

# Performance, Finance and Customer Focus Overview and Scrutiny Committee



Date of meeting:	14 December 2022
Title of Report:	<b>Finance Monitoring Report October 2022</b>
Lead Member:	Councillor Mark Shayer (Deputy Leader and Cabinet Member for Finance and Economy)
Lead Strategic Director:	David Northey, (Interim Service Director for Finance)
Author:	Stephen Coker Interim Finance Business Partner (CEO & C&CS)
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Your Reference:	
Key Decision:	No
Confidentiality:	Part I - Official

## Purpose of Report

This report sets out the revenue monitoring position of the Council forecast to the end of the financial year 2022/23 at Period 7.

## Recommendations and Reasons

That Scrutiny notes:

1. The forecast revenue monitoring position at Period 7 as set out in this report in the sum of £4.104m.

*Reason: controlling the outturn within budget is essential to maintain financial control.*

## Alternative options considered and rejected

There are no alternative options – our Financial Regulations require us to produce regular monitoring of our finance resources.

## Relevance to the Corporate Plan and/or the Plymouth Plan

The 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 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:

Financial risks concerning period 7 reporting are discussed in the body of the report and relate to the attainment of a balanced budget position in financial year 2022/23.

### Carbon Footprint (Environmental) Implications:

No impacts directly arising from this report.

### Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

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 within budget is paramount to ensuring the Council can achieve its objectives

### Appendices

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	2022/23 Savings status							
B	Non Controllable expenditure							
C	Gross to Net Pressures							

### Background papers:

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:

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Originating Senior Leadership Team member: David Northey (Interim Service Director for Finance)

Please confirm the Strategic Director(s) has agreed the report? Yes

Date agreed: 24/11/2022

Cabinet Member approval: Deputy Leader and Cabinet member of Finance, after discussion with Cabinet colleagues

Date approved: 30/11/2022

## SECTION A: EXECUTIVE SUMMARY

**Table I: End of year revenue forecast**

	Budget £m	Net Forecast Outturn £m	Variance £m
<b>Total General Fund Budget</b>	<b>197.750</b>	<b>201.854</b>	<b>4.104</b>

1. This report highlights a revised monitoring position at Month 7 (October 2022) of £4.104m over budget, which is a variance of +2.0% against the net budget. This is set out in Appendix C.
2. This represents an improvement of £1.887m on the previous position at Month 6 (September 2022) which reported a net forecast overspend of £5.991m.
3. The movement represents additional savings:
  - a. Additional fees and charges as a result of increases due to inflationary pressures £0.287m
  - b. In year adjustments including additional Council Tax and Business Rates £1.6m
4. The current position again includes c. £6m of non-controllable costs which could not have been foreseen at the time of Budget setting; of this £3.3m relates to energy price inflation. This covers:
  - The Life Centre additional costs of £0.575m.
  - Street Lighting costs have increased by £0.898m
  - The two crematoria have increased costs of £0.345m
  - Corporate estate & car parking £1.455m
5. Aside from energy, the ongoing impact of the pandemic remains evident in terms of demand pressures and other changes which have seen a persistent increase in volumes of domestic waste and reductions in parking revenues as employees generally maintain homeworking. In adult social care and following the dislocation of the pandemic the numbers of people presenting as homeless has become more costly. The Council is not able to influence such demand pressures in the short term.
6. The Council's Children, Young People and Families Directorate is currently facing additional gross costs of £4.4 million regarding specialist residential placements for vulnerable children and other demand pressures – part of a national trend.
7. The national agreement for pay in Local Government in 2022/23 has resulted in an additional £2.9m increase on top of the 2% provision set aside in the Budget. This is a national issue.
8. For the reasons described the variance is still higher than would normally be expected at this point of the financial year and in response management will continue with a financial recovery plan with the aim of eliminating the forecast overspend. The plan includes:

- Full review of payroll and pension costs, including the use of temporary agency staff
  - Continued management of vacant posts
  - Further review of the capital programme and the impact on in-year borrowing costs
  - Grant funding maximisation
  - Reduced running costs associated with an early exit from both Windsor and Midland House
  - Further review of all reserves and provisions and
  - Deferring all spend where appropriate
9. As shown in Appendix A, the planned in-year savings targets amount to £11.245m, of which £8.275m are reported as on track or scheduled for delivery. Officers will continue to pursue these savings to ensure full delivery by the end of the financial year.

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

Directorate	Budget £m	Forecast £m	Forecast Net Variance £m	Status
Executive Office	5.398	5.650	0.252	over
Customer and Corporate Services	45.664	47.290	1.626	over
Children's Directorate	61.092	63.309	2.217	over
People Directorate	94.486	94.588	0.102	over
Public Health	(0.297)	(0.559)	(0.262)	under
Place Directorate	25.670	27.722	2.052	over
Corporate Account & Council wide items	(34.263)	(36.146)	(1.883)	under
<b>Total</b>	<b>197.750</b>	<b>201.854</b>	<b>4.104</b>	<b>over</b>

**Executive Office**

10. The Executive Office is reporting a gross pressure of £0.383m which is no change on month 6. To date pressures include additional member allowances, plus savings target set for 2022/23 not on track due to service demand. Mitigations of £0.131m have been identified leading to a net variance of £0.252m.

**Customer and Corporate Services Directorate (CCS)**

11. The CCS Directorate is forecasting a small decrease in pressure due to increased fees and charges leading to a net overspend of £1.626m. The overspend is significantly driven by energy supply and unmet licence fee savings due to maintained levels of recruitment, other inflationary pressures and demand pressures on business support services and library income. To mitigate these pressures recruitment and all non-essential spend has been delayed or frozen.

**Children's Directorate**

12. For period 7 there has been no change to the reported gross pressure of £4.421m. The principal variations are; £1.806m relating to new exceptionally high cost bespoke and residential placement above previous growth assumptions, legal costs, specialist assessments, pressures within EP&S relating to SEND Short Breaks and School Transport. There is also a level of savings which appears undeliverable at this juncture.
13. In response to this the directorate has identified mitigations of £2.204m leading to a net variance of £2.217m.

**People Directorate**

14. The People Directorate forecast remains unchanged with an overspend of £0.102m.
15. The Department has challenging in year savings of £2.937m and whilst actions and plans are in progress a further stocktake as to progress will be made.

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

16. Services within the Public Health office are reporting an under spend of £0.262m which has contributed to the Period 7 net position.

**Place Directorate**

17. The directorate is continuing to report a significant gross overspend of £3.860m. This is due to the impact of rising utility costs; lost income and increased domestic waste disposal costs. The net pressure is down on Period 6 by £0.090m due to a increases to fees and charges from 1<sup>st</sup> December 2022. The overall pressure is due to a combination of factors including utility costs and expenditures due to the Pandemic.
18. There are £1.808m of savings in place to reduce this to a net variance of £2.052m.

**Corporate Items & Council wide**

19. The overall position shows a net underspend of £1.883m. Adjustments including Council Tax surplus and business rates pool totalling £1.6m have been made in month 7.

## Appendix A 2022/23 Savings status (I) Summary

	<b>Total</b>	<b>Achieved savings</b>	<b>On track for delivery</b>	<b>Working on for delivery</b>	<b>Planned, internal/external actions required to deliver</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Children's	<b>3.942</b>	2.073	0.956	0.467	0.446
People	<b>2.937</b>	1.392	1.545	0.000	0.000
ODPH	<b>0.037</b>	0.037	0.000	0.000	0.000
Customer & Corporate	<b>3.015</b>	0.407	0.000	0.494	2.114
Place	<b>0.964</b>	0.175	0.308	0.071	0.410
Corporate Items	<b>0.350</b>	0.000	0.350	0.000	0.000
<b>2022/23 Savings</b>	<b>11.245</b>	<b>4.047</b>	<b>3.196</b>	<b>1.097</b>	<b>2.970</b>

## Appendix A 2022/23 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
<b>Children's</b>						
Placement Review	1.400	1.400	0.510	0.423	0.467	
AST	0.500	0.500	0.407	0.093		
Fostering	0.450	0.450	0.450	0.000	0.000	
Supporting Families	0.650	0.650	0.435	0.215		
Management Actions - CYPF	0.225	0.225		0.225		
Management Actions - EPS	0.717	0.717	0.271			0.446
<b>Children - Savings</b>	<b>3.942</b>	<b>3.942</b>	<b>2.073</b>	<b>0.956</b>	<b>0.467</b>	<b>0.446</b>
<b>People</b>						
Care Package Reviews	0.750	0.750		0.750		
Place Holder 1- reviews	0.430	0.430		0.430		
CES catalogue review	0.100	0.100	0.100			
Service Reviews	0.300	0.300		0.300		
Grant Maximisation	0.600	0.600	0.600			
Management Actions	0.100	0.100	0.100			
Advice / Information / Advocacy	0.050	0.050	0.050			
Social Inclusion	0.180	0.180	0.180			
Housing Services	0.250	0.250	0.250			
Alarms	0.112	0.112	0.112			
Leisure Management	0.065	0.065		0.065		
<b>People – savings</b>	<b>2.937</b>	<b>2.937</b>	<b>1.392</b>	<b>1.545</b>	<b>0.000</b>	<b>0.000</b>
<b>ODPH</b>						
Additional Income	0.037	0.037	0.037	0.000	0.000	
<b>ODPH – savings</b>	<b>0.037</b>	<b>0.037</b>	<b>0.037</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>



<b>CCS and Chief Exec</b>						
Efficiency	0.956	0.758				0.956
Soft FM Income	0.020	0.020	0.020			
Digital	0.025	0.025	0.025			
SLAs	0.040	0.040			0.040	
Fees and charges Review	0.016	0.016	0.016			
Coroner	0.070	0.030			0.070	
Public Conveniences	0.100	0.100			0.100	
ICT (c/fwd 21/22)	0.691	0.000	0.346		0.184	0.161
Hard FM (c/fwd 21/22)	0.550	0.000				0.550
IT Service (Unitary) Charge reduction	0.300	0.000				0.300
CEX	0.100	0.100			0.100	
CEX Review and Scrutiny Panels	0.147	0.147				0.147
<b>Cust. &amp; Corp. Services and CEX savings</b>	<b>3.015</b>	<b>1.236</b>	<b>0.407</b>	<b>0.000</b>	<b>0.494</b>	<b>2.114</b>
<b>Place</b>						
ED - Trust Lease review	0.075	0.075	0.075			
ED - TIC 3 year plan to break even	0.013	0.013			0.013	
ED - Theatre Royal SLA	0.100	0.100	0.100			
ED – Mt Edgcumbe break even position	0.045	0.045		0.045		
SPI - Capitalisation (Environmental Planning)	0.050	0.050		0.050		
SPI - Capitalisation (Strategic Transport)	0.030	0.030		0.030		
SPI – Planning Fee increase (pre-app, S38)	0.058	0.058			0.058	
SPI – Bus Shelter Advertising	0.075	0.075				0.075
SPI - Concessionary fares	0.183	0.183		0.183		
Highways – Invest To Save	0.230	0.230				0.230
Highways – Street Lighting	0.105	0.105				0.105
<b>Place savings</b>	<b>0.964</b>	<b>0.964</b>	<b>0.175</b>	<b>0.308</b>	<b>0.071</b>	<b>0.410</b>
<b>Corporate Items</b>						
Change Reserve	0.350	0.350	0.350			
<b>Corporate savings</b>	<b>0.350</b>	<b>0.350</b>	<b>0.350</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Overall Total savings</b>	<b>11.245</b>	<b>9.466</b>	<b>2.655</b>	<b>3.043</b>	<b>2.577</b>	<b>2.970</b>

**Appendix B Non Controllable Expenditure**

The table shows the level of non-controllable pressures within the **Gross overspend** as shown in **Appendix D**.

<b>Non Controllable Budget Pressures</b>	<b>£m</b>
Corporate Estate energy costs	2.243
2022/23 Pay award	2.592
Street Lighting energy costs	0.898
Off Street Parking energy costs	0.132
Streets Services – Fuel / other	0.641
<b>Total</b>	<b>6.496</b>

**Appendix C Gross to Net Pressures Month 7**

<b>Directorate</b>	<b>Gross Pressures Month 7 £m</b>	<b>Month 6 Savings £m</b>	<b>Month 7 Savings £m</b>	<b>Net Pressures £m</b>
Executive Office	0.383	(0.131)	0.000	0.252
Customer and Corporate Services	2.754	(1.093)	(0.035)	1.626
Children's Directorate	4.421	(2.204)	0.000	2.217
People Directorate	1.382	(1.280)	0.000	0.102
Public Health	0.150	(0.250)	(0.162)	(0.262)
Place Directorate	3.860	(1.718)	(0.090)	2.052
Corporate Account & Council wide items	2.582	(2.865)	(1.600)	(1.883)
<b>Total</b>	<b>15.532</b>	<b>(9.541)</b>	<b>(1.887)</b>	<b>4.104</b>