

Performance, Finance and Customer Focus Overview and Scrutiny Committee



Date of meeting:	15 November 2023
Title of Report:	Finance Monitoring Report September 2023
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	David Northey, (Interim Service Director for Finance)
Author:	Helen Slater, Lead Accountancy Manager Wendy Eldridge, Lead Accountancy Manager (Capital and Treasury Management)
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 and capital monitoring position of the Council forecast to the end of the financial year 2023/24 at Period 6.

Recommendations and Reasons

That Committee notes:

1. The forecast revenue monitoring position at Period 6 as set out in this report in the sum of £4.766m.
Reason: controlling the outturn within budget is essential to maintain financial control.
2. The Capital Budget 2023-2028 is revised to £629.924m as shown in Table I and recommend these amendments to Full Council for approval.
Reason: controlling the outturn within budget is essential to maintain financial control with full transparency on the Capital Investments.

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 6 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 why it is not for publication by virtue of Part 1 of Sched of the Local Government Act 1972 by ticking the relev</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 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?

Date agreed: 20/10/2023

Cabinet Member approval: Councillor Mark Lowry (Cabinet Member for Finance)

Date approved: 30/10/2023

SECTION A: EXECUTIVE SUMMARY

Table 1: End of year revenue forecast

	Budget £m	Forecast £m	Variance £m
Total General Fund Budget	218.440	223.206	4.766

1. This report highlights the monitoring position at Month 6 (September 2023) of £4.766m over budget. This is an improvement of £1.195m since Month 5. A breakdown of this is set out in Table 2.
2. Considerable work will be required to reduce spend and increase income, including the use of one-off reserves.
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 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	6.089	6.473	0.384	over
Customer and Corporate Services	49.978	49.887	(0.091)	under
Children's Directorate	62.320	68.458	6.138	over
People Directorate	95.611	99.332	3.721	over
Public Health	2.628	2.428	(0.200)	under
Place Directorate	27.654	27.654	0.000	nil variance
Corporate Account & Council wide items	(25.840)	(31.026)	(5.186)	under
Total	218.440	223.206	4.766	over

Executive Office

Executive Office	Variance £m
Pressures	
3 x By Elections	0.080
Additional special responsibility payments	0.028
Resource pressures within Legal Department Children's Team	0.067
Shortfall on Efficiency/Vacancy Targets	0.081
Shortfall on 2023/24 Savings	0.128
	0.384

Executive Office pressure is due to 3 by-elections which were not budgeted and the decision for planned subscriptions savings being reversed. The reported pressure at M6 has increased by £0.276m, which includes pressures relating to resourcing and shortfalls on delivery plans to reorganise responsibilities within Policy and Performance and Marketing and Design teams. Work is underway to find management savings to offset this pressure.

Customer and Corporate Services Directorate (CCS)

Customer and Corporate Services	Variance £m
Pressures	
Legacy savings from 2022/23 ICT £1.1m / Contact Centre £0.8m	1.882
Shortfall on 2023/24 Savings	1.124
Offset by savings:	
Revenue moved to Capital	(0.500)
One off Council Tax Surplus	(1.473)
One off in year management savings	(1.124)
	(0.091)

The Directorate is forecasting an overall pressure of £3.006m; This is due to legacy savings, budgets brought forward from 2022/23 relating to ICT, Business Support and in-year Directorate savings. The Directorate has identified £3.097m of savings to offset and will continue to seek ways to further offset the overall Council pressure.

Children's Directorate

Children's	Variance £m
Pressures	
Home to School Transport	1.453

High cost children's placements and pending SGO judicial review	3.060
Shortfall on 2023/24 Savings	1.625
	6.138

Within Children's Social Care, September has seen an increase of £0.249m to £4.685m due to one new residential and two new supported living placements offset by savings on delivery plans. Children's Social Care is reporting a £1.625m pressure from a shortfall on delivery plans.

The service is working with an Improvement Partner on outcomes for children plus a Children's Service Transition Board, chaired by the Chief Executive which meets regularly to review the finances of the department.

The Home to School Transport pressure has increased by £0.601m due to the late allocation of Independent Special School Places due to a lack of capacity within the SEND service. There is a significant amount of work ongoing with the service to review all routes to identify any potential savings.

People Directorate

People	Variance £m
Pressures	
Strategic Commissioning Care Packages	1.298
Community Connections – additional demand / cost pressures	2.248
Community Connections – Shortfall on 2023/24 Savings	0.175
	3.721

People Directorate is forecasting a net overspend at month 6 of £3.721m which is no change in movement on month 5. ASC care packages show 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 includes a £0.175m shortfall on Delivery Plans. 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 long-term remediations.

Office of the Director of Public Health (ODPH)

ODPH	Variance £m
Forecast savings – additional income from non-PH departments	(0.200)
	(0.200)

Savings are forecast at £0.200m for the year end. The net budget now includes Registration Service (previously CCS) and Leisure Management (previously People).

Place Directorate

Place	Variance £m
Pressures	
Shortfall in Savings Delivery Plans including through route optimisation, shortfalls in expected adjudication sums and lack of clarity on funding support linked to the Environment Act	0.979
BAU pressures including annual legacy savings and increased costs in areas such as grass cutting	0.514
Offset by Savings 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	(1.493)
	0.000

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

In summary, £0.979m of savings delivery plans are considered at risk, alongside £0.514m of other BAU pressures.

Corporate Items & Council wide

Corporate Items	Variance £m
Savings	
Social Care contingency	(1.000)
Contingency Services held corporately	(0.300)
Budget savings identified corporately	(0.986)
Treasury Management	(0.500)
In year Business Rates Pool gain	(1.500)
Business Rates S31 grants	(0.900)
	(5.186)

A saving of £5.186m is being reported for this Month 6 report. The savings are itemised above and include additional Business Rates Pool gain £1.500m; additional treasury management savings of £0.500m; and the release of the £1.3m service contingencies.

Any uncertainties such as pay award are being monitored closely and potential mitigations are being identified to manage them within budget. In month 6 savings have been identified and reported.

Savings Budgets

The budget includes £23.435m of savings to be delivered in 2023/24. The table below sets out the position at month 6.

Table 3 Savings Status

Savings Proposals 2023/24	Budget 2023/24 £m	Achievable 23/24	Not Achievable 23/24	Mitigations against unachievable plans
Customer & Corporate Services	(3.898)	(2.774)	(1.124)	(1.124)
Chief Executives Office	(0.601)	(0.473)	(0.128)	0.000
Childrens	(4.575)	(2.950)	(1.625)	0.000
People	(5.780)	(5.605)	(0.175)	0.000
ODPH	(0.542)	(0.542)	0.000	0.000
Place	(7.289)	(6.310)	(0.979)	(0.979)
Corporate Items	(0.750)	(0.750)	0.000	0.000
Total Savings 23/24	(23.435)	(19.404)	(4.031)	(2.103)

- Customer & Corporate Services is reporting a shortfall on delivery plans of £1.124m, relating to Customer Services, HROD, accommodation and IT delivery plans. These pressures have been mitigated by additional savings within the Directorate.
- The Chief Executive's Office is reporting £0.128m of unachievable delivery plans, as part of an overall pressure of £0.384m. This relates to licenses and performance and communications delivery plans.
- The Childrens Directorate is reporting £1.625m of unachievable delivery plans which is contributing to the overall pressure for the Directorate of £6.138m. The £1.625m plan which has not been achieved related to reduction in new admissions to the care system.
- Community Connections is reporting £0.175m of unachievable delivery plans which is included in the £2.423m pressure, relating to homelessness.
- The Place Directorate has a £0.979m shortfall on delivery plans, but these are offset by savings within the service. Both the delivery plans and savings are detailed in the table above showing the Month 6 position.

Capital Finance Report Q2 2023/24

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

These assumptions include the estimates of capital funding requests 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 the Five-Year Capital Budget 2023-2028 is £373.765m as at 30 September 2023, compared to the forecast of £338.052m as at 30 June 2023. This shows an increase to the Capital Programme of £35.713m. The future funding assumptions add a further £256.159m to the budget and the revised Capital Budget for approval for 2023 to 2028 is £629.924m. Annex I provides a further breakdown of new projects added to capital programme.

Capital Programme movement.

Table I The Capital Budget consists of the following elements:

Description	£m
Capital Programme as at 30 June 2023 for 5 year period 2023 - 2028	338.052
New Approvals – July to September see Annex I for breakdown	36.922
Variations – July to September 2023	-1.172
Re-Profiling into future years outside 5 year programme	-0.037
Capital Programme as at 30 September 2023	373.765
Future Funding Assumptions	256.159
Total Revised Capital Budget for Approval (2023/24 -2027/28)	629.924

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

Table 2 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	3.547	0.225	0.130	-	-	3.903
People	11.192	12.933	0.105	0.750	-	24.980
Place - Economic Development	29.921	60.524	24.532	14.734	10.407	140.118
Place - Strategic Planning & Infrastructure	63.677	62.805	2.126	0.066	0.608	129.282
Place - Street Services	29.273	17.666	1.712	0.103	0.042	48.795
Customer & Corporate Services	5.911	4.928	1.256	-	-	12.095
Office for Director of Public Health	10.822	3.772	-	-	-	14.594
Total	154.342	162.851	29.862	15.653	11.057	373.765
Finance by:	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m
Capital Receipts	5.470	2.428	0.811	0.776	0.571	10.057
Grant Funding	67.899	52.759	1.436	0.023	0.023	122.140
Corporate Funded borrowing	44.080	45.707	6.134	0.276	0.073	96.269
Service dept. supported borrowing	31.758	54.634	21.199	14.487	10.373	132.451
Developer contributions	4.023	7.190	0.196	0.046	0.018	11.474
Other Contributions	1.112	0.133	0.086	0.043	-	1.375
Total	154.342	162.851	29.862	15.653	11.057	373.765

Based on the £154.342m latest forecast, actual spend as at 30 September 2023 was £30.579m which equates to 19.81% of the forecast Capital Programme for 2023-24.

As at 30 June 2023 the forecast Capital Programme for 2023/24 was £189.657m. In September this has reduced to £154.342m and this includes £32.653m in month slippage agreed with project officers.

Analysing the outturn figures for 2018 – 2022 has identified that the average spend as at 30 September represents 33% of the final outturn position. Therefore, using the actual spend figure above would indicate a 2023/24 outturn forecast closer to £109m. The August assumption of £100m was based on average spend of 26.5% of the total budget, this method of trend analysis is easier to predict in year as we get closer to outturn (generally from October to Q3).

Finance officers continue to work with Project Officers reviewing forecasts to ensure any necessary reprofiling is reported.

Of the 5-year programme, £96.269m is forecast to be funded from corporate borrowing which equates to 26% of programme. The affordability of the capital programme and future funding assumptions is under review. Continuing high interest rates against the borrowing required to finance the current programme will create a revenue pressure in 2024/25 if action is not taken to limit borrowing now.

Annex I (I)

Governance	Funding Source	Forecast Year of Spend		
		23/24	24/25 - 27/28	5 Year Programme
		£m	£m	£m
Executive Decision	Grant / external funding	8.318	6.444	14.761
Executive Decision	Grant / CB	0.090	2.893	2.983
Executive Decision	Grant / SB	2.490	8.406	10.896
Executive Decision	Grant / S106	1.212	0.404	1.616
Executive Decision	SB	5.210	0.000	5.210
Executive Decision	CB	0.210	0.000	0.210
Executive Decision	Total	17.530	18.146	35.676
S151	CB	0.543	0.000	0.543
S151	SB	0.225	0.000	0.225
S151	Grant	0.147	0.073	0.220
S151	S106/ RCCO	0.096	0.013	0.110
S151	SB / RF Cont	0.148	0.000	0.148
S151	Total	1.160	0.086	1.246
Total Additions		18.690	18.231	36.922

Governance	Funding Source	New Approvals Q2	5 Year Programme Approvals
			£m
Executive Decision	RF Grant / RF S106	Civic Centre District Energy - Phase 2	0.600
Executive Decision	RF Grant	Social Housing Decarbonisation Wave 2.1	7.062
S151	RF Grant	St Levan Park Flood Defence	0.036
		Subtotal Strategic Planning & Infrastructure	7.698
Executive Decision	RF Grant / RF S106	Derriford Community Park - Phase 5	1.616
S151	RF Cont	Improving Outdoor Play Phase 3	0.007
S151	RF S106	Minor Traffic Schemes	0.035
S151	RF S106	Marine Academy Plymouth 3G Pitch	0.054
Executive Decision	SB	Car Parks - Capital Maintenance	0.400
S151	RF S106	Improvements of Allotments PL9	0.016
S151	RF Grant	Flytipping Intervention Scheme	0.050
		Subtotal Street Services	2.177
S151	SB / RF Cont	Mount Edgcumbe Orangery Toilets	0.120
Executive Decision	SB	Land at Embankment Road	4.810
Executive Decision	RF Grant	Plymouth and South Devon Freeport – Millbay Terminal Development	1.300
S151	RF Cont / RCCO	Mount Edgcumbe Play Park	0.021
Executive Decision	RF Grant / CB	National Marine Park - Tinside Pool	2.983
Executive Decision	RF Grant	Love Plymouth	0.060
Executive Decision	RF Grant / SB	Langage Tax Site - Freeport	8.646
		Subtotal Economic Development	17.940
Executive Decision	RF Grant	Disabled Facilities (incl Care & Repair works)	2.814
Executive Decision	CB	Young Devon Loan	0.210
Executive Decision	RF Grant	Efford Youth & Community Centre	0.509
Executive Decision	RF Grant	Honicknowle Youth & Community Centre	0.414
Executive Decision	RF Grant	Frederick Street Centre	0.934
S151	RF Grant	Family Hubs	0.134
Executive Decision	RF Grant / SB	Local Authority Housing Fund Phase 2	2.250
Executive Decision	RF Grant / External Contribution	Disabled Facilities (incl Care & Repair works)	0.646
		Subtotal People	7.910

Governance	Funding Source	New Approvals Q2	5 Year Programme Approvals
			£m
Executive Decision	RF Grant	Schools Emergency Condition Works	0.200
Executive Decision	RF Grant	Cann Bridge - Hydrotherapy Pool	0.047
Executive Decision	RF Grant	Laira Green - Foundation Classroom Floors	0.018
Executive Decision	RF Grant	Laira Green - Kitchen Floors	0.009
Executive Decision	RF Grant	Longcause - Lift	0.041
Executive Decision	RF Grant	Mary Deans - Roof	0.038
Executive Decision	RF Grant	Yealmpstone Farm - Boiler	0.054
Executive Decision	RF Grant	Yealmpstone Farm - Roof	0.016
S151	SB	Foster Home Adaptation - Child PER26650	0.083
		Subtotal Children's Services	0.506
S151	SB	Pebble Beach Work	0.142
S151	RCCO	Broadley Park Road	0.004
S151	CB	Mountbatten Sea Wall	0.172
S151	CB	Devil's Point Tidal Pool	0.150
S151	CB	Prince Rock Exhaust Extract	0.034
S151	CB	Mount Wise Pool Filters	0.126
S151	CB	Langdale Gardens Retaining Wall	0.011
S151	CB	Plymouth Life Centre Light Replacements	0.049
		Subtotal Customer & Corporate Services	0.690

Total Capital Approvals Q2	36.922
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Glossary	
SB	Service Borrowing
CB	Corporate Borrowing
RF	Ring Fenced
URF	Un-ring fenced
Cont	Contribution
CIL	Community Infrastructure Levy
RCCO	Revenue Contribution Capital Outlay (internal borrowing)
Cap Rec	Capital Receipt
S106	Section 106 monies / developer contributions