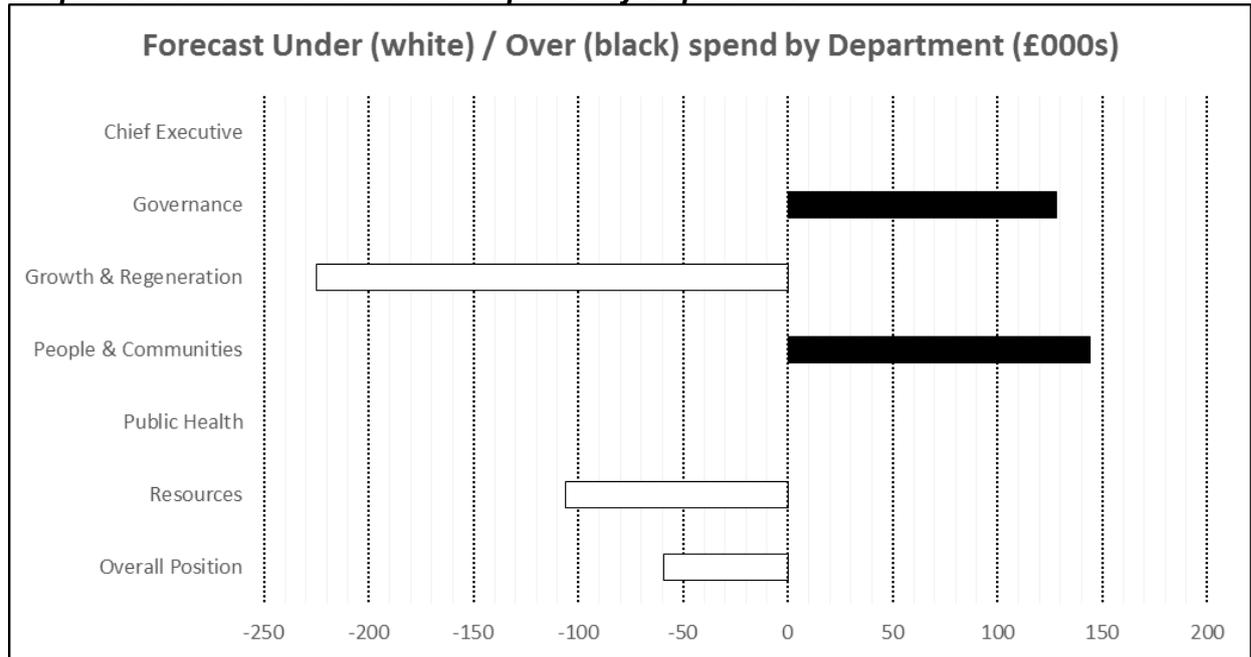
**Table 1: Summary of forecast outturn position as at end of July (month 4)**

Previous Variance (June) £000	DEPARTMENT	Budget 2015/16 £000	Forecast Outturn £000	Forecast Variance £000
0	Chief Executive	410	410	0
35	Governance	5,669	5,797	128
-215	Growth & Regeneration	12,416	12,191	-225
669	People & Communities	69,665	69,809	144
0	Public Health	-455	-455	0
897	Resources	51,968	51,862	-106
<b>1,386</b>	<b>TOTAL</b>	<b>139,673</b>	<b>139,614</b>	<b>- 59</b>

*NB A negative number means a forecast underspend against the budget*

- 4.2 Further information is provided in Appendices 1 and 2 – which show the forecast for each service area and an explanation of key budget variances (those over £100k).
- 4.3 CMT regularly receives updates on the in-year budget position including a report tracking the delivery of the savings agreed by Council on 4<sup>th</sup> March 2015. This information is shared and discussed with Cabinet and Budget Working Group as part of the process to formulate next year’s budget proposals. CMT continues to identify and implement specific actions to keep expenditure within the approved budget and to deal with emerging budget pressures.
- 4.4 Whilst the forecast is for a small underspend at the year end, there are some emerging in-year pressures that will have an ongoing impact in future years and will therefore need to be factored into next year’s budget proposals. These pressures are discussed in section 6 below.

**Graph 1: Forecast under and over spends by Department**



- 4.5 **CAPITAL PROGRAMME:** The revised Capital Programme as at end of July is £202m, which includes £92m for invest to save schemes (I2S). The agreed investment as per the Medium Term Financial Plan (MTFS) was £141.4m. This increase is due to slippage of projects from 2014/15 into the current financial year
- 4.6 The actual capital expenditure as at end of July is £18.4m (9% of the revised budget). A full review of what is likely to be spent by the year end is currently underway by Departments.

**Table 2: Summary of capital programme position as at end of July (month 4)**

Capital Programme 2015/16					
Capital Programme by Directorate	MTFS Budget 2014/15 £000	Revised Budget £000	Budget to Date £000	Actual Expenditure £000	Total Spent Against Budget
Governance	540	447	215	-3	-1%
Adult Social Care	2,020	2,678	1,037	22	1%
Communities	2,927	4,324	2,141	334	8%
Growth & Regeneration	17,850	27,356	9,659	7,395	27%
Resources - CHS	32,049	34,989	11,930	3,932	11%
Resources - Renewable Energy	500	1,680	560	2	0%
Resources - Other	30,678	38,567	11,048	6,329	16%
Invest to Save	54,791	91,930	30,643	398	0%
<b>Total</b>	<b>141,355</b>	<b>201,971</b>	<b>67,233</b>	<b>18,409</b>	<b>9%</b>
<b>Financed by:</b>					
Grants & Contributions	16,920	21,773	2,880	2,880	13%
Capital Receipts	11,820	13,670	2,755	2,755	20%
Borrowing	112,615	166,528	61,598	12,774	8%
<b>Total</b>	<b>141,355</b>	<b>201,971</b>	<b>67,233</b>	<b>18,409</b>	<b>9%</b>

## 5. NATIONAL LOCAL GOVERNMENT FINANCIAL CONTEXT

- 5.1 Core funding for local government was reduced by 40% over the course of the previous Parliament and the new Government is set to make further significant reductions in public spending in the forthcoming autumn spending review. On 8<sup>th</sup> July 2015 the Chancellor announced that the government will reduce public sector spending by £37 billion to achieve a Budget Surplus in 2019/20. His Budget speech set out around £17 billion of measures that will reduce the deficit, including £12 billion from welfare reform and £5 billion from tackling tax avoidance, evasion and noncompliance. The Government will set out plans to deliver the remaining £20 billion of reductions in the spending review.
- 5.2 The spending review is currently underway and is due to be published on 25<sup>th</sup> November 2015, with the Local Government Finance Settlement following this sometime near Christmas or early in the New Year. There is therefore considerable uncertainty as to the amount of government grant Peterborough City Council will receive in 2016/17 and onwards, and the lateness of the announcement, in terms of local government's statutory deadlines to set a budget and Council Tax, only adds to this uncertainty.
- 5.3 Other announcements made in the summer budget relevant to local government were as follows:
- There will be no further cuts to local government funding in 2015/16, apart from the in-year reductions to the Public Health Grant which were announced before the Summer Budget.
  - From April 2016, a new National Living Wage of £7.20 an hour for the over 25s will be introduced. This will rise to over £9 an hour by 2020. It is claimed by the Treasury that businesses will be able to fund this through the reduction in corporation tax. The impact of this through the Council's partners needs to be considered further, with the care sector in particular expressing concern over the impact. The MTFs included a cost for the living wage of £7.85 for 28 members of staff costing £22k. A rise to £9.00 would be an approximate impact for the Council of £30k or £8k additional cost and not until 2020.
  - From November 2015 the standard rate of Insurance Premium Tax will be increased from 6% to 9.5%. Estimated impact for the Council is £30k.
  - Public sector pay will increase by 1% a year for 4 years from 2016-17. In addition, as part of the forthcoming Spending Review, the government will continue to examine pay reforms and modernise the terms and conditions of public sector workers. This will include a renewed focus on reforming progression pay, and considering legislation where necessary to achieve the government's objectives.
  - The government will work with Local Government Pension Scheme administering authorities to ensure that they pool investments to significantly reduce costs, while maintaining overall investment performance.
  - Climate Change Levy exemption for renewable electricity to be removed. Possible impact for the Council £125k loss of income for the Energy Recovery Facility. Further work is required here as this only takes into account the Council energy production, rather than possible impacts on contracts where renewable energy forms part of the cost.
  - 18-21-year-olds will not be entitled to claim housing benefit automatically, with a new "earn to learn" obligation.
  - The government will lower the cap on the total amount of benefits an out of work family can receive, from £26,000 to £20,000.

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- The benefit reductions may impact on council tax support (as benefit and tax credit income reduces, entitlement to council tax support increases).
  - To help ensure Local Authorities are able to protect the most vulnerable housing benefit claimants due to the new Cap amount, the government will provide £800 million of funding for Discretionary Housing Payments over the next 5 years.
  - From September 2017, the free childcare entitlement will be doubled from 15 hours to 30 hours a week for working parents of 3 and 4 year olds.
  - From 2020-21 the government guarantees that all revenue raised from Vehicle Excise Duty (VED) in England will be allocated to a new Roads Fund and invested directly back into the strategic road network (via the Department of Transport).
  - The government intends to support towns and counties to play their part in growing the economy, offering them the opportunity to agree devolution deals, and providing local people with the levers they need to boost growth.
  - The government will consult on devolving powers on Sunday trading to city mayors and Local Authorities
- 5.4 In June 2015, the Local Government Association (LGA) published its annual future funding model for councils using data contained within Local Government financial returns along with March 2015 public spending forecasts from the independent Office of Budget Responsibility.
- 5.5 The LGA forecast model assumes that core funding for Local Government will reduce from 2016/17 to 2019/20 by 12.1%, 11.6% and 4.7% respectively with funding increasing by 7.1% in 2019/20. In the absence of any more reliable data, these reductions have been used in the MTFs position discussed below.
- 5.6 Nationally, the LGA funding model shows that local government faces a funding gap of some £5.5 billion in 2015/16 increasing to over £10 billion by 2018/19, before shrinking to £9.5 billion by 2019/20. They also note that with social care and waste spending absorbing a rising proportion of the resources available to Councils, funding for other council services will reduce with service reductions starting to account for a higher proportion of savings than efficiencies from 2015/16 onwards.

## 6. UPDATED MEDIUM TERM FINANCIAL FORECAST

- 6.1 At its meeting on 4<sup>th</sup> March 2015, the Council approved the ten year financial strategy for the years 2015 – 2025. This showed an initial budget gap of over £10m for 2016/17 comprising a forecast grant reduction of £3m from central government and the need to meet £7m of pressures (net of any new savings proposed). It was also made clear in the Budget Report that any further reductions in public spending would further increase the budget gap and this is indeed the case, as the latest MTFs position factors in further reductions in government grant forecast by the Local Government Association.

**Table 3: Forecast MTFs Position 2016/17 to 2020/21**

	2016/17	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000	£000
MTFS Budget Gap (March 2015)	10,149	14,087	17,470	20,518	22,274
Public Health Grant reduction	673	673	673	673	673
Further grant reductions	6,013	13,092	15,383	11,234	11,234
Emerging pressures	2,000	2,000	2,000	2,000	2,000
<b>Updated Budget Gap</b>	<b>18,835</b>	<b>29,852</b>	<b>35,526</b>	<b>34,425</b>	<b>36,181</b>
<b>Year on year deficit target</b>	<b>18,835</b>	<b>11,017</b>	<b>5,674</b>	<b>-1,101</b>	<b>1,756</b>

- 6.2 Table 3 is a reminder of the financial strategy for the five years from 2016/17 onwards and has been updated for the following:
- The impact on Peterborough City Council of the Local Government Association’s views on future funding (Public Health Grant and general grants to local government) as discussed in section 5 above, and
  - A provisional estimate of the amount of budget needed to meet emerging budget pressures – these are discussed further in 6.4 below.
- 6.3 The Council will therefore need to identify and implement at least £18.8m of savings in 2016/17 to deliver a balanced budget. This forecast assumes a 2% per annum increase in Council Tax from 2016/17 onwards.
- 6.4 Departments are currently modelling the potential financial impacts of a variety of emerging budget pressures arising in the current year and in the new financial year onwards. Initial work has identified some £2 million for 2016/17 onwards; this includes:
- **Changes in legislation:** reduction in income from the sale of power due to the government removing the Climate Change levy, and increased costs of looking after children in care until the age of 25.
  - **Increased demand for the service:** For example: growth in the number of Unaccompanied Asylum Seeking Children needing support after the age of 18, increasing need to undertake Deprivation of Liberty safeguards for adults in care homes, and rise in the use of social care interpreters.
  - **Reduction in government specific grants:** for example: Youth Justice Grant, Care Act Funding Grant, and Special Educational Needs grants.
  - **Local issues:** reduction in rental income arising from a rent review at the largest site within the Council’s property portfolio and loss of income from mausoleum units.
- 6.5 This is very likely to change further as estimates are refined and other budget pressures are quantified. In particular, the potentially higher contract costs arising from the introduction of the Living Wage are not yet included in the £2m figure.

## **7. PROPOSED BUDGET SETTING APPROACH AND TIMETABLE**

- 7.1 This section of the report sets out a proposed approach and timetable for the 2016/17 budget setting process that will require Council approval as the proposals are not in line with the Budget and Policy Framework in the Council’s Constitution. The Budget and Policy Framework rules are to be reviewed more generally as part of the move to an alternative governance structure and these changes will therefore be approved at a future Council meeting.
- 7.2 It is proposed that the budget process will have two phases for Cabinet to put forward budget proposals for Council approval and will follow the same approach adopted for

last year’s budget setting. Given the expected lateness of the Local Government Financial Settlement, this two-phased approach will allow the Council to give the maximum time possible for public consultation on its budget proposals. An additional benefit of this approach is that the early agreement of Phase 1 budget proposals in the December before the start of the new financial year gives Departments more time to implement these proposals, some of which may require long lead in times to achieve successful implementation.

- **Phase 1:** Departments will work on budget options that will contribute towards reducing the budget gap in future financial years. These options will be discussed with Cabinet Members and with the cross party Budget Working Group. Following feedback from Joint Scrutiny and a budget conversation with residents, partner organisations and businesses, Cabinet will recommend the first tranche of budget proposals to a rescheduled Council meeting on 17<sup>th</sup> December 2015.
- **Phase 2:** Cabinet will recommend further budget proposals to enable Council set a lawful and balanced budget, along with the 2016/17 Council Tax, at its meeting on 9<sup>th</sup> March 2016. These further budget proposals will again be consulted on during February 2016 to ensure that decisions made reflect community views.

7.3 The proposed timeline for the process is outlined in table 4. This incorporates the two key statutory deadlines the Council must meet during this process namely:

- The Council Tax Support Scheme must be approved by the end of January.
- The budget and Council Tax must be approved by the 11<sup>th</sup> March.

**Table 4: Proposed approach and timetable for the 2016/17 budget setting process**

MEETING	CONTENT	DATE
<b>PHASE ONE</b>		
Cabinet	Consider the first tranche of budget proposals including proposals on Council Tax Support Scheme	25 <sup>th</sup> November 2015
Scrutiny	Formal scrutiny of budget proposals	26 <sup>th</sup> November 2015
Cabinet	To recommend the first tranche of budget proposals to Council having regard to feedback from Scrutiny and the public	7 <sup>th</sup> December 2015
Council	Approve the first tranche of budget proposals	17 <sup>th</sup> December 2015
<b>PHASE TWO</b>		
Cabinet	To recommend the 2016/17 Council Tax Support Scheme to Council having regard to feedback from Scrutiny and the public. To agree the Council Tax base, estimated position on the Collection Fund and the NNDR1 tax base position.	18 <sup>th</sup> January 2016
Council	Approve the 2016/17 Council Tax Support Scheme	27 <sup>th</sup> January 2016
Cabinet	Consider the second tranche of budget proposals	8 <sup>th</sup> February 2016
Scrutiny	Formal scrutiny of budget proposals	10 <sup>th</sup> February 2016
Cabinet	To recommend the 2016/17 budget and Council Tax to Council having regard to feedback from Scrutiny and the public	29 <sup>th</sup> February 2016
Council	Approve the 2016/17 budget and Council Tax	9 <sup>th</sup> March 2016

7.4 This process for setting the 2016/17 budget requires Council approval (to be sought at the Council meeting on 14<sup>th</sup> October 2015) as it differs from that included in the Council’s Constitution. In addition the timetable requires new meetings to be set up for Cabinet, Joint Scrutiny and Council during phase 1 so that the maximum time possible can be given to develop budget proposals and to consult upon them.

7.5 In addition Council is asked to note that the budget conversation will begin at the date of the publication of the Cabinet report and prior to the Cabinet meetings on 25<sup>th</sup> November 2015 and 8<sup>th</sup> February 2016. Experience has shown through previous budget consultations, that there is more media and public interest generated on the day of dispatch and it is recommended that, in order to get as much feedback as possible and allow sufficient time on the proposals, Council should capture this opportunity (see table 5 below).

**Table 5: Budget conversation timetable**

Phase	Dates if conversation starts on date of dispatch of cabinet report	Dates if conversation waits until after Cabinet has met and call in period finished
Phase 1	17 <sup>th</sup> November to 16 <sup>th</sup> December 2015 (30 days)	1 <sup>st</sup> December to 16 <sup>th</sup> December 2015 (16 days)
Phase 2	29 <sup>th</sup> January to 8 <sup>th</sup> March 2016 (40 days)	12 <sup>th</sup> February to 8 <sup>th</sup> March 2016 (26 days)

7.6 The following budget discussions will be held during the two budget conversation phases in order to enable residents, partner organisations, businesses and other interested parties to feedback on budget proposals:

- Staff meetings
- Discussion with the Trade Unions.
- Discussion with the business community
- Borderline Peterborough Local Commissioning Group
- Peterborough Housing Partnership
- Greater Peterborough Partnership City Leaders Forum
- Disability Forum
- Connect group
- Schools Forum
- Parish Councils
- Peterborough Community Assistance Scheme
- Youth Council

7.7 A hard copy of the budget proposals and the Budget Conversation document will be available in all libraries as well as the Town Hall and Bayard Place reception desks. The Council will also receive responses via an on-line survey on its website. The Budget Conversation will be promoted through local media and through the Council’s Facebook and Twitter accounts to encourage as many people as possible to have their say.

7.8 The budget will maintain the Council’s commitment to deliver the Sustainable Communities Strategy and to meet the needs of the people of our city against the backdrop of the challenging economic times. The budget will be set to deliver the Council’s priorities for the coming year as follows:

- Growth, regeneration and economic development to bring new investments and jobs. Supporting people into work and off benefits is vital to the city’s economy and to the wellbeing of the people concerned.
- Improving educational attainment and skills for all children and young people, allowing them to seize the opportunities offered by new jobs and our university provision, thereby keeping their talent and skills in the city.
- Safeguarding vulnerable children and adults.
- Pursuing the Environment Capital agenda to position Peterborough as a leading city in environmental matters, including reducing the city’s carbon footprint.
- Supporting the city’s culture trust Vivacity to continue to deliver arts and culture.
- Keeping our communities safe, cohesive and healthy.
- To achieve the best health and wellbeing for the city.

**8. ANTICIPATED OUTCOMES**

- 8.1 Following approval by Council on 14<sup>th</sup> October 2015, CMT will develop budget proposals in order to meet the budget timetable and process proposed in this report.

**9. REASONS FOR RECOMMENDATIONS**

- 9.1 The Cabinet is responsible for initiating Budget Proposals within the Council's Budget & Policy Framework Procedure Rules. The proposed approach and timetable for the 2016/17 budget setting process contained within this report varies from that contained within the Procedure Rules and Cabinet is being asked to put forward this alternative, two stage process, for Council approval. The two stage process was used last year and was successful in enabling the Council to set a lawful and balanced budget. Another benefit of the two stage approach is that the early agreement of Phase 1 budget proposals in the December before the start of the new financial year gives Departments more time to implement these proposals, some of which may require long lead in times to achieve successful implementation.

**10. ALTERNATIVE OPTIONS CONSIDERED**

- 10.1 No alternative option has been considered as the Cabinet is responsible under the Constitution for initiating Budget Proposals and the Council is statutorily obliged to set a lawful and balanced budget by 11<sup>th</sup> March annually.

**11. IMPLICATIONS**

- 11.1 Elected Members: Members must have regards to the advice of the Section 151 Officer. The Council may take decisions which are at variance with this advice, providing there are reasonable grounds to do so.
- 11.2 Legal Implications: These are considered in the main part of the report.

**12. BACKGROUND DOCUMENTS**

Council Constitution – Part 3, Section 3 – Executive Functions – Executive Delegations

Council Constitution – Part 4, Section 6 – Budget and Policy Framework Procedure Rules

Local Government Association, 'Future Funding outlook for councils 2019/20', Interim 2015 Update

## APPENDIX 1: FORECAST OUTTURN AS AT END JULY

Department	Budget 2015/16 £k	Forecast Outturn 2015/16 £k	Variance 2015/16 £k
<b>CHIEF EXECUTIVE'S DEPARTMENT</b>			
Chief Execs Office	328	328	0
Chief Execs Departmental Support	82	82	0
<b>TOTAL CHIEF EXECUTIVE'S DEPARTMENT</b>	<b>410</b>	<b>410</b>	<b>0</b>
<b>GOVERNANCE</b>			
Director of Governance	340	340	0
Legal & Democratic Servs	3,218	3,196	-22
Human Resources	1,538	1,522	-16
Performance & Information	1,232	1,208	-24
City Servs & Comms - HoS	443	430	-13
City Servs & Comms- Regulatory Servs	334	214	-120
City Servs & Comms- Parking Servs	-2,371	-2,256	115
City Servs & Comms- Communications	270	266	-4
City Servs & Comms- CCTV, Resilience & Health & Safety	515	615	100
City Servs & Comms- Markets, Tourism & Events	150	262	112
<b>TOTAL GOVERNANCE</b>	<b>5,669</b>	<b>5,797</b>	<b>128</b>
<b>GROWTH AND REGENERATION</b>			
Director, OP & JV	697	715	18
Development & Construction	184	126	-58
Sustainable Growth Strategy	1,301	1,249	-52
Peterborough Highway Services	10,234	10,101	-133
<b>TOTAL GROWTH AND REGENERATION</b>	<b>12,416</b>	<b>12,191</b>	<b>-225</b>
<b>PEOPLE AND COMMUNITIES</b>			
Director of People and Communities	738	588	-150
Adult Services	37,229	36,906	-323
Communities	4,565	4,643	78
Children's Services and Safeguarding	24,038	24,275	237
Education	2,546	2,562	16
Business Management & Commercial Ops	549	835	286
<b>TOTAL PEOPLE AND COMMUNITIES</b>	<b>69,665</b>	<b>69,809</b>	<b>144</b>
<b>PUBLIC HEALTH</b>			
Public Health	-455	-455	0
<b>TOTAL PUBLIC HEALTH</b>	<b>-455</b>	<b>-455</b>	<b>0</b>
<b>RESOURCES</b>			
Director's Office	230	230	0
Financial Services	3,310	3,310	0

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<b>Department</b>	<b>Budget 2015/16 £k</b>	<b>Forecast Outturn 2015/16 £k</b>	<b>Variance 2015/16 £k</b>
Capital Financing	23,645	22,675	-970
Corporate Items	-5,016	-5,016	0
Peterborough Serco Strategic Partnership	6,984	6,984	0
ICT	4,087	4,087	0
Commercial Group	4,965	4,965	0
Amey Peterborough & Waste Management	11,052	11,202	150
Westcombe Engineering	-24	-24	0
Energy	10	10	0
Vivacity / Cultural Services	2,703	2,703	0
Cemeteries, Cremation & Registrars	-1,182	-1,182	0
Corporate Property	-310	-52	258
Education and People Resources	1,514	1,970	456
<b>TOTAL RESOURCES</b>	<b>51,968</b>	<b>51,862</b>	<b>-106</b>
<b>TOTAL GENERAL FUND</b>	<b>139,673</b>	<b>139,614</b>	<b>-59</b>

**APPENDIX 2: EXPLANATION OF KEY VARIANCES**

Department - Services	Variance over £100k	Explanation for Variance
GOV - City Servs & Comms- Regulatory Servs	-120	Land charges income is forecast to exceed the budgeted target by £92k. Across regulatory services, spend management work undertaken to review supplies and services budgets and extract savings from these where possible has continued to deliver additional savings.
GOV - City Servs & Comms- Parking Servs	115	Income from car parking is lower than budgeted.
GOV - City Servs & Comms- CCTV, Resilience & Health + Safety	100	The CCTV budget is £73k adverse, due mainly to a continued shortfall in contract income compared to the budgeted level. Income earned by the Health and Safety team is also down (£27k) following changes in Construction (Design & Management) (CDM) regulations.
GOV - City Servs & Comms- Markets, Tourism & Events	112	Rental income from the City Market is £70k lower than the target. Expenditure on events in the city centre is also set to exceed the budget by £37k.
GROWTH - Peterborough Highway Services	-133	This is showing a saving in the budget (on top of the £450k MTFS saving already built into the budget) due to the number of people using the free bus passes being less than anticipated.
PEOPLE - Director of People and Communities	-150	A savings target of £176k has been agreed by the Director of People and Communities. August budgetary control returns will be robustly reviewed and challenged to begin to identify savings to off-set this target.
PEOPLE – Adult Services	-323	Additional Savings initiatives have been identified in Adult Services to offset the underachievement on MTFS Savings targets, these have over delivered by £300k.
PEOPLE - Children's Services and Safeguarding	237	Of the £237k adverse reported £88k relates to the Children Social Care – Travel, panel costs, subscriptions, recruitment costs and final salary payment to the Children Services Director.  £134k relates to the Short Breaks units, Manor and Cherry Lodge. The Short Breaks Units have historically received significant income from both Health and Other Local Authorities which has reduced in 2014-15 and 2015-16. A review of Short Breaks provision has recently been commissioned by the Corporate Director People and Communities.

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Department - Services	Variance over £100k	Explanation for Variance
PEOPLE – Business Management & Commercial Ops	286	<p>Of the £286k adverse reported £130k relates to Interpretation costs and is based on 2014-15 outturn. The budget for interpretation costs has recently been transferred from Children's Social Care to Commissioning and it is anticipated that the forecast variance will reduce.</p> <p>£80k relates to Passenger Transport for Children Looked After. The prior year saving target applied to this budget has not been achieved</p> <p>£70k relates to High Level Family Support, Commissioned services for Children. This expenditure is part of the preventative strategy to stop Children coming into care.</p>
RESOURCES – Capital Financing	-970	Savings anticipated on interest payments for new debt and that taken last year, and savings on the amounts put aside in order to repay debt as part of the minimum revenue provision (MRP).
RESOURCES – Amey Peterborough & Waste Management	150	The sale of electricity generated by the Energy from Waste facility will no longer be exempt from the Climate Change Levy, following the removal of this exemption for renewably sourced energy announced in the Chancellor's budget. This adversely affects the value of the electricity that can be sold.
RESOURCES – Corporate Property	258	A rent review at the largest site on the Council's property portfolio has resulted in a reduction in income. However a potential further pressure of £1.6m had it not been possible to negotiate a lease has been averted.
RESOURCES – Education & People Resources	456	Of the £456k adverse variance, £400k relates to Home to School Transport budgets. The adverse variance is based on the 2014-15 academic year cohort of pupils in Mainstream and Special Schools. MTFs Savings have not been achieved. The forecast will be revised once the 2015-16 academic year cohort of pupils is in place and all home to school transport contracts have been procured.

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