

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

As set out in sections 4.3 and 4.6 of the main report, more work is under way across the Council to ensure that the Council delivers to the full £9.764m target by the end of this financial year as this will deliver a net £3.7m transfer of resources into reserves compared to the original budget position.

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	120	0	120	115	0	(5)	-4%	(5)	0
Human Resources	1,369	35	1,404	1,404	0	0	0%	0	0
Total Chief Executives	1,489	35	1,524	1,519	0	(5)	0%	(5)	0

The departmental savings target has been achieved through a moratorium based reduction on supplies & services including training & workforce development, and a recruitment freeze on vacant posts.

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	(42)	0	(42)	211	0	253	-602%	268	(15)
Constitutional Services	2,072	0	2,072	2,066	0	(6)	0%	(9)	3
Legal Services	2,093	0	2,093	2,007	0	(86)	-4%	(36)	(50)
Performance & Information	197	38	235	185	0	(50)	-21%	(24)	(26)
Total Governance	4,320	38	4,358	4,469	0	111	3%	199	(88)

£0.185m has so far been achieved against the £0.298m savings target by implementing a recruitment freeze in Constitutional Services and a moratorium based reduction in supplies & services, further plans are being worked on.

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	2	89	91	7	0	(84)	-92%	(89)	5
Development and Construction	156	0	156	85	0	(71)	-46%	(76)	5
Peterborough Highway Services	4,661	0	4,661	3,915	0	(746)	-16%	(562)	(184)
Sustainable Growth Strategy	1,640	0	1,640	1,516	0	(124)	-8%	(94)	(30)
Waste, Cleansing and Open Spaces	12,887	250	13,137	13,215	0	78	1%	0	78
Westcombe Engineering	179	0	179	179	0	0	0%	0	0
Energy	259	0	259	57	0	(202)	-78%	(52)	(150)
City Centre Management	357	0	357	711	0	354	99%	106	248
Service Director Environment & Economy	(1,346)	0	(1,346)	201	0	1,547	-115%	1,570	(23)
Total Place & Economy	18,796	338	19,134	19,886	0	752	3.9%	803	(51)

Savings of £0.879m have been identified which will go towards the savings target of £1.530m. These consist of made up of a recruitment freeze on vacant posts, a moratorium based reduction in supplies & services, a reduction in variable contract elements, and additional Section 278 and Section 38 income from developers.

Further favourable variances to the budget have been identified in September 2019, these include:

- Waste treatment costs being £0.135m lower than expected;
- Additional income of £0.189m from the Empower loan due to an extension of 2 months, taking the loan to the end November 2019. This was approved at Cabinet on 23rd September ([link to report](#)).

However these favourable variances are being offset by the following identified pressures:

- A reduction in wholesale electricity prices at the Energy for Waste Plant these were forecast based on the higher prices of the previous financial year £0.240m;
- A pressures relating to a reduction in the forecast income generated through stall rental at the Market £0.104m;
- The cancellation of the Perkins Great Eastern Run (PGER) £0.155m – this could be mitigated via an insurance claim and this process is under way.

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	45,230	0	45,230	44,092	0	(1,138)	-3%	(13)	(1,125)
Commissioning and Commercial Operations	18,082	0	18,082	18,141	0	59	0%	(0)	59
Children's & Safeguarding	10,604	119	10,723	10,609	0	(114)	-1%	(5)	(109)
Director	(5,143)	0	(5,143)	690	0	5,833	-113%	5,876	(43)
Education	6,309	0	6,309	6,274	0	(35)	-1%	2	(37)
Communities	8,000	1,275	9,275	9,248	0	(27)	0%	(219)	192
DSG	45	0	45	82	0	37	82%	0	37
Total People & Communities	83,127	1,394	84,521	89,136	0	4,615	5%	5,641	(1,026)

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	34,224		34,224	34,224		0	0%	0	0
ASC Teams	7,921		7,921	8,109		188	2%	(13)	201
Block Contracts	6,308		6,308	6,142		(166)	-3%	0	(166)
Financing	(4,625)		(4,625)	(5,756)		(1,131)	24%	0	(1,131)
Home Service Delivery Model	1,403		1,403	1,373		(30)	-2%	0	(30)
Total Adults	45,231	0	45,231	44,092	0	(1,139)	-3%	(13)	(1,126)
Commissioning & Commercial Operations:									
Permanency Service	15,537		15,537	15,537		0	0%	0	0
Clare Lodge	(381)		(381)	(311)		70	-18%	0	70
Commissioning & Commercial Operations - Other	2,926		2,926	2,915		(11)	0%	0	(11)
Total Commissioning & Commercial Operations	18,082	0	18,082	18,141	0	59	0%	0	59
Childrens & Safeguarding:									
Children's Social Care	6,874		6,874	6,825		(49)	-1%	(4)	(45)
Childrens - Other	3,729	119	3,848	3,784		(64)	-2%	0	(64)
Total Childrens & Safeguarding	10,603	119	10,722	10,609	0	(113)	-1%	(4)	(109)
Director:									
Director	1,497		1,497	1,453		(44)	-3%	0	(44)
Department Savings target	(763)		(763)	(763)		0	0%	0	0
P&C Departmental Saving Target	(5,876)		(5,876)	0		5,876	-100%	5,876	0
Total Director	(5,142)	0	(5,142)	690	0	5,832	-113%	5,876	(44)
Education:									
HTS & CSC Transport	4,379		4,379	4,545		166	4%	0	166

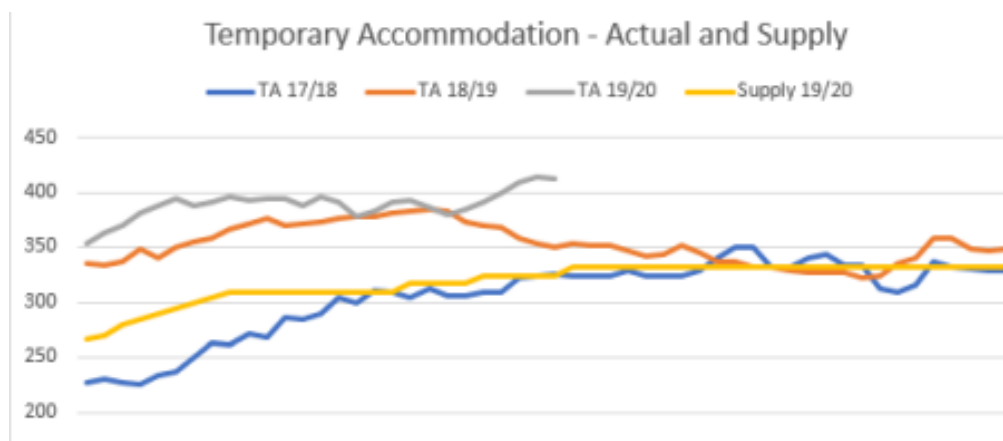
	Budget 2019/20	Cont. from reserves	Revised Budget 2019/209	Forecast Spend 2019/20	Cont. to reserves	Variance 2019/20	Variance 2019/20	Previous Month Variance	Movement
	£000	£000	£000	£000	£000	£000	%	£000	£000
School Improvement Traded Service	(719)		(719)	(772)		(53)	7%	0	(53)
Education - Other	2,649		2,649	2,501		(148)	-6%	2	(150)
Total Education	6,309	0	6,309	6,274	0	(35)	-1%	2	(37)
Communities:									
Housing	2,197		2,197	2,644		447	20%	0	447
Cultural Services	2,738		2,738	2,696		(42)	-2%	(7)	(35)
Targeted Youth Support Service (TYSS)	1,763		1,763	1,634		(129)	-7%	(10)	(119)
Prevention Enforcement Service (PES)	(1,062)		(1,062)	(1,180)		(118)	11%	(138)	20
Regulatory Services	802		802	687		(115)	-14%	(32)	(83)
Communities - Other	1,562	1,275	2,837	2,767		(70)	-2%	(19)	(51)
Total Communities	8,000	1,275	9,275	9,248	0	(27)	0%	(206)	179
DSG	45	0	45	82	0	37	82%	0	37
Total People and Communities	83,128	1,394	84,522	89,136	0	4,614	5%	5,655	(1,041)

Savings have been identified of £2.152m against the £5.876m savings target, these are from savings on employee costs, reduced expenditure in supplies and services and contract spend.

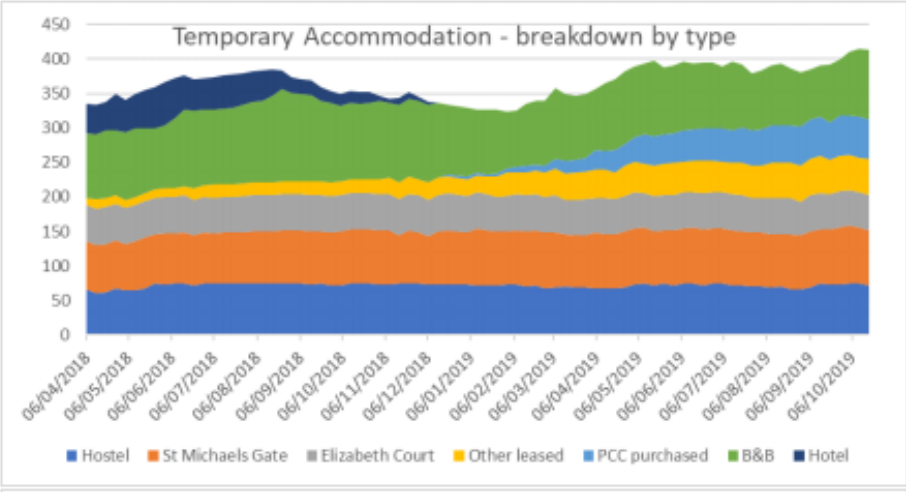
However there have been new pressures identified in September 2019 due to:

- An increase in the forecast cost of providing home to school transport of £0.166m, which now reflects the contract changes for Academic Year 2019-20;
- Reduced occupancy at Clare Lodge during September a £0.070m pressure;
- An increase in temporary accommodation costs of £0.513m. This pressure has arisen largely due to an increase in single persons presenting as homeless and the deviating trend in 2019/20 compared to 2018/19.

The following Graph outlines the trajectory of temporary accommodation demand in 2017/18 (blue line), 2018/19 (orange line) and 2019/20 (grey line) against the accommodation available with the council directly or with our partners (yellow line)



The following graph outlines the type of temporary accommodation available. This shows the increase in the level of housing the Council is providing as a result of purchasing houses within the City for temporary accommodation use, it also shows the recent increase in demand, which is driving the additional financial pressure identified within this report.



Public Health

Budget Group	Budget 2019/20 £000	Cont. from reserve £000	Revised Budget 2019/20 £000	Forecast Spend 2019/20 £000	Cont. to reserve £000	Forecast Variance 2019/20 £000	Forecast Variance 2019/20 %	Previous Month Variance £000	Movement £000
Children 0-5 Health Visitors	3,663	364	4,027	4,057	0	30	1%	90	(60)
Children 5-19 Health Programmes	944	0	944	983	0	39	4%	0	39
Sexual Health	1,938	0	1,938	1,942	0	4	0%	34	(30)
Substance Misuse	2,269	0	2,269	2,198	0	(71)	-3%	(71)	(0)
Smoking and Tobacco	318	0	318	281	0	(37)	-12%	(0)	(37)
Miscellaneous Public Health Services	1,326	0	1,326	1,391	0	65	5%	170	(105)
Public Health Grant	(10,621)	0	(10,621)	(10,621)	0	0	0%	0	0
Total Public Health	(163)	364	201	231	0	30	15%	222	(192)

The savings target of £0.226m has been fully achieved mainly from savings in employee and agency staffing, and supplies and services expenditure.

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	(906)	0	(906)	196	0	1,102	-122%	1,104	(2)
Financial Services	6,903	0	6,903	6,555	377	29	0%	30	(1)
Capital Financing and Capital Receipts	16,768	0	16,768	14,790	0	(1,978)	-12%	(1,978)	0
Corporate Items	7,668	0	7,668	7,707	0	39	1%	39	0
Peterborough Serco Strategic Partnership (PSSP)	7,555	0	7,555	8,247	0	692	9%	402	290
Cemeteries, Cremation & Registrars	(1,393)	0	(1,393)	(1,498)	0	(105)	8%	(76)	(29)
Corporate Property	1,823	50	1,873	1,898	0	25	1%	25	0
Total Resources	38,418	50	38,468	37,895	377	(196)	-1%	(454)	258

The departmental savings target of £1.105m has been delivered through the use of capital receipts to repay debt; revised minimum revenue provision forecast, increased Registration & Bereavement income; a reduction in the Insurance provision; and the reduction of cleaning and security at Sandmartin House.

However a number of pressures have been identified, including:

- There is likely to be a reduction in Housing Benefit subsidy of £0.400m. The council had been receiving and budgeting for additional income from recovering housing benefit overpayments. Incidences of overpayment are now reduced, as rent allowance payments and housing subsidy both reduce in line with the roll-out of Universal Credit. This together with the improved collection of arrears means that the additional income is no longer sustained.
- Within the PSSP budget there is a risk that the ADP (Annual Delivery Plan costs) which is currently costing the Council £0.065m 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 three months of cost at £0.195m has been assumed, which relates to August – October 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. In addition there are BTSI variable costs that have been charged to the PSSP cost centre on a monthly basis (pending a breakdown from Serco for any potential reallocation to budgeted projects), but at present this is considered unlikely and so included in this variance a forecast of £0.112m has been assumed for costs from April - October 2019.

These pressures are being offset by the £1.978m forecast underspend on the Capital Financing budget. This underspend is the result of a combination of factors:

- less borrowing was undertaken for the capital programme in 2018/19 than budgeted for in the MTFs 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 MTFs was set, and the impact of these lower rates have been factored in to the forecast underspend. The prevailing uncertainty in the world's economy, alongside the uncertainty of the impact of Brexit has led the Council's 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;
- The level of interest receipts forecast to be generated from loans the council has issued has been reduced from those contained in the MTFS 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;
- There has been an increase in the use of Capital Receipts to repay debt - a RTB receipt which is offsetting the increase in MRP from originally forecast and also the latest receipt estimation regarding POSH.

As outlined within section 4.3 of the main report the capital financing forecast has not yet been revised to reflect the impact of the change in PWLB rate.

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	6,256	290	6,546	7,217	0	671	10%	782	(111)
Marketing & Communications	505	12	517	383	0	(134)	-26%	(124)	(10)
Resilience and Health & Safety	342	14	356	331	0	(25)	-7%	(19)	(6)
Total Customer and Digital Services	7,102	317	7,419	7,931	0	512	7%	639	(127)

Plans for the achievement of the £0.562m savings target in the budget reprofiling exercise are currently being worked on.

There is a net £0.050k favourable variance, as a result of a number of minor variances.

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	763	140	903	895	0	(8)	-1%	(2)	(6)
Total Business Improvement	763	140	903	895	0	(8)	-1%	(2)	(6)

The savings target of £0.047m is due to be delivered through a recruitment freeze on a vacant post and a saving on agency and interim staffing.

Financing

	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	Movem ent
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Council Tax	(71,925)	0	(71,925)	(71,925)	0	0	0.00%	0	0
Council Tax - Adult Social Care precept	(5,450)	0	(5,450)	(5,450)	0	0	0.00%	0	0
NDR Income	(45,727)	0	(45,727)	(45,727)	0	0	0.00%	0	0
NDR Levy	306	0	306	306	0	0	0.00%	0	0
NDR S31 grants	(5,442)	1,030	(4,412)	(4,412)	0	0	0.00%	0	0
NDR Tariff	2,424	0	2,424	2,424	0	0	0.00%	0	0
Revenue Support Grant	(10,246)	0	(10,246)	(10,246)	0	0	0.00%	0	0
Parish Precept	(672)	0	(672)	(672)	0	0	0.00%	0	0
New Homes Bonus	(4,713)	0	(4,713)	(4,713)	0	0	0.00%	0	0
Section 31 Grant	(8,616)	0	(8,616)	(8,616)	0	0	0.00%	0	0
Contribution from/to Grant Equalisation Reserve	(3,084)	0	(3,084)	(3,084)	0	0	0.00%	0	0
Contribution from/to Reserves	0	(3,706)	(3,706)	(3,706)	0	0	0.00%	0	0
Collection Fund - Council Tax	(201)	0	(201)	(201)	0	0	0.00%	0	0
Collection Fund - NDR	(506)	0	(506)	(506)	0	0	0.00%	0	0
Total Financing	(153,852)	(2,676)	(156,528)	(156,528)	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).

The £3.706m contribution from reserves, is the contribution which was outlined as part of the budget re-profiling plan. When the full re-profiled amount is delivered this will become a contribution to reserves.