

Appendix A – 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	Movement
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Chief Executive	241	0	241	212		(29)	-12%	(29)	0
HR	1,340	55	1,395	1,333		(62)	-4%	(52)	(10)
Total Chief Executives	1,581	55	1,636	1,545	0	(91)	-6%	(81)	(10)

The Chief Executive's department is reporting a small staffing and supplies and services related underspend of £0.091m

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	Movement
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Director of Governance	294	0	294	163	0	(131)	-45%	(99)	(32)
Legal Services	1,617	0	1,617	1,871	0	254	16%	213	41
Constitutional Services	2,058	0	2,058	2,039	0	(19)	-1%	0	(19)
Performance & Information	192	57	249	248	0	(1)	0%	(4)	3
Coroners Service	480	0	480	636	0	156	33%	156	0
Total Governance	4,641	57	4,698	4,957	0	259	6%	266	(7)

Currently the Governance department is forecasting £0.259m overspend.

Director of Governance

There is a saving of £0.068m on the Director of Governance post, and other small savings of £0.063m.

Legal Services

There is a forecast overspend of £0.254m 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. 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 included in Tranche 3 of the budget process.

Growth & Regeneration

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
Development and Construction	175	0	175	370		195	111%	64	131
Director, OP & JV	(77)	0	(77)	(57)		20	-26%	20	0
Peterborough Highway Services	9,151	0	9,151	8,961		(190)	-2%	(107)	(83)
Sustainable Growth Strategy	1,468	194	1,662	1,522		(140)	-8%	(140)	0
Waste, Cleansing and Open Spaces	12,266	54	12,320	12,246		(74)	-1%	(74)	0
Westcombe Engineering	91	0	91	91		0	0%	0	0
Corporate Property	1,226	186	1,412	1,821		409	29%	408	1
Resilience & Health & Safety	249	0	249	208		(41)	-16%	(41)	0
City Centre Management	318	37	355	614		259	73%	283	(24)
Marketing & Communications	252	0	252	424		172	68%	154	18
Parking Services	(2,096)	0	(2,096)	(1,596)		500	-24%	473	27
Regulatory Services	669	20	689	503		(186)	-27%	(186)	0
Service Director Environment & Economy	153	0	153	213		60	39%	44	16
Total Growth and Regeneration	23,845	491	24,336	25,320	0	984	4%	898	86

Currently the Growth and Regeneration department is forecasting £0.984m overspend.

Development and Construction

There is a forecast variance of £0.195m in this area, mainly due to £0.132m of temporary staffing costs in Development Control and Planning Enforcement and a £0.085m redundancy payment.

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 £0.013m. However additional income of £0.155m from "selling" highways work to developers has been generated which offsets this pressure.

Various small savings have been identified including Concessionary fares £0.054m and Transport Planning matching Combined Authority funding £0.076m. These are offset by Queensgate Bus Station rates £0.011m, staff recharges £0.021m, Network Management utility debtor invoices not paid £0.019m, along with other small savings of £0.011m.

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

Sustainable Growth Strategy

Savings on employee costs mainly due to vacant posts of £0.088m, additional income £0.125m, miscellaneous small pressures £0.073m.

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. This has been addressed and an investment bid has been included in Tranche 3 of the budget process.

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, which reflects the reducing risk profile of the technology being used at the plant as it becomes more proven over time.

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 £0.043m 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 £0.069m.

Marketing & Communications

Overspend on employee costs of £0.097m, £0.030m design and print and £0.045m other aggregated overspends.

Parking Services

At present the forecast income is £0.277m 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 £0.134m, and the additional multi-storey car park capacity at Fletton Quays £0.143m 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 £0.223m.

Regulatory Services

Employee cost savings £0.117m that are unlikely to be repeated in future years due to vacant posts having now been recruited to. Other savings £0.069m.

People & Communities

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
Adults	44,403	24	44,427	43,969		(458)	-1%	(532)	74
Commissioning & Commercial Operations	14,098	250	14,348	18,924		4,576	32%	4,574	2
Children's & Safeguarding	10,705	0	10,705	10,690		(15)	0%	2	(17)
Director	837	0	837	827		(10)	-1%	(10)	0
Education	5,494	87	5,581	5,714		133	2%	159	(26)
Communities	8,665	256	8,921	9,008		87	1%	(19)	106
Dedicated Schools Grant	263	0	263	263		0	0%	0	0
Total People and Communities	84,465	617	85,082	89,395	0	4,313	5%	4,174	139

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	Movemen t
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	7,656		7,656	7,726		70	1%	(194)	264
Block Contracts	6,351	24	6,375	6,279		(96)	-2%	(97)	1
Financing	(3,073)		(3,073)	(4,185)		(1,112)	36%	(930)	(182)
Home Service Delivery Model	1,488		1,488	1,418		(70)	-5%	(61)	(9)
Total Adults	44,403	24	44,427	43,969	0	(458)	-1%	(532)	74
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	2,785		39	1%	37	2
Total Commissioning & Commercial Operations	14,098	250	14,348	18,924	0	4,576	32%	4,574	2
Children's & Safeguarding:									
Children's Social Care	6,676		6,676	6,679		3	0%	3	0
Children's - Other	4,029		4,029	4,011		(18)	0%	(1)	(17)
Total Children's & Safeguarding	10,705	0	10,705	10,690	0	(15)	0%	2	(17)
Director:									
Director	2,114		2,114	2,104		(10)	0%	(10)	0
Department Savings target	(1,277)		(1,277)	(1,277)		0	0%	0	0
Total Director	837	0	837	827	0	(10)	-1%	(10)	0
Education:									
Home To School & Childrens Social Care Transport	4,001		4,001	4,249		248	6%	260	(12)
School Improvement Traded Service	(937)		(937)	(937)		0	0%	0	0
Education - Other	2,430	87	2,517	2,402		(115)	-5%	(101)	(14)
Total Education	5,494	87	5,581	5,714	0	133	2%	159	(26)
Communities:									
Housing	2,392	50	2,442	2,741		299	12%	112	186
Cultural Services	2,447	22	2,469	2,584		115	5%	122	(7)
Targeted Youth Support Service (TYSS)	1,622		1,622	1,418		(204)	-13%	(183)	(21)
Prevention Enforcement Service (PES)	559	11	570	475		(95)	-17%	(63)	(32)
Communities - Other	1,645	173	1,818	1,790		(28)	-2%	(7)	(21)
Total Communities	8,665	256	8,921	9,008	0	87	1%	(19)	106
Dedicated Schools Grant	263		263	263		0	0%	0	0

Total People and Communities	84,465	617	85,082	89,396	0	4,314	5%	4,178	136

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 £0.70m forecast underspend on all operational teams. Within this there are savings on staffing £0.214m, with an overspend on Occupational Therapy equipment £0.049m and miscellaneous other £0.095m.

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.

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. This is being managed as not to have a detrimental impact on future years saving initiatives.

Adults- Home Services Delivery Model

There is a £0.027m underspend on vacant posts and £0.030m 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 £0.005m.

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 £0.012m due to staff regrading, and other small underspends £0.022m.

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

Home to School Transport is forecast to overspend by £0.200m. 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 £0.030m. 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 £0.030m. 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 £0.090m is reported in regard to School Attendance Fines along with other small underspends of £0.011m.

Communities- Housing

Housing is forecast to overspend by a total of £0.298m. Temporary Accommodation costs are forecast to overspend by £0.414m. This is offset by a projected underspend on staffing of £0.177m. Other budget headings are forecast to overspend by £0.060m.

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 £0.092m. St. Georges Hydrotherapy pool is forecast to underspend by £0.042m.

Communities- Targeted Youth Support Service (TYSS)

The TYSS is forecast to underspend by £0.204m, this relates to holding staff vacancies pending new service implementation. This comprises a forecast underspend of £0.254m on employee costs, offset by other pressures of £0.050m.

Communities- Prevention Enforcement Service (PES)

The PES is forecast to underspend by £0.094m. This comprises a £0.189m forecast underspend on staffing and an underspend of £0.134m against non-staffing budgets. As a result of staff vacancies, the income from Penalty Charge Notices and Fixed Penalty Notices is below the forecast profile by

£0.229m. Recruitment to vacant posts is continuing and other mitigations have been put in place to reverse this trend.

Communities – Other

There is a forecast underspend of £0.028m. This comprises a £0.142m favourable variance against non-staffing budgets offset by a £0.114m overspend on staffing.

Public Health

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
Children 0-5 Health Visitors	3,718	198	3,916	3,913		(3)	0%	(3)	0
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%	(12)	0
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	3,282	0	3,282	2,870		(412)	-13%	10	(422)
Programme Management Office	139	0	139	124		(15)	-11%	(15)	0
Capital Financing	18,321	0	18,321	15,319		(3,002)	-16%	(2,729)	(273)
Corporate Items	4,930	0	4,930	4,741		(189)	-4%	(71)	(118)
Peterborough Serco Strategic Partnership	5,806	7	5,813	7,956		2,143	37%	2,143	0
ICT	5,302	0	5,302	5,784		482	9%	456	26
Energy	780	0	780	(81)		(861)	-110%	(866)	5
Cemeteries, Cremation & Registrars	(1,391)	0	(1,391)	(1,575)		(184)	13%	(3)	(181)
Total Resources	37,281	7	37,288	35,338	0	(1,950)	-5%	(987)	(963)

Financial Services

There is a £0.375 contribution to insurance reserve that is no longer required in this financial year following the Actuary review, along with other underspends of £0.037m.

Capital Financing and Capital Receipts

The forecast underspend for Capital Financing is £3.002m 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 approximately £100m, of which £39m is based on new borrowing as the timing of the Empower loan repayment is still to be determined. This forecast outturn also factors in a greater dividend from ESPO being received compared to the budgeted amount as contained in the MTFs, £100k additional benefit.

Corporate Items

A lump sum underspend against the pension contribution budget of £0.119m, and other underspends £0.070m.

Peterborough Serco Strategic Partnership (PSSP)

The overspend forecast in this service is from a combination of three key areas. There is a £1.234m 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. Offsetting this is £0.100m of contract income brought forward, and £0.091m of favourable variances on the costs of changes in the contract. 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. 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 Serco Business support saving of £0.100m.

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 £0.056m.

Energy

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

Cemeteries, Cremation & Registrars

Bereavement income is forecast to be £0.155m greater than the budget that was modelled at the beginning of the year, other underspends are £0.029m

Financing

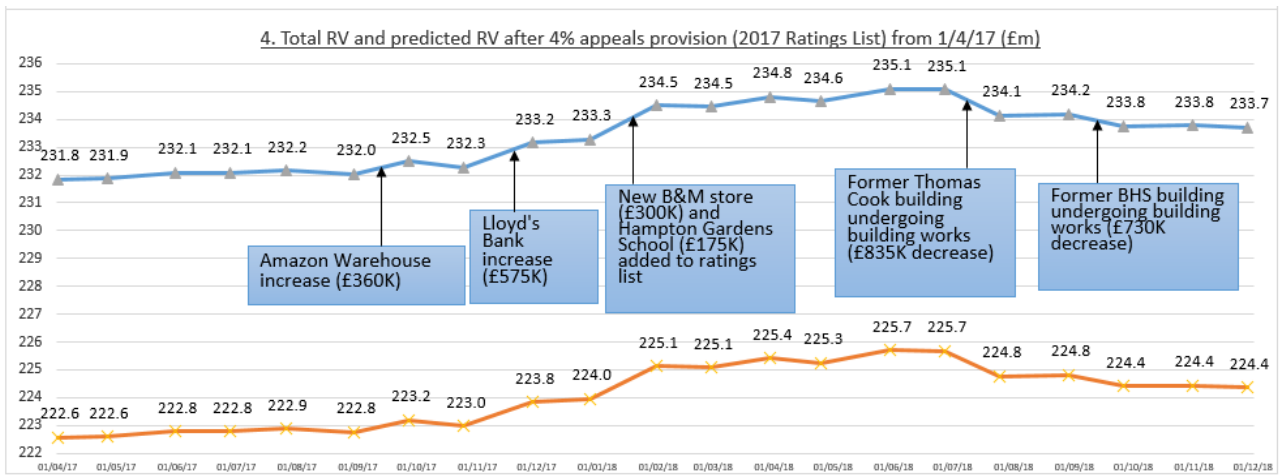
The following table show how the Council's expenditure is funded via council tax, business rates, non-specific grants and use of reserves.

Budget Group	Budget 2018/19 £000	Cont. from reserves £000	Revised Budget 2018/19 £000	Forecast Spend 2018/19 £000	Cont. to reserves £000	Forecast Variance 2018/19 £000	Forecast Variance 2018/19 %	Previous Month Variance £000	Movement £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)	(46,448)		(983)	2.16%	(349)	(634)
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 Reserves	0	(1,425)	(1,425)	(1,425)		0	0.00%	0	0
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)	(1,425)	(153,112)	(154,095)	0	(983)	0.64%	(349)	(634)

NNDR Income

Due to improved Business rates income and a financial benefit of £0.634m from the surplus on the national Business Rates Levy account announced in the provisional local government finance settlement on 13 December 2018.

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



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