

# Performance, Finance and Customer Focus Overview and Scrutiny Committee



Date of meeting:	18 March 2020
Title of Report:	<b>Revenue Monitoring – Month Ten</b>
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	Andrew Hardingham (Service Director for Finance)
Author:	Paul Looby (Head of Financial Planning and Reporting) Hannah West (Finance Business Partner)
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Your Reference:	<a href="#">Click here to enter text.</a>
Key Decision:	No
Confidentiality:	Part I - Official

## Purpose of Report

This report outlines the finance monitoring position of the Council as at the end of January 2020.

The primary purpose of this report is to detail how the Council is delivering against its financial measures using its revenue resources.

As shown in Table I below, the projected revenue overspend is £2.093m against a revenue budget of £185.484m.

## Recommendations and Reasons

I. That Scrutiny note the month ten monitoring position.

### Alternative options considered and rejected

None considered as it is a statutory requirement to report on the use of the Council's budget funds.

### Relevance to the Corporate Plan and/or the Plymouth Plan

This report is fundamentally linked to delivering the priorities within the Council's Corporate Plan. Allocating limited resources to key priorities will maximise the benefits to the residents of Plymouth

### Implications for the Medium Term Financial Plan and Resource Implications:

Robust and accurate financial monitoring underpins the Council's Medium Term Financial Strategy (MTFS). The Council's Medium Term Financial Forecast is updated regularly based on on-going monitoring information, both on a local and national context. Any adverse variations from the annual

budget will place pressure on the MTFS going forward and require additional savings to be generated in future years.

### Carbon Footprint (Environmental) Implications:

No impacts directly arising from this report.

### Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

\* When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.

The reducing revenue and capital resources across the public sector has been identified as a key risk within our Strategic Risk register. The ability to deliver spending plans is paramount to ensuring the Council can achieve its objectives to be a Pioneering, Growing, Caring and Confident City.

### Appendices

\*Add rows as required to box below

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Briefing report title							
B	Equalities Impact Assessment (if applicable)							

### Background papers:

\*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7

### Sign off:

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Originating Senior Leadership Team member: <a href="#">Click here to enter text.</a>											

Please confirm the Strategic Director(s) has agreed the report? Yes

Date agreed: 27/02/2020

Cabinet Member approval: *Cllr Mark Lowry approved by email*

Date approved: 04/03/2020

**January 2020 FINANCE MONITORING****Table 1: Revenue Monitoring Position**

<b>Directorate</b>	<b>Gross Expenditure</b>	<b>Gross Income</b>	<b>2019/20 Latest Approved Budget</b>	<b>Forecast Outturn</b>	<b>Forecast Year End Variation</b>	<b>Movement from Month 9</b>
	£m	£m	£m	£m	£m	£m
<b>Executive Office</b>	6.450	(0.590)	5.860	6.181	0.321	0.000
<b>Finance</b>	21.889	(5.051)	16.838	17.588	0.750	0.250
<b>Customer and Corporate</b>	96.541	(81.248)	15.293	16.863	1.570	0.210
<b>Children's Directorate</b>	139.546	(92.854)	46.692	48.343	1.651	(0.845)
<b>People Directorate</b>	125.355	(38.389)	86.966	86.066	(0.900)	0.000
<b>Office of the Director of Public Health</b>	18.572	(19.019)	(0.447)	(0.447)	0.000	0.000
<b>Place Directorate</b>	82.148	(57.999)	24.149	24.694	0.545	0.195
<b>Corporate Items</b>	10.516	(20.383)	(9.867)	(11.711)	(1.844)	0.000
<b>TOTAL</b>	<b>501.017</b>	<b>(315.533)</b>	<b>185.484</b>	<b>187.577</b>	<b>2.093</b>	<b>(0.190)</b>

**Table 2: Plymouth Integrated Fund**

Plymouth Integrated Fund	2019/20 Budget	2019/20 Forecast	Year End Overspend / (Underspend)
	£m	£m	£m
New Devon CCG – Plymouth locality	376.982	379.570	2.388
Plymouth City Council *	254.859	256.501	1.642
<b>TOTAL</b>	<b>631.841</b>	<b>635.871</b>	<b>4.030</b>

The financial position above for the Plymouth Integrated Fund is for the 2019/20 month 8 position, and before any risk share.

\*This represents the net People Directorate budget plus the gross Public Health Commissioning budget (which is financed by a ring fenced Department of Health Grant).

**Table 3: Key Issues and Corrective Actions**

Issue	Variation £m	Management Corrective Action
<p><b>EXECUTIVE OFFICE</b></p> <p>There are pressures held within the Legal budget which are being closely monitored; £0.189m, which is carry forward from 2018/19. £0.100m was to be met from a Service review as indicated in the MTFP and £0.089m is apportioned Transformation legacy savings. In addition to this, there is pressure on income targets not achieved of £0.072m and missed vacancy savings target of £0.088m. Partly offset by salary saving within Chief Executive Office (£0.028m).</p>	0.321	<p>Within the elections budget, management is undertaking all possible actions to maximise logistics efficiencies and generate in-year savings above and beyond what is set out to meet in service pressures covering a 5 year window. The department is using vacancy management to off-set some of the pressure and as a result is carefully managing demand in terms of impact on capacity.</p> <p>Income generation is also being proactively sought with some success</p> <p>All efforts are being made to help offset this current position.</p>

<p><b>FINANCE</b></p> <p>The main budget pressures continue to be legacy savings, which are in excess of £0.400m. The target savings of £2.000m for Treasury Management are at risk, and pressures of approximately £0.800m have been identified within Facilities Management due to Asbestos, R&amp;M and unachieved efficiency savings.</p>	0.750	<p>All opportunities are being explored to meet the Treasury Management savings target. This includes working with our Treasury Management Advisors to explore new and innovative opportunities e.g. rescheduling LOBOSs if market conditions are favourable.</p> <p>Further technical adjustments to the method of providing debt repayment should result in the majority of these savings being realised by year-end.</p>
<p><b>CUSTOMER and CORPORATE – Customer Services</b></p>	0.848	<p>Budget savings for staff vacancies £0.192m and efficiency savings £0.268m are continuing on being managed through salary savings and other savings. Despite this, pressure is showing within Housing Benefit which remains closely monitored but highly volatile.</p>
<p><b>CUSTOMER and CORPORATE – Service Centre</b></p> <p>The budget pressure of £0.600m includes a £0.500m legacy saving.</p>	0.600	<p>CMT previously agreed to the transfer of other transactional services into the Service Centre. Benefits will be quantified in 2019/20. These can only be delivered by working in partnership and with co-operation from all service business areas.</p>
<p><b>CUSTOMER and CORPORATE – Human Resources &amp; Organisational Development</b></p>	(0.212)	<p>There is a legacy savings target of £0.050m that has been met in-year as a one off through salary savings.</p>
<p><b>CUSTOMER and CORPORATE – Departmental</b></p> <p>The budget includes legacy savings of £0.879m which are being reported as at risk of delivery.</p>	0.483	<p>Plans are continuing to be developed e.g. a review of management overheads across the directorate and other challenging decisions which will need further discussion. Therefore at this stage it is prudent to declare a pressure of £0.483m.</p>

<p><b>CUSTOMER and CORPORATE – Transformation</b></p>	<p>(0.149)</p>	<p>£0.149m of savings has been achieved mainly due to vacancies within the salaries budget within the Project Management Team.</p>
<p><b>CUSTOMER and CORPORATE – ICT Commissioned Service</b></p> <p>There are a number of budget pressures being reported. Several budgets are lower than required; Unitary Charge £0.720m, PADS £0.066m and Payroll £0.074m. Savings of £0.129m are shown against the financing charges for the way we work. Included in the £0.720m are identified additional savings of £0.184m. The DELT dividend is being forecast at £0.160m which is £0.270m lower than budget</p>	<p>0.000</p>	<p>A financing solution is currently being negotiated to mitigate these pressures as referenced below within Corporate Items.</p>
<p><b>CHILDREN'S DIRECTORATE</b></p> <p>The Children's Directorate are reporting a budget pressure of £1.651m at Month 10 a favourable improvement of £0.845m in the month mainly as a result of additional front line vacancy savings, EPS budget review, yearend maximization of grants and savings. The overall reported pressure is due to the following:</p> <p><b>Unidentified savings plans £1.628m.</b> Overall savings target £6.258m, less plans in place £4.630m.</p> <p><b>Delivery plans at risk £2.072m</b></p> <p>The net delivery (savings) plans at risk £2.072m. Following a robust challenge by finance to the services, this is highlighting the risk against the overall delivery plan for the Children's Directorate £4.630.</p>	<p>1.651</p>	<p>The following actions are being taken to try to mitigate the risk in the Children's budget.</p> <ul style="list-style-type: none"> <li>• Fortnightly placement review to ensure step down all placements where appropriate with particular attention to high cost placements.</li> <li>• Review of staying put arrangements and financial remuneration.</li> <li>• Maximize contribution from partners - Health and Education Action Complete required Health tool for all Residential placements. Review elements of contracts to ensure Education element is recharged correctly.</li> <li>• Maximise local residential placements to avoid higher out of area associated costs.</li> <li>• Director &amp; Finance Review all Financial Assumptions, monthly all placements and hot spots and quarterly line by line review</li> </ul>

<p><b>Business As Usual (£0.299m)</b> – Is projecting a favourable position with a further reduction of (£0.205m) in the monthly forecast. The CYPF Service have reduced expenditure wherever possible through the quarterly budget review exercise. The additional saving is as a direct result of increased vacancy savings.</p> <p><b>Children &amp; Young Peoples Placements £1.730m</b> - The overall pressure can be attributed to increased numbers of looked after children and the additional and extended arrangements of 3 high cost unregistered arrangements for young people with complex needs. All placements continue to be reviewed with a view to step down where appropriate for mitigation.</p>		<ul style="list-style-type: none"> <li>The residential block contract “Caring in Partnership” is being maximized to keep children local at reasonable weekly rates. The contract has enabled 22 placements of Plymouth children and young people in the last year, including bringing children who had been placed out of area back to the city and supporting other children to step down to fostering, into independence or to return home. The block contract continues to offer value for money in comparative weekly fees. The void rate has declined over recent months but this is due to two two-bedded homes needing to be blocked by one child in each home to meet their complex needs. These situations are regularly reviewed with the aim of matching children alongside as soon as possible.</li> </ul>
<p><b>PEOPLE - Strategic Cooperative Commissioning</b></p> <p>The Strategic Commissioning service is working across the People Federation to reduce costs and improve efficiencies with any resultant savings being offered as offsetting part of the pressure on the Children’s Directorate.</p> <p>ASC client numbers have continued to drop, which is as a direct result of the work undertaken over the last year to deliver improvements in the management of the ASC front door, the implementation of a robust scheme of delegation and the close working arrangement with LWSW through budget containment meetings to address system pressures. This has resulted in a current underspend in expenditure, partly offset by a reduction of client contributions, as would be expected.</p>	0.000	<p>ASC clients numbers have continued to drop, which is mostly as a direct result of the work undertaken over the last year to deliver improvements in the management of the ASC front door, the implementation of a robust scheme of delegation and the close working arrangement with LWSW through budget containment meetings to address system pressures. Due to pressures across the rest of the Council a full review clients sitting in intermediate health placements that are expected to move into ASC placements has been completed this month and we have revised our full year forecast accordingly. However, there is currently significant capacity pressures across the Dom Care market and work continues to explore options to increase capacity to support the urgent care system through the rest of this winter</p>



<p><b>PEOPLE – Community Connections</b></p> <p>Community Connections is reporting a (£0.900m) favourable variation at month 10, no change from month 9. Additional movement in month has come from further maximisation of grant income. Meanwhile B&amp;B numbers remain lower than those reported during 2018/19, through the use of alternative placements secured in existing contracts. This is being achieved and maximised through partnership working with the Alliance.</p>	(0.900)	
<p><b>PEOPLE - Management &amp; Support</b></p>	0.000	
<p><b>Office of the Director of Public Health</b></p> <p>The budget for the Office of the Director of Public Health (ODPH) is forecasting to balance to budget at year end, but acknowledging that there is risk within the forecast of savings to make that do not have any plans against them and there is an additional high risk due to the fire at Efford Crematorium at New Year. The financial implications of this are not yet fully understood but we anticipate considerable additional costs; these will be quantified more fully in next month's report. There have also been extra costs which have been incurred, and more are anticipated, due to Brexit.</p> <p>The Public Protection service, funded from RSG and other income streams, are forecasting to spend to budget, however there are reviews of spending across the service during the year to be able to achieve this.</p>	0.000	<p>The departments will be working to cover the current risk to bring it to zero at yearend.</p> <p>There has been a reduction in the Public Health grant received in 2019/20 of £0.405m from the previous year, which is being contained by holding staff vacancies and through reducing the value of contracts held within the department.</p>

<p>The Bereavement Service is forecasting slightly more cremations than were budgeted for at this point in the year, however additional income and less expenditure on other areas means that there is still a small surpluses being forecast which is ring-fenced and cannot be counted towards any favourable variations for the Directorate. However, since the recent incident at Efford Crematorium, this may change the year end projections.</p>		
<p><b>PLACE - Strategic Planning and Infrastructure (SP&amp;I)</b></p> <p>The forecast SP&amp;I budget position shows a net £81k positive variation to budget. This is a negative change since last month's budget monitoring report of £23k. There continues to be concern about a significant shortfall in planning application, development enquiry service fees and building control income, which can be attributed to the wider economic uncertainty affecting investment decisions. Furthermore, this month's forecast includes a negative variation in relation to the service now carrying a net £80k cost relating to the National Marine Park. However, this is currently forecast to be more than compensated by an increased vacancy saving forecast (partly related to recruitment difficulties, especially in the transport teams), reduced spend across the service and savings in relation to concessionary fares.'</p>	<p>(0.081)</p>	<p>The SP&amp;I Senior Management Team will continue to monitor the department's vacancy management arrangements, reduced spending and increased income measures. To maintain a balanced position, areas of departmental activity will be stopped for the remaining part of the year if that becomes necessary.</p>
<p><b>PLACE - Management Support (Director's budget)</b></p> <p>The opening (£0.451m) efficiency target, plus the (£0.067m) Game Team staff cost pressure has been reduced by a permanent virement of £0.150m to Street Services and a one off ED income generation of £0.345m. There are no</p>	<p>0.345</p>	<p>Overall Place monitoring will continue to seek one off efficiencies by reducing costs and potential income opportunities to reduce this pressure.</p>

specific actions in place to meet this remaining (£0.023m) currently.		
<p><b>PLACE - Economic Development</b></p> <p>£1.1m of forecast income generation from Asset Investment Fund acquisitions in excess of target, have enabled £0.7m of spend pressures within Economic Development to be met.</p> <p>Spend pressures include earmarking £0.300m resources to meet a loss arising from the discovery of asbestos at the City Business Park, containing £0.200m unavoidable commercial estate pressures, and delivering on £0.200m pledges.</p>	(0.500)	<p>£0.345m of the one-off ED AIF income has been used to offset part of the overall Place efficiency target.</p> <p>Efforts will continue to be taken to maximise income and reasonably contain costs.</p>
<b>PLACE - GAME</b>	0.000	Nil variance to report

<p><b>PLACE - Street Services</b></p> <p><b>Street Scene &amp; Waste services:</b> SSW are reporting an adverse variation. This can be attributed to the RTS fire and closure of the facility for 9 weeks, increased costs linked to health and safety, increased maintenance costs of an aging fleet, increased staffing costs to respond to storm damage and overall pressures to deliver clean and tidy streets. Through tight financial management and increased efforts to maximise commercial income, the pressure is expected to be in the order of £0.781m. Areas being focused on include staffing costs, fuel and maintenance costs of vehicles and some operational costs.</p> <p><b>Fleet and Garage:</b> Fleet are reporting to budget but have a risk of £0.034m. This relates to a £0.026m gap against a previous savings target, and a £0.008m pressure due to the requirement for a new fuel system. There is also a risk around their £0.050m additional savings target, although delivery plans are being worked on to help meet this that rely on client account savings.</p> <p>Garage are forecasting to come in on budget. The Garage also has a £0.050m savings target that is being picked up in the aforementioned delivery plan.</p> <p><b>Highways and Car Parking:</b> Highways are currently forecasting to come in on budget, although there are risks around 19/20's additional car parking income target.</p>	<p>0.781</p> <p>0.000</p> <p>0.000</p>	<p>A detailed review of all Street Scene &amp; Waste budgets, including a coding/budget realignment is on-going, which will aid management of these budgets going forward.</p> <p>Detailed analysis is ongoing within the Garage to meet the budget position.</p>
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<p><b>CORPORATE ITEMS</b></p> <p>Following a review of the Collection Fund at month 8 there is an improved position which has enabled £0.994m to be released from the collection fund to support the revenue budget.</p> <p>Following a review of the provision to support the costs for restructuring services £0.350m has been released to support the revenue budget.</p> <p>Following a review of the Pension deficit solution and impact upon the council's borrowing a further £0.500m has been released to support the revenue budget.</p>	(1.844)	
<p><b>TOTAL</b></p>	<b>2.093</b>	

