

Cabinet



Date of meeting:	09 March 2023
Title of Report:	Finance Monitoring Report January 2023
Lead Member:	Councillor Mark Shayer (Deputy Leader)
Lead Strategic Director:	David Northey (Interim Service Director for Finance)
Author:	Stephen Coker, Lead Accountancy Manager (CEO and C&CS)
Contact Email:	David.northey@plymouth.gov.uk
Your Reference:	
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

The report sets out the revenue monitoring position of the Council forecast to the end of the financial year 2022/23 at period.

Recommendations and Reasons

That Cabinet notes:

- I. The forecast revenue monitoring position at period 10 as set out in this report in the sum of £1.318m.
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 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:

There are 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 within budget 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) <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

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

Sign off:

Fin	DJN. 22.23. 395.	Leg		Mon Off		HR		Assets		Strat Proc	
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: 26/01/2023											

Cabinet Member approval: Deputy Leader and Cabinet Member for Finance after discussion with Cabinet colleagues

Date approved: 26/01/2023

SECTION A: EXECUTIVE SUMMARY**Table 1: End of year revenue forecast**

	Budget	Forecast	Variance
	£m	£m	£m
Total General Fund Budget	197.750	199.068	1.318

1. This report highlights a revised monitoring position at Month 10 (January 2023) of £1.318m over budget. A breakdown of this is set out in Table 2.
2. This represents an improvement of £1.494m on the previous position at Month 9 (December 2022) which reported a net forecast overspend of £2.812m.
3. The movement is due to additional pressures of £2.287m, particularly in Children's services and adjustments for Customer and Corporate Services forecasts. These have been offset by savings of £3.781m including improved income on business rates, a one off unbudgeted grant and improved income/savings.
4. The current position continues to reflect the impact of inflation and high energy prices adding £6m of cost pressure. Demands on Children's Services continues with a net pressure of £4.531m. Legacy effects of COVID continue to add pressures to costs and income.
5. Considerable work has taken place to reduce spend and increase income. Total additional savings/income to date amount to over £17m. This includes the use of reserves and one offs that will not be available in future years.
6. The planned in-year savings targets amount to £11.245m, and any shortfalls have been included in this forecast. Officers will continue to pursue these savings to ensure full delivery by the end of the financial year.
7. 4. It is worth noting the month-on-month improvement to the reported net adverse forecast position. We remain on course to achieve a balanced position by the end of the financial year.

Month (Reporting period)	Net pressures	Improvement in month	Cumulative improvement
	£m	£m	£m
June (3)	9.931		
July (4)	8.724	(1.207)	(1.207)
Aug (5)	6.656	(2.068)	(3.275)
Sep (6)	5.991	(0.665)	(3.940)
Oct (7)	4.104	(1.887)	(5.827)
Nov (8)	3.126	(0.978)	(6.805)
Dec (9)	2.812	(0.314)	(7.119)
Jan (10)	1.318	(1.494)	(8.613)

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	5.903	0.298	over
Customer and Corporate Services	46.963	48.386	1.423	over
Children's Directorate	62.162	66.693	4.531	over
People Directorate	95.208	95.103	(0.105)	under
Public Health	(0.308)	(0.442)	(0.134)	under
Place Directorate	27.278	28.305	1.027	over
Corporate Account & Council wide items	(39.158)	(44.880)	(5.722)	under
Total	197.750	199.068	1.318	over

Executive Office

Executive Office	Variance £m
Pressures	
Additional Legal costs	0.155
By Elections	0.060
Scrutiny Panels	0.075
Various other savings/pressures	0.008
	0.298

Executive Office is reporting a net pressure of £0.298m. The full year pressure is due to additional legal costs for Children's services, 2 unplanned by-elections and an unachieved budget savings target of £0.075m for a reduction in scrutiny panel costs through a reduction in the number of panels.

Customer and Corporate Services Directorate (CCS)

Customer and Corporate Services	Variance £m
Pressures	
Energy	1.943
Libraries Income	0.221
ICT	0.267
Offset by:	
Savings	
Treasury Management	(0.596)
Various other savings	(0.412)
	1.423

The Directorate is forecasting an overall pressure of £1.423m. Included in this is energy pressure relating to the corporate estate, ICT inflationary and cost pressures and reduction in income for libraries. These pressures have been mitigated, in part, by Treasury Management savings, reduced costs (mainly staff savings) and use of reserves.

Children's Directorate

Children's	Variance £m
Pressures	
Placements	3.706
Legal Fees	0.201
Short Breaks	0.285
Home to School Transport	1.028
Offset by:	
Savings	
Vacancies and Court fees and assessment costs	(0.228)
Contribution from Public Health Grant	(0.461)
	4.531

Home to school transport additional; costs reflect the impact of increased fuel costs plus additional routes commissioned after the budget was set. Placements pressure is due to increased packages in Residential, Supported Living & Bespoke settings. Cost & Volume has been an issue this year, with increased number of placements costing between £10k – £19k p/week. Supported Living placements in situ averaging 10 more than previous financial years. Bespoke placements, although now coming down, remain above the budget level.

People Directorate

People	Variance £m
Pressures	
Homelessness	1.200
ASC Demand	(0.025)
Offset by:	
Savings	
Reserves	(0.700)
Savings & Contributions	(0.580)
	(0.105)

People Directorate is forecasting a year to date net saving of £0.105m. To date Homelessness pressure of £1.200m has been offset with savings and use of reserves to give the net saving of £0.105m.

Office of the Director of Public Health (ODPH)

ODPH	Variance £m
Various other (savings)/pressures	(0.134)
	(0.134)

Services within the Public Health office and outside of the Public Health Grant are reporting a year to date under spend of £0.134m. This is on top of the contribution made to Children's as set out above.

Place Directorate

Place	Variance £m
Pressures	
Legacy savings not achieved	0.212
Streets Fuel and utilities	0.666
Streets agency/overtime, borrowing	0.434
Streets Gate and disposal costs	0.299
Grounds	0.770
Lighting Energy	0.894
Offset by:	
Savings	
Strategic Planning and Infrastructure - Income and staff savings	(1.207)
Streets savings	(0.391)
Parking income	(0.088)
Highways savings (mainly staff)	(0.451)
Waste and bin charging	(0.027)
Various other (savings)/pressures	(0.084)
	1.027

This has improved giving a year to date pressure of £1.027m. The pressure to date is due to the impact of rising utility costs; lost income and increased domestic waste disposal costs. These have been mitigated, in part, by staff savings and improved income.

Corporate Items & Council wide

Corporate Items	Variance £m
Pressures	
Pay award	2.582
Offset by:	
Savings	
Redundancy budget	(1.200)
Use of reserves	(2.324)
Business Rates and Council Tax additional income	(2.686)
Levy surplus	(0.489)
Budget savings	(1.163)
Various other (savings)/pressures	(0.442)
	(5.722)

To date the total improvement of £5.722m is due to budget savings, increased business rates income, use of reserves and budget savings. The notable pressure to date is the cost of the pay award which was £2.582m higher than budgeted.