

## APPENDIX A – 2018/19 REVENUE OUTTURN REPORT

## Final Departmental position

Budget Group	Budget 2018/19	Cont. from reserves	Revised Budget 2018/19	Final Actuals 2018/19	Cont. to reserves	Final (Under)/Over Spend 2018/19	Variance 2018/19	January 2019 Variance	Movement from January 2019 to Final Outturn
	£000	£000	£000	£000	£000	£000	%	£000	£000
Chief Executive	240	0	240	193	0	(47)	(20%)	(29)	(18)
Human Resources	1,340	55	1,395	1,187	0	(208)	(15%)	(156)	(52)
<b>Total Chief Executives</b>	<b>1,580</b>	<b>55</b>	<b>1,635</b>	<b>1,380</b>	<b>0</b>	<b>(255)</b>	<b>(16%)</b>	<b>(185)</b>	<b>(70)</b>
Director of Governance	265	0	265	154	0	(111)	(42%)	(128)	17
Legal Services	1,580	54	1,634	1,938	0	304	19%	246	58
Constitutional Services	2,067	0	2,067	2,056	0	(11)	(1%)	(5)	(6)
Performance & Information	193	19	212	197	0	(15)	(7%)	(1)	(14)
Coroners Service	480	0	480	656	0	176	37%	156	20
<b>Total Governance</b>	<b>4,585</b>	<b>73</b>	<b>4,658</b>	<b>5,001</b>	<b>0</b>	<b>343</b>	<b>7%</b>	<b>268</b>	<b>75</b>
Development and Construction	175	0	175	189	0	14	8%	204	(190)
Director, OP & JV	(2)	95	93	(215)	0	(308)	(331%)	20	(328)
Peterborough Highway Services	9,075	0	9,075	8,741	0	(334)	(4%)	(169)	(165)
Sustainable Growth Strategy	1,468	414	1,882	1,590	33	(259)	(14%)	(142)	(117)
Waste, Cleansing and Open Spaces	11,632	462	12,094	11,991	350	247	2%	384	(137)
Westcombe Engineering	100	0	100	185	0	85	85%	76	9
Corporate Property	1,637	1,599	3,236	3,418	125	307	9%	409	(102)
Resilience & Health & Safety	249	0	249	231	0	(18)	(7%)	(22)	4
City Centre Management	324	37	361	644	0	283	79%	255	28
Marketing & Communications	251	0	251	499	0	248	98%	223	25
Parking Services	(2,118)	0	(2,118)	(1,482)	0	636	(30%)	621	15
Regulatory Services	668	20	688	386	23	(279)	(41%)	(221)	(58)
Service Director Environment & Economy	153	0	153	214	0	61	40%	53	8
<b>Total Growth &amp; Regeneration</b>	<b>23,612</b>	<b>2,627</b>	<b>26,239</b>	<b>26,391</b>	<b>531</b>	<b>683</b>	<b>3%</b>	<b>1,691</b>	<b>(1,008)</b>
Adults	37,865	123	37,988	37,534	85	(369)	(1%)	(651)	282

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	£000	£000	£000	£000	£000	£000	%	£000	£000
Commissioning & Commercial Operations	14,155	250	14,405	19,187	0	4,782	33%	4,626	156
Children's & Safeguarding	10,656	20	10,676	10,869	0	193	2%	3	190
Director	1,471	0	1,471	1,456	0	(15)	(1%)	9	(24)
Education	2,949	251	3,200	3,037	47	(116)	(4%)	256	(372)
Communities	9,037	426	9,463	6,785	2,880	202	2%	296	(94)
DSG	(390)	966	576	58	518	0	0%	0	0
<b>Total People &amp; Communities</b>	<b>75,743</b>	<b>2,036</b>	<b>77,779</b>	<b>78,926</b>	<b>3,530</b>	<b>4,677</b>	<b>6%</b>	<b>4,539</b>	<b>138</b>
Children 0-5 Health Visitors	3,718	64	3,782	3,906	0	124	3%	(3)	127
Children 5-19 Health Programmes	879	0	879	879	0	0	0%	0	0
Sexual Health	1,831	0	1,831	1,870	0	39	2%	53	(14)
Substance Misuse	2,299	0	2,299	2,299	0	0	0%	0	0
Smoking and Tobacco	317	0	317	321	0	4	1%	(12)	16
Miscellaneous Public Health Services	1,661	0	1,661	1,513	0	(148)	(9%)	(38)	(110)
Public Health Grant	(10,905)	0	(10,905)	(10,908)	0	(3)	0%	0	(3)
Children 5-19 Healthy Schools Programme	65	0	65	53	0	(12)	(19%)	0	(12)
Healthy Peterborough	10	0	10	6	0	(4)	(36%)	0	(4)
<b>Total Public Health</b>	<b>(125)</b>	<b>64</b>	<b>(61)</b>	<b>(61)</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0</b>
Director's Office	112	0	112	236	0	124	111%	88	36
Financial Services	3,282	50	3,332	3,179	0	(153)	(5%)	(452)	299
Programme Management Office	139	127	266	246	0	(20)	(7%)	(21)	1
Capital Financing	21,521	0	21,521	13,306	4,437	(3,778)	(18%)	(3,002)	(776)
Corporate Items	4,823	456	5,279	5,019	3	(257)	(5%)	(170)	(87)
Peterborough Serco Strategic Partnership	5,952	32	5,984	8,250	0	2,266	38%	2,143	123
ICT	5,339	314	5,653	6,147	0	494	9%	349	145
Energy	780	0	780	(43)	0	(823)	(106%)	(745)	(78)
Cemeteries, Cremation & Registrars	(1,358)	0	(1,358)	(1,485)	0	(127)	9%	(76)	(51)
<b>Total Resources</b>	<b>40,590</b>	<b>979</b>	<b>41,569</b>	<b>34,855</b>	<b>4,440</b>	<b>(2,274)</b>	<b>(5%)</b>	<b>(1,886)</b>	<b>(388)</b>
<b>Total Expenditure</b>	<b>145,985</b>	<b>5,834</b>	<b>151,819</b>	<b>146,492</b>	<b>8,501</b>	<b>3,174</b>	<b>2%</b>	<b>4,427</b>	<b>(1,253)</b>
<b>Financed by:</b>									

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	£000	£000	£000	£000	£000	£000	%	£000	£000
Council Tax	(69,298)	0	(69,298)	(69,298)	0	0	0%	0	0
Council Tax - Adult Social Care precept	(5,328)	0	(5,328)	(5,328)	0	0	0%	0	0
NDR Income	(45,792)	0	(45,792)	(45,799)	0	(7)	0%	0	(7)
NDR Levy	216	0	216	272	0	56	26%	0	56
NDR S31 Grants	(3,128)	0	(3,128)	(4,223)	0	(1,095)	35%	(983)	(112)
NDR Tariff	2,370	0	2,370	2,370	0	0	0%	0	0
Revenue Support Grant	(15,056)	0	(15,056)	(15,056)	0	0	0%	0	0
Parish Precept	(586)	0	(586)	(586)	0	0	0%	0	0
New Homes Bonus	(5,152)	0	(5,152)	(5,152)	0	0	0%	0	0
Section 31 Grant	0	0	0	(9)	0	(9)	0%	0	(9)
Contribution (from)/to Grant Equalisation Reserve	(4,231)	0	(4,231)	(4,231)	0	0	0%	0	0
Contribution (from)/to Reserves	0	(5,834)	(5,834)	(5,834)	0	0	0%	0	0
<b>Total Financing</b>	<b>(145,985)</b>	<b>(5,834)</b>	<b>(151,819)</b>	<b>(152,874)</b>	<b>0</b>	<b>(1,055)</b>	<b>1%</b>	<b>(983)</b>	<b>(72)</b>
<b>Net</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,382)</b>	<b>8,501</b>	<b>2,119</b>	<b>3%</b>	<b>3,444</b>	<b>(1,325)</b>

**Explanation of Variances from the January 2019 Position:**

<b>Dep</b>	<b>Variance Change</b>	<b>£000</b>
	<b>January 2019 position</b>	<b>3,444</b>
Chief Executive	Improvement in the Chief Executives directorate from further underspends on staffing and supplies and services.	(70)
Governance	Increased legal services costs due to higher than forecast caseloads within the Child Protection Team and use of locums, and other minor changes across the governance department, partially being offset by additional land charges income.	75
Growth & Regeneration	Development and Construction - reduction in employee and supplies and services costs, together with the application of the new accounting standard IFRS 15, which outlines the application of accounting for revenue form contracts with customers.	(190)
Growth & Regeneration	Director, OP & JV – as part of the roadmap efficiency target the Council has received rebate on in relation to the LED capital project and the level of Skanska turnover.	(328)
Growth & Regeneration	Peterborough Highways Services - additional income generated and transport savings	(166)
Growth & Regeneration	Sustainable Growth Strategy - reduction in staffing costs	(116)
Growth & Regeneration	Waste, Cleansing and Open Spaces - final pension rebate figures higher than anticipated, due to the Amey contract extension and additional income generated from the sale of electricity generated from the Energy from Waste facility.	(136)
Growth & Regeneration	Corporate Property - lower than expected rateable value for Sand Martin house, confirmed by the valuation office. Leading to lower than budgeted business rates.	(102)
Growth & Regeneration	Minor changes in position across the Growth and Regeneration	30
Funding	Additional Business Rates Income	(63)
People & Communities	Commissioning and Commercial - Clare Lodge – decreased occupancy and therefore income	163
People & Communities	Adults – Clinical Commissioning Group (CCG) invoice write-offs due to the incorrect raising of invoices	503
People & Communities	Adults Independent Sector Placements - prior year invoice costs and increase in care packages	305
People & Communities	Adults - projects have been delayed to mitigate overspends in other People and Communities budgets.	(651)
People & Communities	Communities - Housing - increase in temporary accommodation costs and less Housing Benefit subsidy income than anticipated	483
People & Communities	Communities - Housing - additional grant income announced March 2019	(340)
People & Communities	Communities - Targeted Youth Support Service (TYSS) underspends	(102)
People & Communities	Communities - Prevention Enforcement Service (PES) underspends	(116)
People & Communities	Education - Commissioned Service saving and staffing underspends	(117)
Resources	Insurance - contribution required to Insurance provision	375
Resources	Capital Financing- additional underspend	(776)
Resources	Peterborough Serco Strategic Partnership - Revenues and Benefits - overpayment income lower than expected and reduction in subsidy.	493
Resources	Peterborough Serco Strategic Partnership - Business Transformation / Strategic Improvement team variable costs	(244)
Resources	Corporate Items - Bad Debt provision requirement for 18/19 greater than budget	231
Resources	Corporate Items - VAT Shelter income greater than budget	(130)

Dep	Variance Change	£000
Resources	Corporate Items – the current year budget for pension strain costs was not required, as pension strain costs incurred by the Council as a result of redundancies in 2018/19, were funded from the Capacity Building Reserve, from the commitment for downsizing.	(213)
Resources	Minor changes in position across the Resources department	(123)
	<b>Outturn position</b>	<b>2,119</b>

*Full explanation of the overall variances are highlighted in Section 1-8.*

### Explanation of Key Departmental Outturn Variances:

#### 1. Chief Executives - £0.255m underspent

Within Human Resources, there are staffing savings of £0.083m and supplies and services savings of £0.125m.

#### 2. Governance - £0.343m overspent

##### Director of Governance - £0.111m underspent

There is a saving of £0.066m on the Director of Governance post, as a result of sharing the role with Cambridgeshire County Council, and other small savings of £0.045m.

##### Legal Services - £0.304m overspent

There is an overspend of £0.451m 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. This was partially offset by additional Land Charges income of £0.147m.

##### Coroner Service - £0.176m overspent

The final 2017/18 costs were greater than estimated and not fully recognised in that financial year. The overspend in 2018/19 was due to a backlog of referrals, budget pressures from additional staff hired, and a number of complex cases.

This budget pressure is likely to continue into future years and the Council has recognised this by allocating additional budget to this area within Tranche Three of the budget process.

#### 3. Growth and Regeneration - £0.683m overspent

##### Development and Construction - £0.014m overspent

There is a net outturn position of £0.014m in this area. There is an overspend of £0.199m on temporary staffing costs in Development Control and Planning Enforcement, which includes a £0.085m redundancy payment. This has been offset by reduced expenditure on supplies and services and legal costs and additional income generation.

##### Director, Opportunity Peterborough & Joint Venture - £0.308m underspent

The underspend is made up of the following, as part of the efficiency roadmap target, where the service, in conjunction with Skanska aims to deliver the same service at a lower cost:

- An efficiency rebate received in respect of the expenditure on the LED street lighting capital project
- A rebate in relation to the overall Skanska turnover as per the agreement within the contract.

### **Peterborough Highway Services - £0.334m underspent**

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 has led to an overspend of £0.096m.

Additional income of £0.253m from “selling” highways work to developers has been generated. Due to this high workload agency staff have been covering vacant posts and employee costs are overspent by £0.013m.

There is a favourable variance of £0.115m within the Bus Services area, this is from applying Bus Services Operator Grant (BSOG) funding to enhance and develop further existing services and reduced Voluntary Partnership Arrangement (Stagecoach).

### **Sustainable Growth Strategy - £0.259m underspent**

There is a favourable variance on this budget due to the following:

- A saving of £0.090m on employee costs due to vacant posts and reduced hours;
- A saving of £0.047m on consultancy costs as a planning Inspector costs less than anticipated;
- Additional income generation due to staffing recharges and grant received creating a £0.161m surplus;
- Minor variances of £0.039m.

### **Waste, Cleansing and Open Spaces - £0.247m overspent**

Income from electricity sales at the Energy from Waste (EFW) facility is achieving higher levels than budgeted, leading to a favourable variance of £0.674m. 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 were confirmed and this was higher than expected by £0.177m.

The new Household Recycling Centre opened on 18 February 2019, which is delayed from the original forecast opening. As the new plant costs more to operate this has generated a one off saving of £0.136m in 2018/19. However there are costs of £0.061m relating to the existing site contract extension costs.

The financial negotiations with Amey have now concluded regarding the costs of extending the contract, with services transferred over to Aragon Direct Services on 4 April 2019, and the last of the phased transfer due to complete on 4 May 2019. The additional costs incurred to the 31 March totalled £1.393m, resulting in an overspend on the budget. The Council 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 £0.613m favourable position offsetting a proportion of the additional costs.

There has been an Insurance Rebate from the EFW Plant of £0.271m. The Council has received this rebate as the insurance costs are reducing to reflect the advancement of the technology, which is reducing the risk profile.

**Corporate Property - £0.307m overspent**

There are a number of variances within the Corporate Property budget relating to Sand Martin House, these include:

- Income has been 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 due to repairs to damage on the ground floor. This reduced the available space in the building during 2018/19, however a lease has now been agreed with the Construction Information Training Board (CITB), which will see them occupy part of the building from Summer 2019. These combined factors result in a £0.362m forecast overspend;
- Saving of £0.132m on Sand Martin House rent as the occupancy date was later than anticipated;
- Saving of £0.128m due to the Rateable Value for Business Rates, being confirmed by the Valuation Office, being lower than anticipated;

Revenue costs associated with the feasibility and abortive works for capital projects amounts to £0.099m. A budget for this will need to be established within the MTFS in future years.

There is a £0.106m overspend relating to the costs associated with procuring temporary accommodation. This action has been taken to reduce the long-term pressures on housing needs budget and to enable the Council to provide suitable accommodation to families who are at risk of or find themselves homelessness.

**City Centre Management - £0.283m overspent**

Income has been lower than budgeted for the City Market based on current stall occupancy £0.094m, for rent in the Pedestrian Area £0.040m and advertising space £0.011m.

There was a £0.057m adverse variance against the Great Eastern Run budget due to fewer runners and less sponsorship, however there is additional income from events held at the Embankment of £0.010m.

**Marketing & Communications - £0.248m overspent**

The budget in this area is overspent by £0.248m this is mainly a result of the following:

- Temporary staffing costs of £0.141m;
- Additional cost of £0.045m for the design and print function;
- Reduced sponsorship income of £0.036m.

**Parking Services - £0.636m overspent**

Income generated is £0.316m 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 £0.176m, and the additional multi-storey car park capacity at Fletton Quays £0.140m which is not yet fully utilised by the public, or widely promoted due to the ongoing works around the site.

There is also a £0.320m pressure relating to:

- £0.095m- National Non-Domestic Rates (Business Rates) due to the rateable value of car parks increasing on the revaluation list, issued by the Valuation Office (VOA)
- £0.212- security, cleaning, and Ringo (debit/credit card charges);
- £0.13m- other.

**Regulatory Services - £0.279m underspent**

Across the service there has been reduced employee costs, due to vacancies, saving £0.201m.

There are other minor variances relating to the staffing and income received for DEFRA services totalling £ 0.078m.

#### **4. People and Communities - £4.677m overspent**

##### **Adults -£0.369m underspent**

A pressure of £1.558m is reported in relation to Adults Placement costs. This relates to:

- A overspend of £0.750m on residential nursing packages.
- There was a pressure due to writing off £0.503m of Clinical Commissioning Group (CCG) invoices.
- These have been offset by delaying projects and additional savings - £1.859m

##### **Commissioning and Commercial - £4.782m overspent**

###### Permanency Service (TACT) and other - £4.537m overspent

It has been agreed to pay TACT an additional £0.637m in relation to financial year 2017/18. The cost of placements for 2018/19 exceeds budget by £3.9m. This is as a result of increased LAC numbers, the lack of availability of fostering placements (which has resulted in more expensive placements) and higher complexity of need. Responsibility for placements has transferred back to the Council from TACT. Staff have TUPE'd back to the Council and budget will be transferred from the Permanency contract to the PCC Placement budget in 2019/20.

###### Clare Lodge - £0.218m overspent

A reserve contribution of £0.250m was agreed which offsets some of the overspend arising from the delayed opening of the new High Dependency Unit. Despite this there is a £0.218m adverse position on this budget. This is the result of decreased occupancy and therefore a shortfall in income of £0.812m. The management team have made efforts to control expenditure to mitigate the financial impact of this shortfall and reduced expenditure of staffing, agency and recruitment by £0.594m along with some other smaller savings.

##### **Children's & Safeguarding £0.193m overspent**

###### Children's Social Care - £0.114m overspent

An overspend was incurred against the Children's Social Care budget as a result of overseas recruitment costs and mileage. A financial risk exists around financial assistance and the use of agency staff to cover substantive posts. Other variances £0.079m.

##### **Education £0.115m underspent**

###### Home to School and Children's Social Care Transport - £0.440m overspent

Home to School Transport is overspent by £0.364m. The Passenger Transport Team Manager has been tasked to produce a paper for CMT to explain this overspend and the effect on future year budgets. An adverse variance of £0.021m is reported with regard to Passenger Transport Team staffing. Children Social Care transport is also overspent by £0.096m. Further analysis has been requested to understand what is driving this increase e.g. more children transported, longer average journeys, etc. Other variances £0.040m.

School Improvement Traded Service - £0.146m underspent

A favourable variance of £0.146m is reported against the £1.1m income target, in respect of charges to schools for statutory educational duties carried out by the Council on their behalf. This was incorporated in to the MTFS 2017/18 to off set the impact of £2.2m of Education Services Grant (ESG) reduction. It is unlikely that this favourable variance will be repeated in future years, as more schools transfer to Academy status.

Other - £0.410m underspent

There are a number of variances within this service, outlined as follows:

- PFI Utility costs are underspent by £0.127m, this is as a result of the 2017/18 estimated accrual for utilities which is now not required.
- 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. As the pace of schools converting has reduced it has meant that meeting the target factored in to the MTFS, has been unachieved. 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 £0.106m is reported in relation to the Attendance Service which is largely in relation to Fixed Penalty Notice charges for School absence, along with a favourable variance of £0.257m in relation to staffing and other smaller underspends.

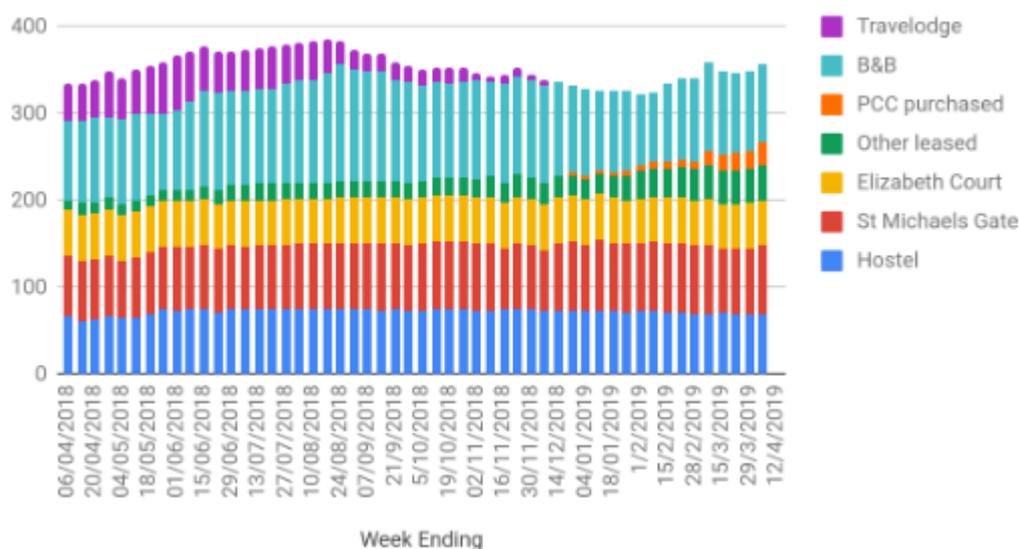
**Communities - £0.202m overspent**Housing - £0.626m overspent

Temporary accommodation costs have overspent by £1.112m, but have been offset by additional housing grant totalling £0.340m which was confirmed and allocated by Ministry of Housing, Communities & Local Government (MHCLG), in March 2019. This pressure is also being offset by a £0.174m underspend on the staffing budget.

The Council has faced significant demand from homelessness and the need for housing in Peterborough, and this peaked in August when there was 385 households in temporary accommodation. Over the course of the year the housing needs team have supported families to prevent them being in a position where they require housing in addition to reducing the number of families in temporary accommodation to 364.

Plans are in place to ensure there is a supply of housing to meet this need, to avoid putting families in B&B, Travelodge's or out of the area. At the beginning of the year (as demonstrated by the purple blocks in Graph 2) there were families in both of these circumstances but through the efforts of the housing needs team, no families are now in that accommodation type. Graph 2 outlines the trend of the number of households in temporary accommodation and the type of accommodation which has been used.

**Graph 2: Temporary Accommodation trend analysis 2018/19**



#### Cultural Services - £0.159m overspent

A savings target of £0.250m against the contract with Vivacity will not be achieved, although some of this is being offset by other savings in the department.

St. Georges Hydrotherapy pool is underspent by £0.040m due to lower than expected running costs.

#### Targeted Youth Support Service (TYSS) - £0.290m underspent

This underspend comprises employee savings of £0.323m due to vacancies being held pending new service implementation. There are other minor savings and pressures within the service which are reducing this staffing underspend.

#### Prevention Enforcement Service (PES) - £0.234m underspent

The PES underspend is broken down in to the following:

- Employee costs are underspent by £0.155m
- Kingdom costs are underspent £0.148m
- As a result of the staff vacancies the income from Penalty Charge Notices, Fixed Penalty Notice & CCTV is £0.187m below the budget profile. Recruitment to vacant posts is continuing, which should then improve this trend going forward.
- There are also underspends totalling £0.118m in the service from reduced CCTV transmission costs, camera maintenance and other.

Service level variances within People and Communities are further outlined in Appendix B.

### **5. Public Health- balanced position**

Although the position overall at year end is balanced, there are some minor service variances. The children 0-5 health visitors' service was planned to be supported by the Public Health reserve this year while there was a transition to allow the implementation of savings. However as the public health budget overall was underspent this contribution was no longer required. Therefore a pressure of £0.124m is reported within this area. There is an underspend of £0.104m reported in relation to health checks, and a £0.027m saving from sharing a commissioning team with Cambridgeshire County Council.

## 6. Resources- £2.274m underspent

### Directors Office - £0.124m overspent

A Shared services savings target has not been achieved.

### Financial Services - £0.153m underspent

This is due to savings generated against the insurance premium budget.

### Capital financing - £3.778m underspent

The final underspend for capital financing has been achieved through a combination of factors, which are:

- Borrowing for the 2018/19 capital programme has not been incurred to the timescales originally planned
- Total amount of new borrowing being taken has not been as great as indicated in the 2018/19 MTFS
- Where borrowing has occurred loans have been taken at lower rates than previously forecast due to the continued economic uncertainty being experienced both globally, and nationally from the impact of Brexit decisions
- The council has also benefited from additional income receipts; the ESPO dividend £100k greater than budgeted, early redemption of the Axiom loan fees which was not confirmed until early March of £380k, and additional interest receipts from the Empower loan extensions made throughout the year.
- As reported throughout the year the council has also been able to benefit from the additional loan repayments made through capital receipts as outlined in Tranche 1 of the 2019/20 MTFS.

For further, more detailed information see the Capital section of this report.

### Corporate Items - £0.257m underspent

- There has been an underspend of £0.332m on the budget relating to pensions, this is mainly in relation to the pension strain elements of redundancy costs being covered by the downsizing commitment within the Capacity Building Reserve, instead of this budget.
- Additional bad debt provision is required at the end of 2018/19, due to the level of debt (uncollected income) increasing. This has caused a budget pressure of £0.231m
- The VAT shelter agreement with Cross Keys Homes enables VAT to be reclaimed on capital works to housing that was transferred to Cross Keys Homes and the benefit split equally between the Council and the housing association. In 2018/19 this has overachieved the budget, generating an additional benefit of £0.130m.

### Peterborough Serco Strategic Partnership (PSSP) - £2.266m overspent

The overspend in this service is from a combination of three key areas. There is £0.990m 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 £0.145m of favourable variances on the costs of changes in the contract. The following savings that were included in the 2018/19 MTFS have not been 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 - £0.494m overspent**

Savings that were expected to be generated through the implementation of a technology platform across Social Care (PeopleToo) have not been 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 have not been fully achieved, causing a £0.792m pressure.

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

Savings off £0.100m were achieved against the corporate computer software budget and other overspends £0.056m have occurred.

### **Energy - £0.823m underspent**

The Council has received additional interest income of £0.894m from extending a loan arrangement with Empower Community Management LLP in respect of solar installations.

### **Cemeteries, Cremation & Registrars - £0.127m underspent**

Bereavement income was £0.119m greater than the budget, with other underspends of £0.08m

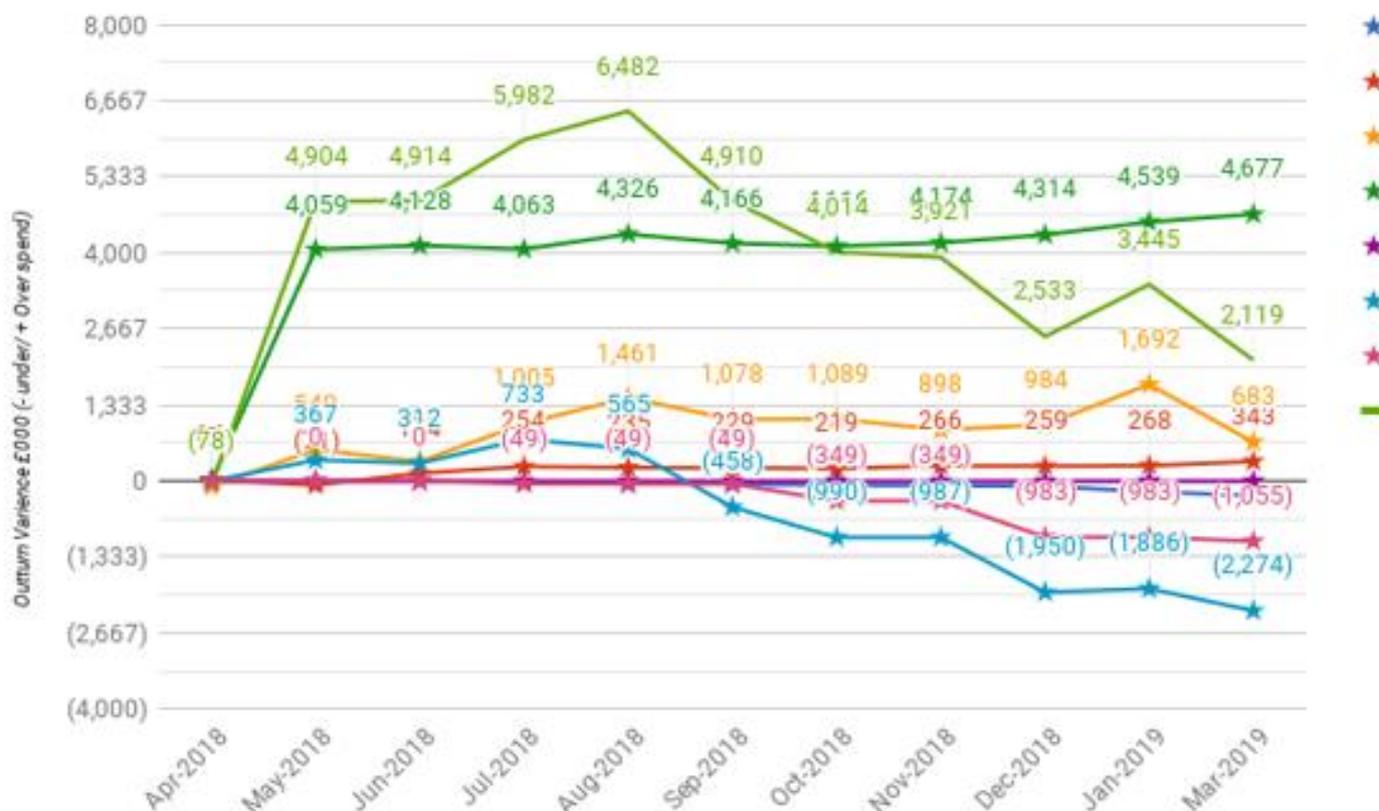
## **7. Financing- £1.055m underspent**

The additional income from business rates during 2018/19 amounting to just over £1m arises from a number of key areas, these are outlined in the following:

- The first results from a redistribution of overpaid levies from previous years amounting to £180m at a national level of which £0.634m was received by Peterborough, the redistribution was based on an assessment of need;
- The second key element is an additional £0.248m of section 31 grant covering the two years to 2018/19 in respect of the changes made by the government from 1st April 2017 to small business rate thresholds. It has arisen due to the diligence of a member of the finance department who identified an error in the initial calculation by MHCLG, the impact of this is to provide an additional £0.124m per annum for the council on an ongoing basis which is estimated to be in excess of £50m per annum nationally as this adjustment affects all authorities;

- Finally there has been a further increase in section 31 grants for small business rate relief and the business rate multiplier cap arising from increased volumes which amounts to some £0.160m net of additional levies.

8. The Departmental Position Reported Throughout 2018/19.



The graph demonstrates the fluctuation of the departmental forecast outturn position reported throughout the year, and how this has improved. The most noticeable changes are the surplus being generated within Resources, largely due to capital financing costs and income from the Empower loan, with the People and Communities directorate remaining fairly static at £4m, which was from a pressure on the children’s placement (TACT) budget. More detail on the individual departmental variances is outlined in sections 1-7 of Appendix A, and an overview of the overall Council position is outlined in section 5, of the main report