

# Performance, Finance and Customer Focus Overview and Scrutiny Committee



Date of meeting: 07 October 2020

Title of Report: Capital & Revenue Monitoring Report 2020/21 – Month 4

Lead Member: Councillor Mark Lowry (Cabinet Member for Finance)

Lead Strategic Director: Andrew Hardingham (Service Director for Finance)

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Your Reference:

Key Decision: No

Confidentiality: Part I - Official

## Purpose of Report

This report was agreed by Cabinet 15 September 2020:

- Outlines the capital and revenue finance monitoring position of the Council as at the end of July 2020;
- Updates the report presented to Cabinet on 18 August 2020 which set out a revenue position statement for 2020/21 and the impact upon 2021/22 financial planning arising from the COVID-19 pandemic;
- Sets out the capital budget 2020-25, taking into account changes to the capital programme and adjustments to income assumptions as a result of the pandemic.

The forecast revenue outturn after the application of Covid grants and council mitigating actions is shown in Table I.

**Table I: End of year revenue forecast**

	Budget £m	Forecast Outturn £m	Variance £m
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<b>Total General Fund Budget</b>	<b>193.678</b>	<b>194.966</b>	<b>1.288</b>
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## Recommendations and Reasons

The Performance, Finance and Customer Focus Overview and Scrutiny Committee are asked to note the report

### Recommendations agreed by Cabinet 15 September 2020 -

1. Notes the current capital and revenue monitoring position.
2. Endorses the mitigating actions set out at paragraphs 1.7-1.10 below to offset the impact of the projected overspend.
3. Approves the creation of a Covid Reserve to fund the additional costs and lost income arising from the Pandemic as set out in paragraph 1.10.
4. Continues to work with Strategic and Service Directors to explore further options to reduce the projected overspend and minimise any further call on the Council's reserves to balance the 2020/21 budget.
5. Recommends that the Council approves the Capital Budget 2020-2025 as revised to £593.638m (as shown in Table 5).

### Alternative options considered and rejected

None – our Financial Regulations require us to produce regular monitoring of our finance resources and take the necessary actions to ensure that resources are in place to meet the Council's expenditure commitments.

### 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 Plan (MTFP). 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 MTFP going forward and require additional savings to be generated in future years.

### Carbon Footprint (Environmental) Implications:

No impacts directly arising from the recommendations of 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 and priorities as set out in the Corporate Plan

## 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
1	Detailed Breakdown of the Capital Programme							

## 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: Andrew Hardingham (Service Director For Finance)											
Please confirm the Strategic Director(s) has agreed the report? Yes											
Date agreed: 02/09/2020											
Cabinet Member approval: Councillor Mark Lowry (Cabinet Member for Finance)											
Date approved: 08/09/2020											

## 1. Introduction

- 1.1 This report outlines the capital and revenue finance monitoring position of the Council as at the end of July 2020. This paper provides a further update to the report presented to Cabinet on 18 August 2020 which set out a revenue position statement for 2020/21 and the impact upon 2021/22 financial planning arising from the COVID-19 pandemic.
- 1.2 The Council's budget for 2020/21 was approved by Council only a matter of days before the country was placed into lockdown as a response to the COVID-19 pandemic. The Ministry for Housing, Communities and Local Government (MHCLG) has to date paid the Council un-ringfenced grant in three tranches in response to the additional costs faced by Plymouth arising from the pandemic. These are set out in Table 2 below.
- 1.3 The five year capital budget 2020-2025 is currently forecast to be £593.658m as at 31 July 2020. The capital budget has been adjusted to take into account the rolling forward of the programme from 2019-2024 to 2020-2025 as well as changes to the capital programme and adjustments to the income assumptions shown in Table 7 below.

**Table 2: One-off Grants Received**

<b>Covid-19 Grant Funding</b>	<b>£m</b>
<b>MHCLG Grant Tranche 1</b>	<b>8.464</b>
<b>MHCLG Grant Tranche 2</b>	<b>7.236</b>
<b>MHCLG Grant Tranche 3</b>	<b>2.503</b>
<b>Total Grant received</b>	<b>18.203</b>
<b>Less used in 2019/20</b>	<b>(0.496)</b>
<b>Total Grant available for 2020/21 costs</b>	<b>17.707</b>

- 1.4 In addition to the grant set out in Table 2 above, the Government has announced an Income Compensation Scheme which will partially offset the council's lost income arising from sales, fees and charges. This compensation will be 'one off' in nature for 2020/21 and has a set of parameters and rules. In summary, after applying a deduction equivalent to 5% of the Council's budgeted income for 2020-21, the government will compensate 75p in every pound of losses thereafter from all eligible sales, fees and charges. Certain types of income have been deemed ineligible and will attract no compensation under the scheme. Ineligible income includes income from Commercial rents and Treasury Management investments.

- 1.5 MHCLG published the form via which lost income claims can be submitted on 4 September 2020, and work on the final submission is not yet complete. Inevitably the guidance released to date is complex and is an additional resource burden on the Council. Lost income for Plymouth has been set out at paragraph 1.09 below.
- 1.6 Table 3 below summarises the forecast outturn position. Before any mitigating actions are put in place the forecast overspend would be £9.047m. Set out below are the mitigating actions which will reduce the projected outturn position to £1.288m

### **Mitigating Actions to Reduce the Forecast Overspend**

#### **a) Employee Voluntary Redundancy Scheme (EVRS)**

- 1.7 The Council opened the EVRS programme to all officers. This is forecast to deliver £3.0m of sustainable full year equivalent savings. Of these total £0.550m is available in 2020/21. At the time of writing final decisions are still pending which may mean a small variation to the financial outcome.

#### **b) Capital Financing Costs**

- 1.8 Officers are reviewing two elements of the Council's capital financing costs. The first is the methodology for accounting for the interest costs in relation to debt and capitalising these as opposed to charging direct to revenue. The second is a review of accounting policies to allow for Minimum Revenue Provision not to be charged on assets acquired for investment purposes. These two changes can save an estimated £0.250m.

#### **c) Income Compensation Scheme (ICS)**

- 1.9 As set out above in paragraph 1.5, officers are analysing the ICS. At this stage the estimated grant is £4.559m and this has been included within the forecast outturn position. The Section 151 Officer will be required to authorise the final submission and this will be reviewed and approved by MHCLG. This grant represents 75% of eligible expenditure after discounting the first 5%. Due to the nature of the way the claim works it is difficult to be precise at this time as to the full year claim position. The Council has to submit in three tranches. The first claim is for income lost up to the end of July 2020. The final claim will reflect the year end position.

#### **d) Release of Earmarked Reserves and Creation of Covid Reserve**

- 1.10 The Council is holding £23.897m of earmarked reserves. Of that total £17m have specific terms and conditions attached rendering them unavailable to support the Council's General Fund. Following a review of reserves it is recommended that some could be released and a Covid Reserve is created to support the in-year budget pressures. There is manageable risk associated with drawing on these and they amount to £2.400m. If required, the Covid Reserve will be used to fund the additional costs incurred for the Temporary Mortuary (should the Council be unsuccessful in its claim for reimbursement from Government) and the shortfall from the ICS where the government will not compensate Plymouth for all of its lost income.

- 1.11 Cabinet Members and officers must look at all opportunities to manage the impact of Covid 19, existing legacy pressures and in year budget pressures. The Council must declare a balanced budget at year end and this report summarises a number of potential mitigations. Forecasts need to be refined and updated over the coming weeks but provide an overview of the challenges the Council still faces. The financial challenges facing the Council should not be underestimated and managing them continues to be a principal priority for the Council both in the current year and over the duration of the Medium Term Financial Plan.

**Table 3: Revenue Monitoring Position**

Directorate	Gross Expenditure	Gross Income	2020/21 Latest Approved Budget	Forecast Outturn – Prior to use of Covid Grants	Forecast Year End Variation - Prior to use of Covid Grants
	£m	£m	£m	£m	£m
<b>Executive Office</b>	6.500	(0.506)	5.994	6.179	0.185
<b>Finance</b>	29.962	(5.295)	24.667	25.171	0.504
<b>Customer and Corporate</b>	81.748	(64.638)	17.110	20.113	3.003
<b>Children’s Directorate</b>	149.354	(95.669)	53.685	57.975	4.290
<b>People Directorate</b>	125.425	(35.710)	89.715	92.876	3.161
<b>Office of the Director of Public Health</b>	19.306	(19.697)	(0.391)	(0.234)	0.157
<b>Place Directorate</b>	85.002	(60.011)	24.991	35.619	10.628
<b>Corporate Items</b>	5.362	(27.455)	(22.093)	(17.267)	4.826
<b>TOTAL – Prior to use of Covid Grants</b>	<b>502.659</b>	<b>(308.981)</b>	<b>193.678</b>	<b>220.432</b>	<b>26.754</b>
Less balance of COVID 19 grants					(17.707)
Less (Estimated) Income Compensation Scheme					(4.559)
<b>SUB TOTAL</b>					<b>4.488</b>
<b>Council Mitigating Actions:</b>					
- EVRS					(0.550)
- Capital Financing					(0.250)
- Covid Reserve					(2.400)
<b>NET FORECAST AFTER APPLICATION OF COVID GRANTS</b>					<b>1.288</b>

The financial position for the Plymouth Integrated Fund is not being reported for the start of 2020/21 due in part to the financial uncertainties for both the Council and Devon Clinical Commissioning Group (CCG) arising from the Covid-19 crisis. It is also a reflection of the CCG operating without a formal budget for the period April to July 2020, with all costs being compensated on a claims basis by NHS England. For these reasons, it has been agreed by both parties that the Risk Share Agreement is reset to 0% for both parties for the full financial year.



**Table 4: Key Issues and Corrective Actions**

Included in the budget, is an assumed vacancy target of £3.800m. For the purposes of budget monitoring, it is assumed that this target will be met in full, and therefore is excluded from legacy pressures as set out in column 1 below. However it is important to note that this projection is based on the data available at month 4 and could change depending on the council's continued need to respond to the pandemic.

	(1)	(2)	(3)	(4)	(5)	
Issue	Legacy £m	BAU* £m	Covid19 Income Lost £m	Covid19 Costs Incurred £m	Total £m	Management Corrective Action
<p><b>EXECUTIVE OFFICE</b></p> <p>There are legacy pressures of £0.045m along with additional costs which have been incurred due to newspaper publications covering narrative on Covid19. These have been marginally offset by salary savings.</p> <p>In addition within the Elections budget this year there is a saving of £0.113m which has been moved to reserve in line with the five year rolling budget which will manage the future known pressures within this budget.</p>	0.045	(0.047)	0.004	0.037	0.039	The department will continue to seek efficiencies by reducing costs and increasing potential income opportunities. Risks will be closely monitored and mitigated wherever possible. At the time of writing there are no further specific plans in place.

	(1)	(2)	(3)	(4)	(5)	
Issue	Legacy £m	BAU £m	Covid19 Income Lost £m	Covid19 Costs Incurred £m	Total £m	Management Corrective Action
<p><b>EXECUTIVE OFFICE – Legal</b></p> <p>There is currently a pressure, £0.189m. This is a carry forward from 2018/19. £0.100m was to be achieved from a Service review as indicated in the MTFP and £0.089m is apportioned Transformation legacy savings.</p>	0.189	(0.043)	0.000	0.000	0.146	A small vacancy saving is offsetting this slightly and a budget review is under discussion with further details to follow.
<p><b>FINANCE</b></p> <p>Legacy items from the unachieved Transformation programme savings totalling £0.500m remain a pressure.</p> <p>Facilities Management Covid19 pressures: lost income from Guildhall events and cost for additional staffing. There is risk in Repairs and Maintenance (R&amp;M) budget which is being monitored.</p>	0.500	(0.200)	0.093	0.111	0.504	<p>An in depth review of the Treasury Management budget has been undertaken. Interest rates have fallen significantly reflecting the Bank of England base rate of 0.1%. Interest on investments is forecast to be below the budget target. The interest charged on fixed debt remains unchanged but the council is benefiting from the reduction in the cost of short term borrowing. This is reflected in the forecast which is showing £0.500m saving.</p> <p>The remainder of the Finance budget is predominantly employee related costs. Any further reduction in staffing levels will expose the Council to greater financial risk. The Chief Financial Officer has a duty to ensure that staffing levels are adequate to enable duties to be discharged.</p>

						The R&M budget will be targeted primarily to undertake only essential maintenance.
	(1)	(2)	(3)	(4)	(5)	
<b>Issue</b>	<b>Legacy £m</b>	<b>BAU £m</b>	<b>Covid19 Income Lost £m</b>	<b>Covid19 Costs Incurred £m</b>	<b>Total £m</b>	<b>Management Corrective Action</b>
<p><b>CUSTOMER and CORPORATE – Customer Services</b></p> <p>Housing Benefit (£0.985m) additional costs incurred due to the impact of Covid19 and pressures related to recovery of overpayments</p> <p>Covid19 has also impacted on income on Court Fees and Registration. These pressures are currently being offset in part by salary savings.</p>	0.985	(0.516)	0.450	0.911	1.830	A budget review is underway and further details are to follow.
<p><b>CUSTOMER and CORPORATE – Service Centre</b></p> <p>Legacy item totalling £0.600m. Other transactional services to transfer into the Service Centre.</p>	0.600	0.000	0.000	0.000	0.600	Budget review is underway and further details to follow. However the shortfall will be partially addressed in year from the savings derived from the Employee Voluntary Release Scheme programme launched on 20 June. Benefits will be quantified in 2020/21.
<p><b>CUSTOMER and CORPORATE – Human Resources &amp; OD</b></p>	0.000	0.016	0.000	0.000	0.016	No other risks identified.

Overall pressure of £0.016m; this is £0.060m target for staff green travel plan offset by salary savings.						
	(1)	(2)	(3)	(4)	(5)	
<b>Issue</b>	<b>Legacy £m</b>	<b>BAU £m</b>	<b>Covid19 Income Lost £m</b>	<b>Covid19 Costs Incurred £m</b>	<b>Total £m</b>	<b>Management Corrective Action</b>
<p><b>CUSTOMER and CORPORATE – Departmental</b></p> <p>The budget includes savings of £0.570m from Transformation, and £0.004m gap to budget delivery affected by response to Covid19.</p>	0.570	0.004	0.000	0.000	0.574	Plans are in the process of being developed including a review of management overheads across the directorate and challenging decisions will need to be made to address these pressures.
<p><b>CUSTOMER and CORPORATE – Transformation</b></p> <p>Costs incurred for funding laptops for officers and Members and remote working, offset by salary savings.</p>	0.000	(0.165)	0.000	0.148	(0.017)	Budget review underway and further details to follow.

	(1)	(2)	(3)	(4)	(5)	
Issue	Legacy £m	BAU £m	Covid19 Income Lost £m	Covid19 Costs Incurred £m	Total £m	Management Corrective Action
<p><b>CHILDREN'S DIRECTORATE</b></p> <p><b>Savings Plans:</b> £0.957m attributable to Covid19 due to: 1) restructure delays, 2) planned placement reviews stalled as a result of increased demand.</p> <p><b>Placements - Independent Sector Providers</b></p> <p>Placements £0.347m. There has been an increase in the cost of young people's placements due to the high levels of demand from our neighbouring local authorities and nationally, reducing the availability of the right sort of placement in order to meet a young person's needs.</p> <p>The impact of Covid19 has had an effect on looked-after children placements. From April to July there has been an increase of 20 new Looked After Children</p>	0.000	0.347		3.836	4.290	<p>Directorate to identify further plans to mitigate shortfall. EP+S restructure now in-train and Home to School Transport review progressing. Current position is that 76% of the savings plans are now realised or on track for delivery by the end of the financial year.</p> <p>All placements continue to be reviewed with a view to reduce costs.</p>

<p>placements equating to a full year effect of £1.549m</p> <p>Using trend analysis, an increase of +16 placements bimonthly is forecast. Increased costs by year end by £1.279m if realised.</p> <p><b>Education Participation and Skills (EP+S).</b></p> <p>£0.107m lost income; from training courses fees.</p> <p>£0.051m costs: home to school transport from lack of sufficient vehicles to allow for social distancing and SEND costs due to the implementation of emergency short break packages for some children with complex needs with 1 to 1 support replacing group based sessions.</p>						
<p><b>PEOPLE – Community Connections</b></p> <p>Bed and Breakfast numbers set to increase further, still due to Covid19; payments to our partner The Alliance may increase with the increase in demand for services.</p> <p>Additional costs for more housing and associated staffing; expected</p>	0.000	(0.326)	0.045	1.178	0.897	<p>All pressures being reported are Covid19 related.</p> <p>The department has been tasked with achieving delivery plans of £0.113m, as well as £0.268m of savings brought forward from 2019/20 that were realised from one off savings and needed to be achieved in this financial year. It is thought that they will achieved in full, however, some of these</p>

Youth Centre loss of income; BAU saving is because of grant maximization.						may be achieved through one off savings again, which could cause further pressure in 2021/22.
	(1)	(2)	(3)	(4)	(5)	
<b>Issue</b>	<b>Legacy £m</b>	<b>BAU £m</b>	<b>Covid19 Income Lost £m</b>	<b>Covid19 Costs Incurred £m</b>	<b>Total £m</b>	<b>Management Corrective Action</b>
<p><b>PEOPLE - Strategic Cooperative Commissioning</b></p> <p>The forecast includes additional payments made to providers up to 30th June 2020 and includes no provision for further payments. The market will continue to be monitored over the coming months and risks and issues will be escalated to CMT and Cabinet.</p> <p>The forecast also reflects additional payments relating to Discharge claims from Health.</p> <p>After a period of Adult Social Care (ASC) client numbers dropping, now seeing rises in the numbers of both residential and community clients.</p> <p>Covid19 has also had a large impact on the department, with increased costs to providers, both</p>	0.000	0.114	0.300	1.850	2.264	<p>At the moment, most of the pressures being reported are Covid19 related.</p> <p>At this time, the service are hoping to cover off all delivery plans, however most of these may be achieved through one off grants again, which will cause further pressure in 2021/22.</p> <p>The development of the next phase of transformation is underway to support the delivery of sustainable savings during 2020/21 and thus reduce the reliance on one off savings in future years.</p>

one off and ongoing, as well as a very large cost of Personal Protective Equipment (PPE) that is being used for the local authority and also for providers.						
	(1)	(2)	(3)	(4)	(5)	
<b>Issue</b>	<b>Legacy £m</b>	<b>BAU £m</b>	<b>Covid19 Income Lost £m</b>	<b>Covid19 Costs Incurred £m</b>	<b>Total £m</b>	<b>Management Corrective Action</b>
<p><b>Office of the Director of Public Health</b></p> <p>The Track and Trace initiative will have funding of £1.402m from the Department of Health and Social Care which will be spent on a variety of areas.</p> <p>At the moment the Bereavement Service is forecasting to budget for numbers of cremations, but any pressure will be around the decision not to increase prices this year.</p>	0.000	0.000	0.121	0.036	0.157	<p>At the moment, all pressures being reported are Covid19 related.</p> <p>Bereavement will be monitored closely over the coming months to understand the trends emerging in this financial year. However this budget is ring-fenced and cannot be counted towards any favourable variations for the Directorate.</p>
<p><b>PLACE - Strategic Planning and Infrastructure (SP&amp;I)</b></p> <p>The monitoring position is heavily influenced by the impact of</p>	0.000	(0.930)	0.914	(0.033)	(0.049)	<p>SP&amp;I Management will continue to closely monitor opportunities for additional income and spend savings given wider budget pressures. The Service Director identified in July 2020 a series of emergency budget decisions. These include:</p>



<p>Covid19 on income and expenditure.</p> <p>We have forecasted a Covid19 related adverse impact on SP&amp;I income of £0.914m based upon assumptions relating to the demand for services (e.g. planning applications and building control), our ability to deliver services that generate fees, and potential impacts on capital project delivery.</p>						<ul style="list-style-type: none"> <li>Freezing recruitment for a number of posts for the rest of 2020/2021 £0.176m;</li> <li>Shutting down or intentionally limiting project spend for the rest of 2020/2021 £0.266m plus;</li> <li>One-off capitalisation for 2020/2021;</li> <li>Additional In-Year Fees for Services Provided and External Partnership Income;</li> <li>Negotiating one-off savings where contributions can be offset by reserves held by partnerships;</li> <li>Postponing the Local Green Space Development Planning Document and stopping non-revenue generating work.</li> </ul>
<p><b>PLACE - Management Support</b></p> <p>£0.338m Accumulated Place legacy efficiencies target following apportionment of historic Transformation costs.</p>	0.338	0.000	0.000	0.000	0.338	<p>Overall Place monitoring will continue to seek one off efficiencies by reducing costs and potential income opportunities to reduce this pressure. With the in-year Covid19 impact however this is unlikely to be realised in full.</p>
<p><b>PLACE - Economic Development</b></p>	0.000	(0.300)	1.799	(0.364)	1.135	

<p>There are pressures due to income no longer achievable from the Computer Complex as a result of asbestos discovery at Stoke Business Park, and lack of resource to deliver on agreed budget priorities including for Co-operatives and the Fishing Industry.</p> <p>These are being offset in part from planned savings that have been achieved; including from the Airport Estate, additional capitalisation and NNDR commitments have reduced rates delisting.</p> <p>In addition there are pressures as a result of Covid19 impacting on commercial activities: these include but not limited to; Asset Investment Fund, Mount Edgumbe, The Box and City Market.</p>						<p>Risk based intelligence monitoring will ensure that these pressures are kept under ongoing review and reported appropriately.</p> <p>It is anticipated that National Government business grant payments to tenants will enable these PCC delayed invoice payments to be made. There remains however a significant risk of write off from tenants who do not recover and go out of business. This level of write off risk has been assessed by the Land and Property team for each area within ED.</p>
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	(1)	(2)	(3)	(4)	(5)	
Issue	Legacy £m	BAU £m	Covid19 Income Lost £m	Covid19 Costs Incurred £m	Total £m	Management Corrective Action
<p><b>PLACE - Street Services</b></p> <p><b>Street Scene &amp; Waste (SSW) services:</b></p> <p>Street Scene and Waste are reporting an adverse variation of £1.978m. A substantial proportion of this is due to ongoing legacy/income targets, which are unlikely to be achieved - these total £0.556m.</p> <p>COVID-19 has also had a significant impact on SSW, causing a forecasted pressure of £1.172m due to lost income through Trade Waste, Bulky Waste and Sales of Recyclables, as well as additional costs as a consequence of increased tonnages and having to cease and then reopen services.</p> <p>Among other things, SSW have BAU pressures of £0.124m, which include vehicle running costs and agency costs as the most significant.</p> <p>Grounds has also brought a pressure of £0.155m in relation to</p>	0.556	0.250	0.529	0.643	1.978	<ul style="list-style-type: none"> <li>Street Scene and Waste has undergone a series of end-to-end reviews to understand the genesis of the cost pressures that exist across the service.</li> <li>The available budget for the service was increased in 2020/21 after having not been increased for a number of years despite exacting service standards, ever increasing demands and increased numbers of households across the city.</li> <li>The service is looking at a series of measures that will introduce more accountability and tighter controls.</li> <li>As part of the review, the service is also undergoing a series of changes as part of its modernisation agenda and this should see improved income, which will in part address the shortfall as well as some (but not all) of savings targets.</li> <li>The impact of Covid-19 is significant and the service continues to monitor and assess the implications, particularly for trade and commercial income, as well as the additional costs of running Covid-safe services and adjusting working practices in a dynamic pandemic environment</li> </ul>

<p>backdated grant monies owed to National Trust. Grounds are also reporting a COVID-19 related pressure of £0.109m (of which £0.068m is lost income). Measures are in place to monitor the service area more frequently and apply tighter financial control.</p>						
<p><b>Fleet and Garage:</b> Fleet and Garage are reporting a pressure of £0.127m which is made up of historic legacy/income targets. Fleet of £0.077m and Garage of £0.050m.</p>	0.127	0.000	0.000	0.000	0.127	
<p><b>Highways and Car Parking:</b> The Highways and Car Parking Trading account is currently reporting a forecast loss of up to £7.099m. This is made up of £6.5m potential loss from Car parking income from On Street &amp; Off Street, Permit Parking, Penalty Charge Notices &amp; Corporate Permits and the continuation of the service running costs during the period. £0.400m Tamar Bridge &amp; Torpoint Ferry loss of income shared with Cornwall. Other pressures are within mooring income, loss of rental from cruise operators and Highways Legal Fees.</p>	0.000	0.090	6.984	0.025	7.099	<p>The Tamar Bridge and Torpoint Ferry Joint Committee is predicting a shortfall of £4.2m income in 2020/21. The Act establishing the bridge requires that accumulated reserves are used first to offset any in year loss. Plymouth will be claiming its share (£2.1m) of the loss from the Government although at present guidance suggests we will only receive 71p in the £. After use of the reserves if there is still a deficit this is shared equally between Plymouth and Cornwall. At present the position is estimated to be £0.4m</p>

	(1)	(2)	(3)	(4)	(5)	
Issue	Legacy £m	BAU £m	Covid19 Income Lost £m	Covid19 Costs Incurred £m	Total £m	Management Corrective Action
<p><b>CORPORATE ITEMS</b></p> <p>There is £3.200m of pressure for The Way We Work (TWWW) programme and Business Support Review as shown in the MTFP.</p> <p>Costs totalling £1.856m have already been incurred for the Temporary Mortuary of £1.450m and for PPE equipment including signage.</p> <p>Climate Emergency Budget</p> <p>Of the £0.250m received £0.020m has been spent. The Senior Responsible Officer role for Climate Emergency rests with the Strategic Director of Place</p> <p>Health and Safety capital finance budget.</p> <p>Essential works have been approved as part of the capital programme up to the limit of the funding available. Should works be delayed because of Covid there may be a small underspend Responsibility for this budget rests with the Director for Finance.</p>	0.000	3.200	0.000	1.856	5.056	<p>Boards have been convened to look at components of TWWW programme, including for example, the Accommodation strategy to review impact of Covid 19 on future service delivery.</p> <p>EVRS council wide programme; driving out £0.750m this financial year</p>
	0.000	(0.230)	0.000	0.000	(0.230)	

	(1)	(2)	(3)	(4)	(5)	
Issue	Legacy £m	BAU £m	Covid19 Income Lost £m	Covid19 Costs Incurred £m	Total £m	Management Corrective Action
<b>TOTAL</b>	<b>3.910</b>	<b>1.450</b>	<b>11.346</b>	<b>10.048</b>	<b>26.754</b>	
Less balance of COVID 19 grants.					(17.707)	
Less estimated ICS					(4.559)	
Less Council mitigating actions					(3.200)	
<b>NET TOTAL</b>					<b>1.288</b>	

## **Capital Finance Report Month 4 2020/21**

The five year capital budget 2020-2025 is currently forecasted to be £593.658m as at 31 July 2020. The capital budget has been adjusted to take into account the removal of 2019/20 (£195.780m) and the addition of the 2024/25 programme as well as changes to the capital programme and adjustments to the income assumptions shown in table 6.

The Income Assumptions are estimates of future funding. Most of the future funding has not yet been secured and will be ring-fenced to deliver future capital projects to grow the city.

### **Current Capital Resources**

Table 5 The Capital budget consists of the following elements:

Description	£m
Capital Programme approved by CCIB	360.874
Income Assumptions *	232.784
<b>Total Revised Capital Budget for Approval (2020-2025)</b>	<b>593.658</b>

\* Estimate of possible future income to finance future capital projects (funding see Table 2b)

Within the approved budget (representing forecast resources), the Capital Programme represents projects that have been approved by the City Council Investment Board (CCIB). Project officers prepare detailed business cases and present them to the board and if approved the CCIB recommends them to the Leader for approval. Once the executive decision has been signed by the leader the projects are added to the Capital Programme for delivery.

Tables 6 and 7 below show the revised capital programme for the period 2020-2025, as at the end of July 2020. Appendix I shows a detailed breakdown of the Capital Programme.

Table 6a Capital Programme by Directorate

Directorate	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m
People	6.048	0.632	0.172	-	-	<b>6.852</b>
Place	137.529	83.983	68.442	10.708	2.681	<b>303.343</b>
Customer & Corporate	8.095	29.571	-	-	-	<b>37.666</b>
Public Health	5.209	7.804	-	-	-	<b>13.013</b>
<b>Total</b>	<b>156.881</b>	<b>121.990</b>	<b>68.614</b>	<b>10.708</b>	<b>2.681</b>	<b>360.874</b>
<b>Financed by:</b>						
Capital Receipts	4.465	4.087	2.150	0.610	0.664	11.976
Corporate funded borrowing	39.170	39.001	11.563	4.828	2.017	96.579
Service funded borrowing	46.887	40.639	28.517	4.020	0	120.063
Grant funding	57.826	27.991	25.524	0	0	111.341
SI06 & CIL	6.883	10.155	0.860	1.250	0	19.148
Other contributions	1.650	0.117	0	0	0	1.767
<b>Total Financing</b>	<b>156.881</b>	<b>121.990</b>	<b>68.614</b>	<b>10.708</b>	<b>2.681</b>	<b>360.874</b>

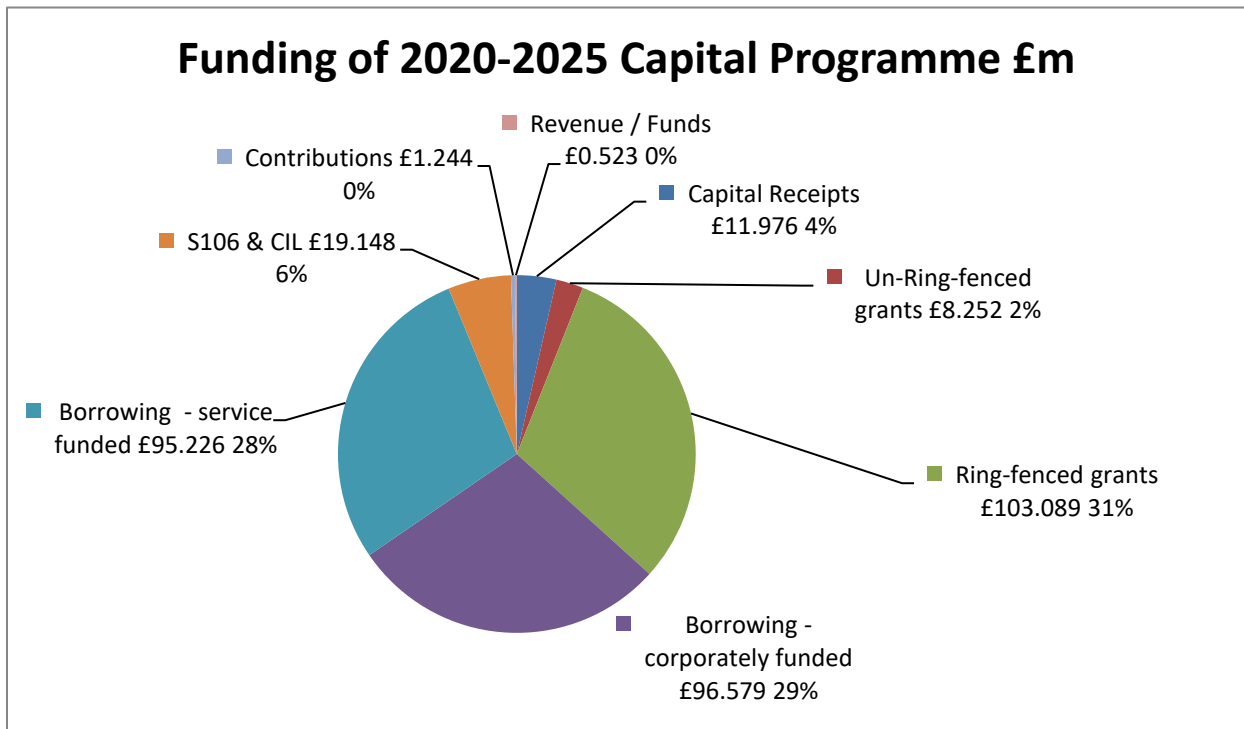




Table 6b Income Assumptions Funding Estimates

Funding Estimates	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m
Capital receipts	1.938	(0.439)	0.477	0.966	(0.362)	<b>2.580</b>
Corporate & service borrowing	0	0	0	0	0	<b>0</b>
Grants	11.440	24.083	5.067	159.196*	2.126	<b>201.912</b>
SI06 and CIL	4.575	4.575	4.575	4.575	0	<b>18.300</b>
Other sources	0.226	1.298	7.268	0.600	0.600	<b>9.992</b>
<b>Total</b>	<b>18.179</b>	<b>29.517</b>	<b>17.387</b>	<b>165.337</b>	<b>2.364</b>	<b>232.784</b>

\* Please note that the income assumptions for future funding have not all been secured and include a possible grant from the Department of Transport in the region of £141m for the Manadon Interchange and Major Road Networks.

### Covid 19

The effect from Covid 19 has slowed the capital programme delivery. As we come out of lock down the capital projects are resuming but with the extra safety requirements of social distancing. There will be slippage in the delivery of the capital programme but the Resurgam group has been set up to accelerate the delivery of projects.

Table 7: Capital Programme by Delivery Outcome

Primary Outcome of Projects	£m
Securing Growth in the City Centre/Waterfront	17.450
Securing Growth in Derriford and the Northern Corridor	57.398
Securing Growth in the Eastern Corridor	8.602
Delivering More/Better Housing	15.195
Ensuring Essential City Infrastructure	94.597
Improving Neighbourhoods and Community Infrastructure	3.848
Ensuring Good Quality School Places	1.802
Growing the Economy	33.038
Delivering Oceansgate	11.103
Connecting the City	27.162
Celebrating Mayflower	4.737
Delivering The Box	3.140
Transforming Services	82.802
<b>Total</b>	<b>360.874</b>

**Recommendation**

Cabinet will be asked to recommend to Council that the Capital Budget 2020-2025 is revised to £593.658m as at 31 July 2020. (as shown in Table 6).

## Appendix I: Detailed Breakdown of the Capital Programme

Approved Capital Programme	20/21	21/22	22/23	23/24	24/25	Total
	£000	£000	£000	£000	£000	£000
<b>Celebrating Mayflower</b>						
Mayflower 400 - A38 Signage	975	-	-	-	-	975
Mayflower 400 – Plymouth Signage	438	-	-	-	-	438
Mayflower 400 – Public Realm Improvements	381	-	-	-	-	381
Mayflower 400 – Public Realm Enabling	1,761	-	-	-	-	1,761
Mayflower 400 - Elizabethan House	451	-	-	-	-	451
Mayflower 400 - Monument	289	-	-	-	-	289
Mayflower 400 IT and CRM Systems	246	-	-	-	-	246
Mayflower 400 - Waterfront Event Infrastructure	196	-	-	-	-	196
<b>Total Celebrating Mayflower</b>	<b>4,737</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,737</b>
<b>Connecting the City</b>						
Mayflower Coach Station	-	8	-	-	-	8
Electric Car Charge Points	2	-	-	-	-	2
Cot Hill Bridge	763	-	-	-	-	763
Plymouth Rail Station Regeneration	3,533	4,793	13,014	4,020	-	25,360
Ply Railway Station Concourse (TCF)	832	-	-	-	-	832
<b>Total Connecting the City</b>	<b>5,130</b>	<b>4,801</b>	<b>13,014</b>	<b>4,020</b>	<b>-</b>	<b>26,965</b>
<b>Delivering More/Better Housing</b>						
Self Build Housing Sites	116	-	-	-	-	116
North Prospect Phase 4	1,000	-	-	-	-	1,000
North Prospect Phase 5	128	-	-	-	-	128
Bath Street	1,686	-	-	-	-	1,686
Plan for Homes	1,013	-	-	-	-	1,013
Plan for Homes 3	2,526	2,250	2,250	1,250	-	8,276
Asbestos Claims by PCH	623	500	400	400	500	2,423
Broadlands Gardens	95	0	0	0	0	95
Extra Care Housing Support Millbay	450	-	-	-	-	450
Re-provision of Vines and Colwill Lodge	8	-	-	-	-	8
<b>Total Delivering More/Better Housing</b>	<b>7,645</b>	<b>2,750</b>	<b>2,650</b>	<b>1,650</b>	<b>500</b>	<b>15,195</b>

<b>Delivering Oceansgate</b>						
Oceansgate Remediation/separation works	778	-	-	-	-	778
Oceansgate Phase 1 Direct Development	80	-	-	-	-	80
Oceansgate Phase 2 Direct Development	5,134	-	-	-	-	5,134
Oceansgate Phase 2 Infrastructure	1,174	-	-	-	-	1,174
Oceansgate Phase 2 Offsite Drainage	2,645	-	-	-	-	2,645
Oceansgate – Phase 2 Building 1.8	1,292	-	-	-	-	1,292
<b>Total Delivering Oceansgate</b>	<b>11,103</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,103</b>
<b>Delivering The Box</b>						
The Box	3,140	-	-	-	-	3,140
<b>Total Delivering The Box</b>	<b>3,140</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,140</b>
<b>Ensuring Essential City Infrastructure</b>						
Bus Improvements	198	-	-	-	-	198
Cycleway Improvements	3,671	176	-	-	-	3,847
Bridge Repairs	273	-	-	-	-	273
Staddon Lane Cliff Stabilisation	145	-	-	-	-	145
Electric Vehicle Charging	302	-	-	-	-	302
Derriford Community Park	62	-	-	-	-	62
Container Provision	685	-	-	-	-	685
European Marine Sites - Recreational Behaviour Changing Measures	98	-	-	-	-	98
Home Energy	246	-	-	-	-	246
Warm Homes	994	-	-	-	-	994
District Energy Heating	482	-	-	-	-	482
Emergency Active Travel Fund T1	105	-	-	-	-	105
Transforming Cities Fund	9,014	19,959	22,271	-	-	51,244
Capitalised Maintenance Schemes	5,898	4,995	4,947	2,000	-	17,840
Minor Repairs	407	336	345	-	-	1,088
Street Lighting Column Replacement	875	1,858	1,910	1,963	2,017	8,623
Local Safety Schemes & Street Furniture	1,190	206	212	-	-	1,608
Footway Resurfacing	1,380	1,945	1,955	-	-	5,280
Living Streets	309	-	-	-	-	309
Billacombe Foot Bridge	-	590	-	-	-	590
Flood defence Works	106	-	-	-	-	106
West Hoe Pier	80	-	-	-	-	80

Mount Edgumbe Projects	192	200	-	-	-	392
<b>Total Ensuring Essential City Infrastructure</b>	<b>26,713</b>	<b>30,265</b>	<b>31,639</b>	<b>3,963</b>	<b>2,017</b>	<b>94,597</b>
<b>Ensuring Good Quality School Places</b>						
Pomphlett Basic Need	427	-	-	-	-	427
Plymstock School Expansion	1,375	-	-	-	-	1,375
<b>Total Ensuring Good Quality School Places</b>	<b>1,802</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,802</b>
<b>Growing the Economy</b>						
Social Enterprise Fund	217	-	-	-	-	217
Langage Development Phase 2	290	-	-	-	-	290
Langage Development Phase 3	2,661	10	-	-	-	2,671
Other regeneration Investments	27,171	-	-	-	-	27,171
City Business Park	195	-	-	-	-	195
39 Tavistock Place	30	-	-	-	-	30
Co-operatives and Mutuals	270	187	249	209	164	1,079
ED Loans	1,580	-	-	-	-	1,580
<b>Total Growing the Economy</b>	<b>32,414</b>	<b>197</b>	<b>249</b>	<b>209</b>	<b>164</b>	<b>33,233</b>
<b>Improving neighbourhoods and delivering community infrastructure / facilities</b>						
Barne Barton general amenity improvements	164	-	-	-	-	164
Active Neighbourhoods	6	-	-	-	-	6
Infrastructure Works at Honicknowle	26	-	-	-	-	26
Derriford Community Park	415	-	-	-	-	415
Play Pitch Projects	737	-	-	-	-	737
Central Park Improvements & Sports Plateau	1,010	-	-	-	-	1,010
Improving Outdoor Play	199	82	-	-	-	281
Tennis Improvements	88	-	-	-	-	88
Brickfields Athletics	597	10	-	-	-	607
Environmental Improvements	242	-	-	-	-	242
Swimming Pools	22	-	-	-	-	22
Children Centres	250	-	-	-	-	250
<b>Total Improving neighbourhoods and delivering community infrastructure / facilities</b>	<b>3,756</b>	<b>92</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,848</b>

<b>Securing Growth in Derriford and Northern Corridor</b>						
Forder Valley Link Road	19,642	21,549	-	-	-	41,191
Forder Valley Interchange	3,329	4,007	-	-	-	7,336
Derriford Transport scheme	65	-	-	-	-	65
Charlton Road	102	704	-	-	-	806
Northern Corridor Junction Improvements	40	7	-	-	-	47
Woolwell to the George	911	40	-	-	-	951
Morlaix Drive Access Improvements	225	4,151	-	-	-	4,376
Northern Corridor Strategic Cycle Network	350	1,577	700	-	-	2,627
<b>Total Securing Growth in Derriford and Northern Corridor</b>	<b>24,664</b>	<b>32,035</b>	<b>700</b>	<b>-</b>	<b>-</b>	<b>57,399</b>
<b>Securing Growth in the City Centre and Waterfront</b>						
Cobourg House	126	-	-	-	-	126
Quality Hotel	299	-	-	-	-	299
Colin Campbell Court	636	-	-	-	-	636
Contribution to Civic Centre Public Realm	1,599	6,620	1,281	861	-	10,361
Re-development of Old Town Street / New George Street East	2,500	-	-	-	-	2,500
City Centre Shop Fronts Grant Scheme	18	-	-	-	-	18
West End Public Realm	156	-	-	-	-	156
Other Projects	201	-	-	-	-	201
Devonport Market High Tech 'Play Market'	57	-	-	-	-	57
Sutton Harbour Public Realm Improvements	32	-	-	-	-	32
Millbay Boulevard	1,996	4	3	-	-	2,003
Demolitions and Pedestrian Crossings	487	-	-	-	-	487
Western Approach Car Park	245	-	-	-	-	245
Development Funding	89	115	125	-	-	329
<b>Total Securing Growth in the City Centre and Waterfront</b>	<b>8,441</b>	<b>6,739</b>	<b>1,409</b>	<b>861</b>	<b>-</b>	<b>17,450</b>
<b>Securing Growth in the Eastern Corridor</b>						
Eastern Corridor Junction Improvements	2,371	150	-	-	-	2,521
A379 Pomphlett to The Ride	50	409	-	-	-	459

A38 Manadon Junction	2,241	299	-	-	-	2,540
Plymouth Major Road Network	275	275	-	-	-	550
Eastern Corridor Strategic Cycle Network	1,065	1,468	-	-	-	2,533
<b>Total Securing Growth in the Eastern Corridor</b>	<b>6,002</b>	<b>2,601</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,603</b>
<b>Transforming Services</b>						
Street Services Information Management System	78	-	-	-	-	78
Fleet Replacement	1,801	-	-	-	-	1,801
Street Scene & Waste Vehicles	2,562	-	-	-	-	2,562
Electric Vehicles	1,146	-	-	-	-	1,146
On Street Electric Vehicle Charging	534	-	-	-	-	534
Grass Cutting Equipment	202	-	-	-	-	202
Car Parks	2,000	-	-	-	-	2,000
Street Lighting Bulb Replacement	680	700	721	-	-	2,101
Chelson Meadow Closure & Leachate Plant Upgrade	805	-	-	-	-	805
Disabled Facilities Grant	2,515	-	-	-	-	2,515
Schools Condition Works	481	-	-	-	-	481
Schools Devolved Formula & Projects	372	172	172	-	-	716
St Budeaux Library	69	-	-	-	-	69
ICT	2,824	-	-	-	-	2,824
Local Full Fibre Network	3,764	-	-	-	-	3,764
Other Corporate Property	2,117	8	-	-	-	2,125
Property Investment	16,992	-	-	-	-	16,992
Transformation Accommodation	74	-	-	-	-	74
Bereavement Infrastructure	5,209	7,804	-	-	-	13,013
Miel Solutions Ltd Shares		29,000	-	-	-	29,000
<b>Total Transforming Services</b>	<b>44,225</b>	<b>37,684</b>	<b>893</b>	<b>0</b>	<b>0</b>	<b>82,802</b>
<b>TOTAL CAPITAL PROGRAMME</b>						
<b>Forecast future income streams</b>	<b>18,179</b>	<b>29,517</b>	<b>17,387</b>	<b>165,337</b>	<b>2,364</b>	<b>232,784</b>
<b>GRAND TOTAL</b>	<b>175,060</b>	<b>151,507</b>	<b>86,001</b>	<b>176,045</b>	<b>5,045</b>	<b>593,658</b>