

## Appendix 5 - Detailed Revenue Budgetary Control position and explanation of Key Variances

### Chief Executive's

	Budget 2017/18	Cont. from reserves	Revised Budget 2017/18	Forecast Spend 2017/18	Cont. to reserves 2017/18	Forecast Variance 2017/18	Forecast Variance 2017/18
Budget Group	£000	£000	£000	£000	£000	£000	%
Chief Executive	240	0	240	201	0	(39)	-16%
HR	1,380	217	1,597	1,596	0	(1)	0%
<b>Total Chief Executives</b>	<b>1,620</b>	<b>217</b>	<b>1,836</b>	<b>1,796</b>	<b>0</b>	<b>(40)</b>	<b>-2%</b>

Chief Executive's is overall reporting a favourable variance of £0.04m against its budget

### Chief Executive

An underspend of £0.04m is expected on the £0.24m budget for the Chief Executive due to one off savings in supplies and services budgets.

### HR

An overspend of £0.02m arises because a budgeted recharge of £0.02m to Unions is not expected to be made, however this is offset by a £0.02m saving on the salary budget of £1.22m due to vacant posts. The budgets will be corrected for 18/19.

### Governance

	Budget 2017/18	Cont. from reserves	Revised Budget 2017/18	Forecast Spend 2017/18	Cont. to reserves 2017/18	Forecast Variance 2017/18	Forecast Variance 2017/18
Budget Group	£000	£000	£000	£000	£000	£000	%
Director of Governance	414	0	414	413	0	(1)	0%
Legal & Democratic	3,512	115	3,627	3,573	0	(54)	-1%
Coroner's Service	410	0	410	478	0	68	17%
<b>Total Governance</b>	<b>4,336</b>	<b>115</b>	<b>4,451</b>	<b>4,464</b>	<b>0</b>	<b>13</b>	<b>0%</b>

Governance is overall reporting an adverse variance of £0.013m against its budget.

### Legal & Democratic

An overspend of £0.21m is expected on the £1.74m Legal salaries budget due to a combination of the use of locums being used to cover vacancies, payment of market supplement to retain current staff and also an overspend in children's safeguarding legal costs. Budget Working Group has agreed to fund an additional Lawyer and a Business Support Officer to cope with the increased workload.

An underspend of £0.05m is expected on the salary budgets of £0.43m in the Governance support and Elections service.

Additional income is expected of £0.05m on the £0.22m income budget for Land Charges.

An underspend of £0.12m is expected on the elections budget of £0.25m due to the low number of elections this year. The budget will be required in full in 18/19.

An underspend of £0.04m is forecast in relation to the Members' Allowances budget of £0.93m.

### Coroner's service

An overspend of £0.07m is expected on the £0.48m Coroner's budget due to an increase in demand. This ongoing pressure is being incorporated within the budget requirement for future years.

### Growth & Regeneration

	Budget 2017/18	Cont. from reserves	Revised Budget 2017/18	Forecast Spend 2017/18	Cont. to reserves 2017/18	Forecast Variance 2017/18	Forecast Variance 2017/18
Budget Group	£000	£000	£000	£000	£000	£000	%
Development and Construction	291	0	291	336	0	45	15%
Director, OP & JV	534	185	719	(19)	150	(588)	--82%
Peterborough Highway Services	9,668	0	9,668	9,769	0	101	1%
Sustainable Growth Strategy	1,798	36	1,834	1,748	30	(56)	-3%
Corporate Property	639	60	699	536	0	(163)	-23%
Amey Peterborough & Waste Management	11,864	0	11,864	11,764	0	(100)	-1%
Westcombe Engineering	92	0	92	92	0	0	0%
<b>Total Growth and Regeneration</b>	<b>24,886</b>	<b>281</b>	<b>25,167</b>	<b>24,226</b>	<b>180</b>	<b>(761)</b>	<b>-3%</b>

Growth & Regeneration is overall reporting a favourable variance of £0.761m against its budget.

### Development and Construction

There is a forecast £0.05m variance on the £1.26m income budget within Development and Construction due to reduced external recharge income.

### Director, Opportunity Peterborough & Joint Venture

A saving of £0.438m has been delivered in respect of the Highways roadmap efficiency programme, covering £3.98m of maintenance and related budget. This includes removing budget from the Highways contract where the same level of service is delivered at a lower cost, to "bank" the saving, (such as programme co-ordination efficiencies to avoid separate traffic management costs). It also includes receiving rebates based on a percentage of

additional works put through the contract e.g. works for third parties. The ongoing elements of these savings will be factored into 18/19 budgets.

A saving of £0.10m has been achieved against a total budget for the directorate of £24.89m, through extracting budgets from across the directorate following outturn review for car allowances, administration expenses, telephones, salaries, professional services, and computer software.

### Peterborough Highway Services

An overspend of £0.31m is expected against a budget of £0.87m due to a substantial inflationary increase in street lighting energy costs and a delayed start to the LED project. A budget adjustment is proposed for 18/19.

Highways Development is favourable by £0.09m on a £0.47m budget due to additional income. This is partly offset by other staff costs and Community Link Bus Service costs.

The department is also delivering a further £0.10m of savings on a £9.67m budget. This is being delivered via savings within the transport planning, street lighting maintenance and the drainage services. These will be kept under review for 18/19.

### Corporate Property

Additional rental income of £0.12m on a £4.14m budget arises from investment property purchased in Fengate in March 2017. This will be built into the budget for 18/19.

A saving of £0.04m is reported on Utility costs against a budget of £0.5m. Expected increases in costs are likely to mean this saving will not continue for 18/19.

### Amey Peterborough & Waste Management

An underspend of £0.18m arises on an £8.6m budget for the Amey contract, in respect of a lower pension contribution rate compared with that assumed in the contract. The impact of this in future years will be considered along with a number of other potential contract costs.

However proposed savings from Bin Sponsorship income £0.04m, and charging developers for bins £0.04m have not been achieved. This will be an ongoing pressure.

### People & Communities

	Budget 2017/18	Cont. from reserves	Revised Budget 2017/18	Forecast Spend 2017/18	Cont. to reserves 2017/18	Forecast Variance 2017/18	Forecast Variance 2017/18
Budget Group	£000	£000	£000	£000	£000	£000	%
Adults	46,167	0	46,167	46,404	0	237	1%
Commissioning and Commercial Operations	14,275	0	14,275	14,689	0	414	3%
Children's & Safeguarding	10,684	0	10,684	11,081	0	397	4%
Director	184	0	184	(578)	0	(762)	-414%
Education	5,765	0	5,765	6,347	0	582	10%

Communities	4,934	107	5,041	7,149	0	2,108	42%
<b>Total People and Communities</b>	<b>82,009</b>	<b>107</b>	<b>82,116</b>	<b>85,092</b>	<b>0</b>	<b>2,976</b>	<b>4%</b>

People & Communities are overall reporting an adverse variance of £3m against its budget. The key variances in each of the service areas are as follows:

### Adults

- Agency staffing within the Therapy/Reablement/Community Equipment-0-25 Team is creating a £138k adverse position. There are investments in reablement to support the savings target.
- There is also a favourable variance of £103k being reported on home services delivery model.
- There is £219k pressure for Care Act 2014 commitments.

### Commissioning and Commercial Operations

- MTFS income savings target in relation to Clare Lodge will not be achievable due to delay in construction works, this creates a £346k adverse position. £250k relates to delayed building works and £100k from non-achievable pay and conditions savings.
- £45k pressure of property costs from the delayed transfer of play centres to become community assets
- A shortfall of £25k on traded income from early years training

### Children's & Safeguarding

- Within the Child Health service area there is a £180k pressure on overtime and lack of enhancement budget at Cherry Lodge/Mano. This service is under review.
- There is a £220k pressure within the Children's Social Care relating to staffing costs. These are predominantly agency costs, mobiles and the cost of travelling to visit clients.

### Director

- Shared Management arrangements -£94k
- P&C Finance Team -£45k
- New ways of working saving not achieved +£500k
- Prior year element of Norfolk Ordinary Residence case -£409k
- Savings target -714k (note £600k saving has been identified to off-set this leaving a revised target of £114k). This £600k is from projects that are now being held and delayed.
- The front door programme was a two year programme starting in 16/17 with further savings to be made in 17/18. The programme was made up of two overarching programmes - digital solutions (DFD) and (NDFD) practice initiatives and changes. The DFD element was cross cutting across the council (although the savings were allocated against People and Communities). The digital savings have not yet materialised and are currently under a corporate review. The non-digital elements have been delivered with reductions in high cost placements, home services model delivery (including care and repair, reablement and increased use of Assistive Technology). The non-digital elements have been able to cover the savings related to the DFD and have therefore achieved the front door programme savings target for both years.

### Education

- A £166k pressure in relation to Home to School Transport demographic pressures that will be updated after the start of the new academic year
- There is a pressure of £237k within the Pupil Referral unit due to a new funding model. This will be incorporated within the budget process for 2018/19.
- 65k redundancy costs from the restructure of the SEN team following the introduction of the SEND reform
- There is a £105k pressure in relation to children social care transport.

### Communities

- There is a pressure of £269k reported on Selective Licensing. This is primarily as a result of the extensive take up of 'early bird' discount.
- There is a pressure of £144k relating to loss of EPC income which is slightly offset by various minor savings.
- There is also a £25k pressure within Performance Information due to an unrealistic ICT savings target, partly offset by a reduction in employee costs.
- Within this area there is a £1.6m adverse variance relating to Homelessness costs. This is being closely monitored by management.

### Public Health

	Budget 2017/18	Cont. from reserves	Revised Budget 2017/18	Forecast Spend 2017/18	Cont. to reserves 2017/18	Forecast Variance 2017/18	Forecast Variance 2017/18
Budget Group	£000	£000	£000	£000	£000	£000	%
Children 0-5 Health Visitors	2,967	0	2,967	2,967	0	0	0%
Children 5-19 Health Programmes	1,999	0	1,999	1,999	0	0	0%
Sexual Health	1,817	0	1,817	1,817	0	0	0%
Substance Misuse	2,370	0	2,370	2,370	0	0	0%
Smoking and Tobacco	375	0	375	321	0	(54)	-14%
Miscellaneous Public Health Services	1,875	0	1,875	1,928	0	53	3%
Public Health Grant	(11,196)	0	(11,196)	(11,196)	0	0	0%
<b>Total Public Health</b>	<b>207</b>	<b>0</b>	<b>207</b>	<b>206</b>	<b>0</b>	<b>(1)</b>	<b>-0%</b>

Public Health is overall reporting a balanced position against its budget (ring-fenced grant currently).

### Resources

	Budget 2017/18	Cont. from reserves	Revised Budget 2017/18	Forecast Spend 2017/18	Cont.to reserves 2017/18	Forecast Variance 2017/18	Forecast Variance 2017/18
Budget Group	£000	£000	£000	£000	£000	£000	%
Director's Office	258	0	258	320	0	62	24.03%
Financial Services	3,604	88	3,692	3,638	0	(54)	-1.46%
Capital Financing	12,441	1,866	14,307	14,307	0	0	0.00%
Corporate Items	5,726	90	5,816	4,039	0	(1,777)	-30.55%
Peterborough Serco Strategic Partnership	7,224	0	7,224	6,674	0	(550)	-7.61%
ICT	5,995	110	6,105	6,476	0	371	6.08%
Commercial Group	336	0	336	339	0	3	0.89%
Energy	392	0	392	1,147	0	755	192.60%
Vivacity/Cultural Services	2,473	0	2,473	2,473	0	0	0.00%
Cemeteries, Cremation & Registrars	(1,348)	38	(1,310)	(1,323)	0	(13)	0.99%
City Services & Communications	(865)	40	(825)	(494)	0	331	-40.12%
<b>Total Resources</b>	<b>36,236</b>	<b>2,232</b>	<b>38,469</b>	<b>37,596</b>	<b>0</b>	<b>(872)</b>	<b>-2.27%</b>

Resources is overall reporting a £0.872m favourable variance against its budget.

### Capital Financing

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

### Corporate Items

There is a favourable variance of £1.78m within this area due to a recent review of corporate budgets, including re-profiling the expected income from Cross Keys VAT shelter (£0.43m variance on £0.38m budget) and the retention of £0.37m general and £0.1m specific inflation not allocated to services. There was a budget allocated for the introduction of the auto enrolment of the pension scheme which was to be introduced this year, but it is expected that this budget will no longer be required (£0.35m) and a further £0.35m saved on a budget of £2.23m in respect of lump sum pension fund contributions. Pension costs for premature retirement are forecast to be £0.1m lower than the £1.26m budgeted). External Audit fees are £0.02m lower than the £0.12m budgeted. Around £0.05m has been saved in respect of the Apprenticeship Levy. The 18/19 impact of all of these savings has been factored into budget proposals.

### Peterborough Serco Strategic Partnership

There is an additional £0.25m of Court Cost income against a budget of £0.6m based on early performance. This is expected to continue in future years and has been factored into future budgets.

A favourable position of £0.3m on the Payments & Subsidy budget of £1.84m is forecast. This will be reviewed following the submission of the mid-year estimate to DWP, and has currently been factored into future year's budgets as an ongoing saving.

## **ICT**

An overspend of £0.27m is expected on the £0.41m budget for the revenue impact of the IT Strategy of moving costs into the Cloud, as the cost was not fully identified at the time that the budget was set. There is also a pressure of £0.3m from additional ICT requirements, compared to the budgeted £1.7m. This may be an ongoing revenue pressure for 18/19 as currently, mitigating actions are being identified.

The SLA's with our partner organisations including NPS and Opportunity Peterborough are generating a surplus of £0.05m on a budget of £0.1m.

## **Energy**

There is a one-off unbudgeted cost of £0.71m in relation to writing off abortive capital project costs.

There is currently a £0.04m shortfall in the Energy Projects saving target of £0.32m expected this year. This position is under review and the impact for 18/19 included in the budget proposals.

## **City Services & Communications**

The off street parking income budget of £2.4m is £0.1m adverse, but this is being offset by staff parking income which is £0.03m higher than the budget of £0.31m

An adverse variance of £0.21m is expected within the Market, events and Tourism service area. This is due to £0.155m lower income than the budgeted £0.465m at the Market, and £0.05m variance on £0.13m budget at the Destination Centre. An adjustment to the 18/19 budget is proposed.

An overspend of £0.053m on £0.46m budget is reported in respect of increased costs in Food safety following pressures in the numbers of premises in need of inspection. The 18/19 budget will include proposals to address increased demand.

Health and Safety recharges are expected to be £0.05m lower than the £0.09m budgeted. A proposal to amend the baseline budget is included for 18/19.

The Design and Print Team is expected to break even, through recharging all costs based on jobs completed, costing around £0.25m. It is expected that £0.02m of this sum will not be recovered.

Following a review of spending across the City Services & Communications service area, in year savings of £0.10m have been identified for 17/18, over a gross expenditure budget of £5.74m.

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