

JULY 2018 FINANCE MONITORING – REPORT FOR CMT

Table 1: Revenue Monitoring Position

Directorate	Gross Expenditure	Gross Income	2018/19 Latest Approved Budget	Forecast Outturn	Forecast Year End Variation	Movement from Quarter 1 Cabinet Report
	£m	£m	£m	£m	£m	£m
Executive Office	4.546	(0.167)	4.379	4.478	0.099	0.000
Corporate Items	7.136	(12.269)	(5.133)	(4.688)	0.445	0.000
Transformation and Change	131.728	(95.649)	36.079	37.203	1.124	0.000
People Directorate	255.617	(130.992)	124.625	125.839	1.214	0.000
Office of the Director of Public Health	19.456	(19.141)	0.315	0.315	0.000	0.000
Place Directorate	79.769	(54.479)	25.290	25.290	0.000	0.000
TOTAL	498.254	(312.698)	185.556	188.438	2.882	(0.000)

Table 2: Plymouth Integrated Fund

Plymouth Integrated Fund	2018/19 Budget	2018/19 Forecast	Year End Overspend / (Underspend)
	£m	£m	£m
New Devon CCG – Plymouth locality	482.615	482.615	0.000
Plymouth City Council *	251.664	252.878	1.214
TOTAL	734.279	735.493	1.214

The financial position above for the Plymouth Integrated Fund is for the 2018/19 month 4 position, and before any risk share.

*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).

Table 3: Key Issues and Corrective Actions

Issue	Variation £M	Management Corrective Action
EXECUTIVE OFFICE	0.099	The department recognises the budget pressure for 2018/19 and also notes strong predicted income generation over target. Forensic examination of all budgets has already been undertaken. The next step is to instigate an 'end-to-end' review process to inform likely service review with a view to reducing establishment. Given strength in predicted income generation, focussed areas of new business development will also be pursued (e.g. school exclusions administration and at least one additional governance contract).
CORPORATE ITEMS	0.445	<p>This is due to the deficit in the Pension fund. Efforts are being made to reduce the deficit but a pressure currently remains. This includes working with colleagues at Devon County Council, the pension fund administrators.</p> <p>The Council is currently managing a number of public liability insurance claims. If all claims are fully paid there are insufficient funds in the reserve to meet all liabilities. Officers continue to work to mitigate these claims; to ensure that losses are minimised. At this stage if nothing else changes and based on past trends a deficit of approximately £0.2m will have to be covered.</p>
TRANSFORMATION and CHANGE – Finance	0.285	<p>There are pressures in Facilities Management; £0.095m due to the pay award in line with Living Wage. The provision created to meet the costs of the pay award was allocated but this has left an unfunded element in the FM service due to the make - up of the staff profile.</p> <p>There is also a pressure of £0.190m from an income target against Schools cleaning which is unlikely to be met due to schools withdrawing as they move to Academies. A revised FM structure is being drawn up to enable the</p>

		<p>pressure to be eliminated.</p> <p>A review is now underway to deliver the savings required to offset this pressure.</p> <p>Within Treasury Management 14 local authorities are taking legal action against Barclays Bank in connection with their LIBOR 'rigging' and the connection to the rate setting for LOBO loans. The Council will monitor this action to see if there are any opportunities to refinance our LOBOs.</p> <p>As expected the Bank of England increased the bank rate from 0.25% to 0.75%. The market is predicting a gradual increase in the base rate over the next 2 years. The Council has profited from very low interest rates on its short term loans but a 0.25% increase will cost the Council an additional £0.625m per year.</p>
TRANSFORMATION and CHANGE – Legal	0.000	There is currently a nil variance to report.
TRANSFORMATION and CHANGE – Customer Services	0.355	There is a pressure of £0.305m because of a shortfall in Housing Benefit Subsidy and £0.050m pressure due to an unfunded increase in Bank Charges for the Council. The contract with the bank is being renegotiated to address the charges.
TRANSFORMATION and CHANGE – Service Centre	0.484	As outlined in the MTFs there is a savings target against the Service Centre that remains a challenge. The project team are seeking solutions to address this with the focus being on apportioning it to the relevant service areas.
TRANSFORMATION and CHANGE – Human Resources & OD	0.000	There is currently a nil variance to report.

TRANSFORMATION and CHANGE – Departmental	0.000	There is currently a nil variance to report.
TRANSFORMATION and CHANGE – ICT Commissioned Service	0.000	There is currently a nil variance to report.
<p>PEOPLE Children Young People and Families (CYPF)</p> <p>The Children, Young People and Families Service are reporting a budget pressure of £0.580m at month 4 – no change from the previous month. The overspend can be attributed to the increased cost and volume of looked after children’s placements.</p> <p>The national and local context for children’s placements is extremely challenging, with increasing difficulties in securing appropriate, good quality placements.</p> <p>High demand and limited supply of placements, a tightening of Ofsted requirements, as well as initiatives such as the introduction of the National Living Wage, have all led to an increase in the unit costs of placements.</p> <p>As part of the MTFs for 2018/19, CYP&F are expected to make savings of over £1.872m (in order to contribute to the £5.485m Directorate target) as well as £2.783m of savings brought forward from 2017/18 that were realised from one off savings and will need to be realised in this financial year. The savings plans are currently red and amber.</p> <p>There are risks that continue to require close monitoring and management:</p> <ul style="list-style-type: none"> • Increased cost and volume of young people’s placements since budget setting autumn 2018. • Lack of immediate availability of the right in-house foster 	0.580	<p>There is no change to previous reported overspend. The quarterly star chamber exercise has resulted in (£0.331m) saving, this, together with a number of assumptions being made going forward, has an outcome of the following actions.</p> <ul style="list-style-type: none"> • Tightening of the front door for LAC - Action only HOS Children’s Social work and Permanence can give consent for anyone to be accommodated and in her absence Service Director will cover. • Fortnightly placement review to ensure step down of high cost placements • Focused deep dives into 16-18 years olds and care leavers placement costs with view to reduce cost • Review of staying put arrangements and financial remuneration • Reviewing all Section 20 arrangement (voluntary care) • Maximise contribution from partners - Health and Education Action Complete required Health tool for all Residential placements. Review elements of contracts to ensure Education element is recharged correctly • Service Director persistently raising matter of budgetary pressures at all staff meetings to ensure only essential expenditure and actions taken in a timely manner.

<p>care placements creating overuse of IFA's.</p> <ul style="list-style-type: none"> • There are still a number of individual packages of care at considerably higher cost due to the needs of the young person. • Regional wide commissioning activity did not bring about the anticipated holding and reduction of placement costs in both the residential and IFA sectors. • There are currently 37 Residential Placements with budget for only 36 • There are 23 Supported Living Placements with budget for 15. • A region wide lack of placements due to an increase in demand for placements, both national and regionally continues to impact negatively on sufficiency • There has been a 10.64% increase in looked after children since June 2017, which compares to an 11.3% increase in the South West Region March 2017 - March 2018. <p>The overall number of children in care at the end of July stands at 430.</p> <p>The number of children placed with independent fostering agencies stands at 122 against a target budget of 119 placements. Residential placements stands at 37 against a target of 36 budgeted placements with a number of these placements being high cost due to the complex nature of these children's needs. There is currently one young person placed in 'welfare' secure.</p> <p>The In-House Foster Care placements have 176 including connected carer's placements against a target budget of 200 placements. There are no In House Parent & Child Assessment Placement, 1 court ordered Independent foster</p>		<ul style="list-style-type: none"> • Director & Finance Review all Financial Assumptions <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>A new commissioned piece of work has been put in place for Young Devon to increase the number of supported lodgings beds (both standard and enhanced), with a small investment from CYPF to pump prime this work. This will achieve 15 new supported lodgings beds and 10 new Plan B (enhanced supported lodgings; useful for step-down from residential beds). This would substantially increase the available beds – currently 20 on the block contract. Supported lodgings offers good value for money for our young people at approximately £250 a week, with a focus on progress to independence.</p> <p>Extensive work is underway to review all placements in order to reduce the pressure on cost and volume where appropriate.</p> <p>Commissioners continue to work with colleagues in the peninsula to increase the sufficiency and quality of placements available. Since 2012 when there were 2 residential placements available in the city we now have 14 placements, and we expect this to continue to increase with two new solo homes due to be registered in spring 2018.</p>
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<p>care placements and 3 high cost Residential placements. We currently have 23 Supported Living Placements with budget for 15. However, 40% of the placements are at a substantially high cost due to the complex nature of the placement.</p>																										
<p>PEOPLE – Strategic Commissioning</p> <p>The Strategic Commissioning service is forecasting an adverse variation to year end of £0.530m, no change from month 3. The major pressures going into 2018/19 are still around increases in high cost packages and increases in client numbers, especially in the following areas:</p> <table border="1" data-bbox="129 671 943 1050"> <thead> <tr> <th></th> <th>Variation</th> <th>Budgeted Client Nos</th> <th>Actual Client Nos Mth 4</th> </tr> </thead> <tbody> <tr> <td>Dom Care</td> <td>£0.469</td> <td>1192</td> <td>1254</td> </tr> <tr> <td>Supported Living</td> <td>£0.460</td> <td>551</td> <td>584</td> </tr> <tr> <td>Short Stays</td> <td>£0.267</td> <td>60</td> <td>72</td> </tr> <tr> <td>Res & Nursing</td> <td>£1.180</td> <td>983</td> <td>1027</td> </tr> <tr> <td>Additional Income relating to Care Packages</td> <td>(£1.124)</td> <td></td> <td></td> </tr> </tbody> </table>		Variation	Budgeted Client Nos	Actual Client Nos Mth 4	Dom Care	£0.469	1192	1254	Supported Living	£0.460	551	584	Short Stays	£0.267	60	72	Res & Nursing	£1.180	983	1027	Additional Income relating to Care Packages	(£1.124)			<p>0.530</p>	<p>There are management actions currently being put in place to try to reduce the variation in year, with a number of “deep dives” taking place into the areas currently overheating, for example:</p> <ul style="list-style-type: none"> • Residential & Nursing – review of very high cost clients and transitions, review of admissions and discharges, • Supported Living – focus on Trusted Provider scheme, review of single handed project, • Dom Care – review of single handed project, review of reablement contract, • Short Stays – review of any short stay clients that have been in placements for over 1 month. <p>As part of the MTFs for 2018/19, Strategic Commissioning have assumed that savings of £2.546m (in order to contribute to the £2.914m People directorate target) will be achieved, as well as £2.248m of savings brought forward from 2017/18 that were realised from one off savings and need to be achieved in this financial year. At this stage, part of the savings that have been assumed as achieved are around care packages. At month four it has been identified that approximately 600k of these are high risk and further work is being undertaken to bring down the risk and bring forward additional plans if required.</p>
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<p>PEOPLE – Education Participation and Skills</p> <p>Education, Participation and Skills budget is forecast to</p>	<p>0.000</p>	<p>A plan is being developed to scope all of the education related services within</p>																								

<p>balance to budget at year end.</p> <p>As part of the MTFs for 2018/19, Education Participation and Skills is expected to make savings of over £0.699m (in order to contribute to the £5.485m Directorate target) as well as £0.687m of savings brought forward from 2017/18 that were realised from one off savings and will need to be realised in this financial year. In addition the Adult Community Meals pressure of £0.130m still remains within Education Participation and Skills.</p>		<p>Education, Participation and Skills and recommend an approach and plan for transforming in order to realise savings.</p>
<p>PEOPLE – Community Connections</p> <p>Community Connections is reporting a pressure of £0.104m at Month 4.</p> <p>Average Bed & Breakfast numbers for April to July have been 57 placements per night with a reduction in Housing Benefit income due to the change to the claiming through the universal credit system.</p> <p>Cost pressure for further reducing average placements by 15 from the current 57 to 42 per night is £0.104m, which the service is targeting to reduce with use of alternative properties provided through existing contracts as well as use of additional contracted staff to target single occupancy stays. The service is also dedicating more resource to encourage clients to complete universal credit claims to increase the Housing Benefit received.</p> <p>As part of the MTFs for 2018/19, Community Connections is expected to make savings of over £0.368m (in order to contribute to the £5.485m Directorate target) as well as</p>	<p>0.104</p>	<p>Action is ongoing to limit the overall cost pressure through lower placements and prevention work.</p>

<p>£0.291m of savings brought forward from 2017/18 that were realised from one off savings and will need to be realised in this financial year.</p>		
<p>People Management & Support</p> <p>The People Management & Support budget is forecast to balance to budget at year end, as per the reporting in previous months.</p>	<p>0.000</p>	
<p>Office of the Director of Public Health</p> <p>The budget for the Office of the Director of Public Health (ODPH) is expected to come in on budget for 2018/19. The budget is made up of the grant funded Public Health, Public Protection Service and Bereavement Services, of which the grant funded section of Public Health forms part of the Integrated Fund.</p> <p>There has been a reduction in the Public Health grant received in 2018/19 of £0.405m from 2017/18, which will be contained by a variety of management actions, mainly around the contracts that are held within the department.</p> <p>The Public Protection service, funded from RSG and other income streams, are showing a break even position at this point in the year.</p> <p>The Bereavement Service, is showing an increase in the numbers of cremations budgeted for at this point in the year, although any surpluses from this service are ring-fenced and cannot be counted towards any favourable variations for the Directorate.</p>	<p>0.000</p>	

<p>PLACE - Strategic Planning and Infrastructure</p> <p>The Service Management Team continue to actively monitor the overall departmental budget proactively as well as the agreed 2018/2019 Budget Review actions. Although the department continues to carry pressures, no specific actions are required at this stage of monitoring.</p>	<p>0.000</p>	<p>Efforts will continue to be taken to maximise income and reasonably contain costs.</p>
<p>PLACE - Management Support (Director's budget)</p> <p>Overall Place monitoring on-going will need to contain Management efficiencies by reducing costs and potential income opportunities.</p>	<p>0.000</p>	<p>Budget contains two efficiency targets – GAME staffing £0.134m and additional efficiencies which total £0.288m. We will be reviewing existing budgets and exploring all options for increased income and reduced costs in order to achieve these targets.</p>
<p>PLACE - Economic Development</p> <p>Forecast income generation from Asset Investment Fund acquisitions have enabled a number of expected spend pressures within Economic Development to be met. This includes earmarking resources to meet a potential net overspend linked to Events and additional costs such as enhanced security.</p>	<p>0.000</p>	<p>It is expected that a further Event pressure, currently under review in July 2018, will be met from future net Asset Investment Fund income, likely to be forecast in August 2018. This income is expected from two new acquisitions, due to complete in August 2018.</p>
<p>PLACE – GAME</p> <p>The New Homes Bonus target has already been achieved for 17/18</p>	<p>0.000</p>	

PLACE - Street Services		
Street Scene & Waste services: Street Scene & Waste are currently reporting to budget.	0.000	As part of the Street Services Improvement plan; we will examine and bring forward options to maximise income and reasonably contain costs whilst recognising the need to deliver high quality services
Fleet and Garage: Fleet & Garage is currently reporting to budget.	0.000	
Highways and Car Parking: Highways are currently reporting to budget.	0.000	
TOTAL	2.882	

Summary

The position for month 4 has not changed from the quarter one forecast position reported to Cabinet therefore showing a £2.882m forecast overspend for the council. The comparable figure last year was £4.922m forecast overspend.

There has been no change to the forecast overspend projected for Corporate Items and within the Transformation and Change Directorate, although work is continuing to reorganise FM services to achieve sustainable savings going forward. Pressures have been identified with the Executive Office and People Directorate. Place are reporting a balanced position.

The ongoing financial challenges the council faces continue and a concerted effort is required to deliver all savings plans and where appropriate develop new plans.

The volatility within a number of services cannot be underestimated. This is highlighted within Children's services where the forecast position is predicated on a number of assumptions and the requirement to deliver a number of actions as set out within the report.

The Council's General Fund working balance currently stands at £9.168m. The current forecast overspend of £2.882m would significantly reduce the General Fund working balance by over 30% and places the Council at risk should this not be contained within the agreed budget limits. The Council has no other sources of revenue funds to cover this position.