Scrutiny Management Board

Date of meeting:	21 January 2025
Title of Report:	**Finance Monitoring Report November 2024**
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)
Contact Email:	David.Northey@plymouth.gov.uk
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 8.

Recommendations and Reasons

That Cabinet notes:

1. The forecast revenue monitoring position at Period 8 as set out in this report is an adverse variance of £2.459m
2. Senior Officers will continue to work with Cabinet to reduce the forecast overspend
   Reason: controlling the outturn within budget is essential to maintain financial control.
3. The Capital Budget 2024-2029 is revised to £393.041m as shown in Table 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 8 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
**Add rows as required to box below*

Ref.	Title of Appendix	**Exemption Paragraph Number** (if applicable) *If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.*						
		1	**2**	**3**	**4**	**5**	**6**	**7**
A	Briefing report title							

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 <u>unpublished</u> 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) *If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.*						
	1	**2**	**3**	**4**	**5**	**6**	**7**

Sign off:

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Originating Senior Leadership Team member: David Northey, Service Director for Finance											

Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 20/12/2024
Cabinet Member approval:

SECTION A: EXECUTIVE SUMMARY

Table 1: Revenue Forecast

	Budget £m	Forecast £m	Variance £m
Total General Fund Budget	**241.622**	**244.081**	**2.459**

This report highlights an adverse variance monitoring position at Month 8 (November 2024). A breakdown of this is set out in Table 2.

SECTION B: Directorate Review

Table 2: Revenue Forecast by Directorate

Directorate	Budget £m*	Forecast £m	Forecast Net Variance £m	Status
Chief Executive's Office	7.154	7.114	(0.040)	under
Customer and Corporate Directorate	36.250	38.808	2.558	over
Children's Directorate	75.431	84.137	8.706	over
Adults, Health and Communities Directorate	108.921	110.980	2.059	over
Public Health	2.703	2.703	0.000	nil variance
Growth Directorate	31.472	30.679	(0.793)	under
Corporate Account & Council wide items	(20.309)	(30.340)	(10.031)	under
Total	**241.622**	**244.081**	**2.459**	over

*Please note that Directorate budgets have changed since Month 6 due to the allocation of pay award budgets.

The reported position is an adverse variance of £2.459m. This is an improvement of £0.987m since Month 7.

Chief Executive's Office

Chief Executive Office is reporting a saving of (£0.040m) at Month 8, this is unchanged from month 7.

Customer and Corporate Services Directorate

Month 8 Position – Customer and Corporate Directorate	Variance £m	RAG Rating
Pressures		
Hard Facilities Management and loss of income from Guildhall closure	2.500	Amber
Housing Benefit Subsidy Gap	0.320	Amber
Savings / mitigations		
Net savings across directorate	(0.262)	Amber
Variance currently not mitigated	2.558	

At Month 8 the pressure has increased by £1.644m from the Month 7 position, meaning £2.558m has been identified as unmitigated.

The forecasted pressure within Hard FM has increased by £1.644m to reflect an updated spend profile on Facilities Management repairs and maintenance for 24/25. Work to capitalise costs where possible and focus on priority repairs and maintenance only remains ongoing. The Housing Benefit subsidy gap pressure of £0.908m remains unchanged, which has been offset by (£0.588m) reduction in Bad Debt Provision, the net position is therefore £0.320m pressure. Savings within Business Support (£0.100m) are due to additional vacancies and ad hoc savings. Within HR and ICT there is a forecasted reduction in spend on licences and training (£0.080m). Across the remainder of the directorate there is a net saving of (£0.082m), mainly due to maximisation of new burdens funding within Finance and recharges of SSR to grant funded posts.

Children's Directorate

Children, Young People & Families	Variance £m	RAG Rating
Pressures		
Looked After Children – Placements	4.661	Red
Legacy Delivery Plan Pressures	3.446	Red
Staffing/Agency Pressures	1.082	Amber
0-25 SEND Staffing Costs	0.292	Amber
Home to School Transport	0.348	Amber
Mitigations		
Assumption Placement Step Downs	(1.123)	Red
Variance currently not mitigated	8.706	

- At Month 8 pressures totalling £8.706m are currently being flagged as unmitigated.

- In-year Placement monitoring shows a net pressure of £4.661m, this is an increase of £1.076m from the previous reported position. Plans to step other children forward into alternative appropriate provision have been identified at a total of £1.123m. This gives a net Placements forecast of £3.538m. 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.

- 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 years' 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.

- September route planning for SEND Home to School Transport has been completed and resulted in a forecast pressure of £0.348m, due to increased route costs effecting the Service's ability to make efficiency savings.

Management Actions

- Extensive work is taking place through the Homes for Cared for Children Programme to address this increase through planning for 14 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 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 8 Position – Adult Social Care	Variance £m	RAG Rating
Pressures		
Reduction in client income	**2.596**	Amber
Care Package Expenditure	**0.759**	Amber
Other service pressures	**0.080**	
Mitigations		
Vacancy savings and non-staffing savings	**(0.581)**	Green
Service Delivery Contingency	**(0.516)**	Green
In Progress – Intermediate Dom Care Review	**(0.500)**	Amber
In Progress – Health Contributions Review	**(0.400)**	Amber
Variance not currently mitigated	**1.438**	

- At Month 8 pressures totalling £1.438m are currently being flagged as unmitigated, this is unchanged from the Month 7 position.

- Pressures within Nursing Long Stay Care Packages (£0.734m), Short Stay Packages (£0.313m), Domiciliary Care (£0.204m) and Supported Living (£0.266m) are being offset in part by savings in other package types including Direct Payments and Residential Care, resulting in a net pressure of £0.759m on Care Package expenditure budgets.

- Pressures due to reduced Client Income are being flagged; the bulk of which are within Fairer Charging (£1.930m) and Residential Client Income (£0.670m) which are having a significant impact on the budget, totalling a forecast pressure of £3.096m. The forecast has improved by £0.500m since Month 6 due to additional Joint Funding following a review of high-cost placements.

- 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.

- At Month 8 the vacancy savings target of (£0.460m) has already been achieved, with additional vacancy savings of (£0.581m) 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 8 Position – Community Connections	Variance £m	RAG Rating
Risk: Increase in numbers in Temporary Accommodation	**0.535**	Amber
Risk: Delivery Plans – Expected delays in planned activity	**0.400**	Amber
Other service pressures	**0.215**	Amber
Mitigation: Salary savings, grant maximisation and line by line budget review	**(0.529)**	Amber
Position to report at Month 8	**0.621**	

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 £0.400m at Month 8. To mitigate this, further work is being undertaken alongside the larger property purchase projects to find alternative properties.

The Service is also seeing continued growth in numbers of people needing temporary accommodation, resulting in a pressure of £0.535m. Whilst this is expected to be covered in part by staffing savings and grant maximisation a pressure of £0.621m remains unmitigated.

Office of the Director of Public Health (ODPH)

Month 8 Position – ODPH	Variance £m	RAG Rating
Risk: Bereavement Service (increased Service Borrowing, reduced income)	0.638	Amber
Mitigation: Leisure Management efficiencies (Service Borrowing and Electricity)	(0.117)	Amber
Mitigation: Savings within Public Protection Service (staffing)	(0.051)	Amber
Mitigation: Reviewing forecast expenditure, income and capitalisation of costs associated with the new Crematorium.	(0.470)	Amber
Position to report at Month 8	**0.000**	

Additional service borrowing and reduced income within Bereavement are creating forecast pressures of £0.638m 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 8

Growth Directorate

Growth Directorate Month 8 Budget Monitoring Summary	£m Variance	
Pressures		**1.722**
- Shortfall on Legacy Delivery Plan savings	1.128	
- In year business as usual pressures	0.594	
Mitigations / savings		**(2.515)**
- Economic Development, including lease income	(1.015)	
- Assumed 24-25 Energy from Waste profit share income (tbc)	(1.500)	
Variance to report		**(0.793)**

The Growth Directorate are projecting total known cost pressures of £1.722m.

This has fallen by £0.521m, since the reporting of a £1.992m total cost pressure, & £0.251m risk in Month 7. This is largely as a result of management actions to contain costs and maximise income.

£1.128m of the £1.7m forecast pressure is from a shortfall in previously agreed 23-24 savings delivery plans. This includes the impact of delayed implementation of route optimisation, garden waste pressures and historical legacy targets without specific action plans.

£0.594m of business-as-usual pressures, are arising largely in the delivery of Street Scene & Waste, & Grounds. This includes from a need for agency staff, unscheduled vehicle maintenance & external hire.

It is forecast that these £1.722m pressures, can be mitigated by an estimated (£2.515m) of mitigation measures. Mitigations include income maximisation from assumed future Energy from Waste profit share, and commercial lease renewals.

Corporate Items & Council wide

Month 8 Position – Corporate Items	Variance £m	RAG Rating
Pressures		
Facilities Management – Corporate costs	0.316	Amber
Pay Award	0.633	
Mitigations		
Treasury Management Savings	(1.889)	Amber
Release of general contingency	(3.913)	Green
Release of minimum revenue provision contribution not required	(3.494)	Green
Contingency brought forward from prior years	(0.384)	Green
Prior year council tax surplus	(1.000)	Green
Release of insurance provision	(0.300)	Green
Variance to report at Month 8	**(10.031)**	

Facilities Management (FM) continue to see additional costs associated with the corporate estate. These are all fully mitigated in-year by one-off savings and resolved going forward into 2025/26.

£3.913m of usable general contingency monies, held in case of in year cost pressures and £0.384m of brought forward contingencies have been released to support pressures within Directorate budgets.

In addition to this £1.000m of Council Tax funding held within reserves is also being released,

The pay award for 2024/25 has now been agreed which resulted in additional costs of approximately £3.8m, this was £0.633m more than budgeted for which has put a pressure on the Corporate budget. Treasury Management savings due to project slippage £1.700m have been also been added.

At Month 8 budget held for Minimum Revenue Provision of £3.494m that is no longer required has been released to offset pressures within Service areas.

A quarterly review of Business Rates, including the Business Rates Pool, and Council Tax collections versus assumptions was undertaken at Quarter 2. An increase to the Pooling Gain assumption and additional s31 grants expected removes previously anticipated pressures within Core Resources. This will be updated at Quarter 3.

Core Resources Summary - Quarter 2			
	Budget	Q2 Forecast	Variance
Revenue Support Grant	(12.328)	(12.328)	0.000
Council Tax	(139.479)	(140.684)	(1.205)
Business Rates	(82.065)	(81.169)	0.896
NNDR Pooling Gain	(2.750)	(2.441)	0.309
Reserves	(5.000)	(5.000)	0.000
Total	**(241.622)**	**(241.622)**	**(0.000)**

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 30th November 2024 incorporates the movement from capital position as at 31st October 2024. The five-year capital budget 2024-2029, is currently forecast at £393.041m as at 30th November 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 3 The Capital budget consists of the following elements:

Description	£m
Capital Programme as at 31st October 2024 for 5 year period 2024 - 2029	388.668
New Approvals – November 2024 breakdown see table 2	5.302
Variations – November 2024	-0.929
Capital Programme as at 30 November 2024	**393.041**

The approved capital pipeline is £76.923m and reflects projects that have been endorsed either through Capital Programme Board or noted through Cabinet decisions.

Budgets removed as variations.

- PSNMP – Digital - £0.859m (RF grant)
- PSNMP – Species and Habitat - £0.070m (RF grant)

Table 4 Breakdown of new approvals, marked to show those approved through CPOG

Service / Directorate	Governance	New Approvals	5 Year Programme Approvals £m	CPOG	Financed By
CCO	Exec Dec	Mount Edgcumbe Slipway	0.550	✓	URF CB
CCO	Exec Dec	Replacement of CoreHR for ITrent	0.958		URF CB
CS	Exec Dec	Early Years Capital Expansion Programme	0.435		RF Grant
ED	Exec Dec	Future High Streets Fund - Guildhall	0.491	✓	RF SB
SS	Exec Dec	Food Waste Collection Service Vehicles and Containers	2.297	✓	RF Grant/RF SB
SS	S151	Military Road Adoption Scheme	0.114	✓	RF Cont
ED	S151	Mount Edgcumbe Garden Battery Enabling Works	0.045	✓	RF Cap Rec
ED	S151	Mount Edgcumbe Vehicle	0.012	✓	RF Cap Rec
CS	S151	Residential Short Breaks	0.200	✓	RF SB
CS	S151	SEND Sufficiency Plan Programme	0.200	✓	URF Grant
		Total Capital Approvals	5.302		

*Executive Decision (Published)

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

Glossary	
RF	Ring Fenced
URF	Unring Fenced
CB	Corporate Borrowing
SB	Service Borrowing
Cap Rec	Capital Receipts
Cont	External Contribution

A breakdown of the current approved capital budget by directorate and by funding is shown below in Table 5.

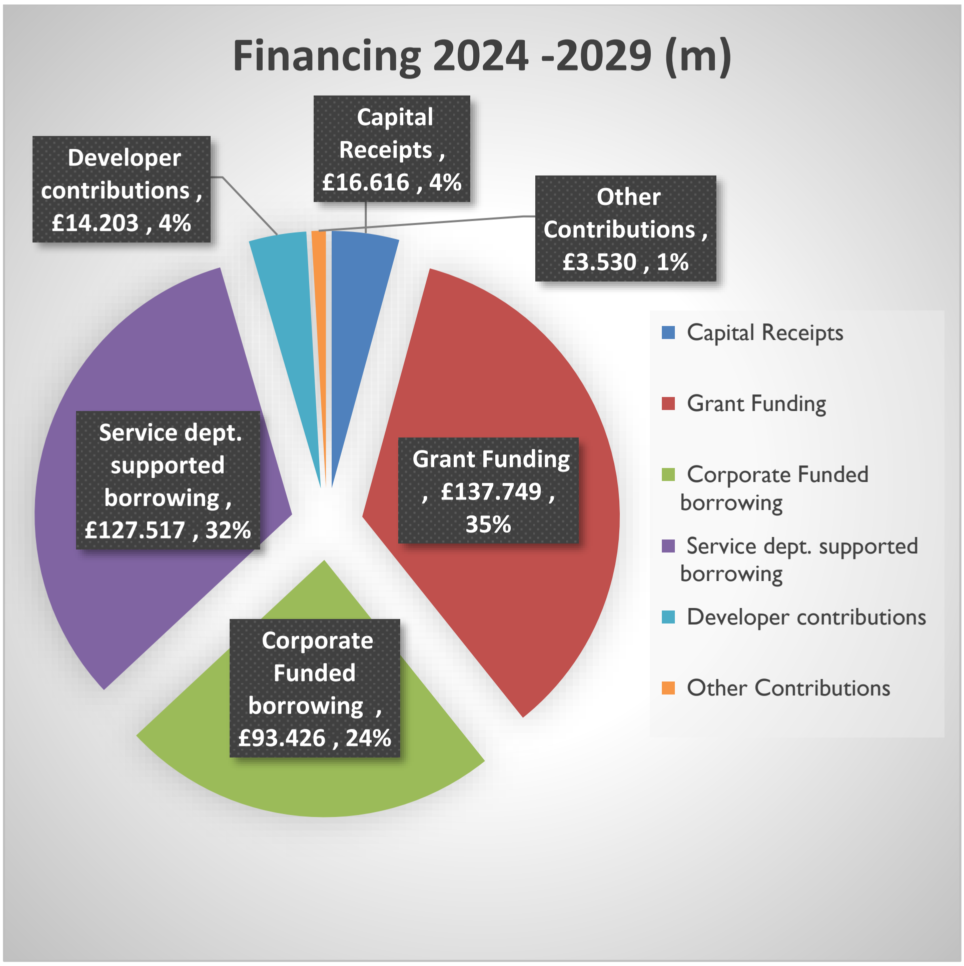
Table 5 Capital Programme by Directorate

Of the total programme financing totalling £220.943m (56.2%) 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	1.519	0.161	-	-	-	**1.680**
Adults, Health and Communities	19.020	19.247	2.617	0.164	-	**41.048**
Growth - Economic Development	35.103	44.353	42.032	16.575	12.415	**150.478**
Growth - Strategic Planning & Infrastructure	51.223	48.891	34.347	8.294	0.275	**143.030**
Growth - Street Services	22.145	16.883	0.372	0.241	0.212	**39.853**
Customer & Corporate Services	4.614	4.451	0.728	0.280	0.101	**10.174**
Office for Director of Public Health	6.708	0.070	-	-	-	**6.778**
Total	**140.332**	**134.056**	**80.096**	**25.554**	**13.003**	**393.041**

Finance by:	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£m	£m	£m	£m	£m	£m
Capital Receipts	3.297	1.763	9.368	0.180	2.008	**16.616**
Grant Funding	81.270	52.321	0.741	3.224	0.193	**137.749**
Corporate Funded borrowing	25.277	36.555	27.550	3.666	0.378	**93.426**
Service dept. supported borrowing	25.216	38.733	35.166	18.080	10.322	**127.517**
Developer contributions	3.328	3.361	7.271	0.141	0.102	**14.203**
Other Contributions	1.944	1.323	-	0.263	-	**3.530**
Total	**140.332**	**134.056**	**80.096**	**25.554**	**13.003**	**393.041**

Financing presented as a percentage



Capital Programme 2024/25 monitoring

Table 4 below includes a breakdown by directorate of actual cash spend as at 30 November 2024 shown as a value and percentage against latest forecast, overall 38.52%. The comparable percentage for 2023 was 41.53%.

Analysing historical monthly actual figures to overall outturn for years 2019 – 2024 has identified an average percentage spend as at 30 November averaging 59.69% of final outturn. Applying this to current year actual spend with a 10% contingency threshold would indicate a 2024/25 outturn forecast closer to £110m.

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

Directorate	Latest Forecast 2024/25	Actual Spend as at 30 Nov 2024	Spend as a % of Latest Forecast
	£m	£m	%
Children's Services	1.518	0.560	36.88%
Adults, Health and Communities	19.020	9.840	51.74%
Growth - Economic Development	35.103	12.233	34.85%
Growth - Strategic Planning & Infrastructure	51.223	15.740	30.73%

Growth - Street Services	22.145	9.519	42.99%
Customer & Corporate Services	4.614	1.783	38.63%
Office for Director of Public Health	6.708	4.381	65.30%
Total	**140.332**	**54.056**	**38.52%**

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. A targeted exercise is being undertaken towards Q3 reporting which will feed into the 2025/26 budget setting report.

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 which starting in September 2024 with an central case for future Bank of England rates at 3.75% by 2026.

Treasury Management Dashboard – November 2024

Prudential Indicators / Borrowing

Operational Boundary for borrowing £1,069m

Approved Authorised Limit for borrowing £1,169m

	2023/24 £m	2024/25 @ 31/10/24 £m	2024/25 @ 30/11/24 £m	Current Av. Rate
Short Term	85.0	85.0	85.0	1.25%
PWLB	482.5	482.5	482.5	3.32%
LOBO	64.0	59.0	54.0	4.40%
Long Term	18.0	18.0	18.0	4.37%
TOTAL	649.5	644.5	639.5	3.17%

Current investments

	Purchase Price @ 31/03/24 £m	Fair Value @ 30/11/24 £m	Purchase Price @ 30/11/24 £m	Current Av. Rate
Bank Investments	1.3	1.2	1.2	1.76%
MMF	22.5	31.1	31.1	4.81%
CCLA funds	25.0	25.5	25.0	5.12%
Other funds	30.0	25.9	28.9	6.40%
TOTAL	78.9	83.8	86.3	5.39%

Movement in borrowing is due to the Council having sufficient cash to reduce the immediate need to replace the second LOBO loan arrangement called in during November.

Short term borrowing through other local authority lending maturing during November has been replaced with slightly higher rates causing the average interest to change from 1.20% to 1.25%, £75m of which is covered by the rate swap arrangement.

The forecast interest payable for 24/25 £22.532m. This is made up of £21.914m actual interest payable on existing/maturing borrowing arrangements. A further £0.613m is forecast interest payable on projected part year borrowing arrangements to support cashflow needs. Forecast borrowing assumes an interest rate of 5% can be secured which currently comes with a risk.

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. Income from investments forecast has increased from £4.753m to £5.017m.

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.