

Appendix A – Detailed Revenue Budgetary Control position and explanation of Key Variances and Risks

Chief Executives

	Budget 2019/20	Cont. from reserve	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserve	Forecast Variance 2019/20	Forecast Variance 2019/20	Previous Month Variance	Movement
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Chief Executive	240	0	240	240	0	0	0%	0	0
Human Resources	1,089	0	1,089	1,349	0	260	24%	260	0
Total Chief Executives	1,329	0	1,329	1,589	0	260	20%	260	0

The only variance currently being reported within Chief Executive Department is to HR, where working with partners to deliver back office services in more cost effective ways has not progressed at the rate originally forecast

Governance

	Budget 2019/20	Cont. from reserve	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserve	Forecast Variance 2019/20	Forecast Variance 2019/20	Previous Month Variance	Movement
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Director of Governance	325	0	325	323	0	(2)	-1%	12	(14)
Constitutional Services	2,105	0	2,105	2,118	0	13	1%	45	(32)
Legal Services	1,424	0	1,424	1,864	0	440	31%	306	134
Performance & Information	200	0	200	195	0	(5)	-3%	0	(5)
Total Governance	4,054	0	4,054	4,500	0	446	11%	363	83

The main adverse variance being reported within Governance relates to the £0.306m in Legal Services where working with partners to deliver back office services in more cost effective ways has not progressed due to Legal services being removed from the Shared Services Plan. It is proposed that in-year budget adjustments will be made to recognise the updated position for this initiative as per the budget realignment task outlined in Section 5 of the main report and Appendix B which follows.

There is an adverse variance of £0.151m where attempts to recruit to permanent posts within Legal Services have been unsuccessful and locums are being used to cover the vacancies.

There is also a risk of approx. £0.100m for future unbudgeted election costs.

Place & Economy

Budget Group	Budget 2019/20	Cont. from reserve	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserve	Forecast Variance 2019/20	Forecast Variance 2019/20	Previous Month Variance	Movement
	£000	£000	£000	£000	£000	£000	%	£000	£000
Director, Opportunity Peterborough & Joint Venture	117	0	117	98	0	(19)	-16%	3	(22)
Development and Construction	156	0	156	194	0	38	24%	0	38
Peterborough Highway Services	4,265	0	4,265	4,578	0	313	7%	266	47
Sustainable Growth Strategy	1,640	0	1,640	1,617	0	(23)	-1%	(3)	(20)
Waste, Cleansing and Open Spaces	13,406	0	13,406	13,406	0	0	0%	0	0
Westcombe Engineering	112	0	112	179	0	67	60%	0	67
Energy	480	0	480	309	0	(171)	-36%	0	(171)
City Centre Management	272	0	272	406	0	134	49%	84	50
Service Director Environment & Economy	147	0	147	187	0	40	27%	40	0
Total Place & Economy	20,595	0	20,595	20,974	0	379	1.8%	390	(11)

Peterborough Highway Services

Joint working with partners within the Highways service is not currently achievable, as there is no approved plan in place to deliver this. This is generating a pressure of £0.160m. There is also a pressure of £0.309m in relation to the energy pricing for street lighting where price increases have been significantly higher than estimates. These are partially offset by savings in Highways Development due to additional income and savings on professional services and contractors, where the Budget manager has assessed the workload and provided a forecast that they feel is realistic taking into consideration departmental performance in the last two years. This involves the use of temporary staff to catch up and also deal with the current workload from developers. Having good technically qualified temporary staff allows the Budget Manager to cut back on the use of Professional Services and Contractors to pay for the staff and helps generate more income. The income forecast is in accordance with the last two years and considered to be a reasonable target given the number of sites progressing.

Energy

The Council has received additional interest income of £0.260m from extending a loan arrangement with Empower Community Management LLP in respect of solar installations, however this has been partially offset due to additional costs and reduced income on solar photovoltaic (pv)

City Centre Management

There is a £0.100m pressure relating to the stall rental income target for the Market stall rent income, along with other minor pressures.

People & Communities

Budget Group	Budget 2019/20	Cont. from reserve	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserve	Forecast Variance 2019/20	Forecast Variance 2019/20	Previous Month Variance	Movement
	£000	£000	£000	£000	£000	£000	%	£000	£000
Adults	45,648	0	45,648	45,452	0	(196)	0%	(80)	(116)
Commissioning and Commercial Operations	17,530	0	17,530	17,530	0	0	0%	3	(3)
Children's & Safeguarding	10,570	0	10,570	10,570	0	0	0%	(1)	1
Director	1,319	0	1,319	1,261	0	(58)	-4%	0	(58)
Education	5,625	0	5,625	6,094	0	469	8%	440	29
Communities	5,932	0	5,932	7,434	0	1,502	25%	1,399	103
DSG	262	0	262	262	0	0	0%	0	0
Total People & Communities	86,886	0	86,886	88,603	0	1,717	2%	1,761	(44)

Further Breakdown in to the key service areas:

	Budget 2019/20	Cont. from reserves	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserves	Variance 2019/20	Variance 2019/20	Previous Month Variance	Movement
	£000	£000	£000	£000	£000	£000	%	£000	£000
Adults:									
ISP	34,266		34,266	34,266		0	0%	0	0
ASC Teams	8,171		8,171	8,012		(159)	-2%	(85)	(74)
Block Contracts	6,352		6,352	6,354		2	0%	8	(6)
Financing	(4,589)		(4,589)	(4,589)		0	0%	0	0
Home Service Delivery Model	1,448		1,448	1,409		(39)	-3%	(3)	(36)
Total Adults	45,648	0	45,648	45,452	0	(196)	0%	(80)	(116)
Commissioning & Commercial Operations:									
Permanency Service	15,723		15,723	15,723		0	0%	0	0
Clare Lodge	(1,086)		(1,086)	(1,086)		0	0%	2	(2)
Commissioning & Commercial Operations - Other	2,893		2,893	2,893		0	0%	1	(1)
Total Commissioning & Commercial Operations	17,530	0	17,530	17,530	0	0	0%	3	(3)
Childrens & Safeguarding:									
Children's Social Care	6,773		6,773	6,773		0	0%	0	0
Childrens - Other	3,797		3,797	3,797		0	0%	(1)	1
Total Childrens & Safeguarding	10,570	0	10,570	10,570	0	0	0%	(1)	1
Director:									
Director	1,519		1,519	1,461		(58)	-4%	0	(58)
Department Savings target	(200)		(200)	(200)		0	0%	0	0
Total Director	1,319	0	1,319	1,261	0	(58)	-4%	0	(58)

	Budget 2019/20	Cont. from reserves	Revised Budget 2019/209	Forecast Spend 2019/20	Cont. to reserves	Variance 2019/20	Variance 2019/20	Previous Month Variance	Movement
	£000	£000	£000	£000	£000	£000	%	£000	£000
Education:									
HTS & CSC Transport	4,007		4,007	4,379		372	9%	372	0
School Improvement Traded Service	(937)		(937)	(937)		0	0%	0	0
Education - Other	2,555		2,555	2,652		97	4%	68	29
Total Education	5,625	0	5,625	6,094	0	469	8%	440	29
Communities:									
Housing	922		922	1,770		848	92%	877	(29)
Cultural Services	2,485		2,485	2,747		262	11%	260	2
Targeted Youth Support Service (TYSS)	1,720		1,720	1,730		10	1%	1	9
Prevention Enforcement Service (PES)	(2,092)		(2,092)	(1,624)		468	-22%	300	168
Regulatory Services	843		843	802		(41)	-5%	(14)	(27)
Communities - Other	2,054		2,054	2,009		(45)	-2%	(25)	(20)
Total Communities	5,932	0	5,932	7,434	0	1,502	25%	1,399	103
DSG	262		262	262		0	0%	0	0
Total People and Communities	86,886	0	86,886	88,603	0	1,717	2%	1,761	(44)

Adults

There is a favourable variance on this budget due to savings on employee costs, mainly through vacancies.

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

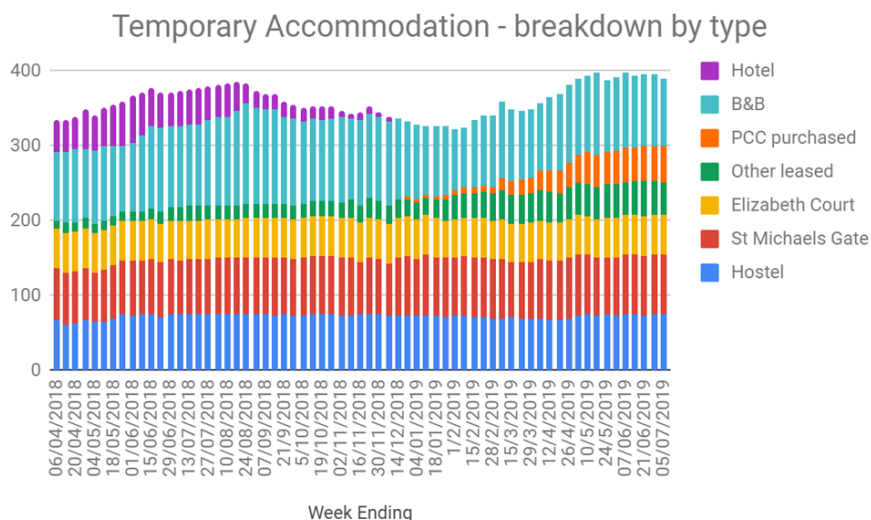
A pressure of £0.372m is reported in relation to Home to School Transport. This is based on the outturn position for the last financial year and does not take account of the contract changes for Academic Year 2019-20.

Communities- Housing

There is an overall pressure of £0.848m relating to Housing budgets, this is made up of £0.906m forecast overspend on temporary accommodation. The Council has faced significant demand from homelessness and the need for housing in Peterborough, the latest figures show that there are currently 389 households in temporary accommodation. This is despite 226 households being prevented from needing temporary accommodation so far this year through the interventions of the Housing Needs service. The Housing Needs service continue to support families to prevent them being in a position where they require housing in addition to reducing the number of families in temporary accommodation.

Plans are in place to ensure there is a supply of housing to meet this need, to avoid putting families in B&B, Travelodges or out of the area. The Housing Board regularly review the position and required actions to mitigate, and the manager of this service holds regular meetings with senior management and the leader of the council for updates and review.

Graph 1 below outlines the trend of the number of households in temporary accommodation and the type of accommodation which has been used.

Graph 1: Temporary Accommodation trend analysis

There are further minor forecast overspends within the Housing Service which are offset by employee savings of £0.101m.

Communities- Cultural Services

A savings target of £0.250m against the contract with Vivacity will not be achieved.

Communities- Prevention Enforcement Service (PES)

There is an adverse forecast of £0.357m due to the projected underachievement of parking income, £0.300m relates to off street and £0.057m on street parking. This is now under a new area of management, and the cost and income within this service including mitigation measures set out in the draft parking strategy are under review. There is also a £0.090m pressure due to the under achievement of income within the Kingdom contract. A range of challenges have impacted on the financial performance of the Prevention and Enforcement Service. The Councils contract with Kingdom for enforcement of envirocrime is under review in order to identify areas for improvement in both activity and payment rates. There is a small pressure in the parking enforcement service, although the plan is to remove this through the recruitment of two additional enforcement officers.

Public Health

	Budget 2019/20	Cont. from reserve	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserve	Forecast Variance 2019/20	Forecast Variance 2019/20	Previous Month Variance	Moveme nt
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Children 0-5 Health Visitors	3,663	362	4,025	4,027	0	2	0%	0	2
Children 5-19 Health Programmes	944	0	944	944	0	0	0%	0	0
Sexual Health	1,938	0	1,938	1,938	0	0	0%	0	0
Substance Misuse	2,269	0	2,269	2,269	0	0	0%	0	0
Smoking and Tobacco	318	0	318	318	0	0	0%	0	0
Miscellaneous Public Health Services	1,552	0	1,552	1,550	0	(2)	0%	0	(2)
Public Health Grant	(10,621)	0	(10,621)	(10,621)	0	0	0%	0	0
Total Public Health	63	362	425	425	0	0	0%	0	0

Work on a new Section 75 agreement for children's public health services with Cambridgeshire and Peterborough NHS Foundation Trust has identified some additional unfunded costs for the service, which are currently being addressed non-recurrently through the ring-fenced public health reserve, under an extension to the existing Section 75 agreement. Work is ongoing to clarify the current position in relation to historical funding transfers and to finalise negotiations on the new Section 75, which will be joint with Cambridgeshire County Council.

Resources

	Budget 2019/20	Cont. from reserve	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserve	Forecast Variance 2019/20	Forecast Variance 2019/20	Previous Month Variance	Moveme nt
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Director's Office	272	0	272	200	0	(72)	-26%	0	(72)
Financial Services	2,549	0	2,549	2,592	377	420	16%	634	(214)
Capital Financing and Capital Receipts	17,564	0	17,564	16,768	0	(796)	-5%	(867)	71
Corporate Items	8,434	0	8,434	8,046	0	(388)	-5%	(388)	0
Peterborough Serco Strategic Partnership	4,232	0	4,232	7,555	0	3,323	79%	3,191	132
Cemeteries, Cremation & Registrars	(1,393)	0	(1,393)	(1,398)	0	(5)	0%	(48)	43
Corporate Property	2,033	0	2,033	1,823	0	(210)	-10%	(210)	0
Total Resources	33,691	0	33,691	35,586	377	2,272	7%	2,312	(40)

The main variances being reported within Resources are in relation to the back office savings targets included in the budget, where there is currently no approved plan in place to achieve these savings. These variances are £0.634m within Financial Services, £1.850m within Peterborough Serco Strategic Partnership (PSSP). Work is underway, as per the Tranche Two Medium Term Financial Strategy report to deliver a £1m savings in business support, but there are associated timing and redundancy risks which require further

consideration and agreement, before the saving can be realised. Therefore at the moment the full amount is shown as a pressure, until plans are actively in place, at which time this pressure will reduce once the programmes are put in place.

Within the PSSP service there is an additional further forecast overspend of £1.000m and £0.100m in relation to savings targets from prior year Medium Term Financial Strategy, namely the Variable costs reduction saving and Business Support saving.

Financial Services

There are employee savings of £0.214m due to vacant posts, these are partially offsetting the pressure from the back office savings target.

Capital Financing and Capital Receipts

The forecast underspend for Capital Financing is forecast at £0.796m and is a result of a combination of factors:

- Less borrowing was undertaken for the capital programme in 2018/19 than budgeted for in the MTFFS resulting in less budget being required to fund existing borrowing.
- forecast interest rates for new borrowing are lower than those forecast at the time the MTFFS was set, and the impact of these lower rates have been factored in to the forecast underspend. The prevailing uncertainty in the worlds economy, alongside the uncertainty of the impact of Brexit has led the Councils treasury advisors to note that since previous forecasts there has been *"a sharp deterioration of economic growth news, and expectations for growth, in the major economies of the world – the US, EU and China. This has led to a sharp downturn in government bond yields, lower than we previously anticipated."*
- The capital programme is under review for 2019/20 to ensure that all schemes are delivered in year, the impact of this review is yet to be fully reflected in the forecast outturn. Additional information can be found in Appendix D of this report.

The level of interest receipts forecast to be generated from loans the council has issued has been reduced from those contained in the MTFFS as a result of the early repayment of loans from a housing association received at the end of 2018/19 and the delay in the draw down of the loan granted to the hotel build in Fletton Quays.

Corporate Items

There is a saving of £0.388m against the VAT shelter due to Cross Keys capital expenditure profile varying from previously advised.

Peterborough Serco Strategic Partnership (PSSP)

Within PSSP there is a risk that ADP (Annual Delivery Plan costs) which is currently costing the Council £0.066m per month will create an adverse variance against the budget unless costs are switched off or charged to a budgeted project. Within the forecast variance four months of cost at £0.264m has been assumed, which relates to April – July 2019, this is pending a Notice of Change (NoC) to the contract which will change the allocation of these costs so that they are retrospectively fully allocated to projects being delivered.

The Housing Benefit and Council Tax admin subsidy due to be received this year is expected to be £0.109m lower than budgeted and this is being reported adverse within PSSP.

Corporate Property

There is a forecast favourable position of £0.210m reported within the Corporate Property Budget in relation to the following:

- A saving due to the rateable value for Sand Martin House being lower than budgeted and due to the recently announced lease with the Construction Industry Training Board £0.171m
- Additional income due to the delay in the sale of the football ground to Peterborough United £0.190m
- Offset by a pressure due to the Town Hall North letting to commence during summer of 2020 rather than the assumption of January 2020 £0.110m
- Other minor variances £0.041m

Customer and Digital Services

	Budget 2019/20	Cont. from reserve	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserve	Forecast Variance 2019/20	Forecast Variance 2019/20	Previous Month Variance	Moveme nt
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Director Customer & Digital Services	0	0	0	0	0	0	0%	0	0
ICT	6,560	0	6,560	6,810	0	250	4%	250	0
Marketing & Communications	269	0	269	361	0	92	34%	92	0
Resilience and Health & Safety	232	0	232	262	0	30	13%	29	1
Total Customer and Digital Services	7,061	0	7,061	7,433	0	372	5%	371	1

ICT

Within the ICT budget there is a pressure of £0.150m relating to back office savings targets, where there is currently no plan in place to achieve these saving however the service has plans to achieve £0.450m of the £0.600m target held within the department.

ICT is reporting a further £0.100m adverse variance relating to staffing costs within the service, due to three additional posts over establishment being created.

Business Improvement

	Budget 2019/20	Cont. from reserve	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserve	Forecast Variance 2019/20	Forecast Variance 2019/20	Previous Month Variance	Moveme nt
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Director Business Improvement	0	0	0	0	0	0	0%	0	0
Programme Management Office	173	0	173	151	0	(22)	(13%)	0	(22)
Total Business Improvement	173	0	173	151	0	(22)	(13%)	0	(22)

Minor variances reported.

Financing

Budget Group	Budget 2019/20	Cont. from reserve	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserve	Forecast Variance 2019/20	Forecast Variance 2019/20	Previous Month Variance	Movement
	£000	£000	£000	£000	£000	£000	%	£000	£000
Council Tax	(71,925)	0	(71,925)	(71,925)		0	0.00%	0	0
Council Tax - Adult Social Care precept	(5,450)	0	(5,450)	(5,450)		0	0.00%	0	0
NDR Income	(45,727)	0	(45,727)	(45,727)		0	0.00%	0	0
NDR Levy	306	0	306	306		0	0.00%	0	0
NDR S31 grants	(5,442)	1,030	(4,412)	(4,412)		0	0.00%	0	0
NDR Tariff	2,424	0	2,424	2,424		0	0.00%	0	0
Revenue Support Grant	(10,246)	0	(10,246)	(10,246)		0	0.00%	0	0
Parish Precept	(672)	0	(672)	(672)		0	0.00%	0	0
New Homes Bonus	(4,713)	0	(4,713)	(4,713)		0	0.00%	0	0
Section 31 Grant	(8,616)	0	(8,616)	(8,616)		0	0.00%	0	0
Contribution from/to Grant Equalisation Reserve	(3,084)	0	(3,084)	(3,084)		0	0.00%	0	0
Contribution from/to Reserves	0	(1,392)	(1,392)	(1,392)		0	0.00%	0	0
Collection Fund - Council Tax	(201)	0	(201)	(201)		0	0.00%	0	0
Collection Fund - NDR	(506)	0	(506)	(506)		0	0.00%	0	0
Total Financing	(153,852)	(362)	(154,214)	(154,214)	0	0	0.00%	0	0

A cash flow risk in respect of Business Rates has been identified, which will mean the 2019/20 income from Section 31 grants will be £1.030m lower than budget. This income will be received in 2020/21 instead, therefore this represents a cash flow timing. It has been agreed that the general fund reserve is used in 2019/20 and fully replenished in 2020/21 to mitigate the impact of this timing change. This is within the financial regulations (the Councils Constitution).

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