

CABINET	AGENDA ITEM No. 13
4 February 2019	PUBLIC REPORT

Cabinet Member(s) responsible:	Cllr David Seaton, Cabinet Member for Resources	
Contact Officer(s):	Peter Carpenter, Acting Corporate Director of Resources Kirsty Nutton, Head of Corporate Finance	Tel. 452520 Tel. 384590

BUDGET CONTROL REPORT NOVEMBER 2018

RECOMMENDATIONS	
FROM: Acting Corporate Director of Resources	Deadline date: N/A
<p>It is recommended that Cabinet notes:</p> <ol style="list-style-type: none"> 1. The Revenue Budgetary Control position for 2018/19 at November 2018 includes a £3.921m 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 THE 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 November 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. TIMESCALE

Is this a Major Policy Item/ Statutory	Yes	If yes, date for Cabinet meeting	N/A
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4. NOVEMBER 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.

Revised Budget 2018/19	£000
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	1,381
Revised Budget at November 2018	153,068

- 4.2. The 2018/19 year-end outturn position, is currently forecast to be £3.921m over spent. This is based on reported departmental information as at the end of November.
- 4.3. This has reduced by £0.094m (2%) in comparison to a £4.015m overspend position forecast at the end of October 2018, which was reported to Cabinet on 17 December 2018. The main reasons for the improvement are outlined in the following table:

Key Movements between the Forecasts	£000
Previous month forecast	4,015
Insurance Rebate - EFW Plant	(271)
Revenue costs associated with the procurement of accommodation to reduce homelessness	100
P&C Financing	(143)
Home to School transport	200
Other Variances	20
Current Month forecast	3,921

- 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 £0.5m
 - 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 in the use of “One-off” savings, as by nature these are not repeatable.

4.7. The provisional local government finance settlement was announced on 13th December 2018. Key announcements were a 3% General Council Tax referendum limit for 2019/20 meaning that an additional 1% can be built into the MTFs generating a further £0.770m of Council Tax income, New Homes Bonus baseline will remain at 0.4%, and a financial benefit of £0.634m from the surplus on the Levy account that is distributed to local authorities based on need.

4.8. 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	1,557	0	(81)	-5%	(71)	(10)
Governance	4,647	111	4,758	5,024	0	266	6%	219	47
Growth & Regeneration	23,850	400	24,250	25,148	0	898	4%	1,089	(191)
People & Communities	84,466	617	85,083	89,257	0	4,174	5%	4,116	58
Public Health	(126)	198	72	72	0	0	0%	0	0
Resources	37,267	0	37,267	36,280	0	(987)	-3%	(990)	3
Total Expenditure	151,687	1,381	153,068	157,338	0	4,270	3%	4,363	(93)
Financing	(151,687)	(1,381)	(153,068)	(153,417)	0	(349)	0%	(349)	0
Contribution to Capacity reserve	0		0	0		0	0%	0	0
Net	0	0	0	3,921	0	3,921	3%	4,014	(93)

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

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