

<b>CABINET</b>	<b>AGENDA ITEM No. 9</b>
<b>25 February 2019</b>	<b>PUBLIC REPORT</b>

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 DECEMBER 2018**

RECOMMENDATIONS	
<b>FROM:</b> Acting Corporate Director of 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 December 2018 includes a £2.532m 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> <p>It is recommended that Cabinet approves:</p> <ol style="list-style-type: none"> <li>1. This revised capital budget, which includes the following changes: <ol style="list-style-type: none"> <li>a. the Stamp Duty payable (£600k) on Sand Martin House as this has been assessed as a finance lease</li> <li>b. purchasing Refuse Collection Vehicles (RCV) (£700k) and</li> <li>c. a loan facility for Local Authority Trading Company (LATCo) to provide working capital and to cover start-up costs (£1,450k).</li> </ol> </li> </ol>	

### **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 December 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 Plan	<b>NO</b>	If yes, date for Cabinet meeting	<b>N/A</b>
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### 4. DECEMBER 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.

<b>Revised Budget 2018/19</b>	<b>£000</b>
<b>Approved Budget 2018/19</b>	<b>147,456</b>
Use of Reserves per MTFS	4,231
Revised Budget 2018/19	151,687
Drawdown of reserves during 2018/19	1,425
<b>Revised Budget at December 2018</b>	<b>153,112</b>

- 4.2. The 2018/19 year-end outturn position, is currently forecast to be £2.532m over spent. This is based on reported departmental information as at the end of December.
- 4.3. This has reduced by £1.389m (35.4%) in comparison to a £3.921m overspend position forecast at the end of November 2018, which was reported to Cabinet on 4 February 2019. The main reasons for the improvement are outlined in the following table:

<b>Key Movements between the Forecasts</b>	<b>£000</b>
<b>Previous month forecast</b>	<b>3,921</b>
Planning Application fee income	132
Housing	186
Contribution to insurance reserve no longer required in this financial year following Actuary review	(375)
Capital financing	(273)
Underspend against the lump sum pension contribution budget	(119)
Bereavement income forecast above budget	(155)
Returned levy	(634)
Growth & Regeneration additional savings	(83)
Other	(68)
<b>Current Month forecast</b>	<b>2,532</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 £0.5m
- 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. A financial benefit of £0.634m from the surplus on the national Business Rates Levy account, that is distributed to local authorities based on need, was announced in the provisional local government finance settlement on 13 December 2018. This has been included in the December position.

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	1,581	55	1,636	1,545	0	(91)	-6%	(81)	(10)
Governance	4,641	57	4,698	4,957	0	259	6%	266	(7)
Growth & Regeneration	23,845	491	24,336	25,320	0	984	4%	898	86
People & Communities	84,465	617	85,082	89,395	0	4,313	5%	4,174	139
Public Health	(126)	198	72	72	0	0	0%	0	0
Resources	37,281	7	37,288	35,338	0	(1,950)	-5%	(987)	(963)
<b>Total Expenditure</b>	<b>151,687</b>	<b>1,425</b>	<b>153,112</b>	<b>156,627</b>	<b>0</b>	<b>3,515</b>	<b>2%</b>	<b>4,270</b>	<b>(755)</b>
Financing	(151,687)	(1,425)	(153,112)	(154,095)	0	(983)	1%	(349)	(634)
Contribution to Capacity reserve	0		0	0		0	0%	0	0
<b>Net</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>2,532</b>	<b>0</b>	<b>2,532</b>	<b>3%</b>	<b>3,921</b>	<b>(1,389)</b>

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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