

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

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	202	0	(3)	-2%	(0)	(3)
Human Resources	1,356	1,253	0	(103)	-8%	0	(103)
Total Chief Executives	1,561	1,455	0	(106)	-7%	(0)	(106)

Savings have been achieved through deleting vacant posts and reviewing agency staff across the organisation.

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	104	200	0	96	93%	96	0
Constitutional Services	1,991	2,020	0	29	1%	29	(0)
Legal Services	2,031	1,876	0	(155)	-8%	(125)	(30)
Performance & Information	186	181	0	(5)	-3%	(4)	(1)
Total Governance	4,312	4,277	0	(35)	-1%	(4)	(31)

Additional income £0.124m has been achieved in Legal Services through the negotiation of a new Service Level Agreement (SLA) with Rutland and Fenland local authorities, along with other minor savings.

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	64	0	(27)	-30%	(27)	0
Development and Construction	122	152	0	30	25%	(66)	96
Peterborough Highway Services	4,086	3,365	0	(721)	-18%	(466)	(255)
Sustainable Growth Strategy	1,533	1,492	0	(41)	-3%	(39)	(2)
Waste, Cleansing and Open Spaces	13,051	13,181	0	130	1%	130	0
Westcombe Engineering	179	192	0	13	7%	13	0
Energy	260	(91)	0	(351)	-135%	(260)	(91)
City Centre Management	281	791	0	510	182%	503	7
Service Director Environment & Economy	(467)	211	0	678	-145%	674	4
Total Place & Economy	19,134	19,357	0	223	1.2%	464	(241)

Development and Construction

There is a predicted shortfall in planning fee income £0.132m with various minor savings offsetting this.

Peterborough Highways Services

Highways Development forecast underspend is a combination of additional Section 278 and Section 38 income from developers and savings on professional services and contractors £0.445m, additional permit income £0.128m arising from work relating to City Fibre. There are also savings in Concessionary Fares of £0.139m, however these are offset by Employee Costs £0.100m.

Waste, Cleansing and Open Spaces

Waste treatment costs are forecast to be £0.199m lower than expected, and other minor variances of £0.051m are included. However, the overall forecast is offset with a reduction in wholesale electricity prices at the Energy for Waste Plant. The budget was based on the higher prices experienced in the previous financial year, the forecast year-end difference is £0.380m.

Energy

Additional income of £0.342m is from the Empower loan as a result of further loan extensions as the refinancing process continues. Additional information is contained in [this CMDN published in November](#).

City Centre Management

There is a forecast pressure in relation to a reduction in the income generated through stall rental at the Market of £0.103m. Also included is the adverse position from the cancellation of the Perkins Great Eastern Run (PGER) of £0.160m. Investigations continue as to whether this loss of income could be mitigated via an insurance claim. Other variances relating to Pedestrian Area Income, Information Centre, and Business Improvement District project costs result in a forecast pressure of £0.247m.

Service Director Environment & Economy

This is the balance remaining after transferring the budget from savings achieved to offset the savings target that was set earlier in the year as part of the Budget Realignment process.

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	43,757	0	(100)	0%	(45)	(55)
Commissioning and Commercial Operations	17,408	17,156	0	(252)	-1%	(247)	(5)
Children's & Safeguarding	11,205	11,266	0	61	-1%	(90)	150
Director	(2,698)	879	0	3,577	-133%	3,579	(2)
Education	6,024	6,166	0	142	2%	351	(209)
Communities	7,982	8,512	0	530	7%	534	(3)
DSG	45	45	0	(0)	0%	0	(0)
Total People & Communities	83,824	87,781	0	3,957	5%	4,081	(124)

Further Breakdown into the key service areas:

	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserves	Forecast Variance 2019/20	Forecast Variance 2019/20	Previous Month Variance	Movement
	£000	£000	£000	£000	%	£000	£000
Adults:							
ISP	34,106	34,209	0	103	0%	64	39
ASC Teams	8,251	8,126	0	(125)	-2%	(86)	(39)
Block Contracts	6,060	6,017	0	(43)	-1%	(20)	(32)
Financing	(5,933)	(5,930)	0	3	0%	0	3
Home Service Delivery Model	1,373	1,335	0	(38)	-3%	(3)	(35)
Total Adults	43,857	43,757	0	(100)	0%	(45)	(55)
Commissioning & Commercial Operations:							
Permanency Service	3,242	3,242	0	0	0%	(250)	250
Clare Lodge	(381)	(306)	0	75	-20%	80	5
Commissioning & Commercial Operations - Other	14,547	14,220	0	(327)	-2%	(77)	(250)
Total Commissioning & Commercial Operations	17,408	17,156	0	(252)	-1%	(247)	(5)
Childrens & Safeguarding:							
Children's Social Care	7,489	7,642	0	153	2%	0	153
Childrens - Other	3,716	3,624	0	(92)	-2%	(90)	(2)
Total Childrens & Safeguarding	11,205	11,266	0	61	-1%	(90)	151
Director:							
Director	1,453	1,442	0	(11)	-1%	(9)	(2)
Department Savings target	(563)	(563)	0	0	0%	0	0
P&C Remaining Departmental Saving Target	(3,588)	0	0	3,588	-100%	3,588	0
Total Director	(2,698)	879	0	3,577	-133%	3,579	(2)
Education:							
HTS & CSC Transport	4,379	4,666	0	287	7%	270	17
School Improvement Traded Service	(772)	(772)	0	0	0%	0	0
Education - Other	2,417	2,272	0	(145)	-6%	81	(226)
Total Education	6,024	6,166	0	142	2%	351	209
Communities:							
Housing	2,202	2,646	0	444	20%	480	(36)
Cultural Services	2,678	2,736	0	58	2%	65	(7)
Targeted Youth Support Service (TYSS)	1,634	1,585	0	(49)	-3%	(50)	1
Prevention Enforcement Service (PES)	(1,311)	(1,204)	0	107	-8%	71	36
Regulatory Services	687	605	0	(82)	-12%	(63)	(19)
Communities - Other	2,092	2,144	0	52	2%	31	21
Total Communities	7,982	8,512	0	530	7%	534	(4)
DSG	45	45	0	0	0%	0	0
Total People and Communities	83,824	87,781	0	3,957	5%	4,081	(124)

Adults

There is a forecast saving of £0.123m relating to staffing costs in this department.

Commissioning and Commercial Operations

The favourable variance has arisen mainly from reduced Children's Social Care placement spend of £0.250m

Director

This is the balance remaining after transferring the budget from savings achieved to offset the savings target that was set earlier in the year as part of the Budget Realignment process.

Education

There is a forecast pressure of £0.287m relating to Special Educational Needs Transport. This is the result of new contracts and price increases to current contracts. The cost of providing this provision is also affected by demography of the home and school locations and the number of children requiring transport, which has increased due to the rise in the number of children with an Educational Health Care Plans (EHCP). The revised forecast reflects the requirements for the 2019/20 academic year.

There is a forecast underspend within the Education - Other budget due to an increase in the level of direct revenue financing (DRF) accounting treatment relation to City College £0.203m expenditure.

Communities

The temporary accommodation budget is forecast to overspend by £0.518m, a small reduction on the previous month. This pressure had arisen largely due to an increase in homeless presentations. At the peak there was 416 households in temporary accommodation, 110 of which were in Bed and Breakfast. The Council has employed a housing specialist who is working to support the housing needs team imbed new practises and prevention techniques to better manage the future demand for temporary accommodation. This has included a training programme for staff, better practices around the use of bed and breakfast accommodations and improvements to the customer journey. The Council are continuing to build on a portfolio of housing supply to meet this demand, which includes working closely with local housing organisations and increasing the use of private rented accommodation. The Council is starting to see an improvement in the households in temporary accommodation with the number of Bed and Breakfast in use reducing by 67% to 36. This trajectory is expected to continue, with the current prediction being that there will no longer be a requirement for Bed and Breakfast accommodation at the end of March 2020.

Public Health

	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
Children 0-5 Health Visitors	4,057	4,057	0	0	0%	0	0
Children 5-19 Health Programmes	983	983	0	(0)	0%	(0)	0
Sexual Health	1,942	1,942	0	(0)	0%	(0)	0
Substance Misuse	2,198	2,201	0	3	0%	6	(3)
Smoking and Tobacco	281	281	0	0	0%	0	0
Miscellaneous Public Health Services	1,391	1,402	0	11	1%	1	10
Public Health Grant	(10,621)	(10,621)	0	0	0%	0	0
Public Health Remaining Dept Savings target	(31)	0	0	31	-100%	31	0
Total Public Health	201	245	0	44	22%	37	7

Minor forecast variances reported.

Resources

	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's Office	199	212	0	13	6%	14	(1)
Financial Services	7,367	7,032	377	42	1%	5	37
Capital Financing and Capital Receipts	15,748	13,287	700	(1,761)	-11%	(1,761)	0
Corporate Items	7,668	7,956	0	288	4%	279	9
Peterborough Serco Strategic Partnership	7,567	8,391	0	824	11%	824	0
Cemeteries, Cremation & Registrars	(1,453)	(1,516)	0	(63)	4%	(88)	25
Corporate Property	1,948	2,138	0	190	10%	172	18
Total Resources	39,044	37,500	1,077	(467)	-1%	(555)	88

Capital Financing and Capital Receipts

The forecast outturn is a combination of the following 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. However, it should be noted that Treasury announced an increase in the interest rate for Public Works Loan Board (PWL) by one percentage point, meaning the typical rate for a loan is now 2.8% instead of 1.8%.
- Further capital programme reviews for 2019/20 have been undertaken to ensure that a realistic profile of scheme delivery is being costed to enable forecast for borrowing and timings to be more realistically estimated. The impact of its review reflected in the forecast outturns;
- 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 drawdown of the loan granted to the hotel build in Fletton Quays;

- There has been an increase in the use of Capital Receipts to redeem debt, which impacts on the minimum revenue provision costs.
- The Council has received the annual dividend from ESPO (Eastern Shires Purchasing Organisation), which was declared and received at £0.133m above the budget for this income.

Corporate Items

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 reduction in the value of school's capital expenditure and associated funding being transferred from revenue into capital. This is a byproduct of the number of schools converting to academy status.

Peterborough Serco Strategic Partnership (PSSP)

Within PSSP there is a risk that 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 to October 19 (April -July was funded through budget realignment exercise), this is pending a Notice of Change (NoC) to the contract. It is anticipated that the NOC 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 incurred to date.

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 £0.500m

Corporate Property

The main forecast variances in this area are legal costs of £0.137m and the use of temporary staffing of £0.063m incurred as part of the purchased and leased properties activity undertaken to reduce greater pressures in Homelessness Service. Maintenance costs were £0.028m which are higher than expected.

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	6,840	7,393	0	553	8%	664	(111)
Marketing & Communications	517	478	0	(39)	-8%	(66)	27
Resilience and Health & Safety	356	271	0	(85)	-24%	(53)	(32)
Total Customer and Digital Services	7,713	8,142	0	429	6%	545	(116)

ICT

The savings target of £0.562m which was allocated as part of the Budget Realignment task has not yet been achieved. There are £0.118m of capital financing charges relating to ICT work that were not originally budgeted which are offset by £0.127m of other variances and reduced costs within third party software budgets.

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	981	937	0	(44)	-5%	(49)	5
Total Business Improvement	981	937	0	(44)	-5%	(49)	5

Savings have been delivered through a staff restructure.

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	(4,553)	(4,553)	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	(3,808)	(3,808)	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	(156,771)	(156,771)	0	0	0.00%	0	0

Prior to the NNDR1 form being submitted a thorough review of the Business Rates forecast and provision was undertaken. This resulted in the cash flow risk that had previously been identified in relation to 2019/20 income from Section 31 grants, being updated to £0.889m lower than budget. This income will be received in 2020/21 instead and 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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