

COOPERATIVE SCRUTINY BOARD

Corporate Monitoring Report (as at 30 September 2013)



PLYMOUTH
CITY COUNCIL

This report is the second quarterly monitoring report for 2013/14 and outlines the finance monitoring position of the Council as at the end of September 2013.

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 budget variations and virements, and the approval of new schemes to the capital programme.

The forecasted revenue overspend is £1.522m which is an improvement of £0.370m compared to the June 2013 report. The current estimated position shows an overspend of £1.114m in the People Directorate, an overspend of £0.464m in the Place Directorate, and an underspend of £(0.056)m in Corporate Items. This equates to a forecast net spend of £214.082m against a budget of £212.560m, which is a variance of 0.7%, although officers and members are working on actions to deliver a balanced outturn. As we have now reached the mid-point in the year, red delivery plans have been incorporated in the revenue monitoring position.

The capital programme approved by Council in February 2013 covering 2013/14 to 2015/16 stood at £122.670m. Following approval of new schemes, re-profiling and variations, the capital programme increased to £159.903m as at the end of June 2013 (as reported in the quarter one monitoring report). The latest forecast at the end of September 2013, is £162.484m, which includes increases approved at Council in September, other delegated officer approvals, and assumes the approval of the recommendations for new schemes/scheme increases contained in this report.

QUARTER 2 FINANCE MONITORING

Cabinet 12 November 2013

Revenue Monitoring Position

Directorate	2013/14 Council Approved Budget	2013/14 Budget Virements	2013/14 Latest Budget	Forecast Outturn	Forecast Year End Overspend / (Underspend)	Movement in Month	Movement in Quarter
	£m	£m	£m	£m	£m	£m	£m
People	129.749	1.427	131.176	132.290	1.114	(0.471)	(0.205)
Place	41.908	0.870	42.778	43.242	0.464	(0.045)	(0.109)
Corporate Services	29.883	(0.350)	29.533	29.533	0.000	0.000	0.000
Chief Executive's Office	1.991	0.242	2.233	2.233	0.000	0.000	0.000
Corporate Items	9.029	(2.189)	6.840	6.784	(0.056)	(0.056)	(0.056)
TOTAL	212.560	0.000	212.560	214.082	1.522	(0.572)	(0.370)

Key Issues and Corrective Actions (if required)

Issue	Variation £m	Direction of Travel	Management Corrective Action
<p>PEOPLE – Joint Commissioning & Adult Social Care. Unexpected pressures, including, winter pressure spike, delay in the recruitment of staff and the current review of care home fees. Continued pressure on health acute services has led to an increase of 20 new clients into residential care.</p>	1.298	Improving	<ul style="list-style-type: none"> • A 10 point balanced budget action plan has been introduced. • Star Chamber has been carried out in September which has resulted in one off reduction in forecast expenditure of £0.196m. • A Project Review Team has been assembled (3 Social workers / 3 Support Planners). Approximately 900 reviews to do. • Complete Operational Reviews of cases commencing since 1st August 2013 (131 in total) by operational teams and progress tracked on a fortnightly basis. • Integrated Rapid Response Reablement (ICE) is now underpinned by detailed plans for the service to go live in September 2013. This will ensure that health and social care resources are deployed to avoid inappropriate admissions to Hospital and to return people to Community based support rather than Residential and Nursing Care. Unfortunately there has been an increase in Care Home admissions in the month a result of a summer spike in Hospital discharges. A joint project is underway between CCG and PCC to map the Hospital pathway from both organisations perspectives and track the baseline volumes and budgets to measure the financial success of reablement. Client numbers reduced in September. • Recovery of Direct Payments over 6 weeks. 546 prepaid cards – £0.204m has been recovered in this financial year. If money on cards is not being used this will also trigger a conversation about right sizing the package at that point onwards. • Increased income of 0.120m from client contributions for residential and Community based services.

<p>PEOPLE – Children’s Social Care. The current overspend can be attributed to pressures on children in care placements and risks around Delivery Plans. Given that the variation mainly relates to the non-achievement of delivery plans, the forecast hasn’t been reflected in the CMT report until now.</p>	0.298	Worsening	<ul style="list-style-type: none"> • Developing an alternative delivery plan to reduce risk and deliver a balanced budget. • Weekly looked after children resource panel scrutiny is taking place in order to manage looked after children numbers and care costs. • Quarterly Star Chambers have been arranged to cease all non-essential expenditure.
<p>PEOPLE – Programmes Director Projects. The current overspend is as a direct result of unachievement of delivery plans.</p>	0.053	Worsening	<ul style="list-style-type: none"> • Officers are reviewing opportunities within the Leisure Management Contract to deliver savings.
<p>PEOPLE – Homes & Communities. Underspend as result of management actions.</p>	(0.433)	Improving	<ul style="list-style-type: none"> • Department is projecting a underspend as a result of sustained budget management actions through prevention and holding vacant post.
<p>PEOPLE – Education, Learning and Family Support. Maximisation of grant and saving on pooled budget requirements.</p>	(0.103)	Improving	<ul style="list-style-type: none"> • Sustained management action to reduce non-essential expenditure and maximise grant income.
<p>PLACE – Economic Development. 260k - Downward pressure on commercial rents on lease renewals and rent reviews together with rent free incentives required in order to attract tenants and increased void periods. City Centre ground lease income is reducing due to increase in vacant city centre retails units and falling rents on the geared head leases at rent reviews and lease renewals. (20k) – Review of income opportunities</p>	0.240	Same	<ul style="list-style-type: none"> • Management are aware of pressures and looking at ways of maximising income and reducing costs. • Continue to maximise income across all of the Commercial Estate.

from tourist information centres.			
<p>PLACE – Transport & Infrastructure. Concessionary Fares reduced costs in line with usage trends (50K) Eastern Corridor/Major Projects (150K) reduced expenditure on scheme planning Street lighting energy costs 450K pressure. Revised forecast for income projections from bus lane enforcement (200K) Highway expenditure is also very high and if maintained will lead to significant pressures, currently being reviewed along with the capital programme for Transport.</p>	0.050	Same	<ul style="list-style-type: none"> • Current pressures are being offset by savings achieved elsewhere in the Division and continue to be monitored closely for further savings. • Overall inflation on street lighting energy costs at this stage has been calculated at £0.450m. There is a corporate contingency of £0.300m for energy increases, which needs to be used following verification of energy increases across the whole Council.
<p>PLACE Environmental Services. Mercury Abatement 70k cost Recyclable Commodity Income pressure. Efficiency savings from 12/13 delivery plans not achieved. Staff rationalisation in addition to delivery plan target Reduced maintenance costs of plant & equipment Increased income from Cemeteries and Crematoriums.</p>	0.287	Improving	<ul style="list-style-type: none"> • Recyclate Commodity Prices are hitting a low period due to market conditions, officers will continue to seek alternative markets where possible, markets will fluctuate during the year, therefore changing variance reported. • Management action underway as shown by savings identified to reduce the pressures identified to date.
<p>PLACE – Planning & Directorate Business Support. Savings realised from improved income projections as well as from identified vacancy savings.</p>	(0.113)	Improving	<ul style="list-style-type: none"> • Budget managers to continue to review budgets for potential savings. There has been an improvement in income from building control and pre application planning advice

<p>CORP SERVICES – FETA. Pressure due to HB subsidy 150K</p>	0.000	Same	<ul style="list-style-type: none"> • HB Subsidy full year targets of 0.300m, management continue to review and remodel but currently forecasting 50% achievement. Remedial action will put in place to generate savings elsewhere. • To achieve a forecasted nil variance at year end, 1.050m of management action savings have been enacted including staff rationalisation across all services; reduction in spend on assets through Corporate Landlord and improvements in both procurement and contract management.
<p>CORP ITEMS - Other Corporate Items & Capital Financing. Reduction in borrowing costs (66K) Review of Borrowing Portfolio (400K) Pressures due to unachieved delivery plans; Procurement 490K Senior Management restructure 403K ICT Shared Services 500K Customer Services Transformation 250K Offset by Management Actions; Carbon Reduction Commitment (33K) Corporate Review of Contingency (1200K) – one-off allocation</p>	(0.056)	Improving	<ul style="list-style-type: none"> • Treasury Management will continue to review Portfolio where possible to minimise borrowing costs. • 14/15 Management Action to reduce cost of borrowing by £1.000m has been bought forward to current year to provide part year saving of £0.400m • Procurement: full year target of £2.100m leaves £0.490m unachieved. Management continue to review to reduce the shortfall. • Senior Management Restructure: In year residual against full year target of £0.960 (full year base achieved for future years). • ICT: Timing around DELT implementation. • Customer Services Transformation: Delays with implementation of Customer Services Transformation Programme, management continue to develop an alternative delivery plan to reduce and deliver target. • Corporate review of contingency – Council Tax collection rates have been retained above estimate following introduction of Council Tax Support scheme; Business rates pooling has generated revenue surplus in 2013/14.
Total Major Variances	1.521		

Delivery Plans

For month 6 monitoring – all red delivery plans have been reflected in the overall monitoring forecast.

Directorate	Service	Red	Amber	Green	Total
		£m	£m	£m	£m
People	Adult Health & Social Care		1.353	4.452	5.805
	Children's Social Care	0.267	0.100	0.816	1.183
	Education, Learning & Social Care	0.030	0.344	1.100	1.474
	Homes & Communities – Safer Communities			0.336	0.336
	People Management & Support			0.040	0.040
	Programme Director	0.059			0.059
Place	Transport & Infrastructure		0.250	0.200	0.450
	Planning			0.103	0.103
	Environmental Services		0.100	0.610	0.710
	Economic Development			0.174	0.174
	Place Directorate			0.280	0.280
Corporate Services	Customer Services	0.050		0.390	0.440
	Finance, Efficiencies, Technology & Assets	0.370	0.350	0.340	1.060
	Human Resources & Organisational Development			0.185	0.185
	Democracy & Governance		0.070		0.070
Executive Office	Executive			0.295	0.295
Corporate Items	Corporate Items	1.720	1.050	2.150	4.920
Total 2013/14 Delivery Plans		2.496	3.617	11.471	17.584

Virements over £100,000 for Cabinet to approve

Directorate	Pay Award	Corporate Permits	School Transport Funding	Grants CFWD's Distribution	Total Virements
	£m	£m	£m	£m	£m
People	0.481	(0.123)	0.140	0.680	1.178
Place	0.237	0.123		0.004	0.364
Corporate Services	0.275			0.089	0.364
Chief Executives' Office	0.022			0.042	0.064
Corporate Items	(1.015)		(0.140)	(0.815)	(1.970)
TOTAL	0.000	0.000	0.000	0.000	0.000

Virements shown in the revenue monitoring position, although still netting to zero, include all virements and are the cumulative impact of both adjustments which individually are less than £0.100m and therefore do not require cabinet approval, and those over £0.100m that require approval. The virements shown in the table above are those relevant to quarter 2 only, as those reported in quarter 1 have been reported previously to cabinet and approved.

Virements over £0.100m requiring approval are as follows;

- Pay Award – Distribution of Pay Award contingency from corporate items to appropriate Directorates.
- Corporate Parking Permits – Centralisation of Car Parking Permit savings from Departments into Transport.
- School Transport Funding – Transfer of LSSG budget to service in respect of rights to free home to School transport funding.
- Grant Carry Forwards – Distribution of performance reward grant carry forward approved by Council during 2012/13 outturn to fund on-going projects/schemes.

Revenues & Benefits

Collection Rates

Council Tax

Target	September 13	54.10%	£55.023m
Actual	September 13	53.23%	£54.144m
2012/13	September 12	54.07%	£50.644m

Council Tax Collection is currently 53.23%, slightly lower than the 54.10% target. Debt profiles indicate that there is an increase in debt due to be collected in February and March as a result of customers extending their instalments over 12 months rather than 10 months. Resources are being put to proactive recovery which we will anticipate will show improvements in the coming months.

Collection rates for CTS and Technical Reforms continue to show improvement with both areas remaining ahead of target. Council Tax Support cases are showing 43.83% against 28% target and Technical reforms are showing 46.47% against target of 39%.

National Non Domestic Rates

Target	September 13	60.07%	£54.202m
Actual	September 13	61.30%	£55.316m
2012/13	September 12	59.66%	£52.518m

Business Rates is showing continued improvement with the percentage collected being 61.30% against the target of 60.07%, above target by 1.23 % and an increase in collection rates for this time last year by 1.64 %.

We continue to remain confident that our recovery processes will improve collection in year.

Capital Position

Spend to date

People	Place	Corporate Services	Total
£m	£m	£m	£m
15.175	4.698	0.998	20.871

Revised medium term programme 2013/14 – 2016/17 is £162.484, and is forecast to be financed as follows

Capital Receipts	Unsupported Borrowing	Tamar Bridge & Torpoint Ferry Borrowing	Grants	Contributions	S106/ Tariff / RIF	Revenue / Funds	Total Funding
£m	£m	£m	£m	£m	£m	£m	£m
24.774	31.174	7.445	88.858	2.220	2.815	5.198	162.484

The capital position has been updated to reflect a number of items which either have delegated officer approval totalling £0.064m, or require Cabinet approval totalling £0.881m, or require Council approval totalling £0.627m. These are shown in the following table:

Table A

Scheme	Approval Value	Totals
	£m	£m
New Schemes - Already Approved as Delegated Officer Decision		
Red Brick Estuary Way Play Pitch Improvements – S106 funded	0.017	
Kinterbury Creek Improvements – S106 funded	0.047	
Total		0.064
New Schemes - Requiring Cabinet Approval		
Credit Union (Frankfort Gate)	0.025	
Ham Visual Mitigation Works – S106 funded	0.056	
St Budeaux Visual Mitigation Works – S106 funded	0.085	

Scheme	Approval Value	Totals
Devonport Visual Mitigation Works – S106 funded	0.050	
Cornwall Visual Mitigation Works – S106 funded	0.040	
Weston Mill Biodiversity Improvements – S106 funded	0.030	
Barne Barton General Amenity Improvement – S106 funded	0.071	
Flood Defence Longbridge Road – funded by Environment Agency Grant	0.251	
Electric Car Charge Points – funded by DfT grant, Local Transport Plan, and Contributions	0.226	
Total		0.881
Increase to Existing Schemes – Requiring Council Approval		
Increase in allocation to enable Civic Centre decant	0.627	
Total		0.627
Overall Total		1.572

Additional Information

Human Resources & Organisation Development Data;

- FTE numbers
- FTE head count
- Sickness