

CABINET	AGENDA ITEM No. 9
24 SEPTEMBER 2018	PUBLIC REPORT

Report of:	Acting Director of Corporate Resources		
Cabinet Member(s) responsible:	Cllr David Seaton, Cabinet Member for Resources		
Contact Officer(s):	Peter Carpenter, Acting Director of Corporate Resources	Tel. 452520	
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BUDGET CONTROL REPORT JULY 2018

R E C O M M E N D A T I O N S	
FROM: <i>Acting Corporate Director Resources</i>	Deadline date: <i>N/A</i>
<p>It is recommended that Cabinet notes:</p> <ol style="list-style-type: none"> 1. The Revenue Budgetary Control position for 2018/19 at July 2018 includes a £5.982m overspend position on the revenue budget. 2. The key variance analysis and explanations are contained in Appendix A. 3. The estimated reserves position for 2018/19 is 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 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 provides Cabinet an update of the July 2018 Budgetary Control position.
- 2.2 This report is for Cabinet to consider under its Terms of Reference:
 No. 3.2.1 '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' and
 No. 3.2.5 'To review and recommend to Council changes to the Council's Constitution, protocols and procedure rules'.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. JULY 2018 BUDGETARY CONTROL - REVENUE

4.1 The revenue budget for 2018/19, agreed at Full Council on 7 March 2018, was approved at £147.456m.

	£m
Approved Budget 2018/19	147.456
Use of reserves per MTF5	4.231
Revised Budget 2018/19	151.687
Drawdown of reserves during 2018/19	0.945
Revised Budget 2018/19	152.632

The 2018/19 year-end outturn position, is currently forecast to be £5.982m over spent. This is based on reported departmental information as at the end of July 2018.

This has increased by £1.068m (22%) in comparison to a £4.904m overspend position forecast at the end May 2018, which was reported to Cabinet on 23 July 2018. This forecast overspend position has increased largely due to the realisation of undeliverable savings targets in relation to the Peterborough Serco Strategic Partnership (PSSP) service area. These saving targets were set in the last MTF5, and some were built in to the MTF5 in prior years.

CMT are putting plans in place to manage expenditure council wide and try to mitigate the budget pressures identified.

The biggest financial pressure the council is facing continues to come from children's social care. This pressure isn't isolated to Peterborough and is being reported by local authorities across the country, the BBC, the Local Government Association (LGA) and other Local government advisors. A recent article published by the BBC highlighted that there are currently 72,600 children across England in care, in comparison to 64,000 in 2010 and after analysing children's social care spend noted that council spent £640m more than what they had budgeted to in 2016/17.

As outlined in the Permanency Service Cabinet report (23 July 2018), the Council is facing a pressure of £3.9m in the current financial year, with pressure of £3.2m 2019/20 and £2.7m in 2020/21 forecast. This reduction in forecast pressure is anticipated following the recruitment of additional in house foster carers each year to reduce reliance on independence fostering agency placements. These financial pressures will be factored into Tranche Two of the Medium Term Financial Strategy 2019/20-2021/22.

The financial negotiations with Amey have now concluded regarding the costs of extending the contract to 1 February 2019. The additional estimated costs to the 1 February 2019 is £0.810m, these are included within the forecast position outlined in this report.

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

Directorate	Budget 2018/19	Cont. from reserves	Revised Budget 2018/19	Forecast Spend 2018/19	Cont. to reserves	Forecast Variance 2018/19	Forecast Variance 2018/19	Previous Period Variance	Movement
	£000	£000	£000	£000	£000	£000	%	£000	£000
Chief Executives	1,585	55	1,640	1,616	0	(24)	-1%	0	(24)
Governance	4,660	75	4,735	4,989	0	254	5%	(71)	325
Growth & Regeneration	23,826	366	24,192	25,197	0	1,005	4%	549	456
People & Communities	84,475	250	84,725	88,788	0	4,063	5%	4,059	4
Public Health	(126)	198	72	72	0	0	0%	0	0
Resources	37,268	0	37,268	38,001	0	733	2%	367	366
Total Expenditure	151,687	945	152,632	158,663	0	6,031	4%	4,904	1,127
Financing	(151,687)	(945)	(152,632)	(152,681)	0	(49)	0	0	(49)
Contribution to Capacity reserve	0	0	0	0	0	0	0%	0	0
Net	0	0	0	5,982	0	5,982	22%	4,904	1,078

4.9 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

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 None.

11. APPENDICES

- 11.1 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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