

Performance, Finance and Customer Focus Overview and Scrutiny Committee



Date of meeting:	22 February 2023
Title of Report:	Finance Monitoring Report December 2022
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, Lead Accountancy Manager (CEO & C&CS)
Contact Email:	David.northey@plymouth.gov.uk
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 9.

Recommendations and Reasons

That Scrutiny notes the report.

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 9 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If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.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:

Fin	DJN.22 .23.371	Leg	EJ/1098 /8.2.23(2)	Mon Off	Click here to enter text.	HR		Assets		Strat roc	
Originating Senior Leadership Team member: David Northey (Interim Service Director for Finance)											
Please confirm the Strategic Director(s) has agreed the report? Yes CMT											
Date agreed: 26/01/2023											
Cabinet Member approval: Deputy Leader and Cabinet member of Finance, after discussion with Cabinet colleagues											
Date approved: 26/01/2023											

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

	Budget £m	Net Forecast Outturn £m	Variance £m
Total General Fund Budget	197.750	200.562	2.812

1. This report highlights a revised monitoring position at Month 9 (December 2022) of £2.812m over budget, which is a variance of +1.42% against the net budget. This is set out in Appendix C.
2. This represents an improvement of £0.314m on the previous position at Month 8 (November 2022) which reported a net forecast overspend of £3.126m.
3. The movement represents additional costs of £0.840m offset by further savings of £1.154m
4. It is worth noting the month-on-month improvement to the reported net adverse forecast position:

Month (Reporting period)	Gross pressures £m	Savings £m	Net pressures £m	Improvement in month £m	Cumulative improvement £m
June (3)	13.617	(3.686)	9.931		
July (4)	14.855	(6.131)	8.724	(1.207)	(1.207)
Aug (5)	14.372	(7.716)	6.656	(2.068)	(3.275)
Sep (6)	15.532	(9.541)	5.991	(0.665)	(3.940)
Oct (7)	15.532	(11.428)	4.104	(1.887)	(5.827)
Nov (8)	15.865	(12.739)	3.126	(0.978)	(6.805)
Dec (9)	16.705	(13.893)	2.812	(0.314)	(7.119)

5. The current position continues to reflect circa £6m of non-controllable costs including £3.3m relating 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
6. 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.

7. The Council's Children, Young People and Families Directorate is currently facing additional gross costs of £4.9 million regarding specialist residential placements for vulnerable children and other demand pressures – part of a national trend.
8. 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.
9. 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
10. 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	5.605	5.917	0.312	over
Customer and Corporate Services	46.963	48.452	1.489	over
Children's Directorate	62.162	64.919	2.757	over
People Directorate	95.158	95.533	0.375	over
Public Health	(0.308)	(0.570)	(0.262)	under
Place Directorate	27.278	28.714	1.436	over
Corporate Account & Council wide items	(39.108)	(42.403)	(3.295)	under
Total	197.750	200.562	2.812	over

Executive Office

11. The Executive Office is reporting a gross pressure of £0.443m which includes 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 £0.312m.

Customer and Corporate Services Directorate (CCS)

12. The CCS Directorate is forecasting a £0.137m improvement in the month resulting in a net overspend of £1.489m. 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

13. For period 9 there has been an increase in pressure of £0.540m resulting in a net gross pressure of £4.961m. The principle variations this month relate to a small number of new care entrants with complex needs with a higher than average placement cost. Additionally, there are a small number of care packages which have been reviewed through their care planning process with the costs of providing care for these children increasing beyond the associated forecast. The Department continues to review its use of residential care and is where possible, seeking to reduce the use of this care type wherever possible.
14. In response to this the directorate has identified mitigations of £2.204m leading to a net variance of £2.757m.

People Directorate

15. The People Directorate is forecasting no change to M9 so the gross remains at £1.655m and is primarily due to additional cost and volume within both social care and homelessness and bed and breakfast provision..
16. The Department has identified mitigations of £1.280m giving a net variance of £0.375m.

Office of the Director of Public Health (ODPH)

17. Services within the Public Health office are reporting an under spend of £0.262m which has contributed to the Period 9 net position.

Place Directorate

18. 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 8 by £0.179m further management actions to reduce costs and increased income. The overall pressure is due to a combination of factors including utility costs and expenditures due to the Pandemic.
19. There are £2.424m of savings in place to reduce this to a net variance of £1.436m.

Corporate Items & Council wide

20. The overall position shows a net underspend of £3.295m. Adjustments to reserves have been made in M9.

SECTION C: Virements

The table below covers the period **April to December 2022**

Directorate	Departmental movements	Totals
	£'000	£'000
Executive Office	207	207
Customer and Corporate Services	1,316	1,316
Childrens Directorate	1,070	1,070
People Directorate	458	458
Public Health	12	12
Place Directorate	1,107	1,107
Corporate Items	(4,170)	(4,170)
	0	0

Details of Virements

Main movements are partial reallocations of savings and the allocation of the Pay Award Budget for 2022/23

SECTION D: Capital Programme

Capital Finance Report Quarter 3 2022/23

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.

The five year capital budget 2022-2027, is currently forecasted at £594.268m (Q2 £585.951m) as at 31 December 2022.

Movement since Quarter 2 - 30 September 2022 is detailed in Table 1.

Capital Programme movement

Table 1 The Capital budget consists of the following elements:

Description	£m
Approved Capital Programme as at 30 September 2022	372.481
New approvals October to December (listed Annex A)	6.335
Reprofiling programme to 2027/28	-11.750
Virements & variations	-2.359
Capital Programme as at 31 December 2022	364.707
Future Funding Assumptions	229.561
Total Revised Capital Budget for Approval (2022/23 -2026/27)	594.268

In September a targeted exercise reviewing the cashflow profile of projects solely funded from borrowing identified £32.7m of budgeted spend in 2022/23 being slipped to 2023/24, through monthly monitoring challenges a further reduction of £15m has been achieved.

This has delivered revenue savings through lower borrowing which formed part of £0.300m reported within month 8 Treasury Management forecast.

A breakdown of the current approved capital budget by directorate and by funding is shown below in Table 2.

Table 2 Capital Programme by Directorate

Directorate	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m
People & Children's Services	8.604	8.390	3.668	0.132	-	20.793
Place - Economic Development	12.814	85.201	11.957	5.367	2.888	118.226
Place – Strategic Planning and Infrastructure	54.620	77.270	20.168	2.560	-	154.618
Place – Street Services	17.835	11.353	2.700	-	-	31.888
Customer & Corporate Services	7.439	7.962	0.605	-	-	16.006
Office for Director of Public Health *	9.823	10.682	2.670	-	-	23.175
Total	111.135	200.857	41.768	8.060	2.888	364.707

Financed by:	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m
Capital Receipts	3.411	7.774	0.530	0.831	0.046	12.592
Grant funding	47.074	65.808	3.742	1.803	-	118.427
Corporate funded borrowing	27.760	42.109	22.665	5.254	0.243	98.031
Service dept. supported borrowing	22.290	81.457	8.607	0.071	2.598	115.023
Developer contributions	9.086	3.596	6.090	0.058	-	18.830
Other contributions	1.514	0.113	0.133	0.043	-	1.804
Total Financing	111.135	200.857	41.768	8.060	2.888	364.707

Capital Programme 2022/23 monitoring

As at Quarter 3 the approved Capital Programme forecast for 2022/23 was £111.135m.

Table 3 below includes a breakdown by directorate of actual cash spend as at 31 December 2022 shown as a value and percentage against latest forecast, overall 50.76%.

Comparable percentage for 2021 was 33.84%.

Profiling of the capital programme will continue to review robustness of forecasts to spend as project officers assess the inflationary impact to schemes and challenges to meet grant funding conditions.

Table 3 2022/23 Programme including actual spend and % spent compared to latest forecast

Directorate	Latest Forecast 2022/23	Actual Spend 2022/23 as at 30 Sept 2022	Spend as a % of Latest Forecast
	£	£	%
People	8.604	4.338	50.42
Place – Economic Development	12.814	6.015	46.94
Place – Strategic Planning & Infrastructure	54.620	25.420	46.54
Place – Street Services	17.835	10.818	60.66
Customer & Corporate Services	7.439	3.065	41.21
Office for Director of Public Health	9.823	6.752	68.74
Total	111.135	56.408	50.76

In December the 2022/23 forecast has reduced by £46.242m with a further £9.567m actual spend processed through General Ledger which has increased percentage spend from 19.34% to 50.76%.

Finance Officers will continue to challenge spending profiles in preparation for budget setting. With further work planned to incorporate an assessment of inflationary impact to overall capital programme and project officer review planned project delivery across 2022 to 2027.

Annex A

NEW APPROVALS	Forecast year of spend				5 year programme approvals
	22/23	23/24	24/25	25/26	
	£	£	£	£	
Langdale Gardens Retaining Wall	84,303.00				
Council House - Fire Alarm replacement	35,000.00				
Efficiency Strategy	460,000.00	290,000.00			750,000.00
Refit of 4 Haxter Court Close for Delt Shared Services	200,000.00				
Chelson Meadow - Drainage	95,000.00				
Chelson Meadow - Welfare Facilities	25,000.00				
Chelson Meadow - CCTV	25,000.00				
Plympton Pool Replacement Boilers	70,000.00				
subtotal Customer & Corporate	994,303.00	290,000.00			1,284,303.00
Improving Outdoor Play Phase 3	533.35				
Heat Sourcing in Corporate Buildings (Big	554,764.00				
Visual Impact Mitigation Scheme (VIMS)	81,412.44	81,469.23			
PfH PCH Partnership Agreement	40,000.00				
Civic Centre District Energy - Phase 2		474,591.00	2,421,892.00	76,423.00	
Subtotal Strategic Planning & Infrastructure	676,709.79	556,060.23	2,421,892.00	76,423.00	3,731,085.02
ATF T2 - Street Lighting Upgrades in Parks	55,606.00				
Fleet Decarbonisaion Programme	568,000.00	323,000.00			
Subtotal Street Services	623,606.00	323,000.00	0.00	0.00	946,606.00
Rees Centre Wellbeing Hub	95,000.00				
Foster Home Adaptation	50,784.00				
Woodlands - ICT Projects	28,749.48				
Brook Green - ICT Projects	7,375.00				
Yealmpstone Farm - ICT Projects	10,755.50				
College Road - ICT Projects	26,738.70				
Plymstock School extension Arts & Drama Block	153,984.91				
Subtotal People & Childrens Services	373,387.59	0.00	0.00	0.00	373,387.59
					5 year programme approvals
TOTAL Capital Approvals	2,668,006.38	1,169,060.23	2,421,892.00	76,423.00	6,335,381.61

Appendix A 2022/23 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	3.942	2.073	0.956	0.467	0.446
People	2.937	1.392	1.545	0.000	0.000
ODPH	0.037	0.037	0.000	0.000	0.000
Customer & Corporate	3.015	0.407	0.000	0.494	2.114
Place	0.964	0.175	0.308	0.071	0.410
Corporate Items	0.350	0.000	0.350	0.000	0.000
2022/23 Savings	11.245	4.047	3.196	1.097	2.970

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
Children's						
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
Children - Savings	3.942	3.942	2.073	0.956	0.467	0.446
People						
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		
People – savings	2.937	2.937	1.392	1.545	0.000	0.000
ODPH						
Additional Income	0.037	0.037	0.037	0.000	0.000	
ODPH – savings	0.037	0.037	0.037	0.000	0.000	0.000

CCS and Chief Exec						
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
Cust. & Corp. Services and CEX savings	3.015	1.236	0.407	0.000	0.494	2.114
Place						
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
Place savings	0.964	0.964	0.175	0.308	0.071	0.410
Corporate Items						
Change Reserve	0.350	0.350	0.350			
Corporate savings	0.350	0.350	0.350	0.000	0.000	0.000
Overall Total savings	11.245	9.466	2.655	3.043	2.577	2.970

Appendix B Non Controllable Expenditure

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

Non Controllable Budget Pressures	£m
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
Total	6.496

Appendix C Gross to Net Pressures Month 9

Directorate	Gross Pressures Month 9 £m	Month 8 Savings £m	Month 9 Savings £m	Net Pressures £m
Executive Office	0.443	(0.131)	0.000	0.312
Customer and Corporate Services	3.054	(1.128)	(0.437)	1.489
Children's Directorate	4.961	(2.204)	0.000	2.757
People Directorate	1.655	(1.280)	0.000	0.375
Public Health	0.150	(0.412)	0.000	(0.262)
Place Directorate	3.860	(2.245)	(0.179)	1.436
Corporate Account & Council wide items	2.582	(5.339)	(0.538)	(3.295)
Total	16.705	(12.739)	(1.154)	2.812