

Date of meeting:	13 September 2021
Title of Report:	Finance and Capital Monitoring Report June 2021
Lead Member:	Councillor Nick Kelly (Leader)
Lead Strategic Director:	Brendan Arnold (Service Director for Finance)
Author:	David Northey - Head of Integrated Finance Hannah West – Finance Business Partner
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Your Reference:	Fin/djn/2021(03)
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

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

Recommendations and Reasons

That Council:

1. Notes the current revenue monitoring position;
2. Approve the revision of the Capital Budget 2021-2026 to £612.270m.
(as shown in Section C Table 1)

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)						
		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.						
		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)						
	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.						
	1	2	3	4	5	6	7

Sign off:

Fin	pl.21. 22.98	Legal	LLS/ 3723 8/AC /1/9/ 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: 27/07/2021											
Cabinet approved: 10/08/2021											

SECTION A: EXECUTIVE SUMMARY

Table 1: End of year revenue forecast

	Budget £m	Net Forecast Outturn £m	Variance £m
Total General Fund Budget	195.568	197.082	1.514

The forecast revenue outturn after the application of Covid grants and council mitigating actions is currently estimated at £1.514m over budget, which is a variance of +0.8% against the net budget (+0.2% against the gross budget).

This is the first quarter's monitoring report for 2021/22 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 £15.257m against the currently available grants. This will be reviewed as the year progresses. The 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) £1.511m reported within Customer & Corporate Services Directorate due to a legacy efficiency target not yet realised 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.
 - b) Place are reporting a £0.101m pressure against revenue due to borrowing charges applied to Street Services.
3. Key favourable variances:
 - a) Public Health is reporting a business as usual under spend of £0.098m.

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	5.471	(0.043)	0.00	on budget
Customer and Corporate Services	44.004	46.418	(0.903)	1.511	over
Children's Directorate	53.070	60.984	(7.914)	0.000	on budget
People Directorate	89.441	92.522	(3.081)	0.000	on budget
Public Health	(0.537)	(0.576)	(0.059)	(0.098)	under
Place Directorate	25.069	28.352	(3.182)	0.101	over
Corporate Items	(20.907)	(36.089)	15.182	0.000	on budget
Total	195.568	197.082	0.000	1.514	over

1. Executive Office

- 1.1 The Executive Office is reporting a nil variance, after offsetting COVID-19 related costs totalling £0.043m. This covers additional expenditure incurred for the provision of IT equipment to allow the newly-elected members to access online meetings and the loss of income within Legal services because courts are not running to a full schedule.

2. Customer and Corporate Services Directorate

- 2.1 The Customer and Corporate Services Directorate is forecasting an over spend of £1.511m for business as usual activity. The directorate has a significant amount of legacy savings as well as in-year pressures showing due to unforeseen delays on implementing savings plans. The department is continuing to explore further opportunities to manage this position and will carry on monitoring as the year progresses.
- 2.2 Within the Facilities Management Department the £0.550m pressure remains. The department is awaiting the outcome of the Conditions Survey commissioned to ascertain the state of the building stock. The department is still aiming to deliver a part-year saving towards this target.
- 2.3 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 of £7.914m for the year which 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 the quarter to date adds a further cost of £2.126m. Projecting this level of activity into residential placements based on the current trend adds a further cost of £1.542m.

c) To ease the pressure across the whole service of the current social worker caseloads, the directorate is recruiting permanent social workers at an additional cost of £0.385m. This was identified and included in the budget. There is also £0.685m charged to the Covid Outbreak Management Fund to cover the cost of funding additional temporary Social Workers and Family Support Workers.

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.

e) Education, Participation and Skills are showing £0.022m lost income due to Government deciding to cancel statutory assessments as a result of COVID-19.

4. People Directorate

- 4.1 The People Directorate is forecasting an overall breakeven position for the year which includes the projected delivery of the 2021/22 savings of £1.675m, one-off savings brought forward from 2020/21 of £1.888m, and is after applying COVID-19 grant of £3.081m. This additional Covid related expenditure includes costs to cover the continued rising demand for bed & breakfast along with additional support to the Alliance for Community Connections.
- 4.2 Within Strategic Commissioning, £2.116m of Covid grant has been drawn down to cover the agreed two percent (2%) uplift to provider payments for April to June, along with a reserve to cover the rest of the financial year if required, as well as the forecast loss of income around the reduced day services.

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

- 5.1 Public Health is reporting an under spend of £0.098m 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 a small overall overspend of £0.101m due to borrowing charges impacting on the revenue budget within Street Services.
- 6.2 There is additional spend and income foregone totalling £3.182m which is COVID-19 related. Of this, £1.709m is a yearend forecast for car parking income loss, and a further £0.980m 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 Concerns regarding Economic Development being able to meet the Regeneration Property Fund target remain. This is due to a combination of CIPFA code changes, and because of the impact Covid and Brexit are having on the property market. Risk based intelligence monitoring

is ongoing to ensure forecasting is as accurate as possible but it is noted that this pressure may grow.

- 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, a pressure remains 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 £15.257m.

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	1.644	1.414	0.943	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	2.266	0.040	2.265
Place	1.035	0.080	0.105	0.350	0.500
Corporate Items	1.050	1.015	0.000	0.000	0.035
2021/22 Savings	13.845	2.739	6.593	1.713	2.800

Appendix A 2021/22 Savings status (2) Detail

Directorate / Plans	Target 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
Children					
EPS step up	0.152			0.152	
Home to School Transport	0.179			0.179	
AST	0.500	0.100	0.400		
Fostering	0.670	0.189	0.319	0.162	
Troubled Families	0.650	0.317	0.333		
Placement Review	1.400	1.038	0.362		
Management Actions	0.450			0.450	
Children - Savings	4.001	1.644	1.414	0.943	0.000
People					
Care Package Reviews (SC)	0.775		0.775		
Direct Payment Reviews (SC)	0.250		0.250		
Increased FCP Income (SC)	0.100			0.100	
Commissioned Contracts (SC)	0.250		0.250		
Grant Maximisation (CC)	0.200		0.200		
Management Actions (CC)	0.050		0.050		
Income Targets (CC)	0.050		0.050		
One Off Savings 2020/21 (SC)	1.485		1.205	0.280	
People - savings	3.160	0.000	2.780	0.380	0.000

ODPH					
Additional Income	0.008		0.008		
Additional Income #2	0.020		0.020		
ODPH - savings	0.028	0.000	0.028	0.000	0.000
Customer, Corporate Services and Chief Exec					
Efficiency	0.949				0.949
FM review	0.550				0.550
Business support	1.200		0.434		0.766
ICT	1.000		1.000		
CEX; Legal services	0.100		0.100		
Coroner	0.040			0.040	
Training	0.153		0.153		
Capitalise Capital Team	0.050		0.050		
Internal Audit	0.016		0.016		
Departmental	0.513		0.513		
Cust. & Corp. Services and CEX savings	4.571	0.000	2.266	0.040	2.265
Place					
Regeneration Property Fund	0.500				0.500
Concessionary Fares	0.080	0.080			
Weston Mill, bulky & trade waste income	0.208			0.208	
Resident Parking	0.060		0.060		
On/Off parking	0.065			0.065	
Fees and charges including Mt. Edgcumbe	0.122		0.045	0.077	
Place savings	1.035	0.080	0.105	0.350	0.500
Corporate					
Schools PFI - adjustments	1.015	1.015			
Income target not allocated	0.035				0.035
Corporate savings	1.050	0.750	0.265	0.000	0.035
Overall Total savings	13.845	2.739	6.593	1.713	2.800

SECTION C:

Capital Finance Report Quarter 1 2021/22

The five year capital budget 2021-2026 is currently forecasted at £612.270m as at 30 June 2021. The capital budget has been adjusted to take into account the removal of the prior year (2020/21) and to add any new approvals or changes to the capital programme and to adjust the future funding assumptions shown in table 1.

Current Capital Resources

Table 1 The Capital budget consists of the following elements:

Description	£m
Capital Programme approved by CCIB	342.722
Future Funding Assumptions *	269.548
Total Revised Capital Budget for Approval (2021-2026)	612.270

* Estimate of funding to be received to finance future capital projects (funding see Table 2c)

The approved capital budget (representing forecast resources) is made up of two elements. One is the Capital Programme representing projects that have been approved and the other is future funding assumptions which are estimates of capital funding the Council is likely to receive in the future.

Capital Programme

Project officers prepare detailed business cases, which are reviewed by finance officers and then are agreed by CCIB member before going to the Leader to sign the executive decision. Once the Leader (or Section 151 Officer for projects under £200k) has approved the project it is added to the Capital Programme for delivery.

Future Funding Assumptions

The current estimate of future capital funding for the next five years 2021-2026 is £269.548m (see table 2c).

External funding currently contributes approximately towards 65% of resources within the capital resource envelope; this is included within the future funding assumptions and included both ring-fenced and un-ringfenced grants, S106 and other external contributions.

Bidding for further external capital funding is strongly encouraged during the preparation of business cases for new projects.

Tables 2a and 3 below shows the revised capital programme for the period 2021-2026, as at 30 June 2021.

Revised Capital Programme

Table 2a Capital Programme by Directorate

Directorate	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m	£m
People	8.945	9.140	3.157	0.132	0.132	21.506
Place - Economic Development	59.728	50.414	10.273	0.128	0.094	120.637
Place – Strategic Planning and Infrastructure	65.002	67.611	4.430	0.504	0	137.547
Place – Street Services	26.185	10.091	3.963	2.017	0	42.256
Customer & Corporate Services	8.405	0	0	0	0	8.405
Public Health	12.370	0	0	0	0	12.370
Total	180.635	137.256	21.823	2.781	0.227	342.722
Financed by:						
Capital Receipts	2.028	7.185	3.561	0.632	0.094	13.500
Grant funding	53.302	52.783	1.962	0.132	0.132	108.311
Corporate funded borrowing	52.845	28.667	7.812	2.017	0	91.341
Service dept. supported borrowing	64.060	40.983	4.548	0	0	109.591
S106 & CIL	6.339	7.636	1.360	0	0	15.335
Other contributions	2.061	0.003	0	0	0	4.644
Total Financing	180.635	137.257	21.823	2.781	0.226	342.722

Table 2b Funding of the 2020-25 Capital Programme

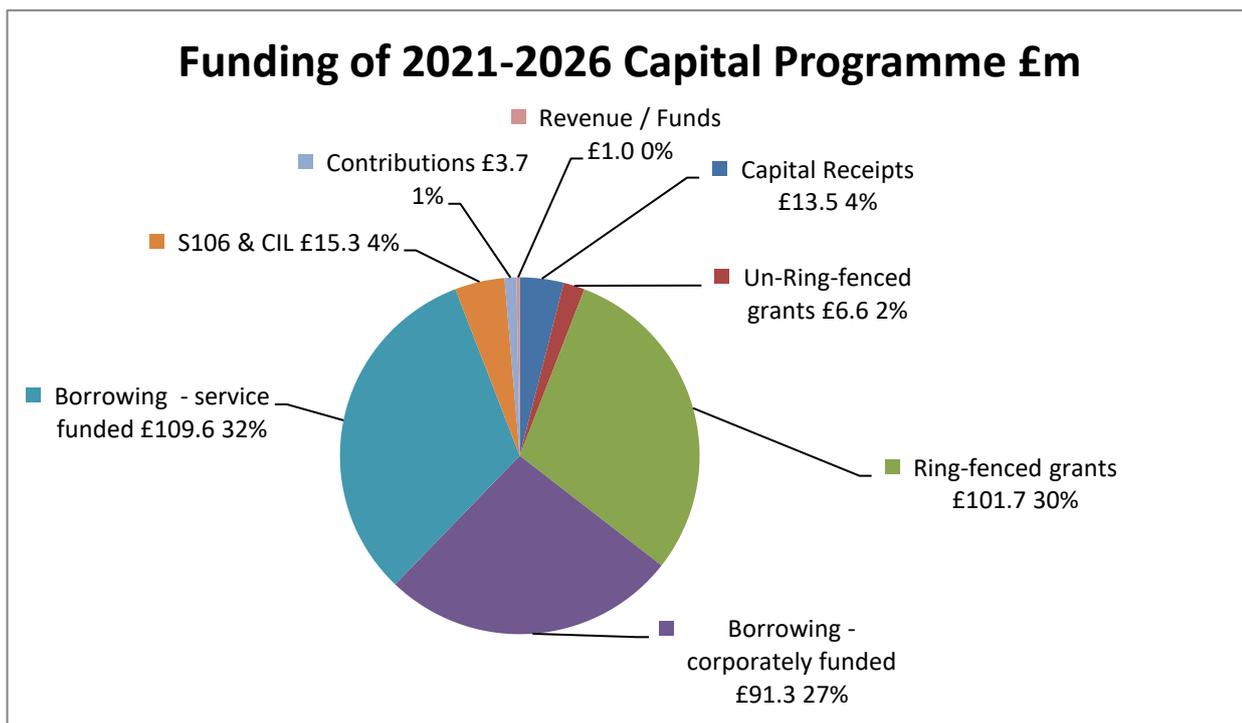


Table 2c Future Funding Assumptions

Future Funding Estimates	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m	£m
Service borrowing & external loans	26.250	30.850	2.120	5.000	5.000	69.220
Grants	8.991	14.684	148.310	2.126	0	174.111
SI06 and CIL	4.129	3.800	4.076	4.023	4.066	20.094
Other sources	2.781	1.664	0.245	0.926	0.507	6.123
Total	42.151	50.998	154.751	12.075	9.573	269.548

Covid 19

The effect from Covid 19 has slowed the capital programme delivery. Since April 2021, the restrictions have been slowly lifting and capital projects have been getting back to work even with the additional safety requirements of social distancing.

The economy has been getting back to work but we have seen an increase in the cost of raw materials and labour which may affect some of the capital projects.

Table 3: Capital Programme by Delivery Outcome

Primary Outcome of Projects	£m
Securing Growth in the City Centre/Waterfront	16.840
Securing Growth in Derriford and the Northern Corridor	41.982
Securing Growth in the Eastern Corridor	4.067
Delivering More/Better Housing	28.773
Ensuring Essential City Infrastructure	85.925
Improving Neighbourhoods and Community Infrastructure	5.029
Ensuring Good Quality School Places	0.868
Growing the Economy	56.045
Delivering Oceansgate	4.174
Connecting the City	32.492
Celebrating Mayflower	1.165
Delivering The Box	0.936
Transforming Services	64.426
Total	342.722

Recommendations

Council:

1. Approve the revision of the Capital Budget 2021-2026 to £612.270m. (as shown in Section C Table 1)