

<b>CABINET</b>	<b>AGENDA ITEM No. 9</b>
<b>19 NOVEMBER 2018</b>	<b>PUBLIC REPORT</b>

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 SEPTEMBER 2018**

RECOMMENDATIONS	
<b>FROM:</b> Corporate Director: Resources	<b>Deadline date:</b> N/A
<p>It is recommended that Cabinet notes:</p> <ol style="list-style-type: none"> <li>1. The Revenue Budgetary Control position for 2018/19 at September 2018 includes a £4.910m overspend position on the revenue budget.</li> <li>2. The key variance analysis and explanations are contained in Appendix A.</li> <li>3. The estimated reserves position for 2018/19 is outlined in Appendix B.</li> <li>4. In year budget risks are highlighted in Appendix C.</li> <li>5. The Asset Investment and Treasury Budget Report is contained in Appendix D.</li> </ol>	

### **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 as at September 2018 of the 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?	<b>NO</b>	If yes, date for Cabinet meeting	<b>N/A</b>
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### **4. SEPTEMBER 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 MTFs	4.231
Revised Budget 2018/19	151.687
Drawdown of reserves during 2018/19	1.023
Revised Budget 2018/19	152.710

4.2 The 2018/19 year-end outturn position, is currently forecast to be £4.910m over spent. This is based on reported departmental information as at the end of September 2018.

4.3 This has reduced by £1.572m (32%) in comparison to a £6.482m overspend position forecast at the end August 2018, which was reported to Cabinet on 15 October 2018. The main reasons for the improvement are outlined in the following table:

	£m
<b>Previously reported forecast position (August 2018)</b>	<b>6.482</b>
Employee Costs	0.103
Highways Development Team savings and income	(0.151)
Bus Services - applying BSOG funding to existing services and reduced Voluntary Partnership Arrangement (Stagecoach)	(0.105)
Sand Martin House rent saving due to the occupancy date being later than anticipated	(0.128)
Temporary accommodation reduction in overspend due to a reduced demand coming through the team.	(0.144)
Capital Financing costs have reduced due to a reduced capital programme and the application of capital receipts.	(0.893)
Additional interest income from extending a loan arrangement with Empower Community Management LLP in respect of solar installations	(0.198)
Improvement in income forecast from parking	(0.094)
Other minor Variances	0.038
<b>Current Month forecast</b>	<b>4.910</b>

4.4 CMT have put plans in place to manage and scrutinise expenditure throughout the council, to mitigate the financial impact of the forecast overspend identified. There has been recent improvement in the position highlighting positive progress towards balancing the current year position.

4.5 The current overspend is largely isolated in one area, children's services, which was outlined in detail when reported at the Cabinet meeting on 23 July 2018, although there are a number of other key areas of overspend to be aware of. These are as follows:

- Demand within children's services £4.5m
- Demand within adults services £0.8m
- Peterborough Serco Strategic Partnership -Transformation costs, Business support and variable costs £2.0m
- Amey contract extension £1.0m
- Parking Services £0.6m
- ICT £0.5m
- Volumes within the Coroners service £0.2m

4.6 These pressures are currently being mitigated in part by the one-off use of capital receipts,

generated from the sale of Council assets, and the reduced financing needs of a smaller capital programme. The move to a truly sustainable budget will require a reduction of “One-off” savings, as by nature these are not repeatable.

- 4.7 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 £0.958m, these are included within the forecast position outlined in this report. A full report will come to Cabinet in December which will set out ongoing costs of this contract which will be delivered through a Local Authority Trading Company which will be 100% controlled by the Council.
- 4.8 The Ministry for Housing, Communities and Local Government recently announced that an additional £240m would be made available to Local government to support adult social care services, helping to alleviate winter pressures placed on the NHS. This grant should be received within the current financial year, with Peterborough's allocation of the grant confirmed at £0.794m. This has not been included within the forecast within this report and will be incorporated next month once the grant letter and conditions are received.
- 4.9 The summary budgetary control position is outlined in the following table:

	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 Month Variance	Movement
Directorate	£000	£000	£000	£000	£000	£000	%	£000	£000
Chief Executives	1,583	55	1,638	1,582	0	(56)	-3%	(56)	0
Governance	4,654	75	4,729	4,958	0	229	5%	235	(6)
Growth & Regeneration	23,850	366	24,216	25,294	0	1,078	4%	1,461	(383)
People & Communities	84,459	328	84,787	88,953	0	4,166	5%	4,326	(160)
Public Health	(126)	198	72	72	0	0	0%	0	0
Resources	37,268	0	37,268	36,810	0	(458)	-1%	565	(1,023)
<b>Total Expenditure</b>	<b>151,687</b>	<b>1,023</b>	<b>152,710</b>	<b>157,669</b>	<b>0</b>	<b>4,959</b>	<b>3%</b>	<b>6,531</b>	<b>(1,572)</b>
Financing	(151,687)	(1,023)	(152,710)	(152,759)	0	(49)	0%	(49)	0
Contribution to Capacity reserve	0		0	0		0	0%	0	0
<b>Net</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,880</b>	<b>0</b>	<b>4,910</b>	<b>3%</b>	<b>6,482</b>	<b>(1,572)</b>

## 5. APPENDICES

5.1 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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