

Scrutiny Management Board



Date of meeting:	30 October 2024
Title of Report:	Finance Monitoring Report August
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	David Northey (Service Director for Finance)
Author:	Helen Slater, Lead Accountancy Manager / Wendy Eldridge, Lead Accountancy Manager (Capital and Treasury Management)
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Your Reference:	Click here to enter text.
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 2024/25 at Period 5.

Recommendations and Reasons

That Cabinet notes:

- The forecast revenue monitoring position at Period 5 as set out in this report is nil variance.
Reason: controlling the outturn within budget is essential to maintain financial control.
- The Capital Budget 2024-2029 is revised to £366.285m as shown in Table I.
Reason: controlling the outturn within budget is essential to maintain financial control with full transparency on the Capital Investments.

Alternative options considered and rejected

- I. 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 5 reporting are discussed in the body of the report and relate to the attainment of a balanced budget position in financial year 2024/25.

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

N/A

Background papers:

N/A

Sign off:

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Originating Senior Leadership Team member: Click here to enter text.											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 24/09/2024											
Cabinet Member approval: Cllr Mark Lowry, PFH Finance Date approved: 24/09/2024											

SECTION A: EXECUTIVE SUMMARY**Table 1: Revenue Forecast**

	Budget	Forecast	Variance
	£m	£m	£m
Total General Fund Budget	241.622	241.622	0.000

This report highlights a nil variance monitoring position at Month 5 (August 2024). A breakdown of this is set out in Table 2.

SECTION B: Directorate Review**Table 2: Revenue Forecast by Directorate**

Directorate	Budget	Forecast	Forecast Net Variance	Status
	£m	£m	£m	
Chief Executive's Office	6.851	6.851	0.000	nil variance
Customer and Corporate Directorate	35.426	35.426	0.000	nil variance
Children's Directorate	74.479	74.479	0.000	nil variance
Adults, Health and Communities Directorate	108.513	108.513	0.000	nil variance
Public Health	2.557	2.557	0.000	nil variance
Growth Directorate	30.175	30.175	0.000	nil variance
Corporate Account & Council wide items	(16.379)	(16.379)	0.000	nil variance
Total	241.622	241.622	0.000	nil variance

The reported position is a nil variance however at Month 5, potential pressures have been identified totalling £16.687m, of which £6.697m currently have no mitigations identified against them.

Appendix I provides a more detailed summary of RAG rated pressures and mitigations.

Chief Executive's Office

Month 5 Position - Chief Executive's Office	Variance £m	RAG Rating
Pressures		
Shortfall on Legacy Savings Plans	0.133	Amber
Mitigations		
Maximisation of income within Legal team	(0.060)	Amber
Review of Elections budget and grant income	(0.031)	Amber
Freeze on recruitment	(0.017)	Green
Reduction of non-staffing budgets within Procurement	(0.015)	Green
Reduction of non-staffing budgets within Civil Protection	(0.010)	Green
Variance to report	0.000	

The budget review mentioned in the previous report was actioned, mitigations have been identified to offset the in-year Legacy Savings Plans pressures within Chief Executive's Office. A review of potential capitalisation of legal work is underway to maximise income in year. Following the Election the Service are also looking to maximise grant income and identify further savings within budget. All other mitigations are either complete or are on track to be met.

Customer and Corporate Services Directorate

Month 5 Position – Customer and Corporate Directorate	Variance £m	RAG Rating
Pressures		
Hard Facilities Management and loss of income from Guildhall closure	1.100	Amber
Holding Costs - Windsor House (six months)	0.208	Amber
Holding Costs – Midland House	0.142	Amber
IT and Payroll Unitary Charge pressure	0.076	Amber
Internal and External Audit Fees	0.075	Amber
Mitigations		
Windsor and Midland to be a Corporate Pressure	(0.350)	Red
Reduction of Housing Benefits Overpayment BDP	(0.300)	Amber
Review of IT budgets and re-provisioning programme	(0.200)	Amber
Reduction of remaining COO Director and corporate training budget	(0.168)	Green
Variance currently not mitigated	0.583	

At Month 5 a pressure of £0.583m has been identified as unmitigated; pressures within the Directorate are detailed above.

Current mitigations across the Directorate include; moving Windsor and Midland House pressures to be held Corporately rather than within the service, currently (£0.350m); reducing the Bad Debt

Provision for Housing Benefits Overpayments to 50%, (net £0.300m); reviewing of IT reprovisioning to save (£0.200m), removal of the remaining COO budget (£0.068m) and reduction in Corporate Training and Support budget of (£0.100m).

Children's Directorate

Children, Young People & Families	Variance £m	RAG Rating
Pressures		
Looked After Children – Placements	3.863	Red
Legacy Delivery Plan Pressures	3.446	Red
0-25 SEND Staffing Costs	0.292	Amber
Mitigations		
Family Homes for Plymouth Children Programme	(1.368)	Red
Non-Placement Savings	(0.869)	Amber
Variance currently not mitigated	5.364	

- At Month 5 pressures totalling £5.364m are currently being flagged as unmitigated.
- In-year Placement monitoring shows a pressure of £3.863m, this is a reduction from the previous reported position due to several successful step forward actions. Ongoing plans to step other children forward into alternative appropriate provision have been identified at a total of £1.368m. This gives a net Placements forecast of £2.495m. Further work is being done to identify any additional looked after children who could potentially move placements – however this is unlikely achieve enough to mitigate the current pressures.
- Currently all planned mitigations are required to offset the placements pressure, there are no further plans to meet legacy delivery plans within the budget totalling £3.446m. This results in a pressure against delivery plans which is unlikely to be offset in year.
- Agency staff costs have increased in order to meet statutory requirements and maintain caseloads at a manageable level. The recently re-branded and re-launched recruitment campaign has successfully recruited to some senior positions, but it is has not attracted permanent experienced social workers. A full position on agency and staffing forecasts will be delivered as part of Quarter 2 (Month 6) monitoring.
- Within Education, Participation and Skills there are potential risks being flagged within the Short Breaks Service budget, rapid analysis has taken place to control the drivers and work has started to bring the pressure under control. This includes recoupment of unspent direct payments, a reduction in enabling and leisure packages, a reduction in overnight commissioned packages and increases in health contributions.
- There continues to be a forecast overspend of £0.292m within the 0-25 SEND team, this is based on the current work force. Previous year's overspend in this area were allocated to the DSG but an ESFA review of spend has meant that all SEND administrative services have to be charged to revenue.

Management Actions

- Extensive work is taking place through the Homes for Cared for Children Programme to address this increase through planning for 18 children to move on from a residential placement in this financial year and assessments are taking place for other young people whose needs can be better met with a family member, in foster care or in supported living.
- Children have also been identified whose needs can be well met from reunification home or with extended family members or with a move from Independent Foster Carer to a Plymouth Foster Carer.
- A Children's Brokerage team has been recruited to strengthen market engagement, placement finding and market management and monitoring and quality assurance.
- Options for greater Plymouth based provision for children and young people are being developed.
- Recruitment campaign and retention initiatives are being reviewed again and priority posts are being recruited to. The Director of Children's Services chairs a weekly recruitment panel, attended by the Director of Human Resources and Service Directors, to scrutinise and approve recruitment to every post within the Directorate. Only posts that are essential and where the role cannot be delivered in another way are approved.
- The financial and support offer to Plymouth Foster Carers has been improved and there are some early signs in Quarter 1 that this is starting to have an impact with more enquiries (25) which has resulted in 13 applications received and proceeding to stage 1 (this conversation rate of over 50% is significantly higher than last year).

Adults, Health and Communities Directorate

Adult Social Care

Month 5 Position – Adult Social Care	Variance £m	RAG Rating
Pressures		
Reduction in client income	3.170	Amber
Mitigations		
Care Package Expenditure – net savings	(0.136)	Green
Vacancy savings and non-staffing savings	(0.468)	Green
Service Delivery Contingency	(0.516)	Green
In Progress – Intermediate Dom Care Review	(0.500)	Amber
In Progress – CFS/Income Audit	(0.400)	Amber
In Progress – Health Contributions Review	(0.400)	Amber
Variance not currently mitigated	0.750	

- At Month 5 pressures totalling £0.750m are currently being flagged as unmitigated.
- Pressures within Nursing Long Stay Care Packages (£0.470m) and Short Stay Packages (£0.265m) are being offset by savings in other package types including Supported Living and Residential Care, resulting in a net saving of (£0.136m) on Care Package expenditure budgets.
- Pressures due to reduced Client Income are being flagged; the bulk of which are within Fairer Charging (£1.941m), Residential Client Income (£0.659m) and Joint Funding (£0.692m) which are having a significant impact on the budget, totalling a forecast pressure of £3.170m. The service is arranging a review by Internal Audit on income processes to identify any improvements that can be made with the intention of mitigating this continuing pressure. However it is unlikely that this pressure will be fully mitigated in year.
- The service is reviewing obligations related to Intermediate Dom Care and whether funding can be recovered for this, or whether the provision can be stopped. Also further work is being undertaken around health contributions to client packages as a priority.
- At Month 5 the vacancy savings target of (£0.460m) has already been achieved, with additional vacancy savings of (£0.468m) being forecast based on holding vacancies within the structure. The Service are also expecting all brought forward and in-year delivery plans savings (£8.881m) to be met.

Community Connections

Month 5 Position – Community Connections	Variance £m	RAG Rating
Risk: Increase in numbers in Temporary Accommodation	0.617	Green
Mitigation: Additional Homelessness Prevention Grant	(0.237)	Green
Risk: Delivery Plans – Expected delays in planned activity	0.293	Amber
Mitigation: Expediting planned activity and alternative property purchases	(0.673)	Amber
Position to report at Month 5	0.000	

Community Connections has a delivery plan target of £1.000m in this financial year. Currently there are delays in delivery of the plans associated with this target which is creating a pressure of £0.293m at Month 5. To mitigate this, further work is being undertaken alongside the larger property purchase projects to find alternative properties, with the Service also continuing to try bring the Royal project on line as soon as possible.

The Service is also seeing continued growth in numbers of people needing temporary accommodation, resulting in a pressure of £0.617m. This growth is expected to be offset by additional grant funding (£0.237m) and the planned property purchase activity mentioned above.

Office of the Director of Public Health (ODPH)

Month 5 Position – ODPH	Variance £m	RAG Rating
Risk: Bereavement Service (increased Service Borrowing, reduced income)	0.649	Amber
Mitigation: Leisure Management efficiencies (Service Borrowing and Electricity)	(0.117)	Amber
Mitigation: Reviewing forecast expenditure, income and capitalisation of costs associated with the new Crematorium.	(0.532)	Amber

Position to report at Month 5	0.000	
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Additional service borrowing and reduced income within Bereavement are creating forecast pressures of £0.649m within the Service's budgets, which is offset in part by savings within Leisure Management. Work is ongoing to explore expenditure containment, increased income opportunities and ensuring spend on the new Crematorium is capitalised where appropriate. The intention is that the overall pressure will be mitigated so there is currently nil variance reported, this is the same position as Month 4.

Growth Directorate

Month 5 Position – Growth	Variance £m	RAG Rating
Pressures		
Shortfall on Legacy Delivery Plans	1.035	Amber
In year BAU pressures	1.038	Amber
Mitigations		
Income Maximisation – incl. commercial contracts and leases	(2.073)	Amber
Variance to report	0.000	

Mitigation of Growth Directorate Pressures and Risks	Amount (£m)	Completed by
Renegotiation of commercial contracts - leases	Circa 0.9m	31/03/2025
Commercial contracts monitoring - Energy from Waste profit share	Circa 1.5m	31/03/2025

The Growth Directorate are projecting an overall balanced revenue position for 2024-25, despite total known pressures of £2.073m which can be mitigated by known management actions.

This net nil variation is predicated on the Growth Department making full use of expected upsides from income maximisation, in particular from the Energy from Waste profit share and the Property Regeneration Fund lease renewals.

In addition to the pressures above there is also a further £0.700m of pressures which have yet to be included in budget monitoring. These are at risk of materialising over the coming months. This includes the introduction of a new corporate support service overhead recharge, which cannot be retrospectively charged to 24-25 externally funded projects. These pending £0.300m recharges, will be made too late to be accommodated within already part claimed, and committed 2024-25 grant allocations. The Growth Department Management Team will review how these further £0.700m of pressures can be mitigated.

£0.300m of parking income is also at risk of loss, from a change in the City Council's Parking Permit Policy.

£1.035m of the £2.073m forecast pressure is from a shortfall in previously agreed savings delivery plans. This relates to delayed implementation of route optimisation, garden waste pressures and historical legacy targets without specific action plans. £1.038m is from business-as-usual pressures, in the delivery of Street Scene & Waste, Grounds & SP&I services.

Corporate Items & Council wide

Month 5 Position – Corporate Items	Variance £m	RAG Rating
Pressures		
Core Resources – pressure on assumed Business Rates pooling gain	0.550	Amber
Mitigations		
Awaiting confirmation of additional Section 31 grants (expected July)	(0.200)	Amber
Full analysis of additional Council Tax underway	(0.350)	Amber
Variance to report	0.000	

There is no monitoring variance reported within the Corporate Items budgets at Month 5 (this is unchanged against Month 4) however the following should be noted:

Details of the Treasury Management dashboard including borrowing and average rates are shown at end of capital report. A more detailed review of activities will be presented in mid year report presented to Audit & Governance committee.

There is ongoing uncertainty around the pay award for 2024, figures included in current negotiations would exceed the budgeted allowance.

A quarterly review of Business Rates, including the Business Rates Pool, and Council Tax collections versus assumptions will be undertaken at Quarter 2. We have already identified that estimates for Business Rates Pooling Gain were too high at the end of 2023/24 which will have an accounting impact in this financial year. The risk associated with this will be offset by increased Council Tax collection, alongside additional Section 31 grant funding.

Savings Budgets 2024/25

The additional savings built into Directorate budgets for 2024/25 are set out below:

Directorate	Savings 2024/25 £m	Plan	RAG Rating
Children's	Total Savings (1.873) Related Growth 0.777 Net Savings Target (1.096)	Net savings associated with profile of placement types	Red
Adults, Health and Communities	(1.500)	£1.000m reduction in Homelessness spend	Amber
		£0.500m release of Bad Debt Provision	Green
ODPH	(0.200)	Contribution to revenue budgets	Green
Corporate Items	(0.900)	Minimum Revenue Provision and Bad Debt Provision release	Green
	(3.696)		

CAPITAL

The capital programme as at 31 August 2024 incorporates the movement from capital position as at 31 July 2024. The five year capital budget 2024-2029, is currently forecast at £366.285m as at 31 August 2024.

Table 1 reflects the change in 5 year programme scope and movement through new approvals and variations.

A further breakdown of new projects that have been added to capital programme is listed in table 2.

Capital Programme movement

Table 1 The Capital budget consists of the following elements:

Description	£m
Capital Programme as at 31 July 2024 for 5 year period 2024 - 2029	355.169
New Approvals – August 2024 breakdown see table 2	11.543
Variations – August 2024	-0.152
Amounts reprofiled into future years beyond 2029	-0.275
Capital Programme as at 31 August 2024	366.285

There are further funding assumptions totalling £252.366m arising from projects which will be considered through Capital Programme Officer Group (CPOG) and onward through approved governance channels.

Budgets removed as variations.

- Plympton Pool Replacement Boilers - £0.003m Financing: Corporate borrowing
- Ballard House Roof Replacement & Insulation - £0.001m Service Borrowing
- Western Approach LED - £0.002m Service Borrowing
- Chelson Meadow Push Walls - £0.146m Corporate borrowing

Table 2 Breakdown of new approvals

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

Service / Directorate	Governance	New Approvals	5 Year Programme Approvals £m	Financed By
CCO	S151	St Budeaux Public Toilet	0.118	URF CB/RCCO
CCO	S151	Fourwoods Nursery Boiler Replacement	0.042	URF CB
CCO	S151	Midland House (IT Decommissioning)	0.100	RF SB
AHC	Exec Dec*	Efford Youth & Community Centre	0.500	URF CB
AHC	Exec Dec*	Honicknowle Youth & Community Centre	0.500	URF CB
AHC	Exec Dec*	Disabled Facilities (incl Care & Repair works)	3.469	RF Grant/Cont
SPI	Exec Dec*	Harewood House	0.458	RF Grant/URF CB
SPI	Exec Dec*	Plymouth Major Road Network	6.356	RF Grant/S106
Total Capital Approvals			11.543	

*Executive Decision (Published)

Glossary	
AHC	Adults, Health and Communities
CS	Childrens Services
SPI	Strategic Planning & Infrastructure
SS	Street Services
ED	Economic Development
CCO	Customer & Corporate Services

Glossary	
RF	Ring Fenced
URF	Unring Fenced
CB	Corporate Borrowing
SB	Service Borrowing

Table 3 Capital Programme by Directorate

Of the total programme financing totalling £209.102m (57.1%) will ultimately require external borrowing to meet cashflow requirements which are subject to working capital limiting the immediate need to borrow.

Directorate	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£m	£m	£m	£m	£m	£m
Children's Services	0.585	0.113	-	-	-	0.698
Adults, Health and Communities	28.145	11.897	0.842	0.164	-	41.048
Place - Economic Development	41.822	45.508	40.461	18.005	2.199	147.995
Place - Strategic Planning & Infrastructure	64.455	43.379	15.073	0.672	0.275	123.854
Place - Street Services	30.110	7.410	0.105	0.044	0.083	37.752
Customer & Corporate Services	3.755	3.820	0.710	0.280	0.101	8.666
Office for Director of Public Health	6.167	0.105	-	-	-	6.272
Total	175.039	112.232	57.191	19.165	2.658	366.285
Finance by:	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£m	£m	£m	£m	£m	£m
Capital Receipts	3.550	1.438	0.652	0.436	1.757	7.833
Grant Funding	92.774	38.751	0.023	0.023	0.254	131.825
Corporate Funded borrowing	38.033	29.826	16.906	0.897	0.546	86.208
Service dept. supported borrowing	33.864	34.816	36.488	17.726	-	122.894
Developer contributions	4.351	6.587	3.079	0.082	0.102	14.201
Other Contributions	2.467	0.814	0.043	-	-	3.324
Total	175.039	112.232	57.191	19.164	2.659	366.285

Financing presented as a percentage



Capital Programme 2024/25 monitoring

Table 4 below includes a breakdown by directorate of actual cash spend as at 31 August 2024 shown as a value and percentage against latest forecast, overall 14.87%. The comparable percentage for 2023 was 13.35%. Analysing historical monthly actual figures to overall outturn for years 2019 – 2024 has identified an average percentage spend as at 31 August averaging 26.43% of final outturn. Applying this to current year actual spend with a 10% contingency threshold would indicate a 2024/25 outturn forecast closer to £100m.

Table 4 2024/25 Programme including actual spend and % spent compared to latest forecast

Directorate	Latest Forecast 2024/25	Actual Spend as at 31 August 2024	Spend as a % of Latest Forecast
	£m	£m	%
Children's Services	0.585	0.104	17.76%
Adults, Health and Communities	28.145	1.903	3.90%
Place - Economic Development	41.822	7.681	26.91%
Place - Strategic Planning & Infrastructure	64.455	6.622	18.37%
Place - Street Services	30.110	5.713	10.27%
Customer & Corporate Services	3.755	1.010	18.97%
Office for Director of Public Health	6.167	2.993	48.54%
Total	175.039	26.027	14.87%

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.

The borrowing impact to future revenue budgets to fund capital programme remains high, with additional revenue resources being required of at least £2m to £4m based on current approved capital programme. This assumes borrowing rate reductions indicated by Treasury Management advisors starting in September 2024 with an levelled Bank of England rate of 3% by 2026.

Treasury Management Dashboard – August 2024

Prudential Indicators / Borrowing				
Operational Boundary for borrowing £1,069m				
Approved Authorised Limit for borrowing £1,169m				
	2023/24	2024/25 @ 31/07/24	2024/25 @ 31/08/24	Current Av. Rate
	£m	£m	£m	
Short Term	85.0	80.0	75.0	0.80%
PWLB	482.5	482.5	482.5	3.32%
LOBO	64.0	64.0	59.0	4.36%
Long Term	18.0	18.0	18.0	4.37%
TOTAL	649.5	644.5	634.5	3.15%

Current investments				
	Purchase Price @ 31/03/24	Fair Value @ 31/08/24	Purchase Price @ 31/08/24	Current Av. Rate
	£m	£m	£m	
Bank Investments	1.3	0.5	0.5	2.00%
MMF	22.5	25.9	25.9	5.04%
CCLA funds	25.0	25.6	25.0	4.54%
Other funds	30.0	25.9	28.9	5.95%
TOTAL	78.9	78.0	80.5	5.19%

Movement in borrowing is due to the Council having sufficient cash to reduce the need to replace £5m short term borrowing and a called in LOBO.

Current investments are reflecting increasing cash holdings being held in Money Market Funds that recognises the Council's cashflow is generally higher earlier in year from revenue income streams.

Further information on the fair value of current investments is shown, noting that whilst the overall capital value has reduced the actual return on investment is remaining strong.

Recommendation

That CMT note the Capital Budget 2024-2029 is revised to £366.285m as shown in Table I.

RAG Rated Pressures and Mitigations

Directorate	Budget £m	Forecast £m	Forecast Net Variance £m	Mitigations Identified	Unmitigated	RAG Rating
Chief Executive's Office	6.851	6.984	0.133	(0.133)	0.000	Amber
Resources Directorate	35.426	37.027	1.601	(1.018)	0.583	Red
Children's Directorate	74.479	82.080	7.601	(2.237)	5.364	Red
Adults, Health and Communities Directorate	108.513	112.593	4.080	(3.330)	0.750	Red
Public Health	2.557	3.206	0.649	(0.649)	0.000	Amber
Growth Directorate	30.175	32.248	2.073	(2.073)	0.000	Amber
Corporate Account & Council wide items	(16.379)	(15.829)	0.550	(0.550)	0.000	Amber
Total	241.622	258.309	16.687	(9.990)	6.697	