

Cabinet



Date of meeting:	13 July 2021
Title of Report:	Finance Monitoring Report Month 2
Lead Member:	Councillor Nick Kelly (Leader)
Lead Strategic Director:	Brendan Arnold (Service Director for Finance)
Author:	David Northey – Head of Integrated Finance
Contact Email:	David.northey@plymouth.gov.uk
Your Reference:	Fin/djn/2021(02)
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

This report sets out the revenue finance monitoring position of the Council to the end of the financial year 2021/22, as at the end of May 2021.

Recommendations and Reasons

That Cabinet:

1. Notes the current revenue monitoring position;

Alternative options considered and rejected

None – our Financial Regulations require us to produce regular monitoring of our finance resources.

Relevance to the Corporate Plan and/or the Plymouth Plan

The financial outturn 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 MTFP 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 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.

Appendices

*Add rows as required to box below

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	2021/22 Savings status							

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:

Fin	pl.21. 22.3 8.	Leg	lt/369 04/P2 /2906 21	Mon Off		HR		Assets		Strat Proc	
Originating Senior Leadership Team member: Brendan Arnold (Service Director for Finance)											
Please confirm the Strategic Director(s) has agreed the report? Yes											
Date agreed: 18/06/2021											
Cabinet Member approval: Councillor Nick Kelly (Leader)											
Date approved: 29/06/2021											

SECTION A: EXECUTIVE SUMMARY**Table I: End of year revenue forecast**

	Budget £m	Net Forecast Outturn £m	Variance £m
Total General Fund Budget	195.568	196.844	1.276

The forecast revenue outturn after the application of Covid grants and council mitigating actions is currently estimated at £1.276m over budget, which is a variance of +0.7% against the net budget (+0.2% against the gross budget). There are further possible risks identified which are not currently included in the forecast, but these will be closely monitored as the year progresses.

This is the first monitoring report of the 2021/22 reporting cycle and it should be noted that the financial position will fluctuate as we move through the year. Officers and Members will work closely to manage the finances towards a balanced position by the end of the year.

Within this position the following headline financial issues are reported:

1. The pandemic continues to have a major impact on our financial resources, with a potential drawdown of £13.880m against the currently available non-ringfenced grant of £15.568m which will be reviewed as the year progresses. The adverse impact of COVID-19 will continue in this financial year but in this forecast the additional costs identified are offset by an illustrative allocation of grants received and therefore do not count against the overall position.
2. Key budget pressures:
 - a) £1.276m reported within Customer & Corporate Services Directorate due to a reducing legacy efficiency target not yet realised £0.726m; plus a savings target of £0.550m within the facilities management department which is being included due to the risk of non delivery in the current year.
3. Key favourable variances:
 - a) Public Health is reporting a business as usual under spend of £0.058m
 - b) Place Directorate is forecasting to come in £0.048m under budget

SECTION B: Directorate Review**Table 2: End of year revenue forecast by Directorate**

Directorate	Budget £m	Forecast £m	COVID offset £m	Forecast Net Variance £m	Status
Executive Office	5.428	5.457	(0.029)	0.000	on budget
Customer and Corporate Services	44.004	46.289	(0.903)	1.382	over
Children's Directorate	52.982	60.304	(7.322)	0.000	on budget
People Directorate	89.441	92.143	(2.702)	0.000	on budget
Public Health	(0.518)	(0.571)	(0.005)	(0.058)	under
Place Directorate	25.069	27.865	(2.844)	(0.048)	under
Corporate Items	(20.838)	(34.643)	13.805	0.000	on budget
Total	195.568	196.844	0.000	1.276	over

1. Executive Office

- 1.1 The Executive Office is reporting a nil variance, after offsetting additional COVID-19 costs of £0.029m. The additional costs cover the provision of IT equipment to allow the newly-elected members to access online meetings.

2. Customer and Corporate Services Directorate

- 2.1 The Customer and Corporate Services Directorate is forecasting an over spend of £1.382m for business as usual activity. The directorate has a significant amount of legacy savings that have reduced from over £1.200m in 2020/21 to £0.832m in 2021/22. The department is currently exploring further opportunities to manage this position and will continue to monitor as the year progresses.
- 2.2 Also, within the Facilities Management Department there is a £0.550m pressure. The department has commissioned a Conditions Survey to ascertain the state of our building stock and, dependant on the outcome of the survey, will be aiming to deliver a part-year saving towards this target.
- 2.3 In a change of practice the Finance Department, is now reported within the Customer and Corporate Services Directorate. It is presently reporting a nil variance with no additional costs as a result of the pandemic.
- 2.4 COVID-19 has caused delays in enabling some delivery plans to be met, including the remaining balance of £0.600m against Business Support. COVID-19 has also impacted on income generation within Libraries of £0.103m. Within the additional COVID-19 expenditure a provision for housing benefit bad debt £0.200m has also been made.

3. Children's Directorate

- 3.1 The directorate is forecasting an overall breakeven position for the year and reflects the projected delivery of the required £4.001m of savings. This is after identifying a COVID-19

related forecast variance of £7.322m for the year which is can be offset by applying an equivalent sum of grant: There are four components;

- a) Legacy placements from 2020/21, which were forecast and included in the budget at a cost of £2.919m, are now confirmed as an additional spend of £3.154m.
- b) The full year cost of the new 2021/22 placements, already in the system for April and May, adds a further cost of £2.126m. Projecting this level of activity into residential placements based on an average of one point seven (1.7) per month gives a further cost pressure of £1.542m.
- c) To ease the pressure across the whole service of the current social worker caseloads, the directorate is looking to recruit agency workers at a projected additional cost of £0.500m.
- d) All placements continue to be reviewed with a view to step down where appropriate for mitigation. The cost of the care is particularly high due to the level of support needed to keep young people safe, such as specialist residential care placements with high levels of staffing and the need to place young people with complex needs in wrap around as no suitable placement is available.

4. **People Directorate**

- 4.1 The People Directorate is forecasting an overall breakeven position for the year and reflects the projected delivery of the required £3.160m of savings and is after applying COVID-19 grant of £2.702m. This additional Covid related expenditure includes £0.586m within Community Connections to cover the additional bed & breakfast demand an additional payment to the Alliance. These costs were forecast and included in the budget.
- 4.2 Within Strategic Commissioning, £2.116m of Covid grant has been drawn down to cover a two percent (2%) uplift to provider payments plus additional costs on provider rates to offset the impact of the pandemic.

5. **Office of the Director of Public Health (ODPH)**

- 5.1 Public Health is reporting an under spend of £0.058m against its business as usual activity, mainly as a result of management actions to minimise expenditure.

6. **Place Directorate**

- 6.1 The directorate is reporting an overall underspend of £0.048m due to net savings following the Industrial Estate rent review.
- 6.2 There is additional spend and income foregone totalling £2.844m which is COVID-19 related. Of this, £1.800m is yearend forecast for car parking income loss, and a further £0.600m in increased costs within Street Scene and waste due to increased tonnages and staffing costs. There is also loss of income from planning applications within Strategic Planning and Infrastructure and from commercial rents within Economic Development.
- 6.3 Economic Development are also showing a pressure due to the inability to meet the Regeneration Property Fund (formally the Asset Investment Fund – AIF) income target. This is partly due to CIPFA code changes but also because of the impact Covid and Brexit are having

on the property market. There is concern this pressure will increase but risk based intelligence monitoring is ongoing to ensure forecasting is as accurate as possible.

- 6.4 Following the change in Administration a number of decision records have recently been signed which add a net pressure of £0.250m into the Place Directorate budget. In line with these decision records, consideration of how to manage this pressure is currently underway.

7. **Corporate Items**

- 7.1 The overall position shows a nil variation. However, there is a pressure of £0.075m within Corporate Items following the holiday buy back target not being met. This is due to the leave carry forwards that arose as a result of the pandemic impacting on annual leave being used.
- 7.2 COVID-19 financial support is held here, and is being used to offset pressures that have arisen across all Directorates as a result of the pandemic. This could be either because of lost income or cost increases, and is currently forecast to total £13.880m.

Appendix A 2021/22 Savings status (I) Summary

	Total	Achieved savings	on track for delivery	Working on for delivery	Planned, internal/external actions required to deliver
	£m	£m	£m	£m	£m
Children's	4.001	0.275	2.915	0.811	0.000
People	3.160	0.000	2.780	0.380	0.000
ODPH	0.028	0.000	0.028	0.000	0.000
Customer & Corporate	4.571	0.000	2.432	0.040	2.099
Place	1.035	0.080	0.105	0.350	0.500
Corporate Items	1.050	0.750	0.265	0.000	0.035
2021/22 Savings	13.845	1.105	8.525	1.581	2.634

Appendix A 2021/22 Savings status (2) Detail

Directorate / Plans	Target Savings	MTFS Savings	Achieved savings	Plans on track for delivery	Plans worked on for delivery	Planned, internal/external actions required to deliver
	£m	£m	£m	£m	£m	£m
Children						
EPS step up	0.152	0.152		0.152	0.000	
Home to School Transport	0.179	0.179			0.179	
AST	0.500	0.500	0.032	0.468		
Fostering	0.670	0.670		0.488	0.182	
Troubled Families	0.650			0.650		
Placement Review	1.400		0.243	1.157		
Management Actions	0.450	0.039			0.450	
Children - Savings	4.001	1.540	0.275	2.915	0.811	0.000
People						
Care Package Reviews (SC)	0.775	0.775		0.775		
Direct Payment Reviews (SC)	0.250	0.250		0.250		
Increased FCP Income (SC)	0.100	0.100			0.100	
Commissioned Contracts (SC)	0.250	0.250		0.250		
Grant Maximisation (CC)	0.200	0.200		0.200		
Management Actions (CC)	0.050	0.050		0.050		
Income Targets (CC)	0.050	0.050		0.050		
One Off Savings 2020/21 (SC)	1.485			1.205	0.280	
People - savings	3.160	1.675	0.000	2.780	0.380	0.000

ODPH						
Additional Income	0.008	0.008		0.008		
Additional Income #2	0.020	0.020		0.020		
ODPH - savings	0.028	0.028	0.000	0.028	0.000	0.000
Customer, Corporate Services and Chief Exec						
Efficiency	0.949	0.000				0.949
FM review	0.550	0.550				0.550
Business support	1.200	0.000		0.600		0.600
ICT	1.000	1.000		1.000		
CEX; Legal services	0.100	0.100		0.100		
Coroner	0.040	0.040			0.040	
Training	0.153	0.153		0.153		
Capitalise Capital Team	0.050	0.050		0.050		
Internal Audit	0.016	0.016		0.016		
Departmental	0.513	0.513		0.513		
Cust. & Corp. Services and CEX savings	4.571	2.422	0.000	2.432	0.040	2.099
Place						
Regeneration Property Fund	0.500	0.500				0.500
Concessionary Fares	0.080	0.080	0.080			
Weston Mill, bulky & trade waste income	0.208	0.208			0.208	
Resident Parking	0.060	0.060		0.060		
On/Off parking	0.065	0.065			0.065	
Fees and charges including Mt. Edgcumbe	0.122	0.122		0.045	0.077	
Place savings	1.035	1.035	0.080	0.105	0.350	0.500
Corporate						
Schools PFI - adjustments	1.015	1.015	0.750	0.265		
Income target not allocated	0.035	0.035				0.035
Corporate savings	1.050	1.050	0.750	0.265	0.000	0.035
Overall Total savings	13.845	7.750	1.105	8.525	1.581	2.634