

CITY OF PLYMOUTH

Subject: Finance – Capital and Revenue Monitoring Report (including additions to the capital programme to be approved at Council)

Committee: Cabinet

Date: 13 November 2012

Cabinet Member: Councillor Lowry

CMT Member: CMT

Author: David Northey, Head of Finance

Contact: Tel: 01752 305428
e-mail: david.northey@plymouth.gov.uk

Ref: fin/

Key Decision: No

Part: I

Purpose of the Report:

This report is the second quarterly monitoring report for 2012/13 and outlines the finance monitoring position of the Council as at the end of September 2012.

The primary purpose of this report is to detail how the Council is delivering against its financial measures using its capital and revenue resources, and to approve relevant revenue and capital budget variations and virements, and the inclusion of new schemes to the capital programme where required.

The estimated revenue overspend is now showing as £3.221m, an increase of £1.432m in this quarter. The current estimated position shows an overspend of £3.215m across the People Directorate; an overspend of £0.863m in the Place Directorate; an overspend of £0.253m across the Corporate Services Directorate. These overspends are offset in part by a small saving within the Chief Executive Office of £0.010m and £1.1m of savings from Corporate Items. Full details are contained within the report.

The main reasons for the overspend within the People Directorate are pressures totalling £3.151m in Adult Social Care (ASC) linked to demographic changes, increased demand for supported living and reduced income from a number of sources. Plymouth is not alone in facing these additional budget pressures. Adult Social Care services across the country are facing severe funding shortages as demand increases due to the aging population, with people living longer with disabilities or illness.

Recommendations within this report include further actions to be taken by Directors and Portfolio Holders to address overspends within their areas, together with initiatives engaging all staff across all areas to reduce the projected overspend and try to deliver a balanced budget position by the end of March.

In line with their manifesto, the New Administration continues to be ambitious for the investment and growth of the city of Plymouth, with the capital programme for the current year

standing at over £60m, rising to £132m by 2015/16. There are a number of new capital schemes detailed in this report either for noting or approval. These include a solar panel scheme to improve energy efficiency of council buildings, investment in buildings to increase capacity needed for 2 year old nursery places, investment in increased primary school places (funding from Government's free school allocation) and investment in council vehicles and plant to improve service and reduce costs.

Finance summary - Revenue

The Council is currently forecasting a revenue over spend at year end of £3.221m against a net revenue budget of £203.766m. This equates to a net spend of £206.987m which is a variance of 1.6%. This includes corrective actions where identified to date, officers are still tasked with working with the relevant portfolio holders to identify further options for delivering a balanced budget

Table 1 End of year revenue forecast

	Latest Approved Budget £000	Forecast Outturn £000	Variance £000
Total General Fund Budget	203,766	206,987	3,221

Finance summary – Revenue Delivery Plans

Work continues to progress the revenue delivery plans set out for 2012/13, with details within each directorate section of the report. The £3.221m forecast overspend includes recognition that at this stage there are some delivery plans (RAG rated red in the delivery plan sections) that are unlikely to be achieved.

Finance summary - Capital

In the budget report taken to full Council in Feb 2012, the 2012/13 Capital Programme stood at £51.121m. Following approval of new schemes, re-profiling and variations, the capital programme for 2012/13 was £60.481m following September Council. The latest forecast at the end of September 2012, is now £57.390m, which assumes approval of the recommendations for new schemes etc on this report and considered in other reports on the 13 November Cabinet agenda. Full details are contained in Appendix B. Cabinet will be asked to recommend to Full Council the new capital schemes over £0.500m for investment as detailed in Table 14 amounting to £11.772m (in the period 2012/13 – 2015/16)

Corporate Plan 2012-2015:

This quarterly 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 Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land

Robust and accurate financial monitoring underpins the Council's Medium Term Financial Plan. The Council's Medium Term Financial Forecast is updated regularly based on on-going monitoring information.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion:

The reducing revenue and capital resources across the public sector has been identified as a key risk within our Strategic Risk register. Equality Impact Assessments have been undertaken on the Delivery Plans that underpin the 2012/13 budget.

Recommendations & Reasons for recommended action:

That Cabinet:-

1. Note the forecasted overspend for the year against budget of £3.221m, and ensure Portfolio Holders and Officers continue to work closely together to take corrective action to deliver a balanced budget position by March.
 2. Note that, in light of the emerging pressure in ASC, the new Chief Executive has commissioned a full review of all demographic pressures across the council.
 3. Approve the revenue budget virements as detailed in table 11 of the report.
 4. Approve the re-profiling and variations (reductions) of (£5.097m) in 2012/13 and £3.422m for future years to capital spend as detailed in Appendix B.
 5. Recommend to Full Council the new capital schemes over £0.500m for investment as detailed in Table 14 amounting to £11.772m.
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Alternative options considered and reasons for recommended action:

Actions are recommended in response to specific variances in finances identified throughout the report.

Background papers:

- 2012 Plymouth City Council Corporate Plan
http://www.plymouth.gov.uk/corporate_plan.pdf
- 2012/13 Budget Setting papers published in December 2011
<http://www.plymouth.gov.uk/mgInternet/documents/s33811/2012.13%20Indicative%20Budget%20Revenue%20and%20Capital%20allocated%20to%20corporate%20priorities.pdf>
- 2012/13 Revenue & Capital Budget – February 2012
<http://www.plymouth.gov.uk/mgInternet/documents/s36493/Updated%20report%20on%20Corporate%20Plan%202012-15.%20revenue%20and%20capital%20budget%202012.13%20and%20proposed%20Council%20tax%20levels.pdf>
- 1st Quarter Joint Performance and Finance Report – September 2012
<http://www.plymouth.gov.uk/mgInternet/documents/s41185/CABINET%20MINUTE%2060%20OF%2011%20SEPTEMBER%202012.pdf>

Sign off:

Fin	MC121 3.005	Leg	16007/ DVS	HR	n/a	Corp Prop	n/a	IT	n/a	Strat Proc	n/a
Originating SMT Member M Coe											

SECTION A – REVENUE MONITORING

I. General Fund Revenue Budget

- I.1 Council approved a net revenue budget of £203.766m for 2012/13 at its meeting on 27 February 2012. At the end of the second quarter, to the end of September 2012, we are reporting an over spend of £3.221m. Table 2 below shows the forecast year end position across directorates.

Table 2 End of year revenue forecasts

DIRECTORATE	Council Approved Budget Feb '12 £000	Budget Virements £000	Latest Approved Budget £000	Forecast Outturn £000	Monitoring Variation to 30 September 2012 £000
PEOPLE	122,620	1,543	124,162	127,377	3,215
PLACE	42,460	606	43,066	43,929	863
CORPORATE SERVICES	30,296	41	30,337	30,590	253
CHIEF EXECUTIVE'S OFFICE	1,901	514	2,415	2,405	(10)
CORPORATE ITEMS	6,489	(2,704)	3,786	2,686	(1,100)
TOTAL NET BUDGET	203,766	0	203,766	206,987	3,221

- I.2 Further details of the variations are outlined in the individual Directors reports in Section B of this report.

Recommendation

- I. Cabinet note the forecasted overspend for the year against budget of £3.221m, and ensure Portfolio Holders and Officers continue to work closely together to take corrective action to deliver a balanced budget position.

I.3 Delivery Plans

In setting the budget for 2012/13, departmental delivery plans were agreed in order to achieve a balanced budget. Overall, progress has been made across the majority of these plans. The Red / Amber / Green (RAG) rating applied in this report have been robustly challenged.

Inevitably, throughout the year, original Delivery Plans will change due to changes in circumstances. Where such variations occur, initially it is the responsibility of the sponsoring department to develop and implement alternative budget delivery plans and actions. Only where there is no planned remedial action to address a non performing delivery plan will a forecasted overspend be reported.

Major variations to delivery plans will be reported within individual departmental sections. It is imperative that Cabinet Members continue to challenge all Directors.

2. People Directorate

2.1 Finance General Fund Revenue Forecast is an overspend £3.215m

Responsible Officers: Maggie Carter / Pam Marsden / John Searson / Dave Simpkins / Stuart Palmer / Tony Hopwood

- 2.2 The revenue position is shown in the table below with the detail shown in Appendix A. Headline explanations then follow. The current year end forecast overspend is £3.215m (2.6%)

Table 3 End of year revenue forecasts by department

Service	Latest Approved Budget £000	Forecast Year End Position £000	Variation at Sept 2012 £000
Children's Social Care	27,003	27,332	0,329
Joint Commissioning & Adult Health and Social Care	67,874	71,025	3,151
Education, Learning & Family Support	15,942	15,856	(86)
Homes & Communities	9,602	9,423	(179)
Programmes Director Projects	3,394	3,394	-
Management and Support	347	347	-
Total	124,162	127,377	3,215

2.3 Children's Social Care

Children's Social Care is projecting a year end adverse variation of £0.329m. The Service continues to drive down the projected overspend with an improved variation of (£0.191m) in the quarter. A full review of all expenditure has taken place by the Acting Assistant Director in order to drive out savings. The current overspend on Independent Sector Placements is being offset by savings within the In-House Foster Care Service, the increased placement cost of £0.614m in the quarter is due to the complexity of the specific young people placed. Delivery Plans are in place to reduce the Children in Care Service dependency on the Independent Sector as the number of In-House carers grows.

Delivery Plans are under constant review and the Division has achieved £0.820m of the £1.284m target within this quarter, with plans in place for the remaining £0.464m to be realised by year end.

2.4 Joint Commissioning & Adult Health and Social Care

The department is divided into 3 distinct areas:

- Strategic Commissioning and contracting of a wide range of universal services, including information, advice, advocacy, early intervention and prevention for people who use services and their carers, and for residential care and housing related support.
- Direct service provision for vulnerable people eligible for Council support.
- Assessment and Care Management including statutory functions carried out through assessment and support planning services for individuals

The transformation programme covers everything we do and 2012/13 is a critical stage of implementation and is the transition year from the old system to the new operating model. The Assessment and Care Management Service completed the full implementation of the new personalised operating system in July which has involved a complete management restructure, introduction of a new IT system including the “paperless” office and mobile working for all front line staff; plus a new, free, up-front offer for all clients of a short term period of reablement to delay or avoid entry into long term care. The new systems offers personal budgets for all people eligible for on- going Council support.

The service continues to operate with an underlying level of risk around potential service pressures, linked to demographic and demand pressures plus the loss of national funding. Implementation of the new care management system is on track and we will continue to shift commissioned services to personal budgets, allocating resources based on needs not the cost of services. However, there are still pressures in the system linked to demographic changes, increased demand for supported living and reduces income from a number of sources.

- 2.5 The mid-year point was always going to be critical in determining the likely year end position and based on the current expenditure trends it is now forecast for an overspend of £3.151m in the current year. The direction of travel of increasing personal budgets and reducing residential and nursing costs continues. In addition, further reviews of service spending will continue in order to limit the impact of any further financial pressure within the year.

2.6 Education, Learning and Family Support

Education, Learning and Family Support is projecting a year end favourable variance of £0.087m. Pressures identified on the catering budget in relation to the increased cost and usage of food has been offset by additional vacancy savings and the maximisation of grants.

2.7 Homes & Communities

Homes & Communities reported quarterly underspend (£0.179m). We will continue to seek further efficiencies through to the end of the year, however some budgets i.e. homelessness temporary accommodation costs are volatile but remain under scrutiny.

Delivery Plans have been put in place in order achieve the target of £0.067m. Close monitoring of the high risk areas such as Bed & Breakfast payments and changes to income levels from Service Level Agreements to spot purchasing arrangements within the ‘Family Intervention Service’.

2.8 Programme Director Projects and Management & Support

There are no financial variations to report.

2.9 Delivery Plans

The People Directorate Delivery Plans total **£7.044m** for 2012/13. The following table shows the summary position by Red Amber and Green rating (RAG).

Table 4 People Directorate Delivery Plans 2012/13

Service	£000	£000	000	£000
	RED	AMBER	GREEN	Grand Total
Adult Health & Social Care	3,151		1,450	4,601
Children Social Care	237	227	820	1,284
Education, Learning & Family Support		125	868	993
Homes & Communities - Safer Communities			27	27
Homes & Communities - Strategic Housing			39	39
Other	100			100
Grand Total	3,488	352	3,204	7,044

2.10 The value of the red delivery plans totalling £3.488m, shown in the table, has now been included in the overall monitoring position for the directorate of £3.215m.

2.11 The Dedicated Schools Grant (DSG) position is reported to the Schools Forum each time that they meet. The latest forecast shows a projected monitoring underspend of £0.597m for DSG funded activities. The projected underspend can be broken down into £0.469m on Direct School Expenditure and £0.128m on Central Expenditure.

2.12 Risks and issues

1. Adult Social Care demographics, high cost packages and the increasing cost of care within the Nursing and Residential Sectors
2. Transformation of Adult Social Care operating model in a transitional year which will need careful financial management
3. Timing of redundancies relating to the delegation of funding to schools and the potential discontinuation of some services
4. Looked after children numbers increasing could result in higher costs of care if the early intervention and prevention strategy does not deliver change

5. Home Office transfer of financial responsibility for young offenders remanded to the local authority will have an impact on resources particularly around social worker and independent reviewing officer time.
6. Increasing cost pressures based on increasing demand and volume of people who are at risk of homeless or have significant housing needs
7. Utility costs relating to the Life Centre may be more than budgeted for and under the Leisure Management contract the Council would need to review performance.
8. Impact of Welfare reform on the ability to place homeless families is already starting to occur
9. Grants within the department need careful management to plan for potential reductions in future government spending reviews

2.13 Medium Term Issues

1. Reducing resources against increasing expectations, demands and costs
2. Changes to schools formula funding and the delegation of centrally held resources to schools
3. The impact of Welfare reform
4. Level of grants and other sources of funding available
5. The ability to transform services

Recommendation

2. Note that, in light of the emerging pressure in ASC, the new Chief Executive has commissioned a full review of all demographic pressures across the council.

3. Place Directorate

3.1 Finance General Fund Revenue Forecast is an overspend £0.863m

Responsible Officers: Jayne Donovan / David Draffan / Paul Barnard / Clive Perkin

- 3.2 This report sets out the Finance position for the Place Directorate, forecasting the year end position as at September 2012.
- 3.3 The revenue position is shown in the table below with the current year end forecast of £0.863m overspend (2.0% of net budget)

Table 5 End of year revenue forecasts by department

Service	Latest Approved Budget £000	Forecast Year End Position £000	Variation at Sept 2012 £000
Economic Development	2,266	2,368	102
Planning	1,752	1,860	108
Transport & Infrastructure	14,079	14,379	300
Environmental Services	24,812	25,095	283
Strategic Waste	305	275	(30)
Business Support	(626)	(626)	-
Management and Support	578	578	-
Place Budget Savings	(100)	-	100
Total	43,066	43,929	863

3.4 Economic Development - £0.102m adverse variation

Commercial rent income has reduced, due to vacating tenants and empty properties around city centre shops (Includes city centre ground rent pressures). There are further pressures from costs associated with Commercial Activities at Derriford with various legal and professional fees relating to this work. Museums have not reported any major issues and are currently working to budget.

3.5 Planning - £0.108m adverse variation

About £0.150m relates to professional and legal costs associated with Public Inquiries. In addition, a shortfall of fees against budget of about £0.115m is currently projected given the continuation of the adverse economic climate, the impact of which is reduced by projected savings elsewhere. However favourable variations in relation to salaries and general office costs have been also achieved through vacancy savings and efficiencies which offset some of the above pressures.

3.6 Transport & Infrastructure - £0.300m adverse variation

The first six months has seen a number of increasing budget pressures, which include £0.150m from increased highway maintenance on pot hole repairs (additional DfT monies not forthcoming), £0.150m from rising street lighting energy costs, The period has also seen a drop in anticipated income from Parking of £0.100m due to poor economic climate and bad weather, although this is being offset from road safety income. The department is projecting other potential risks that are currently being reviewed to analyse the value of this impact.

3.7 Environmental Services - £0.283m adverse variation

There is a £0.280m reported pressure from a reduction in income from recycling materials due to a considerable fall in market rates in the last month, and it is not clear how long this will continue. There are further pressures in disposal costs due to increased tonnage. These pressures are being partly offset by staff vacancy savings.

3.8 Delivery Plans 2012/13

The Place Directorate Delivery Plan totals **£1.4m** for 2012/13. The following table shows the summary position by Red Amber and Green rating (RAG).

Table 6 Place Directorate Delivery Plans 2012/13

Service	£ 000's	£ 000's	£ 000's	£ 000's
	RED	AMBER	GREEN	Grand Total
Transport & infrastructure			300	300
Other	100		1,000	1,100
Grand Total	100	0	1,300	1,400

3.9 The following issues are assumed within the Delivery plan.

- The £1.000m green rated delivery plans against other refers to the Accommodation Strategy Phase 1 that includes Civic Centre. The Introduction of Phase 2 has reduced part of the pressure from the delivery plan. The Council has set aside an accommodation reserve to cover maintenance issues around the Civic Centre and any pressures on the Accommodation Strategy project. This will need to be utilised to address at least some of this pressure.
- The £0.100m red rated delivery plan refers to a new action to review Customer Contact Centre.

3.10 Risks and Issues

- The department is currently facing risks from achieving consistent levels of External Income from Car Parking, Planning Fee Income and commercial Rent. This is impacting on Service Delivery.
- There are also pressures from the Public Enquiry linked to North West Quadrant.
- Environmental Services are currently proposing replacement mini-bus replacements and any delay in this could have a consequential effect on the amount of savings anticipated to achieve service delivery plans for the current year.

3.11 Medium Term Issues

The economic climate provides continuing challenges to Income targets for the departments within Place, in order for it to achieve future commitments. Rising energy prices will continue to add pressures for street lighting, whilst premises costs continue to rise. Increasing waste disposal costs have been projected for the next few years as the cost of tonnage increases.

4. Corporate Services

4.1 Finance General Fund Revenue Forecast is an overspend £0.253m

Responsible Officers: Malcolm Coe / Dave Saunders / Mark Grimley / Tim Howes

4.2 This report sets out the Finance position for the Corporate Services Directorate, forecasting the year end position as at September 2012.

4.3 The revenue position is shown in the table below with the current year end forecast of £0.253m overspend (0.8% of net budget)

Table 7 End of year revenue forecasts by department

Service	Latest Approved Budget £000	Forecast Year End Position £000	Variation at September 2012 £000
Finance, Efficiencies, Technology & Assets	18,931	18,781	(150)
Democracy & Governance	5,078	5,124	46
Customer Services	4,759	4,759	-
Human Resources & Organisational Development	3,232	3,327	95
Departmental Management	270	270	-
Corporate Services Budget Savings	(1,933)	(1,670)	263
Total	30,337	30,590	253

4.4 Finance, Efficiencies, Technology & Assets

Overall the department is forecasting an under spend against budget for the year, and actions will continue looking at delivering further savings.

4.5 Democracy & Governance

Overall the department is within 1% tolerance level to achieve target budget. Various pressures have been offset by reported savings elsewhere.

4.6 Human Resources and Organisational Development

The delays in the implementation of the SAP replacement have reduced the costs of borrowing to the service for 2012/13, however at this stage the remaining costs will still result in a pressure of £0.095m until the system is implemented and any savings from business process changes can be realised to offset them.

4.7 Customer Services

Savings from libraries on purchase of materials and vacancy savings along with staff savings in customer services are being used to offset the £0.200m delivery plan for customer contact centre

4.8 Delivery Plans 2012/13

The Corporate Services Directorate Delivery Plan totals **£3.257m** for 2012/13. The following table shows the summary position by Red Amber and Green rating (RAG).

Table 8 Corporate Services Directorate Delivery Plans 2012/13

Service	£ 000's	£ 000's	£ 000's	£ 000's
	RED	AMBER	GREEN	Grand Total
Finance, Efficiencies, Technology & Assets			1,450	1,450
Customer Services			480	480
HR & OD		627	300	927
Change Office / Cross Cutting	100		300	400
Grand Total	100	627	2,530	3,257

4.9 The following significant risks are assumed within the Delivery plan.

- The £0.527m amber rated delivery plan against 3rd and 4th Tier Management Restructure is subject to clear costings and implementation across Directorates. At this stage Corporate Management Team anticipate that some of this delivery plan will be achieved through restructures by the year end. The delivery plan will be achieved for future years, and officers are reviewing the level of vacancies that could offset this delivery plan in the current year, at this point 50% achievement has been estimated.
- The £0.100m red rated delivery plan against business support is not being achieved and will form part of the customer transformation project

4.10 Risks and Issues

- Welfare reforms
- Procurement delivery plans

4.11 Medium Term Issues

- Welfare reforms
- Changes to business rates and housing benefit administration
- Realisation of benefits from IT/Customer project

5. Chief Executive's Office

5.1 Finance General Fund Revenue Forecast is a forecast underspend of (£0.010m)

Responsible Officers: Giles Perritt / Richard Longford

5.2 This report sets out the Finance position for the Chief Executive's Office, forecasting the year end position as at September 2012.

5.3 The revenue position is shown in the table below with the current year end forecast of (£0.010m) underspend (0.4%).

Table 9 End of year revenue forecasts by department

Service	Latest Approved Budget £000	Forecast Year End Position £000	Variation at September 2012 £000
Policy Performance and Partnerships	1,303	1,299	(4)
Corporate Communications	568	584	16
Departmental Management	644	622	(22)
Delivery Plans	(100)	(100)	-
Total	2,415	2,405	(10)

5.4 Executive Office Context

The rationalisation of Policy, Performance and Partnerships is now completed and the service is now at full establishment. There are minor underspends in staffing, supplies and services, and training which are offsetting reduced income from the design team.

The Executive Office continues to drive reductions in cross cutting costs such as consultations, print, publicity and advertising and the production of corporate publications.

5.5 Delivery Plans 2012/13

The Executive Office Delivery Plan of **£0.100m** for 2012/13 is current rated Amber.

Table 10 Chief Executive's Office Delivery Plans 2012/13

Service	£ 000's	£ 000's	£ 000's	£ 000's
	RED	AMBER	GREEN	Grand Total
Executive Office (Rationalise Printing, Publicity and Advertising)	0	100	0	100
Grand Total	0	100	0	100

5.6 Risks and Issues

- Legacy commitments (particularly to Adult Social Care and Children's Services) continue to dominate our resource allocation
- No audit of statutory requirements for policies leaves PCC exposed for inspections

- Poor quality assurance and concerns about the accuracy of data undermine the confidence stakeholders have in reports
- Technology fails to automate manual data manipulation

6. Corporate Items and Cross Cutting Issues

6.1 Revenue budget forecasted out-turn – forecast underspend of (£1.100m)

For this second quarter report, we are reporting a (£1.100m) underspend against the budget for the year. This includes releasing the £0.5m contingency to offset some of the overall financial pressures, a reduced payment relating to a prior year estimate for carbon allowances of £0.1m and releasing accrued savings from treasury management activities of £0.5m.

6.2 Capital Financing Budget /Treasury Management

The Treasury Management Board continues to meet regularly to discuss the actions in respect of borrowing and investments in accordance with the approved strategy.

- **Debt Rescheduling & Investments**

Council Officers and Arlingclose will continue to monitor credit conditions and further deposits and debt rescheduling will be made in line with the Council's Treasury Management strategy when conditions are appropriate for such action.

- **Icelandic Bank Update**

Glitnir - received £5,033,247.31 (principal £4,742,018.12 and interest £291,229.19) amounting to 79.03% of our agreed claim leaving a balance yet to be recovered of £1,335,240.36.

Landsbanki – received £1,993,537.27(principal £1,887,758.90 and interest £105,778.37) amounting to 47.19% of our agreed claim. The amount received includes £246,162.37 received in 12/13 (Oct) leaving a balance yet to be recovered of £2,230,598.07.

Heritable – received £2,350,910.81 (principal £2,236,861.87 and interest £114,048.94) amounting to 74.56% of our claim. This includes £209,365.25 received in 12-13 (April and July) made up of principal of £199,208.37 and interest of £10,156.88 leaving a balance of £802,047.56 yet to be recovered.

6.3 Budget Virements

6.4 The Council's net budget requirement was set by Council at its meeting on 27 February 2012 at £203.766m. Amendments to this overall budget can only be made by Full Council. During the year there will be several movements in budget allocations across services/departments as part of the delivery of the day to day business of the Council. Movements in the budget are continually tracked and an audit trail held for budget control purposes. In addition, Financial Regulations require all budget virements in excess of £100,000 to be approved by Cabinet.

- 6.5 Cabinet are now requested to approve the budget virements detailed in Table 11. All of these virements balance to zero with the overall council net revenue budget remaining at £203.766m

Table 11 – Virements over £100,000 for Cabinet Approval

Virements over £100,000	£000's		
	Revenue Grant Carry Forward/ Allocations	Budget transfers re restructures	Total virements >£100k
DIRECTORATE			
PEOPLE	446	(118)	328
PLACE	70	108	178
CORPORATE SERVICES	0	(288)	288
CHIEF EXECUTIVE'S OFFICE	(151)	298	147
CORPORATE ITEMS	(365)	0	(365)
TOTAL	0	0	0

A brief explanation of these virements is as follows:

6.6 Revenue Grant Carry Forward / Allocations

Revenue Grant Carry-Forwards as agreed by CMT including the Performance Reward Grant £0.151m, Pooled Budget for Youth Offending Service £0.189m, LSSG grant for extended rights to free travel £0.176m.

6.7 Other Budgets Transfers

Centralisation of PA support following rationalisation £0.298m, transfer of project resources for IT shared services £0.110m, transfer of capital strategy team and resources £0.407m to economic development, reallocation of business support activities and plans within childrens social care and education £0.220m, restructure of corporate real estate surveyors under economic development from Corporate Services £0.200m

6.8 Virements per Table 2

The total virements shown in Table 2 of this report, although still netting to zero, include virements done during the first quarter of the financial year already approved at September 2012 cabinet and those adjustments which individually are <£100k and therefore do not require cabinet approval.

Recommendation

3. Cabinet approve the budget virements as detailed in Table 11.

SECTION B – CAPITAL MONITORING

7. Capital Programme

- 7.1 In the budget report taken to full Council in September 2012, the 2012/13 Capital Programme stood at £59.943m. At the same meeting, two further reports were tabled that recommended additions to the capital programme which took the 2012/13 capital programme to £60.481m (see table 12 below). The estimate for the 2012/13 capital programme is now £57.390m and how this is made up is shown in table 15 below.

Table 12 – Approved Capital Spend at September 2012 Council Meeting

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Q1 Capital Monitoring	59,943	36,355	16,153	2,832	115,283
Theatre Royal Report	538	1,457	0	0	1,995
Investment in Customer Transformation Report	0	1,500	0	0	1,500
Revised Capital Programme Approved Sept 2012	60,481	39,312	16,153	2,832	118,778

- 7.2 Due to timing around the delivery of capital spend, and variations due to project slippage, changes in priorities, contractor performance, ability to achieve capital receipt etc. we are now reporting the following changes to the timing of capital spend over the next four financial years. It should also be noted that schemes are often included in the capital programme at early stages in project development when detailed estimates and feasibility work has not been completed to determine the detailed cashflow forecasts. The largest single re-profile was for the value of £1.9m which was due to re-profiling to allow the project programme to align building phases to the term time decants of a school.

Table 13 – Recommended Re-profiling and Variations to Capital Spend

2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Re-Profiling / Other Variations
(5,212)	4,026	1,314	(128)	See Appendix B for details of reprofiling
115	(740)	(300)	(750)	See Appendix B for details of variations
(5,097)	3,286	1,014	(878)	Total Re-Profiling / Other Variations

Table 14 – New Scheme to Capital Programme

£000	£000	£000	£000	
12/13	13/14	14/15	15/16	
26	0	0	0	Purchase of dog fouling cleaning equipment
168	0	0	0	Solar PV
194	0	0	0	Schemes already approved through delegated powers
87	700	963	0	2 Year Old Nursery Places *
121	872	334	0	Coastal Communities – funding bid in place that includes an element that would need to be spent in 2012/13 *
0	0	0	4,829	Estimated figure for LTP funding added based on 2014/15 allocation * included for consistency
500	3,366	0	0	Marine Academy Primary Free School Places *
708	4,938	1,297	4,829	Schemes to be recommended through this report for approval at 3 December 2012 Council
250	0	0	0	Royal William Yard Steps
854	853	0	0	Plant & Equipment Replacement
0	810	170	0	Minibus Replacement
1,104	1,663	170	0	Schemes being considered by other reports on this cabinet agenda (projects more than £0.5m will go forward for approval at 3 December 2012 Council)
2,006	6,601	1,467	4,829	Total of new Schemes

* These schemes have been subject to verbal discussions in principal at capital delivery board and detailed governance paperwork will be considered in future

7.3 The following table shows the movement in estimated capital expenditure for 2012/13 from the approved programme at September 12 Council, and reflects the recommendations in this report.

Table 15 – Movement in 12/13 programme

	£000
Programme following approvals at Full Council September 12	60,481
Re-profiling for approval (Appendix B)	(5,212)
Variations / Virements for approval (Appendix B)	115
New Schemes to be considered on this report recommending approval at 3 December Council (Table 14)	708
Schemes considered in other reports at 13 November Cabinet recommended for approval at 3 December Council	1,104
New schemes already approved through delegated powers	194
Revised (Latest Forecast)	57,390

Capital Expenditure to Date

- 7.4 To date, we have accrued actual spend of £17.176m which equates to 30% spend against the revised estimated annual spend of £57.390m. Departments are confident that they will be able to deliver the vast majority of the approved capital programme in year however further amendments will be considered by the Capital Delivery Board, submitted to Cabinet and recommended to Full Council, as appropriate.

Recommendations:

4. Cabinet approve the re-profiling and variations to capital spend as detailed in Appendix B totalling (£5.097m) in 2012/13 and £3.421m in future years.
5. Cabinet recommend to Full Council the new capital schemes for investment over £0.500m as detailed in Table 6 totalling £11.772m.

Capital Receipts

- 7.5 There has been pressure on the council's ability to generate capital receipts over the last couple of years due to falling property and land prices. The capital programme review that has been undertaken during the summer of 2012 identified a number of schemes which were no longer a priority or required and these are shown in the variations in Appendix B. They have been replaced with other schemes of a higher priority or where pressures were identified. The assumed requirement for capital receipts linked to these deleted schemes has not been transferred to fund these new or increased schemes due to the growing gap between receipt requirements and estimated receipts. It is felt more prudent to fund them by a mixture of reallocated grants and unsupported borrowing.
- 7.6 The current Medium Term capital programme assumes generation of £15.625m receipts up to, and including, 2015/16, which is a reduction of approximately £1m. The estimated capital receipts now available to fund the programme (RAG rated) from the disposal of land and buildings are as follows:

Disposal of Land / Buildings	£000
2011/12 B/fwd	2,176
2012/13 Estimated Receipts	4,875
2013/14 Estimated Receipts	4,110
2014/15 Estimated Receipts	1,628
2015/16 Estimated Receipts	39
Total	12,828

7.7 The Council uses capital receipts as part of its funding streams however the timing of when the capital receipts are paid into the Council does not always match up with when we wish to apply them to schemes. This mismatch on timing between capital receipts generated and capital receipts requirement has been flagged up consistently in previous reports. As such, any temporary shortfall of required capital receipts will need to be funded by short-term unsupported borrowing that would be financed from the Capital Finance Reserve or the working balance, until such time as additional capital receipts are generated. Officers will be reviewing this position as part of the 2013/14 budget setting process to determine whether this is the best use of resources, or whether longer term borrowing would be more beneficial.

Capital Medium Term Forecast

7.8 Projecting forward the above changes across the next three financial years provides an initial capital programme as detailed in Table 16. This is the programme based on known projects and funding streams. The council will remain proactive at optimising external grant funding wherever possible in order to continue significant capital investment in the city. The Council has adopted a four year Capital MTFE aligning it with the number of years over which the revenue MTFE is based. The programme includes estimates of unring-fenced grant so is in part a projected programme of the councils affordable position of capital investments, However the programme does not include potential funds which are to be bid for. The programme may therefore grow in future years when the council is successful in accessing other funding streams.

Table 16 – Capital Medium Term Forecast & Funding

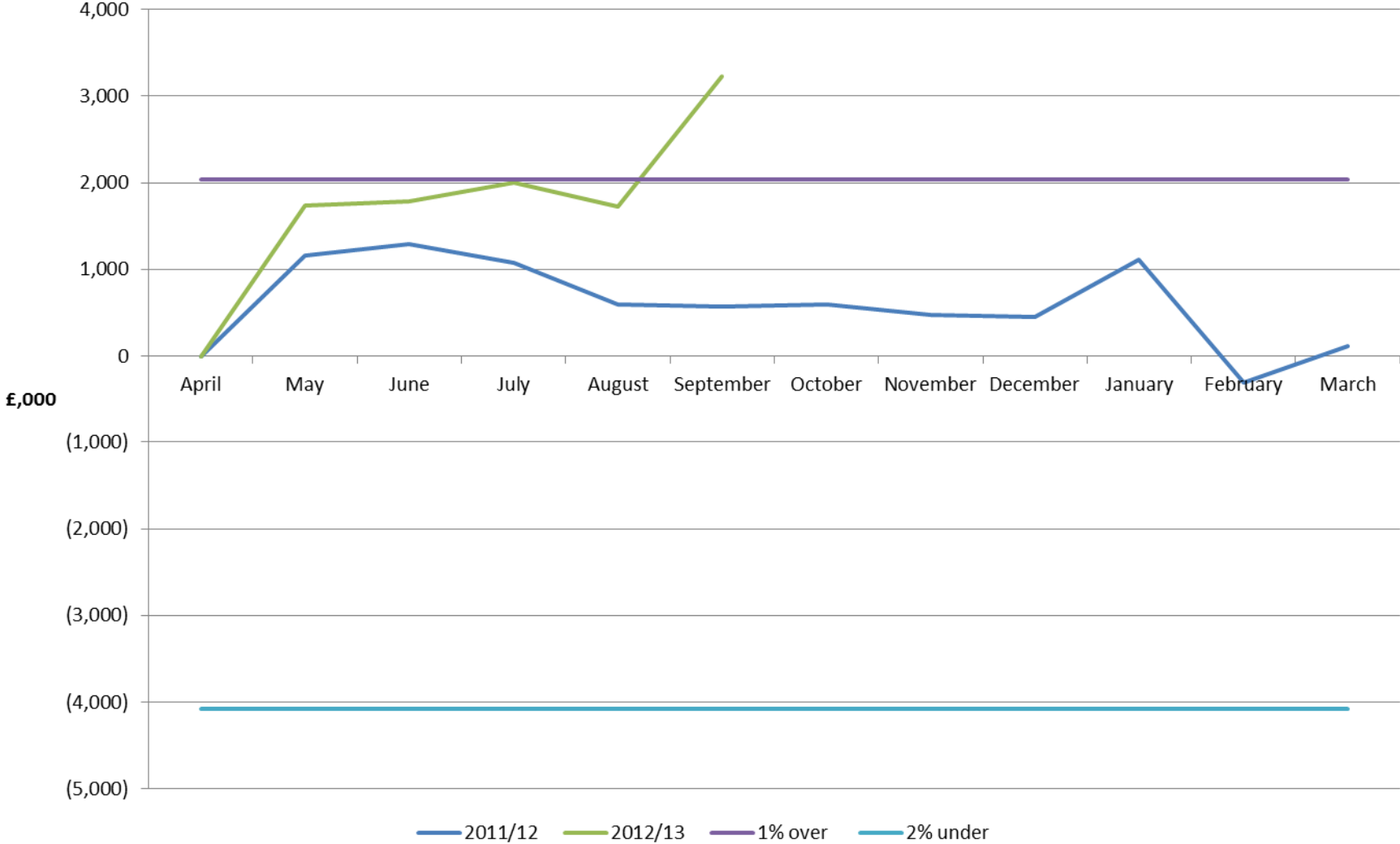
	2012/13 Revised £000	2013/14 Revised £000	2014/15 Revised £000	2015/16 Revised £000	Total £000
People	35,666	30,343	8,861	1,369	76,239
Place	14,416	15,891	8,344	4,929	43,580
Corporate Services	7,308	2,966	1,427	485	12,186
	57,390	49,200	18,632	6,783	132,005

Funding Source	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Capital Receipts	7,645	6,480	1,500	0	15,625
Unsupported Borrowing	6,898	6,708	2,310	485	16,401
Supported Borrowing	107	0	0	0	107
Grants & Contributions	38,404	34,409	13,735	6,298	92,846
SI06 / Tariff	1,169	173	750	0	2,092
Revenue & Funds	3167	1430	337	0	4934
Total	57,390	49,200	18,632	6,783	132,005

SECTION C - CONCLUDING REMARKS

- 8.1 With diminishing financial resources, it is fundamentally important that the Council maintains a clear focus on delivering progress against the identified corporate and city priorities, and the new administration pledges.
- 8.2 This budget monitoring report, which sets out the Council's budget position at the end of the second quarter of the financial year, with a projected overspend of £3.221m. Departments will continue to address this overspend as we continue to target an on-budget outturn in March 2013.
- 8.3 The biggest element of the predicted overspend is due to demographic pressures and demand for Adult Social Care services. Other pressures include children's social care, particularly the rise in costs of children in care with complex needs.
- 8.4 We are now reporting for year two of our three year budget, in which we set out our plans to achieve budget savings of £30m by 2013/14. The shortfall identified in the Cabinet report is on top of the Council's three year £30m savings target.
- 8.5 All areas of the Council departments need to keep delivering tough budget saving delivery plans to reduce this serious overspend.
- 8.6 In light of the emerging pressure in ASC, the new Chief Executive has commissioned a full review of all demographic pressures across the council.

General Fund Monitoring Comparison 2011/12 & 2012/13



Appendix B

Recommended Re-profiling and Variations to Capital Programme

2012/13	2013/14	2014/15	2015/16	Re-Profiling / Other Variations
£000	£000	£000	£000	
				Re-profiling
(374)	374	0	0	Saltram Countryside Park
0	(300)	300	0	Plymouth Natural Networks
(124)	124	0	0	Various Traffic Schemes
(200)	200	0	0	MRF upgrade project
387	207	(466)	(128)	Schools - Basic Need Schemes
(1,923)	1,764	159	0	All Saints Academy Plymouth
(179)	179	0	0	University Technical College
(713)	104	594	15	Broadley Park – Traveller Site
(107)	107	0	0	Devolved Formula capital
(458)	458	0	0	Other School Projects
300	(300)	0	0	Data Centre Fit-out
(800)	138	677	(15)	Customer Transformation
(1,053)	1,003	50	0	Accommodation Strategy
32	(32)	0	0	Other Reprofiling
(5,212)	4,026	1,314	(128)	Total Reprofiling
				Other Variations
140	0	0	0	Additional aiming high / short breaks grant
(37)	0	0	0	Savings on refuse vehicle replacement
(289)	(900)	(300)	(750)	Capital Programme review – reallocation of budgets from LTP, Accom Strategy, ICT, Condition works and Data Centre
250	0	0	0	Road re-surfacing and pothole repair – part of Capital Programme review reallocation
0	200	0	0	Corporate Support Transformation (HR & OD) – part of Capital Programme review reallocation
43	0	0	0	Accommodation Strategy
8	(40)	0	0	Other Variations
115	(740)	(300)	(750)	Total Variations
(5,097)	3,286	1,014	(878)	Total Re-Profiling / Other Variations