

PLYMOUTH CITY COUNCIL

Subject: DRAFT Capital & Revenue Monitoring Report 2015/16 – Quarter I
Committee: Cabinet
Date: 8 September 2015
Cabinet Member: Councillor Lowry
CMT Member: CMT
Author: Chris Randall – Head of Finance Operations
Contact details Tel: 01752 304599
email: chris.randall@plymouth.gov.uk
Ref:
Key Decision: No
Part: I

Purpose of the report:

This report outlines the finance monitoring position of the Council as at the end of June 2015.

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

The estimated revenue overspend is £2.097m. The overall forecast net spend equates to £195.106m against a budget of £193.009m, which is a variance of 1.1%. This needs to be read within the context of needing to deliver £21m of savings in 2015/16 on the back of balancing the 2014/15 revenue budget where £16m of net revenue reductions were successfully delivered.

Additional management solutions and escalated action to deliver further savings from the council's transformation programme will be brought to the table over the coming months in order to address the in year forecasted overspend.

Table 1: End of year revenue forecast

	Budget £m	Forecast Outturn £m	Variance £m
Total General Fund Budget	193.009	195.106	2.097

The latest approved capital programme funding envelope covering 2014/15 to 2017/18 stood at £237.406m which was approved at Full Council on 23 February 2015. The report details new schemes approved within the capital programme envelope under delegated powers.

The Brilliant Co-operative Council Corporate Plan 2013/14 -2016/17:

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, both on a local and national context.

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

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 is paramount to ensuring the Council can achieve its objectives to be a Pioneering, Growing, Caring and Confident City.

Equality and Diversity

Has an Equality Impact Assessment been undertaken? No

Recommendations and Reasons for recommended action:

That Cabinet:-

1. Note the current revenue monitoring position and action plans in place to reduce/mitigate shortfalls;
2. Approve the non-delegated revenue budget virements (shown in Table 4);
3. Note the new schemes added to the Capital Programme totaling £7.042m (shown in Table 5);

Alternative options considered and rejected:

None – our Financial Regulations require us to produce regular monitoring of our finance resources.

Published work / information:

2015/16 Budget Reports [Delivering the Co-operative Vision within a 4 year budget](#)

Background papers:

Title	Part I	Part II	Exemption Paragraph Number						
			1	2	3	4	5	6	7

Sign off:

Fin	CDR 15 16.25	Leg	LT/23 564	Mon Off	LT/DS/ 23564	HR		Assets		IT	Strat Proc	
Originating SMT Member: Andrew Hardingham, AD for Finance												
Has the Cabinet Member(s) agreed the contents of the report? Yes												

Table 2: Revenue Monitoring Position

Directorate	2015/16 Council Approved Budget	2015/16 Budget Virements	2015/16 Latest Budget	Forecast Outturn	Forecast Year End Variation
	£m	£m	£m	£m	£m
Executive Office	3.840	(0.031)	3.809	4.069	0.260
Corporate Items	14.010	(5.644)	8.366	8.636	0.270
Transformation and Change	26.682	6.278	32.960	33.623	0.663
People Directorate	121.400	1.733	123.133	123.530	0.397
Public Health	0.194	0.815	1.009	1.009	0.000
Place Directorate	26.883	(3.151)	23.732	24.239	0.507
TOTAL	193.009	0.000	193.009	195.106	2.097

Plymouth Integrated Fund	Section 75 indicative position	2015/16 Latest Budget	Forecast Outturn	Forecast Year End Overspend / (Underspend)
	£m	£m	£m	£m
New Devon CCG – Plymouth locality	331.000	346.177	346.528	0.351
Plymouth City Council	*131.000	135.926	136.323	0.397
TOTAL	462.000	482.103	482.851	0.748

* This represents the net People Directorate budget plus the gross Public Health Commissioning budget (which is financed by a ring fenced Department of Health Grant) Under the s75 risk share agreement with NEW Devon CCG, the forecast outturn indicates a potential transfer of £0.153m from the CCG to PCC

Table 3: Key Issues and Corrective Actions

Issue	Variation £M	Management Corrective Action
EXECUTIVE OFFICE		
Democratic support cost pressures	0.260	£0.225m relates to a stretch target for efficiencies in this area for which officers are reviewing options
CORPORATE ITEMS		
The cross cutting savings target linked to a	0.270	Project managers within the

<p>strategic asset review of £0.3m is currently only forecasting identifiable savings estimated at this stage of £0.030m</p>		<p>P&OD transformation programme are reviewing other potential areas for savings alongside producing a strategic asset strategy framework</p>
<p>TRANSFORMATION and CHANGE – Legal</p> <p>There is currently pressure on the recovery of legal expenses £0.070m, an estimated shortfall on vacancy turnover £0.062m and under recovery of specialist lawyer recharges £0.046m</p>	<p>0.163</p>	<p>Plans being reviewed to see what opportunities can be achieved to reduce this shortfall in year</p>
<p>TRANSFORMATION and CHANGE – Customer Services</p> <p>There is a shortfall in achieving the transformation saving target of £1.2m due to delays in implementing the restructure</p>	<p>0.400</p>	<p>The service are reviewing all current vacancies to assist in managing the shortfall pending the restructure implementation. An enhanced voluntary release scheme has been offered ahead of a formal restructure being implemented, and this is based on latest resource estimates</p> <p>The programme is looking at opportunities to bring forward other activities originally planned for 15/16 to mitigate some of the shortfall</p>
<p>TRANSFORMATION and CHANGE – CCO programme and Departmental</p> <p>The CCO programme has a target of £1.5m to achieve in 15/16. Elements of the programme around contract management and review, including IT are progressing well and estimated to achieve the £0.5m estimate.</p> <p>Reviews of business support, HR and Finance service provision were delayed and are now estimated to only achieve £0.160m of the £0.8m target in this financial year. The overall in year shortfall against the CCO programme is forecast to be £0.840m, although this is forecast to be an in year issue only.</p>	<p>0.100</p>	<p>Management are reviewing staffing expenditure to ensure that all opportunities are maximised</p> <p>Future annual savings are anticipated to still be in line with original targets</p> <p>Officers have reviewed insurance provisions and reserves and at this stage anticipate the potential for an in year reduction of up to £1m which will offset</p>

<p>There are more than £0.2m of previous savings targets which were achieved in 14/15 through one off activities or underspends.</p>		<p>delays in achieving the CCO target in year.</p>
<p>PEOPLE – Children Young People and Families</p> <p>The Service is reporting a budget pressure of £0.419m at the end of the first quarter.</p> <p>The Care Leavers Service are currently running with a significant pressure relating to placement costs with regard to staying put arrangements, supported lodgings and supported accommodation</p> <p>As part of the transformation project for 2015/16, the CYP&F budget will need to make savings of over £1.5m (in order to contribute to the £8.045m Directorate target) with the activities and actions that will drive delivery forming part of the transformation programme.</p> <p>There are risks that will require close monitoring and management during the year:</p> <ul style="list-style-type: none"> • Starting point in April of 86 Independent Foster Care (IFA's) placements with budget for only 68 achieving savings from interim and transformation wrap-around placements. • Lack of availability of the right in-house foster care placements creating overuse of IFA's. • High number of placements in Welfare Secure, there are currently 3 in situ. • Unexpected court ordered spend on Parent & Child Assessment placements. • Spend on Staying Put arrangements . The change in legislation in 2014 formalises this arrangement for young people until the age of 21 and which local authorities must support with little financial support. <p>The overall number of children in care at the end of June has reduced by 3 to now stand at 380.</p>	<p>0.419</p>	<p>The full pressure on care leavers has been reduced by £0.500m through existing delivery plans. These include activity to minimise costs by ensuring all benefits are applied for directly following the young persons 18th birthday. A further delivery plan is currently being worked on to address the remaining pressure in the cost of care leavers placements.</p> <p>Other cost pressures identified within the service are currently being managed within the existing service budget.</p> <p>The CYP&F service is forecast to achieve the £1.5m wrap around placements transformation savings.</p>

<p>The number of children placed with independent fostering agencies reduced by 5 to 75 which is above the budgeted target of 68. Residential placements have decreased by 1 to 22 against a target of 26 budgeted placements with a significant number of these placements being high cost due to the complex nature of these children's needs. The number of young people placed in 'welfare' secure placements remains the same with 3 young people currently in situ. The In-House Foster Care placements have increased by 1 to 198 placements against a target budget of 209 placements, with 4 placements in 'Other Local Authority' Foster Care. There is currently 1 In House Parent & Child Assessment Placement, 4 court ordered Independent foster care placement and 1 high cost Residential placement. The number of young people 16+ placed in supported living remains at 20 placements against a target budget of 22.</p> <p>The service has received 414 referrals in June 2015 which was 20.8% less than June 2014 (523). The YTD figure for referrals is 1453 compared to 1363 for the same period in 14/15. This is an increase of 6.6% for quarter 1.</p> <p>The performance target against single assessments has been revised to comply with national guidance and the target is now 45 working days compared to the previous 35. This has meant performance is now reported to be 94% for quarter 1 compared to 85% against 35 working days.</p> <p>The number of child protection plans in June increased from 414 to 439 which is 9.8% higher than June 2014 (400).</p>		
<p>PEOPLE – Strategic Co-operative Commissioning</p> <p>The Strategic Co-operative Commissioning (SCC) service is reporting to come in (£0.115m) under budget at the end of month 3. This is mainly shown by variations in the following areas:</p> <ul style="list-style-type: none"> Leisure Management – mainly due to a saving on utilities, there is expected to be a saving of (£0.080m) against budget this year. 	<p>(0.115)</p>	<p>A working group has been set up to ensure CCT reviews are completed in a planned and managed way.</p>

<ul style="list-style-type: none"> Residential & Nursing – a net adverse variation of £0.200m is forecast. This includes an assumption for CCT clients that are currently being paid for by health but, once reviewed, are likely to be paid from SCC. Salaries and related costs – we are forecasting an adverse variation of £0.288m, mainly around the In-House provision and a high cost client. Actions are in place to move the client on and will be monitored closely. Direct Payments Income – currently there is a favourable variation of (£0.528m) which has arisen due to the change in the Fairer Charging policy and the income that is being collected as part of the Direct Payments income as a result. <p>As part of the transformation project for 2015/16, the SCC budget will need to make savings of over £5m (in order to contribute to the £8.045m Directorate target) with the activities and actions that will drive delivery forming part of the transformation programme</p> <p>There are also two emerging risks that will require close monitoring and management during the year:</p> <ul style="list-style-type: none"> DoLS assessments – over the past year there has been a very significant increase in Deprivation of Liberty Safeguard (DoLS) applications. Official data from the Health and Social Care Information Centre (HSCIC) show that there has been a ten-fold increase on previous activity levels. Continuing Care Team clients – there are currently a large number of clients that are waiting for an assessment which could result in the costs being charged to SCC – see monitoring variations above. A working group has been established to ensure reviews are 		<p>So far, SCC has achieved in the region of £2.2m of savings around reduced client numbers in residential and nursing, and contract savings, however there are £2m of delivery plans for 2015/16 that are currently showing as RAG rated red or amber, ie reviews to care packages, and further use of ECH housing instead of higher cost placements, that will need to be reviewed and, if necessary, alternative plans put in place to make the savings.</p> <p>A DOLS action plan has now been developed and will be monitored through the year.</p>
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<p>completed in a planned and managed way.</p> <p>From April 1st 2015, Social Care delivery staff were transferred into Plymouth Community Healthcare (PCH) as part of the Health and Social Care Integration project. At the same time the Integrated Commissioning project established a pool budget and shadow commissioning arrangements with the CCG. This will involve us working with our partners to take a joined-up approach to the way services are commissioned and delivered in order to reduce costs, improve the experience of patients and service users and improve the health of Plymouth residents, along with investing in preventative and early intervention services to reduce demand on higher cost services, particularly acute services. As such, the outcomes, both financial and performance, will need to be monitored to ensure that we are achieving system sustainability.</p>		
<p>PEOPLE – Housing Services</p> <p>The Housing Service is reporting a £0.093m budget pressure for year at end of quarter 1.</p> <p>This is mainly shown by variations to:</p> <ul style="list-style-type: none"> • Emergency accommodation £0.063m, budget set for 33 weekly placements compared to average for quarter of 38 placements per week. • Forecast impact of Devonport fire £0.050m. • Offset by management action with vacant posts (£0.020m). 	0.093	<p>Management are reviewing the level of additional costs and will look to manage these within existing resources.</p>
<p>PEOPLE – Learning & Communities</p> <p>Learning and Communities is reporting to come in on budget at the end of quarter 1. During 2015/16 the Learning and Communities budget will need to make savings of £0.600m (in order to contribute to the £8.045m Directorate target) with activities and actions that will drive delivery forming part of the transformation programme.</p>	-	<p>The department is reviewing any potential pressures with the intention of mitigating these with off-setting actions.</p>
<p>PUBLIC HEALTH –</p> <p>The public health ring-fenced grant has been</p>	-	<p>The Public Health Management team are</p>

<p>identified as one of the areas targeted for in year budget cuts as part of the government. Indications are of a circa 7% reduction which would equate to £0.9m</p>		<p>considering potential options for reducing expenditure once the final details on reductions are released</p>
<p>PLACE - Economic Development</p> <p>Economic Development is currently forecasting to deliver within budget although this is not without risk. Economic pressure on commercial rents continues. The return on head leases is outside of the Councils control. The ability to use one off options continues to reduce each year as the portfolio is systematically reviewed to maximise opportunities. There are favourable variations from staffing and other minor budget lines offsetting the underlying rent pressure. The Events programme will seek to deliver within the overall programme of events, although risk associated with some of the major events could impact on the budget position and the overall events programme.</p>	<p>-</p>	<p>A range of one off and recurring actions continue to be explored to address the risk contained in the budget.</p>
<p>PLACE - Strategic Planning and Infrastructure</p> <p>SP&I are reporting a slight favourable variation. Forecast increases in Planning Application fee and DES fee income, are currently being offset by a potential shortfall in capital recharge income and an over spend against the LTP programme.</p>	<p>(0.008)</p>	<p>Income and Expenditure is routinely reviewed each cycle to control spend and maximise income.</p>
<p>PLACE - Street Services</p> <p>Street Services is currently planning to deliver within budget through careful cost control and by seeking opportunities to improve the way it operates. As a key frontline service there are some demand risks in delivering services within the available budget.</p> <p><u>Waste Services</u></p> <p>The Trade Waste service at Chelson Meadow is anticipated to generate more income than originally planned which is helping address cost pressures within the Waste Service.</p>	<p>0.000</p>	<p>We are currently modelling new opportunities to reduce costs to ensure key services can be delivered within existing budget whilst also planning ahead for longer term service delivery as available resources are reduced. We will also continue to explore opportunities to maximise income and productivity.</p>

<p>PLACE - GAME</p> <p>The Commercialisation Workstream is making a significant contribution of £1m towards the transformation programme although the integrated transport projects will result with in-year cost pressures in the region of £0.420m.</p>	0.515	<p>Organisation wide commercialisation opportunities along with fleet will continue to be explored and accelerated to address the current projected shortfall, as will opportunities across the wider GAME programme and also reductions in GAME costs where considered appropriate</p>
<p>TOTAL</p>	2.097	

Table 4 below includes a number of virements (reallocating budget provisions agreed at 23 February 2015 Council) between specific directorate budgets. All virements in excess of £0.1m are required to be approved by Cabinet and are shown below.

Table 4 Virements description (I)

Description	Detail
Movement of Overhead Budgets following Education Catering transfer	Reallocation of Support Services budgets relating to Education Catering.
Movement of Transformation Secondment Budgets / Realignment of Transformation Budgets	Movement of Staffing budgets relating to secondments to Transformation Directorate / transfer of Transformation budgets to Transformation and Change Directorate.
Centralisation of Customer Services Activity and Property Budgets	Centralisation of Customer Services related activities within departments into Customer Services, and Property Budgets into Corporate Landlord re Public Toilets
Movement of Residual Pension Contribution to Corporate Items	Ongoing Pension contribution costs of Social Care and IT services passed to new providers, residual pension element following actuary review remaining with PCC.
Reallocation of Transport related budgets post Fleet Management Project	Reallocation of Transport related budgets post Fleet Management Project.
Realignment of Capital Charge Budgets	Change in presentation in respect of Trading Capital Charges e.g. Depreciation, Impairment and notional cost of capital to align with statutory accounts presentation – no net impact
2015/16 Grant carry forwards	Accounting Treatment for Revenue Grant carry forwards
2015/16 Pay Award Uplift	Reallocation of corporately held budget to fund 2015/16 Pay Award.

Table 4 Virements detail (2)

Directorate	Movement of overhead Budgets post Education Catering transfer	Movement of Transform. secondment Budgets / Transform. realignment	Centralisation of Customer Services Functions and Property Budgets	Movement of Pension Ctrb to Corp Items post staff transfers	Allocation of Transport Budgets post Fleet Project	Change in Accounting treatment relating to Capital Charges	2015/16 Grants Carry Forwards	2015/16 Pay Award Uplift	Total Virements
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Executive Office	0	0	0	0	0	0	62	47	109
Corporate Items	(295)	(4,834)	0	493	0	3,164	(1,953)	(1,806)	(5,231)
Transformation and Change	0	5,031	420	(146)	27	(303)	267	455	5,751
People Directorate	295	(109)	(218)	(347)	(111)	0	874	864	1,248
Public Health	0	0	0	0	2	0	750	70	822
Place Directorate	0	(88)	(202)	0	82	(2,861)	0	370	(2,699)
TOTAL	0	0	0	0	0	0	0	0	0

Capital Programme 2015/16 – 2017/18

Our capital programme is critical to the growth of this city and how we operate as a Brilliant Co-operative Council. We have transformed the way we make decisions on capital investments by increasing Member involvement whilst also enabling us to react quickly to new opportunities.

At the Full Council meeting in December 2014, the Capital Programme funding envelope for 2014/15 to 2017/18 was approved to the value of £237.406m.

Since the last full approval there have been a number of changes to the Capital Programme within the funding envelope, some of which were reported to Full Council at the last meeting, for example 2014/15 outturn and additions to the Programme from January to April 2015.

New projects (including scheme increases) added to the Capital Programme, under delegated authority, since April 2015, are detailed in Table 5.

Table 5 New Capital Schemes

Delegated Approvals by S151 Officer	£m
Provision of Wi-Fi for the Hoe	0.060
Devils Point Public Toilets	0.140
Richmond Walk Public Toilets	0.060
Austin Farm - Basic Need	0.100
Staddiscombe Sports Improvements (S106)	0.166
Sutton Harbour Public Realm Improvements	0.032
North Corner Pontoon	0.140
Non-scheduled Coach drop off points	0.182
Derriford Community Park - Poole Farm Safety Works (S106)	0.026
Oreston Primary - Basic Need (S106)	0.023
Woodford Primary School - urgent boiler replacement	0.198
Autism Innovation Grant	0.019
Stoke Damerel Primary School Basic Need (Phase II)	0.174
Total (S151 Officer)	1.320
Executive Decisions by Leader (after CCIB approval)	£m
Holy Cross Primary School - TBN	0.346
Woodford Primary School - TBN Local works	0.220
Knowle Primary - Asbestos removal additional cost	0.267
Domestic Energy Measures	0.425
Service Self-Build Plots	0.241
STEM Centre City College Plymouth	4.000
Disabled Facilities Grant	1.145
Corporate Assets Life Cycle maintenance	0.500
Total (Leader Approvals)	7.144