

Detailed Revenue Budgetary Control position and explanation of key variances and risks

Chief Executives

	Budget 2018/19	Cont. from reserve	Revised Budget 2018/19	Forecast Spend 2018/19	Cont. to reserve	Forecast Variance 2018/19	Forecast Variance 2018/19	Previous Month Variance	Movem ent
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Chief Executive	241	0	241	212	0	(29)	-12%	(19)	(10)
HR	1,342	55	1,397	1,345	0	(52)	-4%	(52)	0
Total Chief Executives	1,583	55	1,638	1,557	0	(81)	-5%	(71)	(10)

The Chief Executive's department is reporting a small staffing and supplies and services related underspend of £0.081m

Governance

	Budget 2018/19	Cont. from reserve	Revised Budget 2018/19	Forecast Spend 2018/19	Cont. to reserve	Forecast Variance 2018/19	Forecast Variance 2018/19	Previous Month Variance	Movem ent
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Director of Governance	301	0	301	202	0	(99)	-33%	(99)	0
Legal Services	1,616	54	1,670	1,883	0	213	13%	182	31
Constitutional Services	2,058	0	2,058	2,058	0	0	0%	(12)	12
Performance & Information	192	57	249	245	0	(4)	-2%	(8)	4
Coroners Service	480	0	480	636	0	156	33%	156	0
Total Governance	4,647	111	4,758	5,024	0	266	6%	219	47

Currently the Governance department is forecasting £0.266m overspend.

Legal Services

There is a forecast overspend of £0.213m within the legal team largely due to staffing costs as a result of increased workloads relating to Child Protection, General Data Protection Regulation (GDPR), Homelessness and a compensation payment.

Coroner Service

There is a forecast pressure of £0.156m within this area. The final 2017/18 costs were greater than expected and not fully recognised in that financial year. The forecast overspend in 2018/19 is due to backlog of referrals, budget pressures from additional staff hired, and a number of complex cases. The Council is awaiting further detail from Cambridgeshire County Council on the overspend as there is a lack of clarity on costs charged, and this will be reported in due course, however this

pressure is likely to continue into future years and a bid for investment is expected to be brought forward in Tranche 3 of the process.

Growth & Regeneration

	Budget 2018/19	Cont. from reserve	Revised Budget 2018/19	Forecast Spend 2018/19	Cont. to reserve	Forecast Variance 2018/19	Forecast Variance 2018/19	Previous Month Variance	Movem ent
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Development and Construction	177	0	177	241	0	64	36%	64	0
Director, OP & JV	(77)	0	(77)	(57)	0	20	-26%	20	0
Peterborough Highway Services	9,151	0	9,151	9,044	0	(107)	-1%	(103)	(4)
Sustainable Growth Strategy	1,468	194	1,662	1,522	0	(140)	-8%	(139)	(1)
Waste, Cleansing and Open Spaces	12,266	0	12,266	12,192	0	(74)	-1%	197	(271)
Westcombe Engineering	91	0	91	91	0	0	0%	0	0
Corporate Property	1,227	186	1,413	1,821	0	408	29%	308	100
Resilience & Health & Safety	249	0	249	208	0	(41)	-16%	(41)	0
City Centre Management	318	0	318	601	0	283	89%	213	70
Marketing & Communications	253	0	253	407	0	154	61%	108	46
Parking Services	(2,096)	0	(2,096)	(1,623)	0	473	-23%	544	(71)
Regulatory Services	670	20	690	504	0	(186)	-27%	(126)	(60)
Service Director Environment & Economy	153	0	153	197	0	44	29%	44	0
Total Growth and Regeneration	23,850	400	24,250	25,148	0	898	4%	1,089	(191)

Currently the Growth and Regeneration department is forecasting £0.898m overspend.

Peterborough Highway Services

Street lighting energy costs are budgeted to reduce as the Street Lighting LED Programme replaces the old lighting with more energy efficient units. However, the savings are taking longer to deliver than originally envisaged, and combined with energy price increases, this is leading to a forecast overspend of £0.148m.

Due to a high workload and agency staff covering vacant posts employee costs are forecast to overspend by £0.056m. However additional income of £0.155m has been generated which offsets this pressure.

Various small savings have been identified including Concessionary fares £0.055m and Transport Planning matching Combined Authority funding £0.074m. These are offset by Queensgate Bus Station rates £0.011m, staff recharges £0.021m, Network Management utility debtor invoices not paid £0.034m, others £0.012m.

Bus Services - applying BSOG funding to enhance and develop further existing services and reduced Voluntary Partnership Arrangement (Stagecoach) £0.105m

Sustainable Growth Strategy

Savings on employee costs £0.085m, additional income £0.125m, miscellaneous small pressures £0.070m.

Waste, Cleansing and Open Spaces

Income from electricity sales at the Energy from Waste facility is currently higher than budgeted, leading to a favourable forecast of £0.542m. This is due to the performance of the plant and the escalating energy prices which offsets the pressure that the council is seeing on the electricity that it buys. Final earnings for 2017/18 income at the Energy from Waste plant have also now been confirmed and this was higher than expected by £0.177m.

The new Household Recycling Centre is due to open early 2019, therefore the budgeted investment is not fully required in 2018/19 saving £0.120m. However there are costs of £0.060m relating to the existing site contract extension costs.

Materials Recycling Facility fees for legal advice and support for resolving contract issues, together with claims for waste contamination and increased fees are expected to cost an additional £0.350m creating a pressure.

The financial negotiations with Amey have now concluded regarding the costs of extending the contract to 1 February 2019. The additional costs to the 1 February is £0.958m, resulting in a forecast overspend on the budget. The Council also expects to receive a pension rebate due to lower contribution rates from the Amey contract. This is due to lower contribution rates payable when comparing the contract and actuarial review which results in a £0.519m favourable position offsetting a proportion of the additional costs.

There has been an Insurance Rebate from the EFW Plant of £0.271m.

Further overspends relate to the closure of the WEE facility being delayed £0.020m, an income shortfall of £0.066m for charging for bins where there are new properties, specialist pavement cleansing in the City Centre £0.032m and £0.069m redundancy cost to deliver future savings.

Corporate Property

Sand Martin House income is forecast to be lower than originally anticipated. This is due to the nature of the listed buildings and the works required, commercial unit income and office sub-let income having been delayed or reduced, resulting in at £0.336m forecast overspend. There has been a saving of £0.128m on Sand Martin House rent as the occupancy date was later than anticipated. Revenue costs associated with the feasibility and abortive works for capital projects amounts to £0.100m. A budget will need to be established for this in future years. There is £0.100m

relating to revenue costs associated with the procurement of temporary accommodation, to reduce the overspend on housing and accommodate families at risk of homelessness.

City Centre Management

Income is forecast to be lower than budgeted for the City Market based on current stall occupancy £0.083m, for rent in the Pedestrian Area £0.044m and advertising space £0.012m. There was £0.052m lower income than budgeted on the Great Eastern Run due to fewer runners and less sponsorship.

Other small pressures £0.092m.

Marketing & Communications

Underspends on employee costs of £0.097m, £0.030m design and print and £0.027m other minor underspends.

Parking Services

At present the forecast income is £0.295m lower than the budget for off street car parking, including staff car parking off street fees, permits and season tickets. This arises from a shortfall in expected income based on current parking volumes £0.149m, and the additional multi-storey car park capacity at Fletton Quays £0.146m which is not yet fully utilised by the public, or widely promoted due to the ongoing works around the site.

There is also a forecast pressure relating to the costs from National Non-Domestic Rates (Business Rates), security, cleaning, and Ringo (debit/credit card charges), which totals £0.178m.

Regulatory Services

Employee cost savings £0.128m and other savings £0.058m.

People & Communities

	Budget 2018/19	Cont. from reserve	Revised Budget 2018/19	Forecast Spend 2018/19	Cont. to reserve	Forecast Variance 2018/19	Forecast Variance 2018/19	Previous Month Variance	Move ment
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Adults	44,325	24	44,349	43,817		(532)	-1%	(373)	(159)
Commissioning & Commercial Operations	14,098	250	14,348	18,922		4,574	32%	4,575	(1)
Children's & Safeguarding	10,761	0	10,761	10,763		2	0%	2	0
Director	860	0	860	850		(10)	-1%	9	(19)
Education	5,494	87	5,581	5,740		159	3%	(38)	197
Communities	8,666	256	8,922	8,903		(19)	0%	(59)	40
Dedicated Schools Grant	262	0	262	262		0	0%	0	0

Total People and Communities	84,466	617	85,083	89,257	0	4,174	5%	4,116	58
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Further Breakdown in to the key service areas:

	Budget 2018/19	Cont. from reserve	Revised Budget 2018/19	Forecast Spend 2018/19	Cont. to reserve	Forecast Variance 2018/19	Forecast Variance 2018/19	Previous Month Variance	Movement
Adults:	£000	£000	£000	£000	£000	£000	%	£000	£000
Independent Sector Placements	31,981		31,981	32,731		750	2%	750	0
Adult Social Care Teams	7,578		7,578	7,384		(194)	-3%	(175)	(19)
Block Contracts	6,351	24	6,375	6,278		(97)	-2%	(97)	0
Financing	(3,073)		(3,073)	(4,003)		(930)	30%	(789)	(141)
Home Service Delivery Model	1,488		1,488	1,427		(61)	-4%	(62)	1
Total Adults	44,325	24	44,349	43,817	0	(532)	-1%	(373)	(159)
Commissioning & Commercial Operations:									
Permanency Service	12,523		12,523	17,060		4,537	36%	4,537	0
Clare Lodge	(1,171)	250	(921)	(921)		0	0%	0	0
Commissioning & Commercial Operations - Other	2,746		2,746	2,783		37	1%	38	(1)
Total Commissioning & Commercial Operations	14,098	250	14,348	18,922	0	4,574	32%	4,575	(1)
Children's & Safeguarding:									
Children's Social Care	6,676		6,676	6,679		3	0%	3	0
Children's - Other	4,085		4,085	4,084		(1)	0%	(1)	0
Total Children's & Safeguarding	10,761	0	10,761	10,763	0	2	0%	2	0
Director:									

Director	2,137		2,137	2,127		(10)	0%	9	(19)
Department Savings target	(1,277)		(1,277)	(1,277)		0	0%	0	0
Total Director	860	0	860	850	0	(10)	-1%	9	(19)
Education:									
Home To School & Childrens Social Care Transport	4,001		4,001	4,261		260	6%	53	207
School Improvement Traded Service	(937)		(937)	(937)		0	0%	0	0
Education - Other	2,430	87	2,517	2,416		(101)	-4%	(91)	(10)
Total Education	5,494	87	5,581	5,740	0	159	3%	(38)	197
Communities:									
Housing	2,392	50	2,442	2,554		112	5%	42	70
Cultural Services	2,447	22	2,469	2,591		122	5%	175	(53)
Targeted Youth Support Service (TYSS)	1,622		1,622	1,439		(183)	-11%	(154)	(29)
Prevention Enforcement Service (PES)	559	11	570	507		(63)	-11%	(64)	1
Communities - Other	1,646	173	1,819	1,812		(7)	0%	(58)	51
Total Communities	8,666	256	8,922	8,903	0	(19)	0%	(59)	40
Dedicated Schools Grant	262		262	262		0	0%	0	0
Total People and Communities	84,466	617	85,083	89,257	0	4,174	5%	4,116	58

Adults- Independent Sector Placements

A pressure of £0.750m is reported in relation to Adults Placement costs. This relates to residential nursing packages (£0.651m adverse to date) and Transforming Care (£0.151k adverse to date). Additional Client and Health income is partially offsetting this pressure. Forecast figure includes expected Summer and Winter pressures

Adults- Adult Social Care Teams

Overall there is a £0.194m forecast underspend on all operational teams. Within this there are savings on staffing £0.157m, and miscellaneous other £0.051m, with an overspend on Occupational Therapy equipment £0.014m.

Adults- Block Contracts

There is currently a favourable variance in respect of the recovery of an £0.080m overpayment to an Extra Care provider. An overall underspend of £0.012m is forecast due to one off Direct Payments to Carers. Carer support is predominantly covered in Independent Sector Placements with services such as carers sitting services and respite. There is also an underspend of £0.005m relating to Older People meals service.

Adults- Financing

Projects have been delayed to mitigate overspends in other People and Communities budgets. This action was implemented earlier in the year and has been increased to cover further emerging pressures.

Adults- Home Services Delivery Model

There is a £0.027m underspend on vacant posts and £0.020m on commissioned surveyor work, other underspends are £0.013m.

Commissioning- Permanency Service (TACT)

The Council is forecasting to overspend by £4.537m within this area. This is the result of agreeing to pay TACT an additional £0.637m in relation to the financial year 2017/18 and £3.9m in relation to financial year 2018/19. An upwards trend in the number of children coming into care, and the mix of placement types used, is feeding into the forecast overspend position. Although TACT are using their specialist expertise to recruit foster parents and adoption placements, progress towards achieving a balanced placement mix is in transition meaning there are still a number of placements with high associated costs.

Clare Lodge

A reserve contribution of £0.250m has been agreed which offsets the forecast overspend arising from the delayed opening of the new High Dependency Unit. A significant risk exists around occupancy which is still based on 14.6 average occupancy. Current occupancy is 15.

Commissioning and Commercial Operations- Other

A £0.044m forecast overspend is reported against Play Centres, which is the result of a delay in the Community Asset Transfers. This is partially offset by other small underspends are £0.007m.

Children's Social Care

An overspend of £0.003m is forecast against Children's Social Care. A risk exists around Financial Assistance and the use of Agency staff to cover substantive posts.

Director

It is assumed that all Department Savings targets will be achieved or will be offset by pipeline savings.

There is a pressure of £0.010m due to staff regrading, and other small underspends £0.020m.

Education- Home to School and Children's Social Care Transport

Home to School Transport is forecast to overspend by £200k. Further work is underway to validate and explain this overspend. An adverse variance of £0.018m is reported with regard to Passenger Transport Team staffing. Children Social Care transport is forecast to overspend by £0.042m. Further analysis has been requested to understand what is driving this increase e.g. more children transported, longer average journeys, etc.

Education- Other

Employee costs are forecast to underspend by £0.027m. An adverse variance of £0.079m is reported in relation to the underachievement of income on School Academy conversions. This income target was introduced as a result of charging schools to recover a proportion of the cost the local authority incurred to administer the conversion. However, as the pace of schools converting has reduced against previous estimates this target is unlikely to be achieved. A reduction in business rates was also built in to the budget as a result of the relief academies receive for holding charitable status. As outlined in the funding section, NNDR (business rates) is showing a favourable position. A favourable variance of £0.017m is reported with regard to pre-98 pension strain costs. The Education Psychology Service is forecast to over achieve its traded income target by £0.047m. A favourable variance of £0.075m is reported in regard to School Attendance Fines along with other small underspends of £0.014m.

Communities- Housing

Housing is forecast to overspend by a total of £0.112m. Temporary Accommodation costs are forecast to overspend by £0.303m. This is offset by a projected underspend on staffing of £0.176m. Other budget headings are forecast to underspend by £0.015m.

Communities- Cultural Services

A savings target of £0.250m against the contract with Vivacity will not be achieved, although has been offset by other savings of £0.086m. St. Georges Hydrotherapy pool is forecast to underspend by £0.042m.

Communities- Targeted Youth Support Service (TYSS)

The TYSS is forecast to underspend by £0.183m, this relates to holding staff vacancies pending new service implementation. This comprises a forecast underspend of £0.227m on employee costs, offset by other pressures of £0.044m.

Communities- Prevention Enforcement Service (PES)

The PES is forecast to underspend by £0.063m. This comprises a £0.168m forecast underspend on staffing and an underspend of £0.090m against non-staffing budgets. There is also an under recovery of £0.195m in relation to income from Penalty Charge Notices, Fixed Penalty Notice & CCTV.

Communities – Other

There is a forecast underspend of £0.005m. This comprises a £0.095m favourable variance against non-staffing budgets offset by a £0.090m overspend on staffing.

Public Health

	Budget 2018/19	Cont. from reserve	Revised Budget 2018/19	Forecast Spend 2018/19	Cont. to reserve	Forecast Variance 2018/19	Forecast Variance 2018/19	Previous Month Variance	Movem ent
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Children 0-5 Health Visitors	3,718	198	3,916	3,913		(3)	0%	(4)	1
Children 5-19 Health Programmes	879	0	879	879		0	0%	0	0
Sexual Health	1,830	0	1,830	1,883		53	3%	53	0
Substance Misuse	2,299	0	2,299	2,299		0	0%	0	0
Smoking and Tobacco	317	0	317	305		(12)	-4%	(11)	(1)
Miscellaneous Public Health Services	1,661	0	1,661	1,623		(38)	-2%	(38)	0
Public Health Grant	(10,905)	0	(10,905)	(10,905)		0	0%	0	0
Children 5-19 Healthy Schools Programme	65	0	65	65		0	0%	0	0
Healthy Peterborough	10	0	10	10		0	0%	0	0
Total Public Health	(126)	198	72	72	0	0	0%	0	0

Public Health savings are on track to be delivered.

Resources

Budget Group	Budget 2018/19	Cont. from reserve	Revised Budget 2018/19	Forecast Spend 2018/19	Cont. to reserve	Forecast Variance 2018/19	Forecast Variance 2018/19	Previous Month Variance	Movement
	£000	£000	£000	£000	£000	£000	%	£000	£000
Director's Office	112	0	112	200		88	79%	88	0
Financial Services	3,284	0	3,284	3,294		10	0%	2	8
Programme Management Office	139	0	139	124		(15)	-11%	(15)	0
Capital Financing	18,321	0	18,321	15,592		(2,729)	-15%	(2,729)	0
Corporate Items	4,954	0	4,954	4,883		(71)	-1%	(36)	(35)
Peterborough Serco Strategic Partnership	5,765	0	5,765	7,908		2,143	37%	2,105	38
ICT	5,302	0	5,302	5,758		456	9%	505	(49)
Energy	780	0	780	(86)		(866)	-111%	(888)	22
Cemeteries, Cremation & Registrars	(1,390)	0	(1,390)	(1,393)		(3)	0%	(22)	19
Total Resources	37,267	0	37,267	36,280	0	(987)	-3%	(990)	3

Capital Financing and Capital Receipts

The forecast underspend for Capital Financing is £2.729m as a result of the decision to apply additional capital receipts to offset the minimum revenue provision (MRP) in the 2018/19 financial year. In addition, the reprofiling of schemes, delays in the timing of capital expenditure and interest rates remaining lower than forecast in the MTFs for the beginning of the year, all contribute to the cost of new borrowing being forecast lower than originally budgeted. The forecast cost of raising new loans has been based on a capital programme of £118m, of which £73m is based on new borrowing as the timing of the Empower loan repayment is still to be determined. This is based on the capital programme as contained in the Tranche Two Cabinet report. It is still expected for this borrowing requirement to reduce in future months due to reprofiling of the capital programme to a more deliverable level of £100m, however exact details are to be confirmed and therefore has not been factored into the forecast outturn.

Peterborough Serco Strategic Partnership (PSSP)

The overspend forecast in this service is from a combination of three key areas. There is a £0.850m pressure due to the Annual Delivery Plan (ADP) and business transformation (strategic

improvement core cost). All items on the ADP should be linked to funding streams as core funding was reduced to nil in last year's budget. This figure will reduce once these allocations are delivered. The following savings that were included in the 2018/19 MTFS, are currently not on track to be achieved.

- The £1m Serco variable spend saving. IT consumable and machine spend has been reduced from previous year's spend via a gatekeeping process. However, overall variable spend with Serco has not yet reduced, due to ongoing programmes of work. Whilst budgets are in place for these works, these are mainly one off, and it has not been possible to make the planned ongoing budget reduction of £1m. The pattern of spend will be kept under constant review and the forecast outturn updated should a reduction in expenditure be experienced in the remaining months which will be used to inform the MTFS setting process.
- The Serco Business support saving of £0.100m.

These pressures are being reviewed to assess the future years MTFS implications. There is also a £0.193m pressure forecast in relation to the PSSP contract inflation budget being different to the assumption applied in the MTFS.

ICT

Savings that were expected to be generated through the implementation of a technology platform across Social Care (PeopleToo) is not now expected to be achieved as planned, creating a £0.137m pressure. The budgeted return on loans to partners to deliver this project has also not materialised as planned creating a £0.131m pressure through loss of interest receipt.

Savings targets in relation to Digital Roadmap project, including guaranteed resale income and also savings through decommissioning ICT Legacy systems and departmental efficiencies are not expected to be fully achieved, causing a £0.792m pressure.

There is a pressure against the core contract budget in 2018/19 due to one-off costs associated with new change controls being implemented £0.219m. However, a rebate received in year within the core contract budget, following a prior year change control notice reconciliation has offset the above pressures by £0.741m.

Other underspends £0.082m.

Energy

The Council has received additional interest income from extending a loan arrangement with Empower Community Management LLP in respect of solar installations.

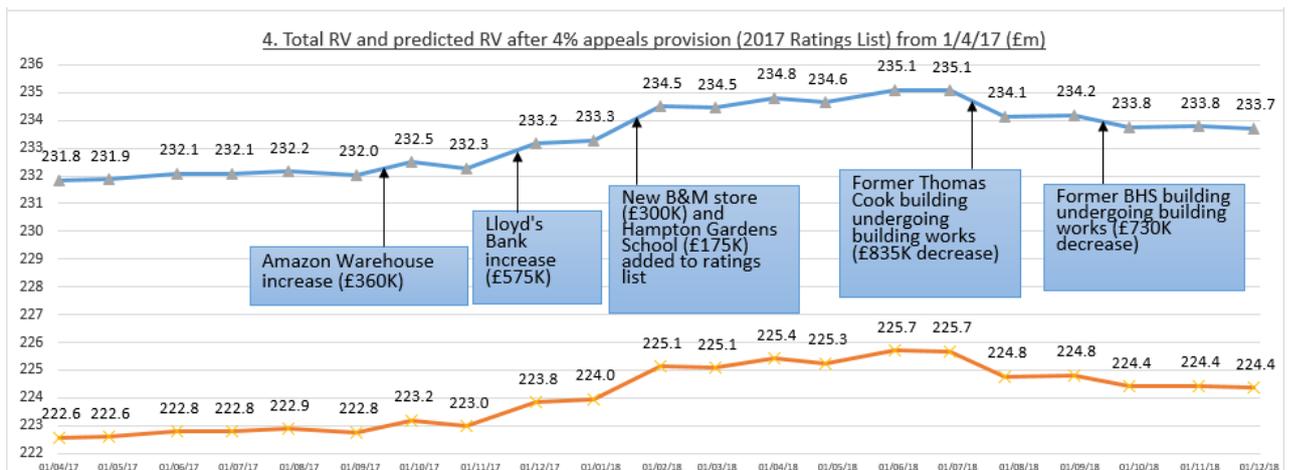
Financing

The following table show how the Council's expenditure is funded via council tax, business rates, non-specific grants and use of reserves.

Budget Group	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	Movem ent
	£000	£000	£000	£000	£000	£000	%	£000	£000
Council Tax	(68,110)		(68,110)	(68,110)		0	0.00%	0	0
Council Tax - Adult Social Care precept	(5,328)		(5,328)	(5,328)		0	0.00%	0	0
NNDR Income	(45,465)		(45,465)	(45,814)		(349)	0.77%	(349)	0
NNDR Levy	216		216	216		0	0.00%	0	0
NNDR S31 grants	(3,128)		(3,128)	(3,128)		0	0.00%	0	0
NNDR Tariff	2,370		2,370	2,370		0	0.00%	0	0
Revenue Support Grant	(15,056)		(15,056)	(15,056)		0	0.00%	0	0
Parish Precept	(586)		(586)	(586)		0	0.00%	0	0
New Homes Bonus	(5,152)		(5,152)	(5,152)		0	0.00%	0	0
Section 31 Grant	(5,742)		(5,742)	(5,742)		0	0.00%	0	0
Contribution from/to Grant Equalisation Reserve	(4,231)		(4,231)	(4,231)		0	0.00%	0	0
Contribution from/to	0	(1,381)	(1,381)	(1,381)		0	0.00%	0	0

Reserves									
Contribution to Capacity Reserve	0		0	0		0	0.00%	0	0
Collection Fund - Council Tax	(1,188)		(1,188)	(1,188)		0	0.00%	0	0
Collection Fund - NDR	(287)		(287)	(287)		0	0.00%	0	0
Total Financing	(151,687)	(1,381)	(153,068)	(153,417)	0	(349)	0.23%	(349)	0

The following graph outlines the change in the Rateable Value of the properties and the key changes to the properties



Appendix B - Reserves

The Council's departmental reserves and the capacity building reserve are monitored throughout the year and feed into the budget setting process accordingly. The following table summarises the expected balance for all reserves for 2018/19 to 2021/22

Out of the total reserves balance only £14.9m is deemed available or uncommitted, due to restrictions placed on the remaining reserves.

Summary of Reserves	Balance Brought Forward 1.4.18	Cont. from reserves	Cont. to reserves	Movement between reserves	Forecast Balance 31.03.19	Forecast Balance 31.03.20
	£000	£000	£000	£000	£000	£000
General Fund Balance	6,000	0	0	0	6,000	6,000
Change Programme Fund:						
Capacity Building Reserve**	12,714	(9,565)	4,687	2,088	9,924	5,999
Grant Equalisation Reserve*	8,445	(4,231)	0	0	4,214	1,130
Development Equalisation Reserve	1,233	(1,233)	0	0	0	0
Departmental Reserves	5,197	(3,695)	0	(600)	902	902
Subtotal	27,589	(18,724)	4,687	1,488	15,040	8,031
Ring-Fenced Reserves						
Insurance Reserve***	4,937	0	0	(1,488)	3,448	3,448
Schools Capital Expenditure Reserve	1,208	(33)	0	0	1,176	1,176
Parish Council Burial Ground Reserve	51	0	0	0	51	51
Hackney Carriage Reserve	203	0	0	0	203	203
School Leases Reserve	243	(122)	0	0	121	79
Future Cities Reserve	240	(240)	0	0	0	0
Public Health Reserve	428	(198)	0	0	230	230
Subtotal	7,310	(593)	0	(1,488)	5,229	5,187
Total Available, Ring-Fenced reserves & General Fund Balance	40,899	(19,317)	4,687	0	26,269	19,218

* £4.2m drawn down per approved 2018/19 MTFS

** Capacity Building Reserve

- May be used to finance transformational costs associated with delivery of savings plans outlined in the 2019/20 – 2021/22 MTFS
- £4.4m of Capital receipts will be transferred to Capacity reserve during 2018/19.
- The forecast overspend in 2018/19 of £3.9m will be required to be funded from the Capacity reserve.

*** it should be noted that there has been a transfer of reserves from the Insurance reserve totalling £1.488m, following the actuarial review of the balances. This also includes an estimate for additional risk the council may be exposed to as a result of the Local Authority Trading Company (LATCo).

Appendix C – Budget Risk Register

The following table highlights the risks which have been identified within the 2018/19 Budget

Dept	Risk	Description	Rag rating	£000	Preventative M
Resources	ADP resource plan	There are Business Transformation costs within the core PSSP contract that were assumed to be rechargeable as part the ADP resource plan. Some dispute over funding means this needs to be assessed and there is a risk of no funding built in to meet the current costs.	Red		Budget Manager position on what v to do, and then to and ultimately wh
G&R	Corporate Property	Income for letting space at the Town Hall and Fletton Quays is not yet secured	Red		tbc
G&R	Parking Income	Further reduction in income – reduced footfall	Amber	0	tbc
Gov	Cost of Coroner Service	2018/19 contract costs - lack of clarity on costs charged by Cambridgeshire County Council	Amber	0	tbc
P&C	Independent Sector Providers (ISP)	Additional pressures on Nursing Residential, Delayed Transfer of Care (DTCO), Sleep In payments following Mencap court case and Transforming Care service users could increase the ISP overspend	Red	0	tbc
P&C	Homelessness	Demand led area. Should demand increase or mix between accommodation types changes, forecasts could alter	Amber	0	tbc
P&C	TACT placements	Demand led area. If placement mix changes or demand increases, only needs one or two cases to impact significantly	Amber	0	tbc
P&C	Traveller sites	Clearing of traveller sites	Red		tbc
P&C	Clare Lodge	Risk around loss of Income, & the cost of Agency Staff if recruitment and retention strategies are not successful	Amber		

Appendix D - Asset Investment and Treasury Budget Report as at November 2018

Introduction

The following report provides an update on the Council's Asset Investment Plan and the Treasury activity as at November 2018. It also provides an estimate of the borrowing requirement for 2018/19 to fund this plan.

Asset Investment Plan 2018/19

The revised Asset Investment Plan budget as at November 2018 is £103.0m, which includes £1.7m for Invest to Save (I2S) Schemes. The agreed investment as per the Medium Term Financial Plan (MTFS) was £158.7m. The movement between the MTFS position and the £181.3m as at April 2018 was a result of slippages mainly due to delays completing projects from 2017/18.

The actual investment expenditure as at November 2018 is £49.4m (71.9% of the revised budget to date). The latest forecast for expenditure is that it should not exceed £100.0m, therefore the Council is expecting to spend a further £52.1m before March 2019.

The Growth & Regeneration budget includes £1.5m "Pothole" grant which was announced in the Chancellor's pre-budget speech, and has since been received. The grant conditions state that this funding must be allocated to work that would otherwise not be undertaken and must be completed within the current financial year.

The Council has a Capital Review Group (CRG) which meets monthly specifically to reduce the current investment expenditure budget to £100m and the future 5 years and monitor the expenditure.

The following table shows the breakdown of the Council's Asset Investment over the directorates and how this investment is to be financed.

Directorate	MTFS Budget £000	1st April Budget £000	Current Budget FY £000	Revised Budget YTD £000	Actual YTD £000
Governance	49	49	-	-	-
Growth & Regeneration	55,239	63,363	52,411	34,941	25,471
People & Communities	58,883	64,692	38,685	25,790	19,140
Resources	16,195	1,119	10,223	6,815	4,121
Invest to Save	28,350	52,065	1,728	1,152	654
TOTAL	158,716	181,287	103,047	68,698	49,386
Grants & Contributions	40,486	46,335	40,935	27,290	33,842
Capital Receipts – repayment of loans	1,000	1,000	24,150	16,100	1,500
Borrowing	117,230	133,952	37,962	25,307	14,044
TOTAL	158,716	181,287	103,047	68,698	49,386

Borrowing and Funding the Asset Investment Plan

It is a statutory duty for the Council to determine and keep under review the level of borrowing it considers to be affordable. The Council's approved Prudential Indicators (affordable, prudent and sustainable limits) are outlined in the Treasury Management Strategy approved as part of the MTFS. The Council borrows only to fund the Asset

Investment Plan. The current plan assumes that 39.7% of the budgeted expenditure will be funded by borrowing.

The Council's total borrowing as at the end of November 2018 was £413.6m (see following table). The level of debt is measured against the Councils Authorised Limit for borrowing of £706.5m which must not be exceeded and the Operational Boundary (maximum working capital borrowing indicator) of £659.7m. These limits are set to enable borrowing in advance of need to take advantage of favourable loan rates in consideration of future years capital investment programme.

Borrowings	Less than 1yr £000	1-2yrs £000	2-5yrs £000	5-10yrs £000	10+yrs £000	Total £000	Ave. Interest Rate %
PWLB	0	-	11,628	15,715	312,244	339,587	3.6
Local Authority	34,000	17,500	5,000	0	0	56,500	1.7
Market Loans	0	0	0	0	17,500	17,500	4.5
LEP Loan	0	0	0	0	0	-	-
Total Borrowing	34,000	17,500	16,128	15,715	329,744	413,587	3.4
% of total Borrowing	8%	4%	4%	4%	80%		
Borrowing Limit (PI)	40%	40%	80%	80%	100%		

The majority of the debt is taken on a 10+yr basis. The Corporate Director: Resources believes it to be prudent to take advantage of a relatively low long term fixed rate of interest as it mitigates some of the risk of PWLB rate rises. Long term interest rates remain relatively low e.g. the standard PWLB rate for 50yr loans including the certainty rate was 2.745% at end of November 2018. The historically low PWLB rates are a result of the investor fears and confidence creating an ebb and flow situation between favouring more risky assets i.e. equities, or the safe haven of bonds and have been fluctuating recently due to uncertainty over Brexit negotiations.

The following table shows the activity in Loans held by the Council for the year to date, with £16m of loans being repaid and £10m of new borrowing taken to fund the capital programme:

Loans Portfolio £000		
April 2018 b/f		419,587
repayment of loans to date	(16,000)	
new loans in year	10,000	
net increase/(decrease) to date		(6,000)
Loans portfolio as at November 2018		413,587

Total interest payable on existing loans for the year (£413.6m) is expected to be £13.9m. The Council is due to repay a further £6m in December and expects to borrow a further £20m in the same period.

The CRG is now reviewing the Council's £17.1m of S106 and Planning Obligation Implementation Scheme (POIS) funding at the monthly meetings. To date £8.7m has been earmarked for specific projects but more work needs to be done by the services to allocate the

remaining funding to reduce the borrowing costs to the Council. CRG will invite the S106 Officer to the meeting to discuss current investment projects which may be able to use this funding to reduce this funding balance further.

Investments

The Council aims to achieve the optimum interest on investments commensurate with the proper levels of security and liquidity. In the current economic climate the Council considers it appropriate to keep investments short term to cover cashflow fluctuations. This financial year investment returns have been from Barclays (the Council's banking provider), CCLA Money Market funds, the Debt Management Office and Local Authorities.

As at November 2018 the Council's external investments totalled £4.9m and have yielded interest to date of £0.075m, which reflects both relatively the low cash balances held to minimise the cost of borrowing and low interest rates being available in the economic climate

Capital Receipts

Capital Receipts are used as part of a contribution to fund the Minimum Revenue Provision as approved in the MTFs. Close monitoring of the receipts from asset sales is maintained as any significant change will now have a direct impact on the revenue position.

Capital Receipts are monitored on a monthly basis and each sale given a status of Red, Amber or Green to identify the likely receipt before March 2019. The MTFs includes a contribution of £2.9m Capital Receipts to fund the MRP, with the revised receipts figure including a further £6.7m rolled forward from uncompleted disposals in 2017/18.

Capital Receipts To Off Set Revenue MRP Charge RAG Status	MTFS Budget £000	Revised Budget £000	Received to Date £000	Not yet received £000
Green	-	7,981	2,599	5,382
Amber	2,922	4,440	-	4,440
Red	-	-	-	-
Total (not inc Investment Assets)	2,922	12,421	2,559	9,822
Investment Assets	-	-	-	-
Total Capital Receipts	2,922	12,421	2,599	9,822