

Performance, Finance and Customer Focus Overview and Scrutiny Committee



Date of meeting:	21 February 2024
Title of Report:	Finance Monitoring Report December 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 9.

Recommendations and Reasons

That the Committee notes:

1. The forecast revenue monitoring position at Period 9 as set out in this report in the sum of £1.204m.
Reason: controlling the outturn within budget is essential to maintain financial control.
2. The Capital Budget 2023-2028 is revised to £723.701m as shown in Table 1 and note these will form part of recommended amendments to Full Council for approval at end of quarter 3.
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 9 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:

Fin	CH 02.02.24 0912	Leg	LS/000 01312/ 1/AC/1 /2/24	Mon Off		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											
Date agreed: 01/02/2024											
Cabinet Member approval: Leader of the Council, Councillor Tudor Evans OBE											
Date approved: 01/02/2024											

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

	Budget £m	Forecast £m	Variance £m
Total General Fund Budget	218.440	219.644	1.204

1. This report highlights the monitoring position at Month 9 (December 2023) of £1.204m over budget. This is a reduction of £3.050m since Month 8. 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	6.403	6.787	0.384	over
Customer and Corporate Services	51.219	50.528	(0.691)	under
Children's Directorate	63.493	74.280	10.787	over
People Directorate	96.345	100.066	3.721	over
Public Health	2.829	2.629	(0.200)	under
Place Directorate	29.469	29.469	0.000	nil variance
Corporate Account & Council wide items	(31.318)	(44.115)	(12.797)	under
Total	218.440	219.644	1.204	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 M9 remains the same as M8 at £0.384m 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
Offset by savings:	
Revenue moved to Capital	(0.500)
Release of savings on Energy Costs	(0.600)
One off Council Tax Surplus	(1.473)
	(0.691)

The Directorate is forecasting an overall pressure of £1.882m which is unchanged from Month 8. 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 savings to offset this pressure and will continue to seek ways to further offset the overall Council pressure. Work is also ongoing to mitigate potential pressures against blue badges due to the high cost of issuing badges and other pressures within the service.

Children's Directorate

Children's	Variance £m
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Pressures	
Home to School Transport	1.859
CYPF - High cost children's placements and pending SGO judicial review	4.116
CYPF - Shortfall on 2023/24 Savings	4.220
CYPF – BAU/Agency Pressures	0.592
	10.787

Within Children's Social Care, December has seen an increase of £0.366m in Placements budgets due to increased Supported Living numbers and new Residential and Bespoke Placements. Within the Service additional Agency Worker costs have increased the forecast by £0.486m. Delivery plan targets totalling £4.220m have been flagged as unachievable, this is an increase of £0.225m against Month 8.

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 remained the same as Month 8. 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	2.423
	3.721

People Directorate is forecasting a net overspend at Month 9 of £3.721m which is unchanged from Month 8. 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 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	
Risk of shortfall in 23-24 Savings Delivery Plans. This includes through route optimisation, mediation pending on adjudication sums, & lack of clarity on funding support linked to the Environment Act.	1.359
Net BAU savings from Management actions	(0.137)
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	(1.222)
	0.000

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

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)
Contingency Budget (pensions / Treasury Management)	(3.528)
Treasury Management	(0.500)
In year Business Rates Pool gain	(1.500)
Business Rates S31 grants	(0.900)
Increased NNDR income – NNDR I return	(3.753)
Reserve contribution for pay award	(0.330)
	(12.797)

A saving of £12.797m is being reported for this Month 9 report, which reflects the further release of £3.528m contingency budget in month. 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. The impact of the pay award has been confirmed and funding released to offset the additional pressure. It must be noted that the drawdown of reserves

and contingencies has an impact on our flexibility in future years to cover any emerging pressures.

These allocations can only be drawn down once.

Savings Budgets

The budget includes £23.435m of savings to be delivered in 2023/24. The table below sets out the position at month 9.

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)	(0.355)	(4.220)	0.000
People	(5.780)	(5.780)	0.000	0.000
ODPH	(0.542)	(0.542)	0.000	0.000
Place	(7.289)	(5.930)	(1.359)	(1.359)
Corporate Items	(0.750)	(0.750)	0.000	0.000
Total Savings 23/24	(23.435)	(16.604)	(6.831)	(2.183)

- 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 £4.220m of unachievable delivery plans which is contributing to the overall pressure for the Directorate of £10.787m. The plans which have not been achieved related to reduction in new admissions to the care system and additional placement step downs.
- The Place Directorate has a £1.359m risk against delivery plans, but these are offset by savings within the service. Both the delivery plan risks and savings are detailed in the table above showing the Month 9 position.

Capital

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 could 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 £398.200m as at 31st December 2023, compared to the forecast of £373.765m as at 30th September 2023. This shows an increase to the Capital Programme of £24.435m with main approvals for purchasing homes for the emergency housing programme, reprovisioning of the Vines & Colwill Lodge and the Freeport (Sherford).

Future funding assumptions add a further £325.501m to the budget and the revised Capital Budget for approval for 2023 to 2028 is £723.701m. The budget approved in February 2023 included future funding assumptions to 2027 totalling £227.547m, having now increased by £97.954m. The increase is mainly attributed to:

- £53.431m New grant funding announcements (Levelling Up fund £19.946m and Zero Emission Bus Regional Areas Scheme 2 £33.482m.
- £29.636m Incorporating 2027/28 in 5 year range (Manadon road improvements)
- £7.480m 5 year forecast Better Care Fund assumption for Disabled Facility adaptations (previously 2 year assumption).
- £10.472m recognition of capital forecast for Improvements to Corporate Estate and Health & Safety works being factored into revenue budget setting as priority pipeline projects financing corporate borrowing.

Capital Programme Movement

Table 1 The Capital Budget consists of the following elements:

Description	£m
Capital Programme as at 30 September 2023 for 5 year period 2023 - 2028	373.765
New Approvals – September to December see Annex 1 for breakdown	26.954
Variations – September to December 2023	-2.583
<i>Re-Profiling into future years outside 5 year programme</i>	0.064
Capital Programme as at 31 December 2023	398.200
Future Funding Assumptions	325.501
Total Revised Capital Budget for Approval (2023/24 -2027/28)	723.701

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	3.540	0.304	0.130	-	-	3.974
People	8.764	21.506	9.030	0.220	-	39.520
Place - Economic Development	22.994	50.562	33.427	26.232	10.415	143.630
Place - Strategic Planning & Infrastructure	36.503	79.843	13.142	3.291	0.622	133.401
Place - Street Services	28.081	19.462	1.768	0.105	0.044	49.460
Customer & Corporate Services	4.718	5.166	2.206	-	-	12.090
Office for Director of Public Health	11.580	4.440	0.105	-	-	16.125
Total	116.180	181.283	59.808	29.848	11.081	398.200
Finance by:	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m
Capital Receipts	4.306	3.587	1.414	0.245	0.611	10.163
Grant Funding	53.783	74.934	2.136	0.023	0.022	130.898
Corporate Funded borrowing	30.211	54.820	15.023	0.478	0.043	100.575
Service dept. supported borrowing	23.809	44.283	38.826	25.987	10.373	143.278
Developer contributions	2.859	3.526	2.323	3.071	0.032	11.811
Other Contributions	1.212	0.133	0.086	0.044	-	1.475
Total	116.180	181.283	59.808	29.848	11.081	398.200

Based on the latest 2023/24 forecast totalling £116.180m, actual spend as at 31 December 2023 was £58.290m which equates to 50.17% of the forecast figure of the Capital Programme for 2023/24.

As at 30 September 2023 the forecast Capital Programme for 2023/24 was £154.342m. Main reprofiling occurred in November through a capital programme review totalling £33.954m transferring forecasts from 2023/24 to future years and a further £3.261m reprofiling captured in December.

Analysing historical monthly actual figures to overall outturn for years 2018 – 2022 has identified a percentage spend as of 31 December averaging 69.12% of final outturn.

Applying this to current year actual spend with a 10% contingency threshold would indicate a 2023/24 outturn forecast closer to £90m. This is consistent with the November analysis.

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

Of the 5-year programme, £100.575m is forecast to be funded from corporate borrowing which equates to 25.26% of the programme. Work is ongoing to update the capital pipeline which will identify further corporate borrowing requirements. The affordability of the capital programme and future funding assumptions is under review. Continuing high interest rates against the borrowing requirement to finance the current programme will create a revenue pressure in 2024/25 if action is not taken to limit borrowing now.

Service / Directorate	Governance	New Approvals Q3	5 Year Programme Approvals
			£m
SPI	Executive Decision	Charlton Road	0.850
SPI	Executive Decision	Heat Sourcing in Corporate Buildings (Big 4 + Next 7)	0.438
SPI	Executive Decision	City Centre Public Realm Old Town St/ New George St	2.765
SPI	Executive Decision	PCC LED Lighting Replacement Programme	0.014
SPI	S151	Civic Square	0.087
SS	S151	MOVA Tavistock Road – Upgraded Traffic Signals	0.167
SS	Executive Decision	Ocean City Biodiversity - Ply Habitat Bank	0.500
ED	S151	West End Options Study	0.100
ED	Executive Decision	39 Tavistock Place	0.353
ED	Executive Decision	Plymouth & South Devon Freeport Project: Land	3.500
ED	S151	Mount Edgcumbe Deerfield Carriages	0.058
ED	Executive Decision	Nudge Community Builders	0.265
ED	Executive Decision	Four Greens	0.118
PE	Executive Decision	Purchasing Temp Homes Programme	15.000
PE	Executive Decision	Re-provision of Vines and Colwill Lodge	2.301
CS	S151	Ham Drive - Access to Work	0.026
CS	S151	Foster Home Adaptation	0.003
CS	S151	Tor Bridge Primary - Wall	0.048
CCO	S151	Chelson Meadow – Pedestrian Access	0.111
CCO	S151	Remediation works to Raglan Court	0.100
CCO	S151	Toilet Demolition St Levans Road & Masterman Road	0.010
CCO	S151	Arnold's Point Repairs (Rowing Club)	0.140
Total Capital Approvals			26.954

Directorate Legend

SPI	Strategic Planning & Infrastructure
SS	Street Services
ED	Economic Development
PH	Public Health
PE	People
CS	Children's Services
CCO	Customer & Corporate Services