

# Performance, Finance and Customer Focus Overview and Scrutiny Committee



Date of meeting:	28 September 2023
Title of Report:	<b>Finance Monitoring Report July 2023</b>
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	David Northey, (Interim Service Director for Finance)
Author:	Stephen Coker, Lead Accountancy Manager (CEO & CCS) Wendy Eldgridge, Lead Accountancy Manager (Capital and Treasury Management)
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Your Reference:	
Key Decision:	No
Confidentiality:	Part I - Official

## Purpose of Report

This report sets out the revenue and capital monitoring position of the Council forecast to the end of the financial year 2023/24 at Period 4.

## Recommendations and Reasons

That the Committee notes:

1. The forecast revenue monitoring position at Period 4 as set out in this report in the sum of £7.500m.  
*Reason: controlling the outturn within budget is essential to maintain financial control.*
2. The Capital Budget 2023-2028 is revised to £562.416m as shown in Table I  
*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 4 reporting are discussed in the body of the report and relate to the attainment of a balanced budget position in financial year 2023/24.

**Carbon Footprint (Environmental) Implications:**

There are 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 1 of the Local Government Act 1972 by ticking the relevant</i>						
		1	2	3	4	5	6	7

**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 1 2A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7

**Sign off:**

Fin		Leg	tba	Mon Off	tba	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: 25/08/2023											
Cabinet Member approval: Cabinet Member for Finance, after discussion with Cabinet colleagues											
Date approved: 25/08/2023											

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

	<b>Budget</b>	<b>Forecast</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Total General Fund Budget</b>	<b>218.440</b>	<b>225.940</b>	<b>7.500</b>

1. This report highlights the monitoring position at Month 4 (July 2023) of £7.500m over budget. Overall there is no change from month 3. A breakdown of this is set out in Table 2.
2. Considerable work will be required to reduce spend and increase income. The one off use of reserves has not been considered at this stage.
3. The planned in-year savings targets amount to £23.435m. A review of the delivery of these savings has taken place and an update of this is included below. 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**

<b>Directorate</b>	<b>Budget</b>	<b>Forecast</b>	<b>Forecast Net</b>	<b>Status</b>
	<b>£m</b>	<b>£m</b>	<b>Variance</b>	
			<b>£m</b>	
Executive Office	6.089	6.197	0.108	over
Customer and Corporate Services	49.978	51.537	1.559	over
Children's Directorate	62.320	65.646	3.326	over
People Directorate	95.611	99.332	3.721	over
Public Health	2.628	2.628	0.000	nil variance
Place Directorate	27.654	27.654	0.000	nil variance
Corporate Account & Council wide items	(25.840)	(27.054)	(1.214)	under
<b>Total</b>	<b>218.440</b>	<b>225.940</b>	<b>7.500</b>	<b>over</b>

**Executive Office**

<b>Executive Office</b>	<b>Variance £m</b>
<b>Pressures</b>	
3 x By Elections	0.080
Other	0.028
	<b>0.108</b>

Executive Office pressure is due to 3 by-elections which were not budgeted and the decision for planned subscriptions savings being reversed. Work is underway to find management savings to offset this pressure.

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

<b>Customer and Corporate Services</b>	<b>Variance £m</b>
<b>Pressures</b>	
Legacy savings from 2022/23	1.559
	<b>1.559</b>

The Directorate is forecasting an overall pressure of £1.559m. This is due to legacy savings budgets brought forward from 2022/23 relating to ICT, Business Support and Directorate savings. The Directorate will continue to seek ways to offset the pressure.

**Children's Directorate**

<b>Children's</b>	<b>Variance £m</b>
<b>Pressures</b>	
Home to School Transport	0.852
High cost childrens placements and pending SGO judicial review	2.474
	<b>3.326</b>

Within Children's social care, July has seen an increase of £0.514m to £2.474m due to 3 High Cost Supported Living & 2 New Bespoke We are working with our Improvement Partner on outcomes for children plus a Children's Service Transition Board, chaired by the Chief Executive meet regularly to review the finances of the department.

To date home to school transport additional costs reflect the impact of additional routes and increased number of children requiring transport. This is a statutory function. The department has undertaken a peer review and will consider the findings once the report is received.

**People Directorate**

People	Variance £m
<b>Pressures</b>	
Strategic Commissioning Care Packages	1.298
Community Connections	2.423
	<b>3.721</b>

People Directorate is forecasting a net overspend at month 4 of £3.721m which is no movement on month 3. ASC care packages shows a pressure of £3.499m, this is offset by an increased forecast for client income of an extra (£0.301m) plus grant funding offset (£1.900m) which brings a net pressure of £1.298m.

Community Connections are reporting no change to the pressure of £2.423m relating to BAU pressures within emergency accommodation for homelessness. This is a national issue, with rising demand and falling supply. For Plymouth, a full review is underway to fully understand the drivers of the financial pressures and to look at short, medium and longterm remediations.

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

ODPH	Variance £m
	0.000
	<b>0.000</b>

No variance is reported for ODPH. The net budget now includes Registration Service (previously CCS) and Leisure Management (previously People).

### Place Directorate

Place	Variance £m
<b>Pressures</b>	1.379
<b>Offset by Savings</b>	(1.379)
	<b>0.000</b>

The July 2023 Place DMT monitoring projection, is a net nil variation to revenue budget.

In summary, £0.902m of savings delivery plans are considered at risk, alongside £0.477m of other BAU pressures.

The BAU pressures include items such as annual legacy savings, increased costs in areas such as grass cutting & reduced income such as from planning. The savings risks are attributed to areas such as reduced savings through route optimisation, shortfalls in expected adjudication sums, as well as a lack of clarity on funding support linked to the Environment Act.

This reporting position assumes that a further risk of a £0.249m downturn in parking income, arising from the implementation of a change in the corporate permit policy, will be met Corporately.

Management actions are in place and being pursued which will monitor all spend profiles, to seek additional and new income, to minimise spend and to re-negotiate commercial contracts to seek higher income.

### Corporate Items & Council wide

Corporate Items	Variance £m
Pressures	0.000
Offset by Savings	
Budget savings identified corporately	(1.214)
	(1.214)

A saving of £1.214m is being reported for this Month 4 report.

Any uncertainties such as pay award are being monitored closely and potential mitigations are being identified to manage them within budget. In month 4 savings have been identified and reported.

### Savings Budgets

The budget includes £23.435m of savings to be delivered in 2023/24. The current position is that full delivery is still being forecast but some have not been fully achieved by month 4. The full year forecast is still to fully achieve all savings. The table below sets out the position at month 4.

**Table 3 Savings Status**

Savings Proposals 2023/24	Achievability Forecast £m				
	£m	Q1	Q2	Q3	Q4
Customer & Corporate services	(3.898)	(2.806)	(0.220)	0.000	0.000
Chief Executives Office	(0.601)	(0.416)	0.000	0.000	0.000
Childrens	(4.575)	(0.250)	(0.758)	(1.995)	(1.572)
People	(5.780)	(5.280)	0.000	0.000	0.000
ODPH	(0.542)	(0.542)	0.000	0.000	0.000
Place	(7.289)	(6.387)	0.000	0.000	0.000
Corporate Items	(0.750)	(0.750)	0.000	0.000	0.000
<b>Grand Total Savings 23-24</b>	<b>(23.435)</b>	<b>(16.431)</b>	<b>(0.978)</b>	<b>(1.995)</b>	<b>(1.572)</b>

### Savings Breakdown

Customer & Corporate services	Budget 23/24	Comments
Delivered in year	(2.108)	These savings budgets have been achieved for the full year.

Not yet delivered but plans to achieve	(1.191)	Savings are partly achieved or plans are developed to achieve.
Not to be Achieved but mitigating actions to offset	0.000	Unlikely to be achieved in year but mitigations are in place to offset the pressure
Not to be Achieved and no mitigating actions (Reported as a pressure)	(0.599)	No plans in place or other factors may cause this to be a pressure
<b>Total Customer &amp; Corporate Services</b>	<b>(3.898)</b>	

Chief Executives Office	Budget 23/24	Comments
Delivered in year	(0.363)	These savings budgets have been achieved for the full year.
Not yet delivered but plans to achieve	(0.238)	Savings are partly achieved or plans are developed to achieve.
At risk to be achieved but mitigating actions to offset	0.000	Unlikely to be achieved in year but mitigations are in place to offset the pressure
At risk of being achieved and no mitigating actions (Reported as a pressure)	0.000	No plans in place or other factors may cause this to be a pressure
<b>Total Chief Executives Office</b>	<b>(0.601)</b>	

Childrens	Budget 23/24	Comments
Delivered in year	(0.673)	These savings budgets have been achieved for the full year.
Not yet delivered but plans to achieve	(3.902)	Savings are partly achieved or plans are developed to achieve.
At risk to be achieved but mitigating actions to offset	0.000	Unlikely to be achieved in year but mitigations are in place to offset the pressure
At risk of being achieved and no mitigating actions (Reported as a pressure)	0.000	No plans in place or other factors may cause this to be a pressure
<b>Total Childrens</b>	<b>(4.575)</b>	

People	Budget 23/24	Comments
Delivered in year	(2.150)	These savings budgets have been achieved for the full year.
Not yet delivered but plans to achieve	(3.630)	Savings are partly achieved or plans are developed to achieve.
At risk to be achieved but mitigating actions to offset	0.000	Unlikely to be achieved in year but mitigations are in place to offset the pressure

At risk of being achieved and no mitigating actions (Reported as a pressure)	0.000	No plans in place or other factors may cause this to be a pressure
<b>Total People</b>	<b>(5.780)</b>	

ODPH	Budget 23/24	Comments
Delivered in year	(0.542)	These savings budgets have been achieved for the full year.
Not yet delivered but plans to achieve	0.000	Savings are partly achieved or plans are developed to achieve.
At risk to be achieved but mitigating actions to offset	0.000	Unlikely to be achieved in year but mitigations are in place to offset the pressure
At risk of being achieved and no mitigating actions (Reported as a pressure)	0.000	No plans in place or other factors may cause this to be a pressure
<b>Total People</b>	<b>(0.542)</b>	

Place	Budget 23/24	Comments
Delivered in year	(3.527)	These savings budgets have been achieved for the full year.
Not yet delivered but plans to achieve	(2.780)	Savings are partly achieved or plans are developed to achieve.
At risk to be achieved but mitigating actions to offset	(0.902)	Unlikely to be achieved in year but mitigations are in place to offset the pressure
At risk of being achieved and no mitigating actions (Reported as a pressure)	(0.080)	No plans in place or other factors may cause this to be a pressure
<b>Total Place</b>	<b>(7.289)</b>	

## **Capital Finance Report Month 4 2023/24**

The approved capital budget (representing forecast resources) includes the Capital Programme made up of approved projects and future funding assumptions.

These assumptions are estimates of capital funding the Council is likely to receive in the future or has received, and is awaiting business case approval to add to the capital programme.

The forecast for five-year capital budget 2023-2028 is £349.123m as at 31 July 2023, compared to forecast, as at 30 June 2023 £338.052 is an increase to the capital programme of £11.071m.

Table 2 provides a further breakdown of new projects added to capital programme.



## Capital Programme movement

Table 1 The Capital budget consists of the following elements:

Description	£m
Capital Programme as at 30 June 2023 for 5 year period 2022 - 2027	338.052
New Approvals – July see table 2 for breakdown	11.428
Variations – July to September 2023	-0.357
Capital Programme as at 31 July 2023	349.123
Future Funding Assumptions	213.293
<b>Total Revised Capital Budget for Approval (2023/24 -2027/28)</b>	<b>562.416</b>

Table 2 Breakdown of new approvals

Governance	New Approvals July	5 Year Programme Approvals
		£m
S151	Pebble Beach Work	0.142
S151	Broadley Park	0.004
S151	Mountbatten Sea Wall	0.172
	<b>Subtotal Customer &amp; Corporate</b>	<b>0.319</b>
Executive Decision	Social Housing Decarbonisation Phase 2	7.062
Executive Decision	Civic Centre District Energy - Phase 2	0.448
Executive Decision	Civic Centre District Energy - Phase 2	0.152
	<b>Subtotal Strategic Planning &amp; Infrastructure</b>	<b>7.662</b>
Executive Decision	Disabled Facilities (incl Care & Repair works)	2.814
Executive Decision	Young Devon Loan	0.210
	<b>Subtotal People</b>	<b>3.024</b>
Executive Decision	Schools Emergency Condition Works	0.200
Executive Decision	Cann Bridge - Hydrotherapy Pool	0.047
Executive Decision	Laira Green - Foundation Classroom Floors	0.018
Executive Decision	Laira Green - Kitchen Floors	0.009
Executive Decision	Longcause - Lift	0.041
Executive Decision	Mary Deans - Roof	0.038
Executive Decision	Yealmpstone Farm - Boiler	0.054
Executive Decision	Yealmpstone Farm - Roof	0.016
	<b>Subtotal Children's Services</b>	<b>0.424</b>
	<b>Total Capital Approvals</b>	<b>11.428</b>

A breakdown of the current approved capital budget by directorate and by funding is shown in Table 3 below.

**Table 3 Capital Programme by Directorate**

Directorate	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m
Children's Services	3.836	0.130	0.130	-	-	4.097
People	8.700	5.174	4.558	0.219	-	18.651
Place - Economic Development	43.158	44.475	18.861	7.151	10.422	124.067
Place - Strategic Planning & Infrastructure	75.235	52.422	0.981	-	0.608	129.246
Place - Street Services	35.432	9.626	1.609	0.023	0.023	46.713
Customer & Corporate Services	7.072	4.101	0.582	-	-	11.755
Office for Director of Public Health	11.923	2.671	-	-	-	14.594
<b>Total</b>	<b>185.357</b>	<b>118.598</b>	<b>26.722</b>	<b>7.393</b>	<b>11.053</b>	<b>349.123</b>
Finance by:	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m
Capital Receipts	6.774	1.125	1.561	0.026	0.608	10.094
Grant Funding	79.955	29.354	1.136	0.023	0.023	110.490
Corporate Funded borrowing	49.386	39.544	5.667	0.243	0.043	94.884
Service dept. supported borrowing	43.964	42.147	18.164	7.100	10.361	121.736
Developer contributions	4.528	6.296	0.150	-	0.018	10.992
Other Contributions	0.750	0.133	0.043	-	-	0.927
<b>Total</b>	<b>185.357</b>	<b>118.598</b>	<b>26.722</b>	<b>7.393</b>	<b>11.053</b>	<b>349.123</b>

Based on £185.357m latest forecast, actual spend as at 31 July 2023 was £18.140m which equates to 9.79%.

Of the 5 year programme, £94.884m is forecast to be funded from corporate borrowing which equates to 27% of programme, work is ongoing to update the capital pipeline which will identify further corporate borrowing requirements.