

|                          |  |
|--------------------------|--|
| Date of meeting:         | 22 November 2021   |
| Title of Report:         | <b>Finance and Capital Monitoring Report September 2021</b>                          |
| Lead Member:             | Councillor Nick Kelly (Leader)   |
| Lead Strategic Director: | Brendan Arnold (Service Director for Finance)  |
| Author:                  | David Northey - Head of Integrated Finance<br>Hannah West – Finance Business Partner |
| Contact Email:           | David.northey@plymouth.gov.uk  |
| Your Reference:          | Fin/djn/2021(06)   |
| Key Decision:            | No   |
| Confidentiality:         | Part I - Official  |

## Purpose of Report

This report sets out the revenue finance monitoring position and the capital position of the Council to the end of the financial year 2021/22, as at the end of September 2021.

## Recommendations and Reasons

### That Council:

1. Notes the current revenue monitoring position;
2. Approve the revision of the Capital Budget 2021-2026 to £647.591m (as shown in Section C Table 1)

## Alternative options considered and rejected

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

## Relevance to the Corporate Plan and/or the Plymouth Plan

The financial outturn 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 the Medium Term Financial Plan and Resource Implications:

Robust and accurate financial monitoring underpins the Council's Medium Term Financial Plan (MTFP). The Council's MTFP 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 MTFP going forward and require additional savings to be generated in future years.

## Financial Risks

This is the monitoring position as at the end of September 2021. As with all financial information there are associated risks as we move through the year. These are set out in the report, and in particular

within the savings chart. All efforts will be made to bring the financial position back to a balanced outturn at the year end.

### Carbon Footprint (Environmental) Implications:

No impacts directly arising from this report.

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

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.

### Appendices

\*Add rows as required to box below

| Ref. | Title of Appendix      | Exemption Paragraph Number (if applicable)  |   |   |   |   |   |   |
|------|------------------------|---|---|---|---|---|---|---|
|      |                        | If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box. |   |   |   |   |   |   |
|      |                        | 1   | 2 | 3 | 4 | 5 | 6 | 7 |
| A    | 2021/22 Savings status |   |   |   |   |   |   |   |
|      |                        |   |   |   |   |   |   |   |
|      |                        |   |   |   |   |   |   |   |

### Background papers:

\*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

| Title of any background paper(s) | Exemption Paragraph Number (if applicable)  |   |   |   |   |   |   |
|----------------------------------|---|---|---|---|---|---|---|
|                                  | If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box. |   |   |   |   |   |   |
|                                  | 1   | 2 | 3 | 4 | 5 | 6 | 7 |
|                                  |   |   |   |   |   |   |   |

### Sign off:

|  |                      |     |                       |            |  |    |  |        |  |               |  |
|--|----------------------|-----|-----------------------|------------|--|----|--|--------|--|---------------|--|
| Fin  | pl.21.<br>22.14<br>3 | Leg | MS/2/<br>01.11.<br>21 | Mon<br>Off |  | HR |  | Assets |  | Strat<br>Proc |  |
| Originating Senior Leadership Team member: Brendan Arnold (Service Director for Finance) |                      |     |                       |            |  |    |  |        |  |               |  |
| Please confirm the Strategic Director(s) has agreed the report? Yes                      |                      |     |                       |            |  |    |  |        |  |               |  |
| Date agreed: 26/10/2021  |                      |     |                       |            |  |    |  |        |  |               |  |

Cabinet Member approval: Councillor Nick Kelly (Leader)

Date approved: 26/10/2021

## SECTION A: EXECUTIVE SUMMARY

**Table I: End of year revenue forecast**

|                                  | Budget<br>£m   | Net Forecast<br>Outturn<br>£m | Variance<br>£m |
|----------------------------------|----------------|-------------------------------|----------------|
| <b>Total General Fund Budget</b> | <b>195.568</b> | <b>196.297</b>                | <b>0.729</b>   |

The forecast revenue outturn after the application of Covid grants and council mitigating actions is currently estimated at £0.729m over budget, which is a variance of +0.37% against the net budget (+0.14% against the gross budget). This is a reduction of £0.216m from the last report (period 5).

This is the September monitoring report for 2021/22 and it should be noted that the financial position will fluctuate as we move through the year. Officers and Members will work closely to manage the finances towards a balanced position by the end of the year.

Within this position the following headline financial issues are reported:

1. The pandemic continues to have a major impact on our financial resources, with a potential drawdown of £16.562m against the currently available grants. The impact of COVID-19 will continue in this financial year but in this forecast the additional costs identified are offset by grant and so there is a nil impact on the forecast variance.
2. Key budget pressures:
  - a) £0.765m reported within Customer & Corporate Services Directorate. This has improved by £0.420m in the last month owing to (a) continued management of staff vacancies and (b) a further saving in the treasury area.
3. Key favourable variances:
  - a) The Office of the Director of Public Health (ODPH) is still reporting an underspend of £0.094m.

**SECTION B: Directorate Review****Table 2: End of year revenue forecast by Directorate**

| Directorate                     | Budget<br>£m | Forecast<br>£m | COVID<br>offset<br>£m | Forecast<br>Net<br>Variance<br>£m | Status    |
|---------------------------------|--------------|----------------|-----------------------|-----------------------------------|-----------|
| Executive Office                | 5.429        | 5.565          | (0.116)               | 0.020                             | over      |
| Customer and Corporate Services | 44.031       | 45.859         | (1.063)               | 0.765                             | over      |
| Children's Directorate          | 53.074       | 60.988         | (7.914)               | 0.000                             | on budget |
| People Directorate              | 89.441       | 93.018         | (3.577)               | 0.000                             | on budget |
| ODPH                            | (0.537)      | (0.572)        | (0.059)               | (0.094)                           | under     |
| Place Directorate               | 24.976       | 28.848         | (3.833)               | 0.038                             | over      |
| Corporate Items                 | (20.846)     | (37.409)       | 16.562                | 0.000                             | on budget |
| Total                           | 195.568      | 196.297        | 0.000                 | 0.729                             | over      |

**1. Executive Office**

- 1.1 The Executive Office is reporting a small overspend due to printing costs. COVID-19 related pressures have also increased due to costs associated with court activity and resourcing.

**2. Customer and Corporate Services Directorate**

- 2.1 The Customer and Corporate Services Directorate is forecasting an over spend of £0.765m. This has reduced from £1.185m last month due to vacancies and actions taken within the Treasury Management function. Work will continue to adopt mitigating actions and the position will continue to be closely monitored moving forward.

**3. Children's Directorate**

- 3.1 The directorate is forecasting a breakeven position for the year, after identifying COVID-19 related costs of £7.914m for the year, offset by applying equivalent grant.

**4. People Directorate**

- 4.1 The People Directorate is forecasting a breakeven position for the year.

**5. Office of the Director of Public Health (ODPH)**

- 5.1 Public Protection Service, within Public Health, is continuing to report an under spend of £0.094m as a result of continuing management reviews of all expenditure.

**6. Place Directorate**

- 6.1 The directorate is reporting an over spend of £0.038m which is a worsening position from the month 5 under spend of £0.139m. This is due to income targets being impacted on following delegated decisions signed off in June 2021. Service areas are doing what they can to mitigate.

6.2 COVID-19 related additional spend and income foregone totals £3.833m. The majority of this continues to relate to loss of car parking income. Although significant increased costs are still showing in Street Scene and Waste.

## 7. **Corporate Items**

7.1 The overall position shows a nil variation.

7.2 COVID-19 financial support continues to be held here, and is being used to offset pressures that have arisen across all Directorates as a result of the pandemic; currently these are forecast to a total of £16.562m.

**Appendix A 2021/22 Savings status (I) Summary**

|                        | <b>Total</b>  | <b>Achieved savings</b> | <b>on track for delivery</b> | <b>Working on for delivery</b> | <b>Planned, internal/external actions required to deliver</b> |
|------------------------|---------------|-------------------------|------------------------------|--------------------------------|---|
|                        | <b>£m</b>     | <b>£m</b>               | <b>£m</b>                    | <b>£m</b>                      | <b>£m</b>   |
| Children's             | <b>4.001</b>  | 1.644                   | 1.179                        | 1.178                          | 0.000   |
| People                 | <b>3.160</b>  | 0.300                   | 2.860                        | 0.000                          | 0.000   |
| ODPH                   | <b>0.028</b>  | 0.028                   | 0.000                        | 0.000                          | 0.000   |
| Customer & Corporate   | <b>4.571</b>  | 0.000                   | 2.266                        | 0.019                          | 2.286   |
| Place                  | <b>1.035</b>  | 0.080                   | 0.105                        | 0.292                          | 0.558   |
| Corporate Items        | <b>1.050</b>  | 1.015                   | 0.000                        | 0.000                          | 0.035   |
| <b>2021/22 Savings</b> | <b>13.845</b> | <b>3.067</b>            | <b>6.410</b>                 | <b>1.489</b>                   | <b>2.879</b>  |

## Appendix A 2021/22 Savings status (2) Detail

| Directorate / Plans          | Target Savings | Achieved savings | Plans on track for delivery | Plans worked on for delivery | Planned, internal/external actions required to deliver |
|------------------------------|----------------|------------------|-----------------------------|------------------------------|--|
|                              | £m             | £m               | £m                          | £m                           | £m   |
| <b>Children</b>              |                |                  |                             |                              |  |
| EPS step up                  | 0.152          |                  |                             | 0.152                        |  |
| Home to School Transport     | 0.179          |                  |                             | 0.179                        |  |
| AST                          | 0.500          | 0.100            | 0.292                       | 0.108                        |  |
| Fostering                    | 0.670          | 0.189            | 0.242                       | 0.239                        |  |
| Troubled Families            | 0.650          | 0.317            | 0.333                       |                              |  |
| Placement Review             | 1.400          | 1.038            | 0.312                       | 0.050                        |  |
| Management Actions           | 0.450          |                  |                             | 0.450                        |  |
| <b>Children - Savings</b>    | <b>4.001</b>   | <b>1.644</b>     | <b>1.179</b>                | <b>1.178</b>                 | <b>0.000</b>   |
| <b>People</b>                |                |                  |                             |                              |  |
| Care Package Reviews (SC)    | 0.775          |                  | 0.775                       |                              |  |
| Direct Payment Reviews (SC)  | 0.250          |                  | 0.250                       |                              |  |
| Increased FCP Income (SC)    | 0.100          |                  | 0.100                       |                              |  |
| Commissioned Contracts (SC)  | 0.250          |                  | 0.250                       |                              |  |
| Grant Maximisation (CC)      | 0.200          | 0.200            |                             |                              |  |
| Management Actions (CC)      | 0.050          | 0.050            |                             |                              |  |
| Income Targets (CC)          | 0.050          | 0.050            |                             |                              |  |
| One Off Savings 2020/21 (SC) | 1.485          |                  | 1.485                       |                              |  |
| <b>People - savings</b>      | <b>3.160</b>   | <b>0.300</b>     | <b>2.860</b>                | <b>0.000</b>                 | <b>0.000</b>   |
| <b>ODPH</b>                  |                |                  |                             |                              |  |

|   |               |              |              |              |              |
|---|---------------|--------------|--------------|--------------|--------------|
| Additional Income   | 0.008         | 0.008        |              |              |              |
| Additional Income #2  | 0.020         | 0.020        |              |              |              |
| <b>ODPH - savings</b>   | <b>0.028</b>  | <b>0.028</b> | <b>0.000</b> | <b>0.000</b> | <b>0.000</b> |
| <b>Customer, Corporate Services and Executive Office</b>              |               |              |              |              |              |
| Efficiency  | 0.949         |              |              |              | 0.949        |
| FM review   | 0.550         |              |              |              | 0.550        |
| Business support  | 1.200         |              | 0.434        |              | 0.766        |
| ICT   | 1.000         |              | 1.000        |              |              |
| CEX; Legal services   | 0.100         |              | 0.100        |              |              |
| Coroner   | 0.040         |              |              | 0.019        | 0.021        |
| Training  | 0.153         |              | 0.153        |              |              |
| Capitalise Capital Team   | 0.050         |              | 0.050        |              |              |
| Internal Audit  | 0.016         |              | 0.016        |              |              |
| Departmental  | 0.513         |              | 0.513        |              |              |
| <b>Customer &amp; Corporate Services and Executive Office savings</b> | <b>4.571</b>  | <b>0.000</b> | <b>2.266</b> | <b>0.019</b> | <b>2.286</b> |
| <b>Place</b>  |               |              |              |              |              |
| Regeneration Property Fund  | 0.500         |              |              |              | 0.500        |
| Concessionary Fares   | 0.080         | 0.080        |              |              |              |
| Weston Mill, bulky & trade waste income                               | 0.208         |              |              | 0.180        | 0.028        |
| Resident Parking  | 0.060         |              | 0.060        |              |              |
| On/Off parking  | 0.065         |              |              | 0.035        | 0.030        |
| Fees and charges including Mt. Edgcumbe                               | 0.122         |              | 0.045        | 0.077        |              |
| <b>Place savings</b>  | <b>1.035</b>  | <b>0.080</b> | <b>0.105</b> | <b>0.292</b> | <b>0.558</b> |
| <b>Corporate</b>  |               |              |              |              |              |
| Schools PFI - adjustments   | 1.015         | 1.015        |              |              |              |
| Income target not allocated   | 0.035         |              |              |              | 0.035        |
| <b>Corporate savings</b>  | <b>1.050</b>  | <b>1.015</b> | <b>0.000</b> | <b>0.000</b> | <b>0.035</b> |
| <b>Overall Total savings</b>  | <b>13.845</b> | <b>3.067</b> | <b>6.410</b> | <b>1.489</b> | <b>2.879</b> |

## SECTION C: Capital Finance Report Quarter 2 2021/22

The five year capital budget 2021-2026 is currently forecasted at £647.591 as at 30 September 2021. The capital budget has been adjusted to take into account the new approvals or changes to the capital programme and to adjust the future funding assumptions shown in table 1.

### Current Capital Resources

Table 1 The Capital budget consists of the following elements:

| Description  | £m             |
|--|----------------|
| Approved Capital Programme 2021-2026                         | 344.716        |
| Future Funding Assumptions *                                 | 302.875        |
| <b>Total Revised Capital Budget for Approval (2021-2026)</b> | <b>647.591</b> |

\* Estimate of funding to be received to finance future capital projects (funding see Table 2c)

The approved capital budget (representing forecast resources) is made up of two elements. One is the Capital Programme representing projects that have been approved and the other is future funding assumptions which are estimates of capital funding the Council is likely to receive in the future.

### Capital Programme

Project officers prepare detailed business cases, which are reviewed by finance officers and then are agreed by CCIB member before going to the Leader to sign the executive decision. Once the Leader (or Section 151 Officer for projects under £200k) has approved the project it is added to the Capital Programme for delivery.

### Future Funding Assumptions

The current estimate of future capital funding for the next five years 2021-2026 is £302.875 (see table 2c).

The Future Funding Assumptions are made up of external funding including both ring-fenced and un-ringfenced grants, S106 and other external contributions. The capital programme is funded by 37% of external funding and there is a further £227.801m of future external funding to be added to the capital programme over the next five years.

Bidding for further external capital funding is strongly encouraged during the preparation of business cases for new projects.

Tables 2a and 3 below shows the revised capital programme for the period 2021-2026, as at 30 September 2021.

## Additions to the capital programme during the quarter

During the quarter the new approvals are as follows:

| Project  | £                |
|--|------------------|
| Fredrick Street                                  | 65,000           |
| Langage Development South Phase 2                | 40,000           |
| Plymouth International Medical & Technology Park | 240,000          |
| Oceansgate Phase 2 Direct Development            | 27,655           |
| Tree Planting 2021/22                            | 63,300           |
| TCF T2 Mobility Hubs                             | 95,674           |
| Millbay Boulevard                                | 109,088          |
| Minor Traffic Signals                            | 2,000            |
| Disabled Facilities (incl Care & Repair works)   | 2,813,781        |
| Plymouth Care Limited                            | 30,000           |
| Disabled Facilities (external contribution)      | 131,857          |
| <b>Total</b>                                     | <b>3,618,355</b> |

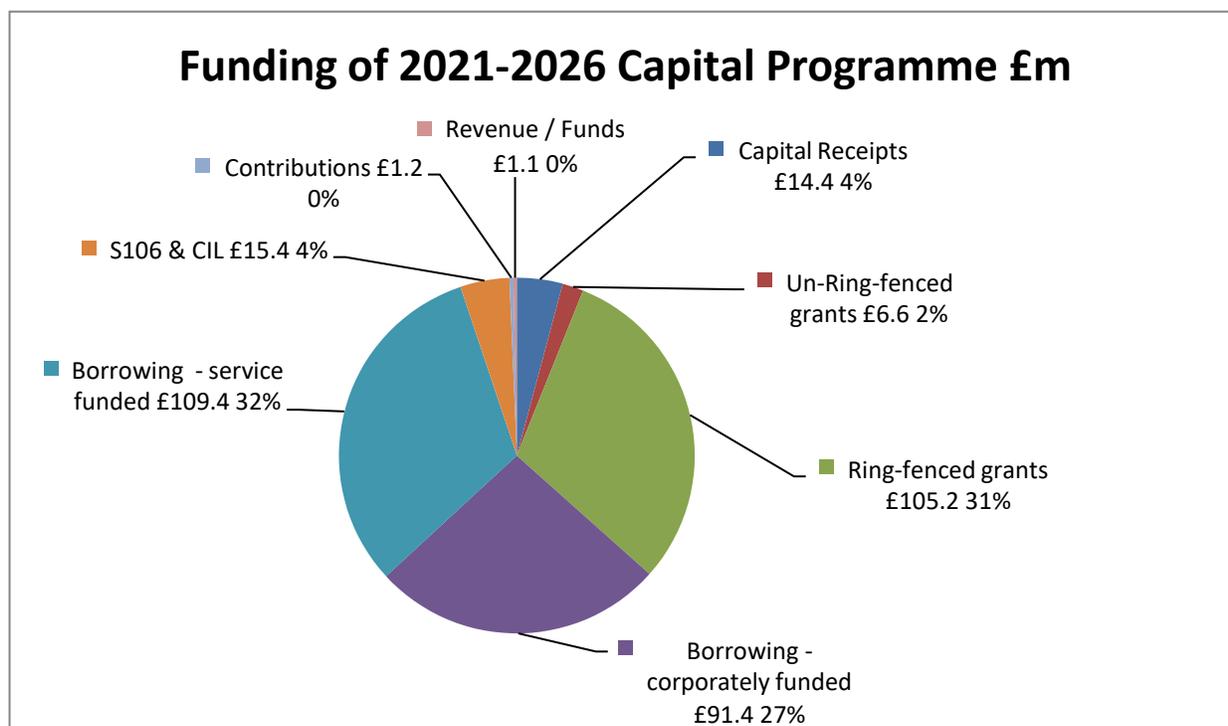
The capital programme is delivering some major projects across the city and it has won large grant funding bids for these projects. Some of the notable projects:

- Future High Streets Fund grant - £12.047m
- National Marine Park - National Heritage Lottery Fund award £9.6m
- The Eclipse project - £1.887m
- Forder Valley Link Road – £41.191m
- Forder Valley Interchange - £7.336m
- Transforming Cities Fund – £51.244m
- Brunel Plaza redevelopment of Plymouth Train Station – £26.224m
- Highway maintenance and essential engineering – £19.198m
- Plymouth Crematorium - £13.001m

## Revised Capital Programme

Table 2a Capital Programme by Directorate

| Directorate                                   | 2021/22        | 2022/23        | 2023/24       | 2024/25      | 2025/26      | Total          |
|---|----------------|----------------|---------------|--------------|--------------|----------------|
|   | £m             | £m             | £m            | £m           | £m           | £m             |
| People  | 9.612          | 10.895         | 3.716         | 0.132        | 0.132        | 24.487         |
| Place - Economic Development                  | 41.417         | 58.998         | 20.372        | 0.115        | 0.080        | 120.982        |
| Place – Strategic Planning and Infrastructure | 61.811         | 68.788         | 4.910         | 0.527        | 0            | 136.036        |
| Place – Street Services                       | 25.082         | 11.329         | 3.963         | 2.017        | 0            | 42.391         |
| Customer & Corporate Services                 | 6.648          | 1.802          | 0             | 0            | 0            | 8.450          |
| Public Health                                 | 12.370         | 0              | 0             | 0            | 0            | 12.370         |
| <b>Total</b>                                  | <b>156.940</b> | <b>151.812</b> | <b>32.961</b> | <b>2.791</b> | <b>0.212</b> | <b>344.716</b> |
| <b>Financed by:</b>                           |                |                |               |              |              |                |
| Capital Receipts                              | 1.918          | 5.637          | 6.128         | 0.619        | 0.080        | 14.383         |
| Grant funding                                 | 52.614         | 56.680         | 2.226         | 0.132        | 0.132        | 111.784        |
| Corporate funded borrowing                    | 48.746         | 32.627         | 8.028         | 2.040        | 0            | 91.441         |
| Service dept. supported borrowing             | 44.933         | 49.236         | 15.219        | 0            | 0            | 109.388        |
| S106 & CIL                                    | 6.428          | 7.629          | 1.360         | 0            | 0            | 15.417         |
| Other contributions                           | 2.301          | 0.003          | 0             | 0            | 0            | 2.303          |
| <b>Total Financing</b>                        | <b>156.940</b> | <b>151.812</b> | <b>32.961</b> | <b>2.791</b> | <b>0.212</b> | <b>344.716</b> |

**Table 2b Funding of the 2021-26 Capital Programme****Table 2c Future Funding Assumptions**

| Future Funding Estimates           | 2021/22       | 2022/23       | 2023/24       | 2024/25       | 2025/26        | Total          |
|------------------------------------|---------------|---------------|---------------|---------------|----------------|----------------|
|                                    | £m            | £m            | £m            | £m            | £m             | £m             |
| Service borrowing & external loans | 26.250        | 30.850        | 2.120         | 5.000         | 5.000          | <b>69.220</b>  |
| Grants                             | 11.794        | 28.302        | 24.221        | 30.416        | 105.094        | <b>199.827</b> |
| S106 and CIL                       | 4.275         | 3.831         | 4.121         | 4.064         | 3.922          | <b>20.212</b>  |
| Other sources                      | 2.881         | 6.851         | 1.278         | 1.325         | 1.280          | <b>13.616</b>  |
| <b>Total</b>                       | <b>45.199</b> | <b>69.835</b> | <b>31.740</b> | <b>40.806</b> | <b>115.296</b> | <b>302.875</b> |

**Covid 19**

The effect from Covid 19 has slowed the capital programme delivery. Since April 2021, the restrictions have been slowly lifting and capital projects have been getting back to work even with the additional safety requirements of social distancing.

The economy has been getting back to work but we have seen an increase in the cost of raw materials and labour which may affect some of the capital projects.

Table 3: Capital Programme by Delivery Outcome

| Primary Outcome of Projects                            | £m             |
|--|----------------|
| Securing Growth in the City Centre/Waterfront          | 17.137         |
| Securing Growth in Derriford and the Northern Corridor | 42.040         |
| Securing Growth in the Eastern Corridor                | 3.687          |
| Delivering More/Better Housing                         | 27.342         |
| Ensuring Essential City Infrastructure                 | 85.782         |
| Improving Neighbourhoods and Community Infrastructure  | 5.424          |
| Ensuring Good Quality School Places                    | 0.868          |
| Growing the Economy                                    | 56.019         |
| Delivering Oceansgate                                  | 4.202          |
| Connecting the City                                    | 32.491         |
| Celebrating Mayflower                                  | 1.150          |
| Delivering The Box                                     | 0.936          |
| Transforming Services                                  | 67.638         |
| <b>Total</b>   | <b>344.716</b> |