

Education and Children's Social Care Overview and Scrutiny Committee



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| Date of meeting: | 17 November 2021 |
| Title of Report: | Finance Monitoring Report 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 |
| Contact Email: | David.northey@plymouth.gov.uk |
| Your Reference: | Fin/djn/2021(05) |
| 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 August 2021.

Recommendations and Reasons

The committee:

- I. 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.

Financial Risks

The Council is a complex service organisation with a gross expenditure budget exceeding £500m in financial year 2021/22. The delivery of this budget within agreed financial parameters is of critical importance for the ongoing sustainability of the Council and the continued delivery of services to the City of Plymouth on a basis that is affordable.

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 |
| | | | | | | | | |

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 |
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Sign off:

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|--|----------------------|-----|---------------------|------------|--|----|--|--------|--|---------------|--|
| Fin | pl.21. 22.12 3 | Leg | MS/0 4.10. 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: 16/09/2021 | | | | | | | | | | | |
| Cabinet Member approval: Councillor Nick Kelly (Leader) | | | | | | | | | | | |
| Date approved: 21/09/2021 | | | | | | | | | | | |

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 | 196.513 | 0.945 |

The forecast revenue outturn after the application of Covid grants and council mitigating actions is currently estimated at £0.945m over budget, which is a variance of +0.5% against the net budget (+0.18% against the gross budget). This is a reduction of £0.501m over period 4.

This is the August 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 £16.315m against the currently available grants. The impact of COVID-19 will continue in this financial year but in this forecast the additional costs identified are offset by grant and so there is a nil impact on the forecast variance. A detailed review will be undertaken at Period 6.
2. Key budget pressures:
 - a) £1.185m reported within Customer & Corporate Services Directorate. This has improved by £0.313m in the last month owing to (a) management of staff vacancies and (b) a saving in the treasury area.
3. Key favourable variances:
 - a) Public Health is still reporting an underspend of £0.094m.
 - b) Place Directorate are now reporting an underspend of £0.139m. an improvement of £0.181m.

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 | 5.429 | 5.459 | (0.037) | (0.007) | under |
| Customer and Corporate Services | 44.031 | 46.078 | (0.862) | 1.185 | over |
| Children's Directorate | 53.074 | 60.988 | (7.914) | 0.000 | on budget |
| People Directorate | 89.441 | 93.018 | (3.577) | 0.000 | on budget |
| Public Health | (0.537) | (0.572) | (0.059) | (0.094) | under |
| Place Directorate | 24.976 | 28.703 | (3.866) | (0.139) | under |
| Corporate Items | (20.846) | (37.161) | 16.315 | 0.000 | on budget |
| Total | 195.568 | 196.513 | 0.000 | 0.945 | over |

1. Executive Office

1.1 The Executive Office is reporting a small underspend due to savings on salaries.

2. Customer and Corporate Services Directorate

2.1 The Customer and Corporate Services Directorate is forecasting an over spend of £1.185m. This has reduced from £1.498m last month. Work will continue to adopt mitigating actions and the position will continue to be closely monitored moving forward.

3. Children's Directorate

3.1 The directorate is forecasting a breakeven position for the year, after identifying COVID-19 related costs of £7.914m for the year, offset by applying equivalent grant.

4. People Directorate

4.1 The People Directorate is forecasting a breakeven position for the year.

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

5.1 Public Health is continuing to report an under spend of £0.094m as a result of continuing management reviews of all expenditure.

6. Place Directorate

6.1 The directorate is reporting an under spend of £0.139m which is an improved position from the month 3 over spend of £0.042m. This is due mainly to vacancy savings within Strategic Planning and Infrastructure.

6.2 COVID-19 related additional spend and income foregone totals £3.866m. The majority of this continues to relate to loss of car parking income. Although significant increased costs are still showing in Street Scene and Waste.

7. **Corporate Items**

7.1 The overall position shows a nil variation.

7.2 COVID-19 financial support continues to be held here, and is being used to offset pressures that have arisen across all Directorates as a result of the pandemic; currently these are forecast to a total of £16.315m. At Period 6 the Finance Department will be working with directorates to undertake an in depth review of these commitments.

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 | 1.179 | 1.178 | 0.000 |
| People | 3.160 | 0.300 | 2.680 | 0.180 | 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 | 3.039 | 6.258 | 1.748 | 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 | 0.292 | 0.108 | |
| Fostering | 0.670 | 0.189 | 0.242 | 0.239 | |
| Troubled Families | 0.650 | 0.317 | 0.333 | | |
| Placement Review | 1.400 | 1.038 | 0.312 | 0.050 | |
| Management Actions | 0.450 | | | 0.450 | |
| Children - Savings | 4.001 | 1.644 | 1.179 | 1.178 | 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 | | 1.405 | 0.080 | |
| People - savings | 3.160 | 0.300 | 2.680 | 0.180 | 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 Executive Office | | | | | |
| 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 | | | 0.019 | 0.021 |
| Training | 0.153 | | 0.153 | | |
| Capitalise Capital Team | 0.050 | | 0.050 | | |
| Internal Audit | 0.016 | | 0.016 | | |
| Departmental | 0.513 | | 0.513 | | |
| Customer & Corporate Services and Executive Office savings | 4.571 | 0.000 | 2.266 | 0.019 | 2.286 |
| 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 | 1.015 | 0.000 | 0.000 | 0.035 |
| Overall Total savings | 13.845 | 3.039 | 6.258 | 1.748 | 2.800 |