

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 £9.8m 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

	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
Chief Executive	205	205	0	0	0%	(5)	5
Human Resources	1,396	1,396	0	0	0%	0	0
Total Chief Executives	1,601	1,601	0	(0)	0%	(5)	5

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

	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
Director of Governance	105	199	0	94	90%	253	(159)
Constitutional Services	1,991	2,025	0	34	2%	(6)	40
Legal Services	2,030	1,958	0	(72)	-4%	(86)	14
Performance & Information	186	185	0	(1)	-1%	(50)	49
Total Governance	4,312	4,367	0	55	1%	111	(56)

£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

	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
Director, Opportunity Peterborough & Joint Venture	91	46	0	(45)	-49%	(84)	39
Development and Construction	122	86	0	(36)	-29%	(71)	35
Peterborough Highway Services	4,086	3,901	0	(185)	-5%	(746)	561
Sustainable Growth Strategy	1,533	1,494	0	(39)	-3%	(124)	85
Waste, Cleansing and Open Spaces	13,051	13,128	0	77	1%	78	(1)
Westcombe Engineering	179	179	0	0	0%	0	0
Energy	260	77	0	(183)	-70%	(202)	19
City Centre Management	281	708	0	427	152%	354	73
Service Director Environment & Economy	(467)	201	0	668	-143%	1,547	(879)
Total Place & Economy	19,134	19,820	0	686	3.6%	752	(66)

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.

Favourable variances identified outside of the savings identified against the departmental target 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.

Further minor favourable variances to the budget of £0.067m have been identified in October 2019.

People & Communities

	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
Adults	43,857	44,019	0	162	0%	(1,138)	1,300
Commissioning and Commercial Operations	18,050	18,014	0	(36)	0%	59	(95)
Children's & Safeguarding	10,449	10,405	0	(44)	0%	(114)	70
Director	(2,698)	889	0	3,587	-133%	5,833	(2,246)
Education	6,022	6,353	0	331	5%	(35)	366
Communities	8,753	9,397	0	645	7%	(27)	672
DSG	45	45	0	0	0%	37	(37)
Total People & Communities	84,478	89,122	0	4,645	5%	4,615	30

Further Breakdown in to the key service areas:

	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
Adults:							
ISP	34,024	34,224		200	1%	0	200
ASC Teams	8,251	8,231		(20)	0%	188	(208)
Block Contracts	6,142	6,125		(17)	0%	(166)	149
Financing	(5,933)	(5,933)		0	0%	(1,131)	1,131
Home Service Delivery Model	1,373	1,372		(1)	0%	(30)	29
Total Adults	43,857	44,019	0	162	0%	(1,139)	1,301
Commissioning & Commercial Operations:							
Permanency Service	15,537	15,537		0	0%	0	0
Clare Lodge	(381)	(381)		0	0%	70	(70)
Commissioning & Commercial Operations - Other	2,894	2,858		(36)	-1%	(11)	(25)
Total Commissioning & Commercial Operations	18,050	18,014	0	(36)	0%	59	(95)
Childrens & Safeguarding:							
Children's Social Care	6,758	6,757		(1)	0%	(49)	48
Childrens - Other	3,691	3,648		(43)	-1%	(64)	21
Total Childrens & Safeguarding	10,449	10,405	0	(44)	0%	(113)	69
Director:							
Director	1,453	1,452		(1)	0%	(44)	43
Department Savings target	(563)	(563)		0	0%	0	0
P&C Departmental Saving Target	(3,588)	0		3,588	-100%	5,876	(2,288)
Total Director	(2,698)	889	0	3,587	-133%	5,832	(2,245)
Education:							
HTS & CSC Transport	4,379	4,550		171	4%	166	5
School Improvement Traded Service	(772)	(772)		0	0%	(53)	53
Education - Other	2,415	2,575		160	7%	(148)	308
Total Education	6,022	6,353	0	331	5%	(35)	366

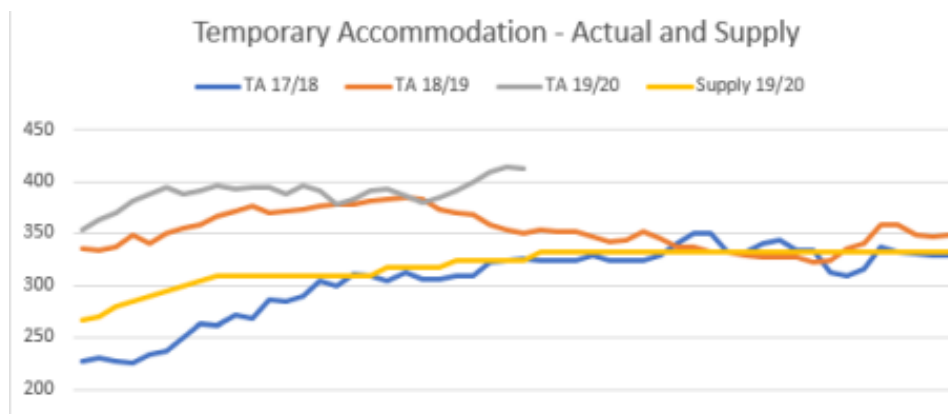
	Revised Budget 2019/209	Forecast Spend 2019/20	Cont. to reserves	Variance 2019/20	Variance 2019/20	Previous Month Variance	Movement
	£000	£000	£000	£000	%	£000	£000
Communities:							
Housing	2,197	2,676		479	22%	447	32
Cultural Services	2,678	2,732		54	2%	(42)	96
Targeted Youth Support Service (TYSS)	1,634	1,614		(20)	-1%	(129)	109
Prevention Enforcement Service (PES)	(1,207)	(1,118)		89	-7%	(118)	207
Regulatory Services	687	687		0	0%	(115)	115
Communities - Other	2,764	2,806		43	3%	(70)	113
Total Communities	7,535	9,397	0	645	9%	(27)	672
DSG	45	45	0	0	0%	37	(37)
Total People and Communities	84,478	89,122	0	4,645	6%	4,614	31

Savings have been identified of £2.288m against the £5.876m savings target, these are from savings on employee costs, reduced expenditure in supplies and services and contract spend.

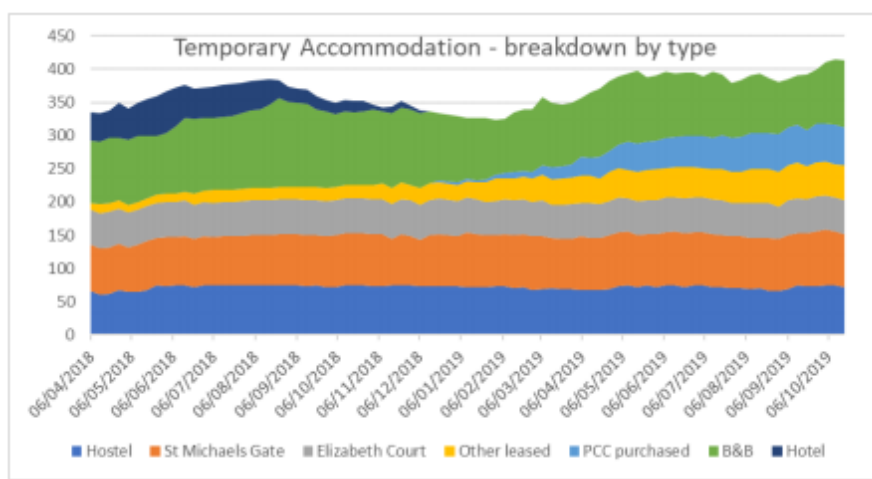
However there has been a new pressure of £0.200m identified in respect of an increase in the number of people requiring nursing care, in increase in the average cost and the inclusion of transition case not budgeted for at £4.8k per week within the Independent Sector Placements budget.

The pressure of £0.166m on the Special Educational Needs Transport still remains relevant. This is the result of contract changes which reflect the requirements for the 2019/20 academic year.

The pressure on the Temporary Accommodation budget remains under pressure with the expected over spend for 2019/20 forecast to be £0.542m. 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.



This 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)



This 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	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
Children 0-5 Health Visitors	4,058	4,058	0	0	0%	30	(30)
Children 5-19 Health Programmes	983	983	0	0	0%	39	(39)
Sexual Health	1,942	1,942	0	0	0%	4	(4)
Substance Misuse	2,198	2,198	0	0	0%	(71)	71
Smoking and Tobacco	281	281	0	0	0%	(37)	37
Miscellaneous Public Health Services	1,391	1,391	0	0	0%	65	(65)
Public Health Grant	(10,621)	(10,621)	0	0	0%	0	0
Public Health Dept Savings target	(31)	0	0	31	-100%	0	31
Total Public Health	201	232	0	31	15%	30	(30)

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 Group	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
Director's Office	199	211	0	12	6%	1,102	(1,090)
Financial Services	7,367	7,014	377	24	0%	29	(5)
Capital Financing and Capital Receipts	15,708	14,790	0	(918)	-6%	(1,978)	1,060
Corporate Items	7,668	7,957	0	289	4%	39	250
Peterborough Serco Strategic Partnership	7,567	8,391	0	824	11%	692	132
Cemeteries, Cremation & Registrars	(1,453)	(1,498)	0	(45)	3%	(105)	60
Corporate Property	1,948	1,998	0	50	3%	25	25
Total Resources	39,004	38,863	377	236	1%	(196)	432

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:

- A further likely reduction in Housing Benefit subsidy of £0.100m, taking the total forecast pressure up to £0.500m. 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.
- There is a pressure on the Corporate items service area due to a reduction in direct revenue funding (DRF) of £0.250m. This is due to a shortfall in the value of schools funding being transferred from revenue into capital due to the number of schools converting to academy status
- 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 £0.918m 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 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;
- 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 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

	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
Director Customer & Digital Services	0	0	0	0	0%	0	0
ICT	6,736	7,403	0	667	10%	671	(4)
Marketing & Communications	517	463	0	(54)	-10%	(134)	80
Resilience and Health & Safety	356	335	0	(21)	-6%	(25)	4
Total Customer and Digital Services	7,609	8,201	0	592	8%	512	80

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

There is a net £0.080k favourable variance, as a result of a number of minor variances.

Business Improvement

	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
Director Business Improvement	0	0	0	0	0%	0	0
Programme Management Office	909	857	0	(52)	-6%	(8)	(44)
Total Business Improvement	909	857	0	(52)	-6%	(8)	(44)

The savings target of £0.047m has been delivered through a recruitment freeze on a vacant post and a saving on agency and interim staffing.

Financing

	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
Council Tax	(71,925)	(71,925)	0	0	0.00%	0	0
Council Tax - Adult Social Care precept	(5,450)	(5,450)	0	0	0.00%	0	0
NDR Income	(45,727)	(45,727)	0	0	0.00%	0	0
NDR Levy	306	306	0	0	0.00%	0	0
NDR S31 grants	(4,412)	(4,412)	0	0	0.00%	0	0
NDR Tariff	2,424	2,424	0	0	0.00%	0	0
Revenue Support Grant	(10,246)	(10,246)	0	0	0.00%	0	0
Parish Precept	(672)	(672)	0	0	0.00%	0	0
New Homes Bonus	(4,713)	(4,713)	0	0	0.00%	0	0

Section 31 Grant	(8,616)	(8,616)	0	0	0.00%	0	0
Contribution from/to Grant Equalisation Reserve	(3,084)	(3,084)	0	0	0.00%	0	0
Contribution from/to Reserves	(4,426)	(4,426)	0	0	0.00%	0	0
Collection Fund - Council Tax	(201)	(201)	0	0	0.00%	0	0
Collection Fund - NDR	(506)	(506)	0	0	0.00%	0	0
Total Financing	(157,248)	(157,248)	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.