

# Cabinet



Date of meeting:	09 June 2022
Title of Report:	<b>Provisional Capital and Revenue Outturn Report 2021/22</b>
Lead Member:	Councillor Mark Shayer (Deputy leader and Cabinet Member for Finance and Economy)
Lead Strategic Director:	Brendan Arnold (Service Director for Finance)
Authors:	David Northey - Head of Integrated Finance
Contact Email:	<a href="mailto:David.Northey@plymouth.gov.uk">David.Northey@plymouth.gov.uk</a>
Your Reference:	DJN/Fin2022
Key Decision:	No
Confidentiality:	Part I - Official

## Purpose of Report

This report outlines the Provisional Outturn position of the Council for the year ending 31st March 2022.

Full details of the Provisional Outturn position for each directorate is set out in the body of the report.

An Executive Summary setting out the key areas is included in Section A.

## Recommendations and Reasons

Cabinet is recommended to:

1. Note the Provisional Revenue Outturn position for the year to 31 March 2022 and
2. Note the Provisional Capital Outturn position for that year including the Capital Financing Requirement of £75.275m

*It is a statutory requirement to provide an outturn report and is provisional as it is subject to external audit.*

3. Agree that the Provisional Revenue Outturn position includes the setting aside of monies in the sum of £0.349m into a Change Contingency To be carried forward to financial year 2022/23

*To fund Invest to Save initiatives in 2022/23 to assist in balancing future budget requirements.*

4. Note that the Provisional Revenue Outturn position includes the setting aside of monies to support the 2022/23 Revenue Budget as agreed by Council on 28 February 2022 to agree the
  - a. Carry forward of general resources in the sum of £2.845m to financial year 2022/23
  - b. Carry forward of Covid grants in the sum of £4.890 m to 2022/23.
  - c. Carry forward of the remaining balance of £1.708m set aside at closure of the accounts for 2020/21 to assist in preparing for budget settlements in later years.

These arrangements were approved by Full Council at the meeting on 28 February 2022 to balance the 2022/23 Revenue Budget.

5. Recommend the Report to City Council 20 June 2022

### **Alternative options considered and rejected**

None – our Financial Regulations require us to produce regular monitoring of our finance resources including a revenue and capital outturn position which culminates in the production of the 2021/22 annual statement of accounts.

### **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 to be a Pioneering, Growing, Caring and Confident City.

### **Financial Risks**

The financial risks are described in the report.

**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.	Covid-19 Grant & Expenditure 2021/22							

**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
The Budget Report 2022/23 – Council 28 February 2022							

**Sign off:**

Fin	pl.22. 23.18	Leg	EJ/38 673	Mon Off		HR		Asset s		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: 25/05/2022											
Cabinet Member approval: Councillor Mark Shayer (Deputy Leader and Cabinet Member for Finance and Economy)											
Date approved: 25/05/2022											

**Plymouth City Council**  
**Finance Monitoring – 2021/22**  
**Provisional Outturn for year to 31 March 2022**

**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 I: End of year revenue forecast**

	Net Budget £m	Outturn £m	Variance £m
Total General Fund Budget	195.568	195.568	0.000

As shown in Table I, the Council has balanced its budget reporting a breakeven position. The overall net spend matches the net budget of £195.568m.

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

- A nil variance on a gross expenditure budget of £516m for business as usual activities. Given the character of the financial year in question and the continued impact of covid, this is a notable achievement.
- The setting aside of resources, as approved by Full Council at the meeting dated 28 February 2022 to assist in balancing the 2022/23 Revenue Budget.
  - a. General resources from 2021/22 in the sum of £2.845m
  - b. Covid grants carried forward from 2021/22 in the sum of £4.890m.
  - c. The balance of the sum set outside in the 2020/21 Outturn to assist in preparing for budget settlements in 2022/23 £1.708m.
- The setting aside of £0.349m into a Change Contingency to fund Invest to Save initiatives in 2022/23 or to assist in offsetting the budget shortfall in 2023/24..

The Provisional Capital Outturn for 2021/22 is £75.275m. This is within the approved Capital Budget of £402.356m for 2021-2026 reported to Full Council on 28 February 2022. Please see Table 3 in Section C of this report.

The Outturn position remains 'Provisional' pending audit review.

**SECTION B: PROVISIONAL REVENUE FINANCE OUTTURN****1. Introduction**

- 1.1 This Outturn Report is the final report in the monitoring cycle for the financial year 2021/22 and reviews the Council's financial performance for the year ended 31 March 2022. The year was again affected by the ongoing consequences of COVID-19. There was a need for the Council to continue its response to and mitigate the effects of the pandemic in terms of additional costs of service delivery and the lost income. The Government has been generous in providing resources through grant to offset the additional net costs incurred. Grants amounting to £17.078m have been applied to balance the accounts.
- 1.2 In addition to the costs arising from the Pandemic the Council has also been delivering a savings target of £13.845m in 2021/22. .
- 1.3 The Provisional Revenue Outturn figures will now feed into the Council's formal Statement of Accounts, which will include the Balance Sheet position. The Service Director for Finance, as the Council's Section 151 Officer, must publish the draft Statement of Accounts by 31 July 2022 at the latest. Under the national scheme, the publication date for audited accounts will move from the 31 July to 30 September 2022 for all local authority bodies.

**2. Revenue Finance Outturn 2021/22**

- 2.1 Council approved a gross revenue budget of £516.097m with a net revenue budget of £195.568m for 2021/22 at its meeting in February 2021. Table 2 below provides a summary of the Council's overall revenue expenditure and compares the Provisional Outturn with the approved net budget.

**Table 2** End of Year Business as Usual (BAU) Revenue Outturn by Directorate.

Directorate	Net Budget	Business as Usual Outturn	BAU Over / (Under) Spend
	£m	£m	£m
Executive Office	5.538	5.538	0.000
Customer and Corporate Services *	43.970	43.925	(0.045)
Children's Directorate	53.454	53.750	0.296
People Directorate	89.698	89.663	(0.035)
Office for the Director of Public Health	(0.475)	(0.890)	(0.415)
Place Directorate	25.812	25.700	(0.112)
Corporate Items	(22.429)	(22.118)	0.311
<b>TOTAL</b>	<b>195.568</b>	<b>195.568</b>	<b>0.000</b>

\*The Customer and Corporate Services Directorate includes the Councils Treasury Management activities which are subject to a separate outturn report considered by Audit and Governance Committee.

- 2.2 All Directorates, except Children's, recorded an under spend for their BAU activity. The majority of savings have arisen due to the deferral of every day service provision, as the Council continued to lead the city's response to the pandemic.
- 2.3 Expenditure on Corporate Items was higher than budget because this includes the setting aside of the £0.349m to the Change Reserve for future Invest to Save initiatives described earlier.

### **3. Business as Usual Position by Directorate**

#### **Executive Office**

- 3.1 This service area has a balanced outturn for the year.

#### **Customer and Corporate Services**

- 3.2 The Directorate has a near-balanced position of £0.045m under budget. This reflects a mix of variations across the various departments.
- 3.3 The Finance Department recorded an overall underspend of £0.683 reflecting staff vacancies and treasury activity. The Customer Service Department recorded an adverse outturn position of £0.815m mainly related to the balance of the brought forward legacy savings. Human Resources (HR) & Organisational Development (OD) are reporting an under spend of £0.549m due to staff and training savings. Facilities Management (FM) budgets in aggregate show an overall pressure of £0.989m. This is a mixture of savings not achieved; additional maintenance costs and higher gas and electricity costs, offset by additional income. The Transformation department has a £0.409m underspend, due in total to staff vacancy savings.

#### **Children's Directorate**

- 3.4 The Children's Directorate reported an adverse outturn position of £0.296m. This relates to the shortfall against the £4.001m savings target for the year. The saving related to school transport and saw additional demand in year; work continues to deliver the original saving in full.

#### **People Directorate**

- 3.5 The People Directorate is reporting an under spend of £0.035m as a result of management savings within the Community Connections Department.

#### **Office of the Director of Public Health (ODPH)**

- 3.6 The Public Health Directorate is reporting an under spend of £0.415m; this is because a large proportion of salaries have been offset by grants this year.

#### **Place Directorate**

- 3.7 The Place Directorate's outturn position is an under spend of £0.112m. The principal variations within this sum are; Strategic Planning and Infrastructure underspent by £0.226m, Economic Development by £0.113m and Street Services are reporting an variation of £0.194m due to reduced income.

**Corporate Items**

- 3.8 Corporate Items is showing an adverse position of £0.311m due to the setting aside of £0.349m to the Change Reserve for future Invest to Save initiatives.

## **SECTION C: CAPITAL FINANCE REPORT FOR THE CAPITAL PROGRAMME OUTTURN 2021/22**

### **4.0 Capital Programme outturn 2021/22**

- 4.1 The capital programme expenditure for 2021/22 is £75.275m. This is shown by Directorate in Table 3 below. This is within the approved Capital Budget of £402.356m for 2022-2026 reported to Full Council on 28 February 2022.

**Table 3 – Capital Expenditure - Outturn 2021/22**

Directorate	Forecast December 2021	Approvals post Dec	Total Capital 2021/22	Re-profiling	Variations & virements	2021/22 Capital Spend	Movement in quarter %
	£m	£m	£m	£m	£m	£m	
Place	110.087	1.398	111.485	(51.761)	(0.179)	<b>59.545</b>	53
People	8.930	0.815	9.745	(1.041)	0.029	<b>8.733</b>	90
Customer & Corporate Services	8.768	2.524	11.292	(6.613)	(0.229)	<b>4.450</b>	39
Office for Director of Public Health	12.370	0	12.370	(9.823)		<b>2.547</b>	21
<b>TOTAL CAPITAL PROGRAMME</b>	<b>140.155</b>	<b>4.737</b>	<b>144.892</b>	<b>(69.238)</b>	<b>(0.379)</b>	<b>75.275</b>	52

- 4.2 The 2021/22 programme outturn is expenditure £75.275m which equates to 52% of total capital programme being spent by year end (2020/21 £105.471m - 67%).
- 4.3 Despite ongoing challenges linked to the Covid 19 pandemic, an ambitious programme of investment within the City has been progressing. Challenges seen nationally in the building and construction industry are in part reflected by £69m of the programme being re-profiled across future years.
- 4.4 During 2021/22 there have been notable challenges faced through supply chain disruptions in terms of both the availability of supplies as well as the ability and willingness of suppliers to take part in Council procurement activity, significant pressure on procuring goods, services and works within project financial limits and a continuing impact on the workforce adhering to the extra safety requirement of social distancing and measures to reduce the spread of infection
- 4.5 Three major projects totalling £26.6m of the £69m above were the new crematorium, Forder Valley Link Road and the railway station required programme re-profiling to reflect the impact

of challenges referred to above. Ongoing monitoring between Strategic Directors, project officers and finance will be reported through quarterly reporting cycle.

4.6 Capital investment in the City in 2021/22 was £75.275m and this includes some notable schemes and areas of investment listed below:

- Forder Valley Link Road and Interchange £18.045m
- Highway maintenance and essential engineering £5.307m
- Decarbonisation projects and home energy efficiency £5.207m
- Strategic Transport Schemes £4.739m
- Property and regeneration £4.288m
- Environmental service vehicles/containers £3.185m
- Disabled Facilities £3.108m
- Corporate Property improvements £2.719m
- Development of a new crematorium £2.547m
- Life Centre Improvements £2.439m
- Education and Community neighbourhoods £1.835m
- Oceansgate Phase 2/3 £1.768m
- Information Systems £1.512m
- Plymouth Railway Station £1.458m
- City Centre Public Realm £1.305m
- National Marine Park £0.453m

## 5.0 Capital Financing 2021/22

**Table 4 – Financing of 2021/22 Capital Programme**

<b>Method of financing</b>	<b>Total £m</b>	<b>Funding %</b>
- Capital receipts	1.502	2%
- Grants (e.g. gov't, HLF, LEP, Environment Agency)	34.153	45%
- Contributions, S106 & CIL (neighbourhood element)	1.231	2%
- Borrowing:		
- Corporately funded	27.235	36%
- Service borrowing (revenue budget funded)	11.154	15%
<b>Capital programme Financing 2021/22</b>	<b>75.275</b>	<b>100%</b>

## Appendix I. Covid-19 Grants & Expenditure 2021/22

### Covid Grants

	Grant £m
COVID-19 Un-ringfenced Grant brought forward from 2020/21	7.714
COVID-19 Un-ringfenced Grant 2021/22	7.854
Total Income Compensation claim #4 April – June 2021	0.901
Contain Outbreak Management Fund - COMF (part)	2.371
Test & Trace (part) / Clinically Extremely Vulnerable (part)	0.566
Hospital Discharge	1.700
Additional Burdens / other	0.862
Total un-ringfenced grant available	21.968
Allocated: 2021/22 COVID-19 (see Table 4)	(17.078)
<b>Carry fwd. 2022/23</b>	<b>4.890</b>

### Covid Expenditure

Directorate	Covid Spend / Lost income	Main Spend Areas
	£m	
Executive Office	0.233	communications
Customer and Corporate Services	0.673	Additional resources within the Housing Benefits team; Additional Court fees were incurred to clear the backlog; Library Service recorded a shortfall in income. In addition, the Business Support redesign missed the savings target as a result of delays to implementation as staff were supporting the Covid response.
Children's Directorate	9.444	Additional Placement costs; additional social workers; increased legal costs associated with the extra demand and increased specialist assessments. There were also additional Adoption Transition Costs and some lost income within the schools service.
People Directorate	3.553	Leisure, homelessness and care packages.
Office for the Director of Public Health	0.054	Additional fees
Place Directorate	3.121	Lost car parking income; waste costs and lost commercial income.
<b>TOTAL Covid Cost / Lost Income</b>	17.078	
<b>Corporate Items – Un-ringfenced grant drawn down (see Table 3)</b>	(17.078)	