Plymouth City Council

Finance Monitoring – 2020/21

Provisional Outturn at 31 March 2021

SECTION A: EXECUTIVE SUMMARY PROVISIONAL REVENUE FINANCE OUTTURN

The primary purpose of this report is to detail how the Council has delivered against its financial measures using its capital and revenue resources, to approve relevant budget variations and virements, and report new schemes approved in the capital programme.

Table 1: End of year revenue forecast

	Net Budget £m	Outturn £m	Variance £m
Total General Fund Budget	193.677	193.677	0.000

As shown in Table 1, the Council has balanced its budget, reporting a breakeven position. The overall net spend matches the net budget of £193.677m.

Within this overall balanced position the following headline financial issues are reported:

- A variance of £0.625m overspent on a gross expenditure budget of £514.089m for business as usual activities. Given the character of the financial year in question this is a notable achievement.
- A receipt in advance of COVID-19 grants is to be carried forward in the sum of £14.8m to 2021/22 for application to specific and general COVID-19 purposes in the new financial year.
- As part of this position, and to assist in preparing for budget settlements in 2022/23 and 2023/24 the Council is proposing to set aside a contingency in the sum of £3.526m.

At its meeting in September 2020, Cabinet sought and approved the creation of a Covid Reserve from General Fund resources to fund the additional costs and lost income arising from the Pandemic. This recommendation preceeded confirmation of the level of grant funding the Government would provide for COVID-19 relates costs. Cabinet also appoved in the Quarter 3 Monitoring report, the creation of a £0.750m Deferred Activty Reserve, giving total resources of £3.150m.

In light of the outturn position reached and the existence of a £14.8m carry forward of COVID-19 grants this additional resource is no longer required. In its place, this report proposes that £3.5m of General Fund resources be carried forward as a contingency amount to assist in balancing the Council's financial position in financial years 2022/23 and 2023/24.

The movement from the business as usual over spend of £0.625m to the breakeven position takes account of the favourable financial yearend adjustments totalling £4.151m. These cover reversal of Revenue Contributions to Capital Outlay (RCCO) across several directorates £1.451m; an adjustment to the Minimum Revenue Provision (MRP) £1m; a major asset maintenance funding switch to capital £0.500m plus various leisure management associated cost adjustments £0.800m and the reversal of adult social care costs which have moved into 2021/22 £0.400m. Full details are covered within the body of this report.

The capital programme expenditure for 2020/21 is £105.741m. This is within the approved Capital Budget of £778.671m for 2021-2025 reported to Full Council on 22 February 2021. Please see Table 6 in Section C of the report.

It must be noted that this outturn position is still provisional but will now be used to form the 2020/21 Financial Statements. It is provisional due to the imminent external audit process which may necessarily result in adjustment to some of the provisional numbers; these include hedge accounting and clarification of pension accounting treatment.

SECTION B: PROVISIONAL REVENUE FINANCE OUTTURN

1. Introduction

1.1 This Outturn Report is the final one in the monitoring cycle for the financial year 2020/21 and reviews the Council's financial performance for the year ended 31 March 2021.

1.2 The year has been dominated by the impact and consequences of COVID-19; it has had a major impact on the financial performance of the Council. There was a need for the Council to respond to and mitigate the effects of the pandemic on service delivery, its emergency response and the loss of income as a result of national lockdowns.

1.3 The reported outturn shows the combined impact on our budget of COVID-19 related costs and losses, other unrelated budget variations and one-off grant received from the Government.

1.4 The outturn can be sub-divided into business as usual; COVID-19 additional costs and lost income; and the financial adjustments at the yearend. Details will be set out later in this report.

1.5 Within an overall balanced position, following £4.151m of yearend financial adjustments, we are reporting;

- A 2020/21 provisional outturn position for business as usual activities of £0.625m overspent on a gross expenditure base of £514.089m. Given the character of the financial year in question this is a notable achievement.
- As part of this position, and to assist in preparing for budget settlements in 2022/23 and 2023/24 the Council is proposing to set aside a contingency in the sum of £3.526m.

1.6 The overall balanced position includes the following £4.151m of yearend financial adjustments,

Table 2: Financial yearend adjustments

Item	£m
Minimum Revenue Provision (MRP) reduction	(1.000)
Major asset maintenance funding switch to capital	(0.500)
Various adjustments to reflect Life Centre / leisure contract adjustments and additional grant funding	(0.800)
Reversal of RCCO (revenue contributions to the capital outlay) across several directorates as detailed in the report	(1.451)
Adjustment to adult social care costs	(0.400)
Total financial yearend adjustments	(4.151)

1.7 Despite all efforts to alleviate them, the pandemics impact and consequences upon the Council's future financial position and reporting cannot be underestimated. The pandemic did not stop on 31 March 2021 and its impact will continue to be felt through 2021/22 and beyond.

1.8 Members and officers have worked closely to assess the full year effect of COVID-19 and monitoring arrangements have been in place to capture all costs related to the pandemic. Future costs will continue to be reported formally to Members as part of the planned monitoring process.

1.9 This outturn position needs to be seen in context of the financial challenges the Council faced during the year; as well as responding to the pandemic, there was the requirement to deliver £13.000m of savings in 2020/21. Taking all of these factors into account, this is a commendable outturn position.

1.10 Full details of the main variations are contained within section 2 of this report.

1.11 In addition to this the above figures include for COVID-19 grants – supplied by Government to deal with the effects of the pandemic – being carried forward for deployment in 2021/22. This funding was received ahead of need and these funding sources will be one off in nature and have a set of parameters and rules. It is felt unlikely that the Government will provide further grant funding on top of what has already been confirmed. Therefore, we have to ensure we will have sufficient provision for any pandemic related costs in 2021/22.

1.12 The five year capital budget 2020-2025 is currently forecast to be £778.671m as at 30 December 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. Details are shown in Section C of this report.

1.13 It is appropriate, given the financial challenges facing the Council in the next financial year due to COVID-19 and its impact upon the delivery of savings plans in the medium term, that as part of reporting the final position for 2020/21 further consideration is now given to future levels of the working balance and reserves. As is normal practice at this time of year, the Chief Finance Officer, the Service Director for Finance will ensure the details of the Council's reserves and provisions will be set out within the Statement of Accounts.

1.14 The outturn figures will now feed into the Council's formal Statement of Accounts, which will include the balance sheet position. Due to the disruption caused by COVID-19 the Ministry for Housing Communities and Local Government (MHCLG) have confirmed details of the changes made to the Accounts and Audit Regulations 2015. The Accounts and Audit (Amendments) Regulations 2021 extend the statutory audit deadline for 2020/21 for all local authorities. The Service Director for Finance, as the Council's Section 151 Officer, must publish the draft Statement of Accounts by 31 July 2021 at the latest. The publication date for audited accounts will move from the 31 July to 30 September 2021 for all local authority bodies.

2. Revenue Finance Outturn 2020/21

2.1 Council approved a gross revenue budget of £514.089m with a net revenue budget of £193.677m for 2020/21 at its meeting in February 2020. Table 3 below provides a summary of the Council's overall revenue expenditure and compares the provisional outturn (subject to audit) with the approved net budget.

2.2 The finance outturn position overall shows a breakeven position. The outturn position needs to be considered in the context of a challenging financial climate, made more so with responding to COVID-19. In 2020/21 the Council has managed a £13.000m savings programme in addition to increasing service demands and customer expectations.

Table 3 End of Year Revenue Outturn by Directorate.

Directorate	Net Budget	Business as usual Outturn	Business as usual Over / (Under) Spend	Corporate Yearend adjustment	COVID-19 Costs and Lost Income	Year End Over / (Under) Spend
	£m	£m	£m	£m	£m	£m
Executive Office	5.646	5.466	(0.180)	0.000	0.124	(0.056)
Finance*	14.885	12.296	(2.589)	(1.000)	0.000	(3.589)
Customer and Corporate Services	29.896	29.719	(0.177)	(0.369)	1.982	1.436
Children's Directorate	53.020	52.897	(0.123)	(0.257)	4.800	4.420
People Directorate	89.069	88.298	(0.771)	(1.912)	2.197	(0.486)
Office for the Director of Public Health	(0.429)	(0.816)	(0.387)	0.000	2.165	1.778
Place Directorate	24.400	24.393	(0.007)	(0.613)	10.091	9.471
Corporate Items	(22.810)	(17.951)	4.859	3.526	(21.359)	(12.974)
TOTAL	**193.677**	**194.302**	**0.625**	**(0.625)**	**0.000**	**0.000**

*Finance Directorate includes the Councils treasury management activities which are subject to a separate outturn report considered by Audit Committee.

2.3 Further details for other adjustments and reserve movements are set out in section 6 of the report.

2.4 Across the Council, management actions to reduce the potential of a business as usual over spend being incurred included a review of all discretionary spend and delayed expenditure wherever possible.

2.5 A Council wide Employee Voluntary Release Scheme (EVRS) was actioned this financial year, enabling service areas to realign and implement changes needed to ensure continued efficiency with service delivery. This resulted in £0.500m of salary savings which are reflected within each service area. The savings will continue into future years, enabling the full £1.200m target set to be achieved.

2.6 All directorates, except Corporate Items, came in under budget for their business as usual activity. As well as the impact of EVRS, the majority of savings have arisen due to the deferral of every day service provision, as the Council responded to and led the city's response to the pandemic. Our response has impacted patterns of service provision with a noticeable change in the usual adult social care packages and funding available from both the local Clinical Commissioning Group (CCG) and the National Health Service (NHS) itself. There has also been a demonstrable impact on children's social care and the number of children taken into care.

2.7 Within the Place Directorate the impact of the national lockdowns was most pronounced with the deferral of the Mayflower 400 celebrations and the delayed opening of the nationally esteemed cultural destination, The Box, which was subsequently subject to the closure rules.

2.8 Revenues from car parks also sustained a significant reduction in the year as the full impact of the lockdowns were felt.

2.9 Finance is reporting an overall business as usual net £2.589m underspend. Although there have been some areas of the department showing a pressure the successful management of treasury management activity has helped address these.

2.10 It is worth noting treasury management activity will continue to feel the result of economic activity. Even more so in the light of the longer term impacts following the lockdown measures put in place throughout the year to prevent the spread of Coronavirus. The service area will need to continue to manage interest rate challenges due mainly to the increase in borrowing to support the Council's continued ambitious capital investment programme.

2.11 Whilst the historically low interest rates have had a positive impact on the cost of borrowing for our £465.000m portfolio of short-term debt, income targets for our investment portfolio proved to be challenging. It is anticipated this challenge will continue into 2021/22 and beyond.

2.12 Corporate Items is showing an over spend of £4.859m for business as usual activities. This includes a number of budget lines that do not relate to any specific directorate and are corporate by their nature. They include pensions and insurance.

2.13 The major movements in the budgets within this area included the outturn position for the way we work cross-cutting savings programme; final payments for the pension contributions; and accounting for the adverse movement on the National Non Domestic Rates (NNDR) levy deficit from Government as part of the overall resources for business rates.

2.14 All of these directorate movements combine to produce a small overspend of £0.625m for the business as usual activity of the Council.

3. Analysis of the Provisional Outturn Position by Directorate

Executive Office

3.1 This service area has recorded a net underspend of £0.056m for the year, despite the substantial challenges faced by the Chief Executive's office during the year in managing demanding income and expenditure targets.

3.2 Additional costs were incurred within corporate communications due to newspaper publications covering narrative on the pandemic. COVID-19 also impacted on achieving income relating to enforcement and court activity which were covered, wherever possible, by grant funding received.

3.3 Despite the challenges faced, a strong focus remained on minimising non-essential expenditure and re-allocating work to cover vacancies, resulting in a successful yearend position.

Finance

3.4 This service area has recorded a net underspend of £3.589m for the year. The business as usual under-spend of £2.589m, as set out above, (2.9) has been supplemented with a financial yearend adjustment of a further £1.000m saving. The budget allowed for an accelerated write down of the Council's overall Minimum Revenue Provision (MRP) in-year of this amount. The yearend review of the capital spend has revealed this additional top up is not required.

Customer and Corporate

3.5 The Customer and Corporate Directorate is reporting an adverse outturn position of £1.436m.

3.6 This is made up of many service areas including the Customer Service Department which is reporting an overall additional spend position of £2.149m. This is predominantly due to pressure within the Revenues and Benefits department offset by wider department vacancies and savings made.

3.7 Housing Benefit is renowned for its volatility and has been acknowledged previously as an area of risk due to underfunding the provision as more claimants move to Universal Credit. Pressure continues with Housing Benefit subsidy funds and overpayments which has been magnified due to additional housing requirements as a result of COVID-19.

3.8 The pandemic also impacted on income targets, particularly within the Registration service.

3.9 Human Resources (HR) & Organisational Development (OD) are also reporting additional spend of £0.270m. Of this £0.231m is COVID-19 related. The remainder is following the transfer of Facilities Management (FM) budgets into the area at the start of the year and associated additional costs incurred, included asbestos clearing at local beaches.

3.10 FM budgets in aggregate show an overall pressure of £0.742m. This is partly due to COVID-19 legacy impacting on generating income and causing increased costs for additional Personal

Protective Equipment (PPE) but mainly due to historic targets that have continued to prove challenging to achieve.

3.11 These additional costs have been offset in part by salary savings and the training budget not being fully spent.

3.12 There is a pressure of £0.428m held in Customer Services. This is the result of a legacy savings item once held in the old Transformation and Change Directorate that was apportioned out amongst the original members.

3.13 The Transformation department has a £0.806m underspend. This is due to Council wide efficiencies achieved through the year, particularly through EVRS and combining Business Support functions.

3.14 The ICT budget recorded an underspend of £0.236m. This is as a result of a lower unitary charge and the receipt of a higher dividend from our provider company.

3.15 The overall position for the Customer and Corporate Services directorate includes a favourable financial yearend adjustment of £0.369m. Over the course of the year, the directorate has made a Revenue Contribution to Capital Outlay (RCCO) and given the circumstances of reduced expenditure this contribution is not required and has been reversed.

Children's Directorate

3.16 The Children's Directorate are reporting an adverse outturn position of £4.420m. The overall reported pressure can be attributed to a variety of reasons but includes a business as usual underspend of £0.123m, a yearend favourable adjustment for the RCCO of £0.257m and includes the increased costs associated with the COVID-19 response of £4.800m.

3.17 The cost of care is particularly high due to increased numbers of looked after children and this year has been impacted by COVID-19. Numbers increased from 454 to 489 from April 2020 to March 2021.

3.18 In addition to this, at yearend there were 4 bespoke high cost arrangements for young people with complex needs requiring external agency support. During the year the number of bespoke arrangements has been as high as 8 children. The level of support needed to keep these young people safe, such as specialist residential care placements with high levels of staffing, is the reason these placements are high cost.

3.19 This increasing financial demand on Children's Services is not just a local issue, but is seen nationally and is a culmination of rising demand, complexity of care, rising costs, availability of suitable placements and now COVID-19.

3.20 Through business as usual, the Children's Service have continued to make savings wherever possible through the quarterly budget review exercise, holding vacant positions and grant maximisation.

3.21 The Service continues to keep the pressure on, going into the new financial year by continuing with the following actions to address the pressure in the system.

- Looked after Children – only one point of contact for all new entrants.
- Fortnightly placement review to ensure step down of high cost placements.
- Maximise contribution from partners including Health and Education.
- Maximise local residential placements to avoid higher out of area costs.

3.22 Ongoing work continues, all placements are reviewed regularly in order to reduce the pressure on cost and volume where appropriate.

3.23 Education, Participation and Skills (EP&S) ended the year with a £0.074m favourable variation, however, this figure includes an over spend of £0.432m for short breaks.

3.24 Fortunately this has been offset in year due to various favourable variations including savings within Transport, during periods where schools were closed due to COVID-19 and various vacancy savings.

3.25 However, the Transport savings due to COVID-19 are one offs and there will not be the scope to offset a short breaks pressure to the same extent in future years.

People Directorate Strategic

3.26 The People Directorate is reporting a yearend net underspend of £0.486m, with business as usual coming in £0.771m under budget.

3.27 Business as usual activity has been impacted by the pandemic, with reduced client numbers in care packages to what were expected and other work not being able to be carried out whilst the teams were dealing with the City's response. It should be noted that these lower costs are a temporary event, attributable to the unique circumstances created by the pandemic in 2020/21. Activity levels are expected to return to pre-pandemic levels.

3.28 The Community Connections department was tasked with achieving delivery plans of £0.113m, as well as £0.268m of savings brought forward from 2019/20 that were achieved from one-off savings and needed to be achieved in this financial year. They were achieved in full, however, some of these were achieved through one off savings again, which could cause further pressure in 2021/22.

3.29 During 2020/21, COVID-19 has had a significant impact on the Strategic Commissioning department, with increased costs to providers, both one-off and ongoing, as well as £0.700m cost of Personal Protective Equipment (PPE) that was used for the local authority and also for care providers.

3.30 Additional support for care providers has resulted in £1.526m being paid across, in the form of a 5% uplift during the year with provision for further support in the new financial year 2021/22.

3.31 With the Community Connections department, all pressures this year have been COVID-19 related.

3.32 Community Connections has had increased costs during the whole of 2020/21 around homelessness and Bed and Breakfast (B&B) as a result of the pandemic. Additional payments were made to the Alliance to help them to deliver essential services during this difficult time and more accommodation was procured to help with the increase in B&B numbers.

3.33 Work will continue into 2021/22 to review all costs and volume impacts on the department spend, with management actions to minimise all administration costs where possible.

3.34 The weekly dashboards will continue to be used to inform the service of all client numbers and costs, with the continuation of the successful budget containment meetings (2 per month) working with our key partners Livewell and CCG. These meetings oversee a Budget Recovery Plan with key measures including an enhanced Scheme of Delegation and client reviews.

3.35 The People Directorate's net underspend is after favourable corporate yearend adjustments totalling £1.912m, incorporating the following;

3.36 Within Community Connections there is a reversal of the in-year £0.212m RCCO. This is line with the approach taken within all directorates where a contribution was made.

3.37 Leisure management costs sit within the People Directorate. There has been a significant disruption to the service provision as a direct result of the national lockdowns. However, the Council also took the opportunity to keep the Plymouth Life Centre closed for an extended period to allow essential repairs to the main building. Utility costs during this period will be recompensed by the contractor. In addition, the successful receipt of Sport England funding for the leisure management contractor has allowed the release of provided costs.

3.38 As part of the work undertaken to achieve a balanced outturn position, a one-off balance sheet adjustment of £0.500m has been credited to the People Directorate. This matches the adjustment made in 2018/19 to the leisure management budget.

3.39 A further adjustment of £0.400m has been actioned. This formed part of a provision set against business as usual savings to cover 2021/22 additional provider uplift costs. This will be covered from the un-ringfenced grants carried forward.

Office of the Director of Public Health (ODPH)

3.40 The Public Health Directorate is reporting a business as usual underspend of £0.387m. There are also £2.165m of COVID-19 related costs giving a net outturn of £1.778m over budget.

3.41 The budget is made up of the ring-fenced Public Health Grant of £15.322m plus the Public Protection Service, Licensing and Bereavement Services.

3.42 Like other departments, the Public Protection Service has seen business as usual costs for the year as a favourable variation, with any adverse expenditure being due to the costs of COVID-19. A large proportion of salaries have been offset by grants this year as the teams have been focusing on the City's pandemic response, rather than their Business as usual activity.

3.43 This has been partly offset by one-off repair costs associated with the fire early in the year at Efford crematorium.

3.44 The impact of COVID-19 on the Directorate is £2.165m of additional costs and income lost. Environmental services has seen the biggest reduction in income at £0.101m and the Directorate has been charged the costs associated with the provision of a temporary mortuary of £1.200m.

Place Directorate

3.45 The Place Directorate historically has always managed to balance or provide an underspend to help support the Council's outturn position and this year the business as usual position is a small £0.007m underspend. However, the impact the pandemic has had on the Directorate has been substantial, with additional costs and lost income of £10.091m and is likely to continue to impact significantly in the future. After a favourable yearend adjustment of £0.613m the overall position is an overspend of £9.471m

3.46 Strategic Planning and Infrastructure (SP&I) underspent by £0.759m. This has been achieved through proactive budget management supported by EVRS and working with the Capital team to ensure most cost effective routes are followed.

3.47 COVID-19 did impact on income generation within the service area but this was offset in part by some cost savings where lockdown prevented some activities from taking place.

3.48 Departmental Management has a small pressure within it due to a legacy savings target. This has been offset by underspends in other areas of the directorate which included for example less spend than set aside on the climate change agenda which dues to dealing with Covid 19. The legacy savings target has now been addressed for 2021/22, and activities such as the full use of climate change resources will be taken forward as a strategic and cross cutting priority for the Council.

3.49 Within Economic Development, additional cost pressures have been largely as a result of the pandemic. In particular, arising from the loss of budgeted commercial rent income, reduced commercial activity at sites such as The Box and The Market, and setting aside resources to provide mitigation for future anticipated bad debt write off.

3.50 Across the service, Streets are reporting a significant adverse variation of £7.030m, the details of which can be seen below. A reduction of income and additional disposal costs during the year have contributed to this adverse variance.

3.51 Also included in this pressure are legacy savings totalling over £0.902m which have previously been covered by over achievement on income. These have been cleared for future years.

3.52 Street Scene & Waste (SSW) has incurred £1.935m additional spend as a result of the pandemic. COVID-19 has had a significant impact, causing a substantial pressure from lost income on trade waste and sales of recyclables as a result of the lockdowns. Costs also increased dealing with waste disposal, and closing and reopening disposal sites. Many of the agency and overtime costs have occurred due to operating in a COVID-19 secure environment.

3.53 Grounds Maintenance reported an adverse variation of £0.449m. This was also due to a shortfall of predicted income and an increase in spend around agency staff. Again this is as a result of operating within a COVID-19 environment. In addition, arrears of fees owed to National Trust in respect of lease of Plym Valley were also returned.

3.54 Fleet and Garage have a favourable variation of £0.056m due to increased income through sales of scrap and obsolete items, along with salary savings and a reduction in vehicle leasing charges.

3.55 Highways and Car parking outturn shows a saving on business as usual activity of £0.688m and additional costs and lost income of £4.299m. This is predominantly due to the loss of car parking income which was significantly impacted on with the lockdowns that were imposed. Other smaller income losses were also recorded in Marine services.

3.56 The corporate yearend favourable revenue contribution to capital outlay adjustment of £0.613m is in line with the treatment in all directorates, namely the reversal of the revenue contribution to capital.

<u>Corporate Items</u>

3.57 Corporate Items is showing a favourable position of £12.974m. This is predominately because the grant funding received by Central Government in response to the pandemic is held here.

3.58 The business as usual activity has resulted in an over spend against budget of £4.859m. The details are shown earlier in this report.

3.59 With the exception of the Finance Department, all directorates have incurred either increased costs or lost income, and in some cases both as a direct result of COVID-19.

3.60 Details for each directorate are recorded above with a total impact of £21.359m grants applied against these costs as a corporate responsibility.

3.61 Also within Corporate Items is the proposed set aside of £3.526m into a contingency reserve for use in future financial settlements.

3.62 The outturn position also includes the carry forward of the balance of un-ringfenced COVID-19 grant funding, received in 2020/21 but available to offset pandemic related costs in 2021/22. This amounts to £7.714m with details below in section 4.

3.63 As a result of the government financial support and these adjustments, the previously approved Cabinet recommendation of creating a COVID-19 reserve of £2.400m is no longer required, along with the Deferred Activity Provision totalling £0.750m set aside to assist with delayed costs as included in the quarter three monitoring report and noted at Cabinet in January will also no longer be required.

4. Analysis of the COVID-19 Grants

4.1 Throughout 2020/21 the Government has provided funding for the pandemic in the form of a general un-ringfenced COVID-19 grant, received in four tranches applying their allocation methods. Plymouth's allocation was a total of £23.145m.

4.2 In addition there has been specific grant funding to manage local outbreaks and an Income Compensation Scheme to partially offset losses of income.

4.3 The first lockdown commenced in the last two weeks of the previous financial year 2019/20 and £0.459m of the un-ringfenced grant was consumed on the financial impact for that year. This left a balance of £22.686m available for 2020/21.

4.4 The Income Compensation Scheme did not fully cover the lost income as incurred. The scheme discounted five percent (5%) of each income budget and then compensated at the rate of seventy five pence (75p) for every one pound (£1) lost.

4.5 Following the scheme rules, we submitted our income losses in three separate claims. The first two claims totalling £4.664m have been settled in full. The third claim covering the period 1st November to 31st March 2021 was submitted 28th May 2021 with a claim of £1.723m and will be subject to possible challenge and audit from MHCLG. For the purposes of the outturn, the full amount has been assumed will be received.

4.6 Table 4 below shows the general COVID-19 grants and income compensation monies received or claimed.

Table 4 General COVID-19 Grants and Income Compensation

	Grant £m	Allocated £m 2019/20	Available £m 2020/21
Total COVID-19 Un-ringfenced Grant	23.145	(0.459)	22.686
Total Income Compensation	6.387		6.387
Total	29.532	(0.459)	29.073
Allocated:			
2020/21 COVID-19 (see Table 3)			(21.359)
Carry fwd. 2021/22 COVID-19 costs			(7.714)

4.7 In addition the Government provided specific ringfenced grant funding in the form of support for local businesses including Small Business Grant Fund; Local Restrictions Support Grant; and a Restart Grant.

4.8 Also, specific grants for support programmes including Clinically Extremely Vulnerable (CEV) and to support infection control, workforce capacity and testing in care homes.

4.9 The monies have been allocated applying the grant conditions and where not fully committed in 2020/21 have been carried forward to support the continuing pandemic response in 2021/22.

5. Other Financial Performance

5.1 In addition to the financial outturn details within this report there were a range of other significant performance achievements which have contributed to the yearend position. In-year collection targets are set for our Council Tax, Business Rates, Commercial Rent, and Sundry Debt Income including our Trade Waste Income. The 2020/21 revenue budget was based on the achievement of the required targets.

5.2 Some Key Performance Indicators (KPIs)

- ↑ 98.97% of NNDR collected against a target of 98.0% (2017/18 = 99.06%). 1% of NNDR collected equates to £0.916m. This reflects the top-up grants received in-lieu of payments by local businesses.

- ↑ Average borrowing rate of 1.55% was achieved against target of 2.80% (2019/20 = 1.89%). This equates to a notional £5.189m saving.

- ↑ VAT partial exemption at 4.43% against a target of 4.99% (2019/20 = 4.27%).

- ↑ Average investment return of 1.57% was achieved against target of 1.3% (2019/20 = 2.11%). This equates to a £0.572m return.

- ↓ 96.41% of Council Tax collected against a target of 96.5% (2019/20 = 96.44%). This equates to £132.124m. This is below in-year target but Council Tax collection was affected by the COVID-19 pandemic, with all forms of recovery action suspended since the start of the first lockdown to prevent adding additional pressure on Plymouth households.

5.3 The monitoring does not reflect income lost to the Council as a result of lower collection of both Council tax and business rates, both directly as a consequence of COVID-19. As these losses impact on next year's resources, they have been built into the 2021/22 Budget assumptions.

6. 2020/21 Financial Review

6.1 As part of consideration of the outturn position, and before officially closing the accounts, it is necessary to review the Council's overall financial position, looking not only at the general fund revenue outturn position for the year, but reviewing the adequacy of reserves and provisions in the light of financial liabilities identified over the short to medium term. Decisions made, feed into the Council's statutory Statement of Accounts which is subject to external audit.

Working Balance

6.2 The Working Balance as at 31 March 2020 was £8.045m. The Working Balance has a recommended minimum set at 5% of the net revenue budget. This minimum is approved by Council. There is a budget allowance of £0.350m each year to top up the balance to achieve the 5% target, as shown in Table 5.

Table 5 Working Balance

	March 2020 £m	Movement £m	March 2021 £m
Working Balance	**8.045**	**0.350**	**8.395**

Schools Balances

6.3 At the end of the year there was a total of £3.435m unspent monies against schools' delegated budgets and other reserves. The main reasons why schools hold balances are:

- Anticipation of future budget pressures usually arising from pupil number variations.
- To provide for the balance of Government grants paid during the financial year (April–March) which cover expenditure occurring across the academic year (September – August).

6.4 There is one nursery, one maintained mainstream school and one maintained special school with deficit balances included in this overall figure above, with a combined deficit of £0.304m. There are currently no implications to Plymouth City Council for this deficit as these are offset by the schools with a surplus balance.

Recommendations

That Council:-

1. Note the provisional revenue outturn position as at 31 March 2021 and
2. Note the Capital Outturn Report including the Capital Financing Requirement of £105.741m.

SECTION C: CAPITAL FINANCE OUTTURN REPORT FOR THE CAPITAL PROGRAMME 2020/21

7 Capital Programme outturn 2020/21

7.1 The capital programme expenditure for 2020/21 is £105.741m. This is shown by Directorate in Table 6 below. This is within the approved Capital Budget of £778.671m for 2021-2025 reported to Full Council on 22 February 2021.

Table 6 – Capital Spend - Outturn 2020/21

Directorate	Latest Forecast December 2020	Re-profiling	Approvals post Dec	Variations & virements	2020/21 Capital Spend	Movement in quarter %
	£m	£m	£m	£m	£m	
Place	135.355	(48.525)	7.164	(0.002)	**93.992**	69
People	10.300	(6.300)	2.411	0.079	**6.490**	63
Customer & Finance Service	7.932	(6.044)	2.721	0.007	**4.616**	58
Public Health	5.209	(4.566)	0.000	0.000	**0.643**	12
TOTAL CAPITAL PROGRAMME	**158.796**	**(65.435)**	**12.296**	**0.084**	**105.741**	67

7.2 The 2020/21 programme outturn is expenditure of **£105.741m** during 2020/21.

7.3 The effects from COVID-19 pandemic during 2020/21 has slowed the capital programme delivery with the first lockdown closing many capital projects' building sites. As we came out of lockdown the capital projects were able to recommence however, this was on a smaller scale because of the extra safety requirements of social distancing. There has been slippage in the delivery of the capital programme but we are seeing an acceleration in the delivery of the capital projects going forward into 2021/22.

7.4 Capital investment in the City in 2020/21 was £105.700m and this includes some notable schemes and areas of investment listed below:

- Mayflower 400 Restoration of Elizabethan House £1.2m
- The Box £2.8m
- Plymouth Railway Station £3.4m
- Restoration of Devonport Market Hall £0.8m
- Oceansgate Phase 2 £5.2m
- Crownhill Court £5.2m
- Forder Valley Link Road £16.2m

- Strategic Transport Schemes £5.1m
- Sustainable Transport Schemes £3.8m
- Highway maintenance and essential engineering £8.8m
- Environmental Projects £2.1m
- Housing delivery £4.3m
- Corporate Property Improvements £0.9m
- Life Centre Improvements £1.9m
- Disabled Facilities £1.5m
- Education and Community neighbourhoods £2.m
- Development of a new crematorium £0.6m
- ICT provision, upgrading and creating new capabilities for ICT infrastructure £3.3m

8 Capital Financing 2020/21

8.1 The table below shows the final financing of the 2020/21 capital programme.

Table 7 – Financing of 2020/21 Capital Programme

Method of financing	Total £m
- Capital receipts	1.843
- Grants (e.g. gov't, HLF, LEP, Environment Agency)	43.724
- Contributions, S106 & CIL (neighbourhood element)	1.768
- Borrowing:	
- Corporately funded	21.845
- Service borrowing (revenue budget funded)	36.561
CAPITAL PROGRAMME FINANCING 2020/21	**105.741**

9 **Grants:** The Council has been successful in obtaining grants from government agencies and other sources to help fund the capital programme and in 2020/21 it spent £43.724m of grant funding.

9.1 **Corporate Borrowing:** Over recent years there has been a large increase in corporate borrowing to help fund capital projects. The cost of interest and loan repayments MRP is directly charged to the revenue budget through Treasury Management. Additional budget will be required to fund the future interest and loan repayments and this will be reviewed each year as part of the capital and the revenue plans in the MTFP.

9.2 **Service Borrowing**: Service departments that pay for their capital project to make changes to their service will pay for the cost of borrowing from savings made from the improved services. The cost of borrowing is based on the amount of the loan, the interest rate and the life of the individual assets. The interest cost is calculated using interest rates provided by the TM Team and is based on the term of the borrowing. The interest rates are fixed for the full term of the borrowing so that the service knows the full cost of borrowing

10 Revised Capital Programme 2021 – 2025

Table 8 - The revised Capital Programme for the period 2021 – 2025:

Directorate	2020/21 Actual	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	Total Programme
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Place	93.992	165.858	96.835	17.026	2.649	376.360
People	6.490	7.211	8.709	3.174	0.149	25.733
Customer & Finance Service	4.616	13.695	0.000	0.000	0.000	18.311
Public Health	0.643	12.370	0.000	0.000	0.000	13.013
TOTAL	**105.741**	**199.134**	**105.544**	**20.200**	**2.798**	**433.417**