

PLYMOUTH CITY COUNCIL

Subject: Revenue Monitoring Report 2015/16 – Quarter3
Committee: Cabinet
Date: 16 February 2016
Cabinet Member: Councillor Lowry
CMT Member: Lesa Annear
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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 December 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.

The estimated revenue overspend is £1.348m. The overall forecast net spend equates to £194.357m against a budget of £193.009m, which is a variance of 0.7%. 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	194.357	1.348

The latest approved capital budget covering 2015/16 to 2019/20 stood at £282m which was agreed at Cabinet on 8th December 2015..

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:-

- I. Note the current revenue monitoring position and action plans in place to reduce/mitigate shortfalls;

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	akh1516.66	Leg	DVS24893	Mo n Off		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	Movement from previous month
	£m	£m	£m	£m	£m	£m
Executive Office	3.840	0.055	3.895	3.966	0.071	(0.014)
Corporate Items	14.010	(6.139)	7.871	6.158	(1.713)	(0.000)
Transformation and Change	26.682	6.536	33.218	35.149	1.931	(0.036)
People Directorate	121.400	1.780	123.180	123.676	0.496	(0.019)
Public Health	0.194	0.813	1.007	0.917	(0.090)	(0.090)
Place Directorate	26.883	(3.045)	23.838	24.491	0.653	(0.089)
SUB-TOTAL	193.009	0.000	193.009	194.357	1.348	(0.248)

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	348.228	349.258	1.030
Plymouth City Council	*131.000	136.118	136.524	0.406
TOTAL	462.000	484.346	485.782	1.436

The financial position above for the Plymouth Integrated Fund is at November 2015, Plymouth City Council position as at December 2015.

*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 £0.046m from PCC to NEW Devon CCG.

Table 3: Key Issues and Corrective Actions

Issue	Variation £M	Management Corrective Action
<p>EXECUTIVE OFFICE</p> <p>Democracy and Governance support cost pressures. £0.225m relates to a stretch target for efficiencies in this area.</p>	0.071	<p>An EVRS scheme in this area ended mid-November and the forecasted financial impact is reflected. Other opportunities are still being sought to reduce the shortfall in year.</p>
<p>CORPORATE ITEMS – Cross cutting savings</p> <p>The cross cutting savings target linked to a strategic asset review of £0.285m has only identified savings of £0.015m linked to a review of income received from recharging utility costs.</p> <p>The Terms & Conditions savings target of £0.200m is forecast to achieve £0.183m from the purchase of additional leave scheme, resulting in a shortfall of £0.017m.</p>	(1.713)	<p>Project managers within the transformation programme are reviewing other potential areas for savings alongside producing a strategic asset strategy framework, although it is unlikely that further savings will be identified this year.</p> <p>The 2nd offering of the purchase of annual leave scheme was completed in October, therefore it is unlikely that the £0.017m variance will be closed via this means, however officers will continue to review budgets within Corporate Items to achieve savings.</p> <p>Officers have reviewed insurance provisions and reserves and, at this stage, anticipate the potential for an in year reduction of up to £1.000m which will be available if required to offset any budget pressures across the Council. There is also a general contingency budget of £1.000m which is also available to meet any one off issues / pressure.</p>
<p>TRANSFORMATION and CHANGE – Finance</p> <p>There is a forecast underspend on staffing budgets.</p>	(0.190)	<p>An EVRS scheme in this area ended late-November and the forecasted financial impact is reflected. Other opportunities are still being sought to continue to improve the position.</p>

<p>TRANSFORMATION and CHANGE – Legal</p> <p>The forecast income remains lower than previous years and employee turnover assumptions have not been as high as budgeted.</p>	0.017	Some additional income has been generated. Other opportunities are still being sought to reduce the shortfall in year.
<p>TRANSFORMATION and CHANGE – Customer Services</p> <p>The £1.200m Transformation savings target has been achieved in-year through a Service Review, vacancy management, and the improved collection process resulting in £0.338m being collected in relation to previous years outstanding debt on Council Tax.</p>	0.000	The completed service review will deliver the full year savings target of £1.200m in future years on an ongoing basis.
<p>TRANSFORMATION and CHANGE – Human Resources & OD</p> <p>There is a forecast underspend on staffing costs which is partly offset by reduced income from HR advisory services.</p>	(0.241)	The improvement is due to continued staff vacancies and completion of the EVRS scheme.
<p>TRANSFORMATION and CHANGE – POD programme and Departmental</p> <p>The POD programme has a target of £1.5m to achieve in 15/16. Despite delays, HR and Finance have continued to put in efforts to meet this target and are now estimated to achieve £0.233m of the £0.800m target in this financial year. There continues to be a shortfall on the savings target set relating to Delt expanding IT services to new customers of £0.300m.</p> <p>The overall in year shortfall against the POD programme is currently £1.067m. There are more than £0.200m of previous savings targets which were achieved in 14/15 through one off activities or underspends.</p> <p>There is a forecast underspend on Transformation costs of £0.055m.</p>	1.325	Management are continuing to review staffing expenditure to ensure that all opportunities are maximised. EVRS has now been run in HR&OD and coming to an end in Finance.

<p>TRANSFORMATION and CHANGE – ICT Commissioned Service</p> <p>Financial reconciliations of DELT have highlighted a funding shortfall of c£1.000m related to:</p> <ul style="list-style-type: none"> • £0.400m insufficient costs budgeted for on-going provision of ICT service. • £0.100m resulting from the decant of the civic centre, Delt now needs to fund accommodation costs. • £0.300m increased use of staff on business as usual IT activity rather than project work compared to budget forecast. • £0.200m estimated additional costs above the business case relating to back office costs of DELT. 	<p>1.020</p>	<p>Officers are continuing to review options with DELT, including ensuring that project income is maximised, and where possible back office services are provided by the Council.</p>
<p>PEOPLE – Children Young People and Families</p> <p>The Children Young People and Families Service are reporting a budget pressure of £0.671m no change in the month.</p> <p>As part of the transformation project for 2015/16, the CYP&F was expected to make savings of over £1.500m (in order to contribute to the £8.045m Directorate target).</p> <p>There are risks that continue to require close monitoring and management during the year:</p> <ul style="list-style-type: none"> • Lack of availability of the right in-house foster care placements creating overuse of IFA's. • High number of placements in Welfare Secure, with 4 placements in year of which there is currently 2 in situ. Rigorous work continues to maintain this position but it is not always possible to predict. 	<p>0.671</p>	<p>£0.654m has been saved to date through the first phase of wraparound and creative solutions, phase two will be implemented but there will be a real challenge in achieving the full saving in the face of increased pressures.</p> <p>One off Families with a Future (FWAF) rewards of £0.200m are on target to be achieved and we have managed to secure an additional £0.200m contribution from NEW Devon CCG (CAMHS transformation monies) in order to help offset the additional costs for five looked after children in mental health crisis.</p> <p>The current commissioning arrangements for Supported Accommodation are being reviewed in order to provide more capacity at a reasonable price. CSC / Commissioners / DCH Block Provider proactively working together to review individual Lot 4 placements for step down, and all referrals to prevent use of Lot 4. Senior Managers have now commented</p>

<ul style="list-style-type: none"> • Unexpected court ordered spend on Parent & Child Assessment placements. • There are still a small number of individual packages of care at considerably higher cost due to the needs of the young person. • There are currently 91 Independent Foster Care (IFA's) placements with budget for only 68 . <p>The overall number of children in care at the end of December decreased by 2 to 393. The number of children placed with independent fostering agencies has increased by 2 to 91 which are above the budgeted target of 68. Residential placements have reduced by 2 to 23 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.</p> <p>In particular 5 young people with complex needs have been placed in high cost placements this financial year these placements were at a higher cost than welfare secure. The number of young people placed in 'welfare' secure placements has increased by 1 with 2 young people currently in situ.</p> <p>The In-House Foster Care placements have reduced by 1 to 184 placements against a target budget of 209 placements, with 3 placements in 'Other Local Authority' Foster Care. There are currently 2 In House Parent & Child Assessment Placement, 7 court ordered Independent foster care placement and 2 high cost Residential placement. The number of young people 16+ placed in supported living has increased by 1 to 20 against a target budget of 22.</p>		<p>on the draft commissioning plan which will be finalised in February 2016.</p> <p>A paper has been approved by Cabinet agreeing to the proposal for contract award for five residential children's homes beds in and close to the city for Plymouth children and young people in care with a reputable children's home provider. This will ensure that there are sufficient resources available for our most vulnerable young people and potentially reduce the spend on costly out of area packages of care. Contract and service specification now agreed. two solo placements in the city contracted for exclusive use for Plymouth CYP, three further units in development. Property identified. Expected "live" date April or May depending on Ofsted registration.</p> <p>Ten new In House Foster carers are anticipated coming on line between now and the end of the financial year in order to increase placement sufficiency and reduce costs.</p>
<p>PEOPLE – Management and Support</p> <p>Savings identified from Directors contributions to other bodies.</p>	<p>(0.006)</p>	

PEOPLE – Strategic Co-operative Commissioning

The Strategic Co-operative Commissioning (SCC) service is reporting to come in (£0.251m) under budget at the end of month 9, a saving of (£0.020m) from the month 8 position. The overall variation is mainly in the following areas:

- Leisure Management – mainly due to a saving on utilities, there is expected to be a saving of (£0.091m) against budget this year.
 - Fairer Charging Income – there is a favourable variation of (£0.453m) on Community based contributions, mainly due to the change in the Fairer Charging policy and the Direct Payment income that is being collected as a result.
 - Care Packages – there is currently an adverse variation of £0.327m overall on care packages which are mainly around the increased costs of Supported Living. There has been an increase in clients from CCRT in Residential and Nursing, although this has partly been offset by additional client contributions.

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. So far, SCC has achieved in the region of £4.5m of savings around reduced client numbers in residential and nursing, reviews of high cost packages and contract savings, however there are £0.5m of delivery plans for 2015/16 that are currently showing as RAG rated amber, ie reviews to care packages, and further use of ECH housing instead of higher cost placements, that are still to be achieved and, if necessary, alternative plans being put in place to achieve the savings.

(0.251)

So far, SCC has achieved in the region of £4.500m of savings around reduced client numbers in residential and nursing, reviews of high cost packages and contract savings, however there are £0.5m of delivery plans for 2015/16 that are currently showing as RAG rated amber, ie reviews to care packages, and further use of Extra Care Housing instead of higher cost placements, that are still being achieved and, if necessary, alternative plans being put in place to make the savings.

<p>Two areas that have been closely monitored during the year are:</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. A DOLS action plan has now been developed and is being monitored through the year. • Care Coordination 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 completed in a planned and managed way. 		<p>A DOLS action plan has now been developed and will be monitored through the year.</p> <p>A working group has been established to ensure reviews are completed in a planned and managed way.</p>
<p>PEOPLE – Housing Services</p> <p>The Housing Service is reporting a balanced forecast outturn, containing budget pressures reported in July within existing budgets through an improvement in quarter due to a reduction in monthly demand on emergency accommodation, together with management reviewing future commitments.</p>	<p>0.000</p>	
<p>PEOPLE – Learning & Communities</p> <p>Learning and Communities is reporting a pressure of £0.082m due to the Home to School transport taxi and minibus contract costs which have been retendered with effect from 1st January 2016. The retendering exercise resulted in a full year effect increase in cost totalling £0.327m.</p> <p>As part of the transformation project for 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>0.082</p>	<p>To date one off savings totalling £0.308m have been identified against savings targets.</p>

<p>PUBLIC HEALTH –</p> <p>The public health ring-fenced grant was identified as one of the areas targeted for in year budget cuts and the reduction for 2015/16 has now been confirmed as £0.919m for Plymouth City Council.</p>	<p>(0.090)</p>	<p>Now that the cut has been quantified, the management team are putting plans in place for reducing expenditure. This includes managing vacancy levels and reviewing contract activity levels across Public Health commissioned contracts.</p> <p>The variability in Bereavement Services income and the current management actions in the Public Protection Service are being closely monitored with potential impacts on service capacity being managed. Savings are forecast at approx. £0.090m following staff leaving through EVRS.</p>
<p>PLACE - Strategic Planning and Infrastructure</p> <p>SP&I are projecting an estimated outturn variation of (£0.289m). It has additional favourable variations in relation to staffing costs and planning and building control income, with improvements in both of these areas since last month.</p> <p>This has more than countered cost pressures within other parts of the SPI budget.</p>	<p>(0.289)</p>	<p>Income and expenditure is routinely reviewed each cycle to control spend and maximise income.</p>
<p>PLACE - Economic Development</p> <p>Economic Development is currently forecasting to deliver within budget by year end, although this is not without risk.</p> <p>Economic pressure on commercial rents continues. The return on head leases is outside of the council's control and far from being a risk has now become an issue to mitigate.</p> <p>The events programme will deliver within the overall budget for events.</p>	<p>0.000</p>	<p>The Council continues to sponsor and promote major events across the city underwriting from council budgets. Officers continue to work to seek to manage the budget and ensure a positive economic benefit for the local economy.</p>

<p>PLACE - GAME</p> <p>The Commercialisation Work stream is making a significant contribution of £1.000m towards the transformation.</p> <p>A combination of some of the commercialisation projects, passenger and staff travel benefits will not be achieved in the current year.</p>	0.942	<p>Organisation wide commercialisation opportunities will continue to be explored and accelerated to address the current projected shortfall.</p> <p>Decisions to defer some commercial income streams will be revisited in the current year. The Place budget is continuously being reviewed to stop or re-profiling expenditure to help mitigate the GAME pressures.</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>Waste Services; One-off savings continue at the Energy from Waste plant during the extended commencement period: these will offset pressures elsewhere within Street Services.</p> <p>Highways Parking & Marine Services, and Street Cleansing & Grounds outturns are expected to meet budgets.</p>	0.000	<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>Car park trading income losses are being addressed as part of budget setting in 2016/17. This will impact on the Highways account.</p>
TOTAL	1.348	

Virements

Cabinet are required to approve all non delegated revenue budget virements over £0.1m. However, there are no non delegated revenue budget virements over £0.1m for quarter 3.