

PLYMOUTH CITY COUNCIL

Subject: Capital & Revenue Monitoring Report 2017/18– Quarter I
Committee: Cabinet
Date: 29 August 2017
Cabinet Member: Councillor Darcy
CMT Member: Andrew Hardingham – Interim Joint Strategic Director for Transformation and Change
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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 June 2017.

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.

As shown in Table I below, the estimated revenue overspend is £4.259m. The overall forecast net spend equates to £188.142m against a budget of £183.883m, which is a variance of 1.23%. This needs to be read within the context of needing to deliver in excess of £18m of savings in 2017/18 on the back of balancing the 2016/17 revenue budget where £24m 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 I: End of year revenue forecast

	Budget £m	Forecast Outturn £m	Variance £m
Total General Fund Budget	183.883	188.142	4.259

The latest approved capital budget covering 2016/17 – 2020/21 stood at £895m which was agreed at Council on 27th February 2017. This report details a revised capital budget of £836m, now for the period 2017/18 – 2021/22.

The Corporate Plan 2016/17 – 2018/19:

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 Strategy and Resource Implications:

Robust and accurate financial monitoring underpins the Council's Medium Term Financial Strategy (MTFS). The Council's Medium Term Financial Forecast is updated regularly based on on-going monitoring information, both on a local and national context. Any adverse variations from the annual budget will place pressure on the MTFS going forward and require additional savings to be generated in future years.

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

This report monitors our performance against our approved budget 2017/18. As part of the budget setting process, EIA were undertaken for all areas.

Recommendations and Reasons for recommended action:

1. Note the current revenue monitoring position and action plans in place to reduce/mitigate shortfalls;
2. It is recommended that Cabinet approve the non-delegated virements which have occurred since 1st April 2017;
3. Cabinet are asked to recommend to Council that the Capital Budget 2017 -2022 is revised to £836m (as 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:

2017/18 Annual Budget: [2017 Budget Report](#)

Background papers:

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

Sign off:

Fin	AKH1718. 72	Leg	It/28678/ 2707	Mon Off	It/28678/ 2707	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													

JUNE 2017 FINANCE MONITORING

Table 2: Revenue Monitoring Position

Directorate	Gross Expenditure	Gross Income	2017/18 Latest Approved Budget	Forecast Outturn	Forecast Year End Variation	Movement from previous month
	£m	£m	£m	£m	£m	£m
Executive Office	3.749	(0.128)	3.621	3.621	0.000	0.000
Corporate Items	14.961	(14.732)	0.229	0.529	0.300	0.000
Transformation and Change	149.376	(116.630)	32.746	33.686	0.940	0.005
People Directorate	253.700	(131.390)	122.310	124.558	2.248	(1.553)
Public Health	19.657	(19.457)	0.200	0.200	0.000	0.000
Place Directorate	75.742	(50.964)	24.777	25.548	0.771	0.771
TOTAL	517.185	(333.302)	183.883	188.142	4.259	(0.777)

Table 3: Key Issues and Corrective Actions

Issue	Variation £M	Management Corrective Action
EXECUTIVE OFFICE	0.000	There is currently a nil variance to report.
CORPORATE ITEMS The budget includes the management of the Council’s treasury activities, insurance provision and cross cutting savings targets.	0.300	The Procurement budget includes an increase of £0.300m over the previous year. An action plan to meet this pressure in full before the end of the financial year is being developed.
TRANSFORMATION and CHANGE – Finance The Finance Department holds a number of budgets on behalf of the whole Council including utilities and Facilities Management.	0.045	The department are continuing to hold vacancies and to manage demand led services. A review of Document Management, Postage and Cleaning Services is currently underway in order to deliver those services within budget and mitigate any potential year end overspends.
TRANSFORMATION and CHANGE – Legal	0.000	There is currently a nil variance to report.
TRANSFORMATION and CHANGE – Customer Services There continue to be pressures regarding managing Housing Benefit subsidy and overpayments budget as preparation continues for the introduction of Universal Credit.	0.311	The Council has reviewed the costs of debt recovery through the court system. At this stage of the year pressure has arisen from Court costs resulting in a forecast shortfall of £0.311m against the target budget.

TRANSFORMATION and CHANGE – Human Resources & OD	0.000	There is currently a nil variance to report.
TRANSFORMATION and CHANGE – Departmental	0.369	The budget for 2017/18 included a number of efficiency savings targets associated with service reviews. Plans are in place to deliver some of these savings whilst other plans (e.g. Commercialisation) are still being developed. Staff savings of £0.098m contribute.
TRANSFORMATION and CHANGE – Transformation and Portfolio	0.215	In year vacancy savings across the department (£0.090m) have been offset by pressures delivering the Smart Working target of £0.305m.
TRANSFORMATION and CHANGE – ICT Commissioned Service	0.000	There is currently a nil variance to report.
<p>PEOPLE – Children Young People and Families</p> <p>The Children Young People and Families Service are reporting a pressure attributed to the increased cost and volume of looked after children’s placements but are on track to achieve savings; made assumptions this will be met by the end of the year. However one off savings carried forward from 2016/17 remain a budget pressure and are included.</p> <p>There are currently two young people placed in ‘welfare’ secure.</p>	1.500	<p>As part of the MTFs for 2017/18, CYP&F are expected to make savings of over £1.500m (in order to contribute to the £7.117m Directorate target) as well as £0.710m of savings brought forward from 2016/17 that were realised from one off savings and will need to be realised in this financial year.</p> <p>A piece of work has been undertaken to ensure a systematic review of all young people in supported living and new arrangements for plans for them are in place. This will ensure appropriate plans are in place for young people improving timeliness and reducing cost pressure.</p>

<p>There are currently 98 Independent Foster Care (IFA's) placements with a budget for 92 but we are aiming to achieve savings from the transformation of our In House Foster Care Service.</p>		<p>Extensive work is underway to review all placements in order to reduce the pressure on cost and volume where appropriate.</p>
<p>PEOPLE – Strategic Co-operative Commissioning</p> <p>The Strategic Co-operative Commissioning (SCC) service is forecasting a year end overspend against budget of £0.437m at month 3. The main reasons for the variations are:</p> <ul style="list-style-type: none"> • £0.485m – Supported Living – this forecast is currently under review. • £1.011m Domiciliary Care – this variation is being reviewed as part of Intermediate Care review. • £0.291m Residential / Nursing - client base still shifting from residential to nursing. • (£0.326m) Additional contributions from Health for joint funded care packages. • (£0.406m) Direct Payments - a further reduction in client's numbers. • (£0.724m) Client Contributions – work is underway to ensure that this figure is not overstated as clients are assumed to pay in full for their service if information is not provided within 14 days. 	<p>0.437</p>	<p>Strategic Co-operative Commissioning will need to make over £4.300m of savings in 2017/18 as part of the overall People Directorate target of £7.117m.</p> <p>It is however noted that £1.300 million of this still does not have well developed plans.</p>

<p>PEOPLE – Education Participation and Skills</p> <p>Education Participation and Skills is forecasting a breakeven position at year end. However, we are continuing to review the cost of provision of community meals and school transport costs. There is a further pressure within the People directorate of £1.370m regarding the on-going legacy liabilities from the 1998 transfer to Unitary status.</p>	<p>0.000</p>	<p>A plan is being written to scope all of the education-related services within Education, Participation and Skills and recommend an approach and plan for transforming in order to realise savings.</p> <p>The specific legacy costs will be considered as an overall council issue with options worked through during the year. At this stage it is not being reported as a budget pressure as plans are in place to resolve prior to the financial year end.</p>
<p>PEOPLE – Community Connections</p> <p>Average Bed & Breakfast numbers for Quarter 1 have been 59 placements per night with nightly costs increasing, as demand has increased use of nationwide accommodation providers together with increasing accommodation needs for families. Cost pressure for maintaining an average 60 per night placement level £0.703m.</p>	<p>0.311</p>	<p>Action is ongoing to limit the overall cost pressure through lower placements and prevention work.</p>
<p>PEOPLE – Management & Support</p> <p>This budget is projecting to balance for 2017/18.</p>	<p>0.000</p>	
<p>PUBLIC HEALTH</p> <p>Although the 2017/18 Public Health ring-fenced grant was cut by a further £0.398m for Plymouth City Council, the Directorate is on track to achieve a balanced budget. However there are pressures with achieving some income targets.</p>	<p>0.000</p>	<p>In order to achieve a balanced budget ODPH is working with the Commercialisation team to increase income streams.</p>

<p>PLACE - Strategic Planning and Infrastructure</p> <p>The major fee income activities have been performing well for the first part of the financial year, and spend budgets being kept substantially on track.</p> <p>Key risks looking ahead relate to the potential for increased costs in relation to concessionary fares, a drop off of performance on planning application and building control fees, unknown cost of the forthcoming public examination into the joint local plan, the potential for shortfall in project based income that is important for the Engineering Design and Natural Infrastructure teams, and as yet to be resolved issue regarding the source of loan repayments for Mayflower coach station</p>	<p>(0.004)</p>	<p>Risks are being closely monitored on a monthly basis by SP&I Management Team to ensure early action where necessary.</p> <p>At present this include positive actions to maintain and drive planning and BC income, review level of legal representation for joint local plan public examination and negotiation of full cost recovery of contribution from South Hams & West Devon, and seeking S151 officer confirmation about funding options to cover borrowing costs for Mayflower coach station.</p>
<p>PLACE - Economic Development</p> <p>Forecast income generation, including from Asset Investment Fund acquisitions, have enabled a number of expected spend pressures within Economic Development to be met. This includes enabling the removal of the Corporate Landlord budget savings target for Museums “mothballing”, and earmarking resources to meet a potential net overspend within Events.</p>	<p>0.000</p>	<p>Whilst every effort will be taken to maximise income and reasonably contain MTV costs, there are unforeseen pressures arising from security concerns which will influence this year’s concert cost.</p>
<p>PLACE – GAME – The New Homes Bonus target has already been achieved for 2017/18</p>	<p>0.000</p>	<p>Target has been met</p>

<p>PLACE - Street Services</p> <p>Street Scene & Waste services: Currently there is a nil variance against business as usual within Street Scene & Waste having delivered savings of £1.3m to date via an extensive Street Cleansing & Waste modernisation programme. The full implementation of AWC has resulted in further costs to manage the new arrangements. The full costs of the additional support are still to be fully determined.</p> <p>Fleet and Garage: Currently there is a cost pressure which is a gap from 2017/18 budget setting in the sum of £0.775m. This includes legacy savings targets which have been undelivered of £0.607m.</p> <p>Highways and Car Parking: On track to meet budget.</p>	<p>0.000</p> <p>0.775</p> <p>0.000</p>	<p>The implementation of AWC has enabled future income streams to be explored such as Trade Waste.</p> <p>Work is being done to identify potential savings, increase stock controls, and do a full service review.</p>
<p>TOTAL</p>	<p>4.259</p>	

Overall Comments Finance AD

The projected outturn position at the end of the first quarter has identified a number of budget pressures. At this early stage of the year this is not unexpected and there is time for management action to be taken to contain spend within the approved budget or identify further efficiencies or savings. However, the Council does face a number of financial challenges due to cost and volume pressures across a number of services and the delivery of 2017/18 savings targets.

The delivery of procurement savings has been identified as a pressure with discussions ongoing to address this through reviewing contracts and maximising all possible savings options.

Staff savings have been identified within Transformation and Change which have been offset by pressures including the delivery of the Smart Working project, and reallocation of commercialisation and CST programme targets.

The People directorate is facing a challenging year primarily due to cost and volume pressures within both Children's Services and Adults. A review of all young people in supported living are ongoing and a review all placements in order to reduce the pressure on cost and volume where appropriate. Partnership working health partners continues to mitigate the pressures within Adult Social Care.

The main adverse pressure within Place is within Fleet and Garage where a review is being undertaken to try to alleviate this overspend. Forecast income generation within Economic Development has identified a favourable quarter variance and all efforts will be made to maximise income for example asset investment fund acquisitions.

Recommendation

It is recommended that Cabinet note the current monitoring position.

VIREMENTS

Table 4 below includes a number of virements 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 detail

Directorate	Agreed team movements	Transfer of Grant Carry forward budgets from 16/17 to 17/18	Realignment of Delivery Plan coming out of People Mgmt and Support	GCOCD Budget Cleanse following meeting with AH, HW and HM - to ensure budget agrees to MTFS increase of £500k	Totals
	£'000	£'000	£'000	£'000	£'000
Executive Office	(10)				(10)
Corporate Items		(350)			(350)
Transformation and Change	10	58		0	68
People Directorate		66	0	0	66
Public Health		41			41
Place Directorate	0	185			185
	0	0	0	0	0

Recommendation

It is recommended that Cabinet approve the non-delegated virements which have occurred since 1st April 2017.

Capital Programme 2017-2022

The Capital Budget was last reported to Council on 27th February 2017, as £895m. This Capital Budget was the sum of the current approved Capital Programme and Income Assumptions 2016-21 (£478m) and, the recently approved, Priority List 2016-22 (£417m).

Since this approval the 2016-17 outturn has been reported and 2021-22 has been added. After taking into account the removal of £90m capital investment in 2016/17 this has resulted in a decrease in the overall budget for the period 2017 -2022, by £59m to £836m.

This is set out in Table 5 below.

Table 5: Current Capital Resources

Description	£m
Latest Approved Budget 2016 - 2022	895
Addition of 2021-22	26
Less 2016-17 Outturn	(90)
Other changes	5
Total Revised Capital Budget for Approval (2017-2022)	836

The Capital budget consists of the following elements:

Description	£m
Capital Programme	186
Priority List (original approval)	417
Less: Priority list approved in Capital Programme	(35)
Income Assumptions *	268
Total Revised Capital Budget for Approval (2017-2022)	836

* Estimate of income to be received to finance future capital projects

Within the approved budget (representing forecast resources), the Capital Programme represents projects that have been approved by the City Council Investment Board (CCIB). Project officers prepare detailed business cases and present them to the board and if approved the CCIB recommends them to the Leader for approval. Once the executive decision has been signed by the leader the projects are added to the Capital Programme for delivery.

Table 6 below shows the revised annual programme for the period 2017-22, as at the end of June 2017.

Table 6: Revised Capital Programme

Directorate	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m	£m	£m
Transformation & change	5.612	-	-	-	-	5.612
People	8.074	3.019	0.225	0.225	0.225	11.768
Place	105.156	44.884	14.220	2.717	2.004	168.981
Total	118.842	47.903	14.445	2.942	2.229	186.361

Recommendation

Cabinet are asked to recommend to Council that the Capital Budget 2017 -2022 is revised to £836m (as shown in Table 5).

Table 7: Capital Budget

Approved Capital Programme	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£000	£000	£000	£000	£000	£000
Celebrating Mayflower						
Mayflower 400 - Public Realm Improvements	674	160	281	-	-	1,115
Total Celebrating Mayflower	674	160	281	-	-	1,115
Connecting the City						
Mayflower Coach Station	49	-	-	-	-	49
Creation of Non-Scheduled Coach Drop Off Points	66	-	-	-	-	66
Total Connecting the City	115	-	-	-	-	115
Delivering More/Better Housing						
Self Build Housing Sites	188	-	-	-	-	188
Former Whitleigh Community Centre	180	-	-	-	-	180
Empty Homes / Enabling	63	-	-	-	-	63
North Prospect Phase 5	-	500	450	-	-	950
Prince Maurice Road	359	-	-	-	-	359
Bath Street	3,036	1,353	-	-	-	4,389
Plan for Homes	300	200	200	300	-	1,000
Homes for Veterans (Nelson Project)	225	-	-	-	-	225
Extra Care Housing Support Millbay	450	-	-	-	-	450
How Street Specialist Housing Programme	275	-	-	-	-	275
Bournemouth Churches Housing Association	80	-	-	-	-	80
Total Delivering More/Better Housing	5,156	2,053	650	300	0	8,159
Delivering Oceansgate						
South Yard Remediation/separation works	1,726	7,729	-	-	-	9,455
South Yard Area 1 East Direct Development	6,121	-	-	-	-	6,121
Total Delivering Oceansgate	7,847	7,729	-	-	-	15,576
Delivering The History Centre						
The History Centre	11,158	12,120	6,455	-	-	29,733
Total Delivering The History Centre	11,158	12,120	6,455	-	-	29,733
Ensuring Essential City Infrastructure						
Clean Vehicle Technology Improvements	81	-	-	-	-	81
Electric Car Charge Points	5	-	-	-	-	5
Bus Punctuality improvement plan (BPIP)	253	-	-	-	-	253

Access Road to Housing Site in Estover	112	-	-	-	-	112
SI06 Transport Projects	123	162	-	-	-	285
Millbay School Creative Arts highway work	49	-	-	-	-	49
Billacombe Footbridge	692	-	-	-	-	692
Derriford Community Park	322	299	22	4	4	651
European Marine Sites - Recreational Behaviour Changing Measures	28	28	55	-	-	111
Home Energy	80	-	-	-	-	80
Development Funding	460	-	-	-	-	460
Capitalised Maintenance Schemes	9,250	6,000	5,042	2,000	2,000	24,292
Flood defence Works	44	-	-	-	-	44
Container Provision	672	-	-	-	-	672
West Hoe Pier	105	-	-	-	-	105
Mount Edgcumbe Sea Wall Repairs	569	-	-	-	-	569
Mount Edgcumbe Commercialisation	180	84	-	-	-	264
Total Ensuring Essential City Infrastructure	13,025	6,573	5,119	2,004	2,004	28,725
Ensuring Good Quality School Places						
Pennycross Basic Need	1,750	-	-	-	-	1,750
Pomphlett Basic Need	893	1,600	-	-	-	2,493
Oreston Academy Basic Need	226	-	-	-	-	226
Yealmpstone Farm Primary School Basic Need	1,796	1,004	-	-	-	2,800
Woodford Primary School - Decking	59	-	-	-	-	59
Total Ensuring Good Quality School Places	4,724	2,604	-	-	-	7,328
Growing the Economy						
Social Enterprise Fund	824	29	-	-	-	853
Langage Development Phase 2	2,301	870	-	-	-	3,171
STEM Provision at City College	481	-	-	-	-	481
39 Tavistock Place	202	15	-	33	-	250
Total Growing the Economy	3,808	914	0	33	0	4,755
Improving neighbourhoods and delivering community infrastructure / facilities						
MVV Devonport Biodiversity Improvements	219	-	-	-	-	219
Active Neighbourhoods	77	-	-	-	-	77
The Big Greenspace Challenge	4	-	-	-	-	4
Infrastructure Works at Honicknowle	-	26	-	-	-	26
Bond Street Playing fields (Southway Community Football Facility)	40	473	-	-	-	513
Staddiscombe Sports Improvements	58	-	-	-	-	58
Higher Efford Play Pitch Enhancements	50	400	66	-	-	516
Central Park Sports Plateau	40	340	89	-	-	469

Central Park Improvements	2,000	-	-	-	-	2,000
Improving Outdoor Play	593	264	-	-	-	857
Central Park Wooded Valley	35	-	-	-	-	35
Dunstone Woods	13	-	-	-	-	13
Blockhouse Park Playground Refurbishment	2	-	-	-	-	2
Manadon Play Pitches	648	-	-	-	-	648
St Budeaux Tennis Courts	3	-	-	-	-	3
MAP Early Years Capital Fund	300	-	-	-	-	300
Total Improving neighbourhoods and delivering community infrastructure / facilities	4,082	1,503	155	-	-	5,740
Securing Growth in Derriford and Northern Corridor						
Forder Valley Link Road- Development Costs	2,390	-	-	-	-	2,390
Derriford Transport scheme - Derriford Roundabout / William Prance Road	12,221	50	-	-	-	12,271
Derriford Hospital interchange scheme	37	-	-	-	-	37
N Corridor Junction Imps - PI Outland Rd	196	1,200	-	-	-	1,396
Purchase of 444 Tavistock Road	32	-	-	-	-	32
Northern Corridor Strategic Cycle Network	550	1,750	840	-	-	3,140
Marjons Link Road	6	-	-	-	-	6
Total Securing Growth in Derriford and Northern Corridor	15,432	3,000	840	-	-	19,272
Securing Growth in the City Centre and Waterfront						
Devonport Market High Tech 'Play Market'	657	1,374	-	-	-	2,031
Sutton Harbour Public Realm Improvements	32	-	-	-	-	32
Visitor signage	86	-	-	-	-	86
Cobourg House	3,573	-	-	-	-	3,573
Quality Hotel	336	-	-	-	-	336
Colin Campbell Court	965	-	-	-	-	965
Plymouth City Market Major Refurbishment	1,289	-	-	-	-	1,289
City Centre Shop Fronts Grant Scheme	173	116	-	-	-	289
West End Public Realm	74	-	-	-	-	74
Total Securing Growth in the City Centre and Waterfront	7,185	1,490	-	-	-	8,675
Securing Growth in the Eastern Corridor						
Eastern Corridor Junction Improvements	1,500	1,500	340	-	-	3,340
Eastern Corridor Strategic Cycle Network	1,657	1,489	380	380	-	3,906
Woolwell to The George	420	-	-	-	-	420
Total Securing Growth in the Eastern Corridor	3,577	2,989	720	380	-	7,666

Transforming Services						
Street lighting bulb replacement	119	-	-	-	-	119
Highways Information Management System	342	-	-	-	-	342
Fleet Replacement Programme	1,478	-	-	-	-	1,478
Bell Park Industrial Estate	335	-	-	-	-	335
Friary Retail Park	50	-	-	-	-	50
Next	8,701	6,353	-	-	-	15,054
10 New George Street	1,780	-	-	-	-	1,780
Purchase of St Catherine's House	2,372	-	-	-	-	2,372
Royal Mail	20,377	-	-	-	-	20,377
Mayflower 400	6	-	-	-	-	6
Disabled Facilities (incl Care & Repair works)	16	-	-	-	-	16
Schools Condition Works	366	-	-	-	-	366
SEN Access and Safeguarding	60	-	-	-	-	60
Schools Devolved Projects	447	415	225	225	225	1,537
ICT	2,021	-	-	-	-	2,021
Corporate Asset Lifecycle Maintenance	802	-	-	-	-	802
Corporate Heritage Maintenance	166	-	-	-	-	166
Other Corporate Property	1,303	-	-	-	-	1,303
Transformation Accommodation	1,173	-	-	-	-	1,173
Boiler Replacement Programme for Council Properties	145	-	-	-	-	145
Total Transforming Services	42,059	6,768	225	225	225	49,502
TOTAL CAPITAL PROGRAMME	118,842	47,903	14,445	2,942	2,229	186,361
Forecast future income streams	75,522	98,038	43,003	28,227	22,372	267,162
Priority List	37,736	116,721	128,285	65,100	34,301	382,143
TOTAL CAPITAL BUDGET	232,100	262,662	185,733	96,269	58,902	835,666