

# Performance, Finance and Customer Focus Overview and Scrutiny Committee



Date of meeting: 25 November 2020

Title of Report: **Capital & Revenue Monitoring Report 2020/21– Quarter 2**

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

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

Authors: Paul Looby – Head of Financial Planning and Reporting  
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Your Reference: PLQ2

Key Decision: No

Confidentiality: Part I - Official

## Purpose of Report

This report:

- Outlines the capital and revenue finance monitoring position of the Council as at the end of September 2020;
- 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
<b>Total General Fund Budget</b>	<b>193.678</b>	<b>194.600</b>	<b>0.922</b>

## Recommendations and Reasons

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

The below recommendations were agreed at City Council 16 November 2020

### That Council

1. Notes the current capital and revenue monitoring position;
2. Approves the Capital Budget 2020-2025 as revised to £621.182m (as shown in appendix 1).

### 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
I	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: 30/10/2020											
Cabinet Member approval: Councillor Mark Lowry (Cabinet Member for Finance)											
Date approved: 03/11/2020											

## I. Introduction

- I.1 This report outlines the capital and revenue finance monitoring position of the Council as at the end of September 2020. The primary purpose of this report is to detail how the Council is delivering against its financial measures using its capital and revenue resources and report new schemes approved in the capital programme.
- I.2 This paper provides an update to the report presented to Cabinet on 15 September 2020 which set out the month 4 position and issues arising from the Covid 19 pandemic
- I.3 As shown in Table 1 of the main report, the estimated revenue overspend is £0.922m. The overall forecast net spend equates to £194.600m against a budget of £193.678m, which is a variance of 0.48%.
- I.4 The five year capital budget 2020-2025 is currently forecast to be £621.182m as at 30 September 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 the appendix to this report.
- I.5 The Council's budget for 2020/21 was approved by Council in February only a month before the country was placed into lockdown as a response to the COVID-19 pandemic. At the time of writing this report the country was due to be placed into another national lockdown. The Ministry for Housing, Communities and Local Government (MHCLG) has to date paid the Council un-ringfenced grant in four tranches in response to the additional costs faced by Plymouth arising from the pandemic. These are set out in Table 2 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>MHCLG Grant Tranche 4</b>	<b>4.843</b>
<b>Total Grant received</b>	<b>23.046</b>
<b>Less used in 2019/20</b>	<b>(0.496)</b>
<b>Total Grant available for 2020/21 costs</b>	<b>22.550</b>

- I.6 In addition to the grant set out in Table 2 above, the Government 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.

- 1.7 In summary, after applying a deduction equivalent to 5% of the Council's budgeted income for 2020/21, the government will compensate 75 pence 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. The Council has submitted a claim for £3.087m.
  
- 1.8 Cabinet Members and officers must look at all opportunities to manage the impact of Covid 19, existing legacy 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 will be refined and updated over the coming weeks due to the imminent lockdown and 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.