

Performance, Finance and Customer Focus Overview and Scrutiny Committee



Date of meeting:	01 December 2021
Title of Report:	Finance and Capital Monitoring Report September 2021
Lead Member:	Councillor Nick Kelly (Leader)
Lead Strategic Director:	Brendan Arnold (Service Director for Finance)
Author:	David Northey - Head of Integrated Finance 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 scrutiny note the report.

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) <i>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.</i>						
		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) <i>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.</i>						
	1	2	3	4	5	6	7

Sign off:

Fin	pl.21. 22.14 3	Leg	MS/2/ 01.11. 21	Mon Off		HR		Assets		Strat 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 1: End of year revenue forecast

	Budget £m	Net Forecast Outturn £m	Variance £m
Total General Fund Budget	195.568	196.297	0.729

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 £m	Forecast £m	COVID offset £m	Forecast Net Variance £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

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

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
Children					
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	
Children - Savings	4.001	1.644	1.179	1.178	0.000
People					
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		
People - savings	3.160	0.300	2.860	0.000	0.000
ODPH					

Additional Income	0.008	0.008			
Additional Income #2	0.020	0.020			
ODPH - savings	0.028	0.028	0.000	0.000	0.000
Customer, Corporate Services and Executive Office					
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		
Customer & Corporate Services and Executive Office savings	4.571	0.000	2.266	0.019	2.286
Place					
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	
Place savings	1.035	0.080	0.105	0.292	0.558
Corporate					
Schools PFI - adjustments	1.015	1.015			
Income target not allocated	0.035				0.035
Corporate savings	1.050	1.015	0.000	0.000	0.035
Overall Total savings	13.845	3.067	6.410	1.489	2.879

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
Total Revised Capital Budget for Approval (2021-2026)	647.591

* 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
Total	3,618,355

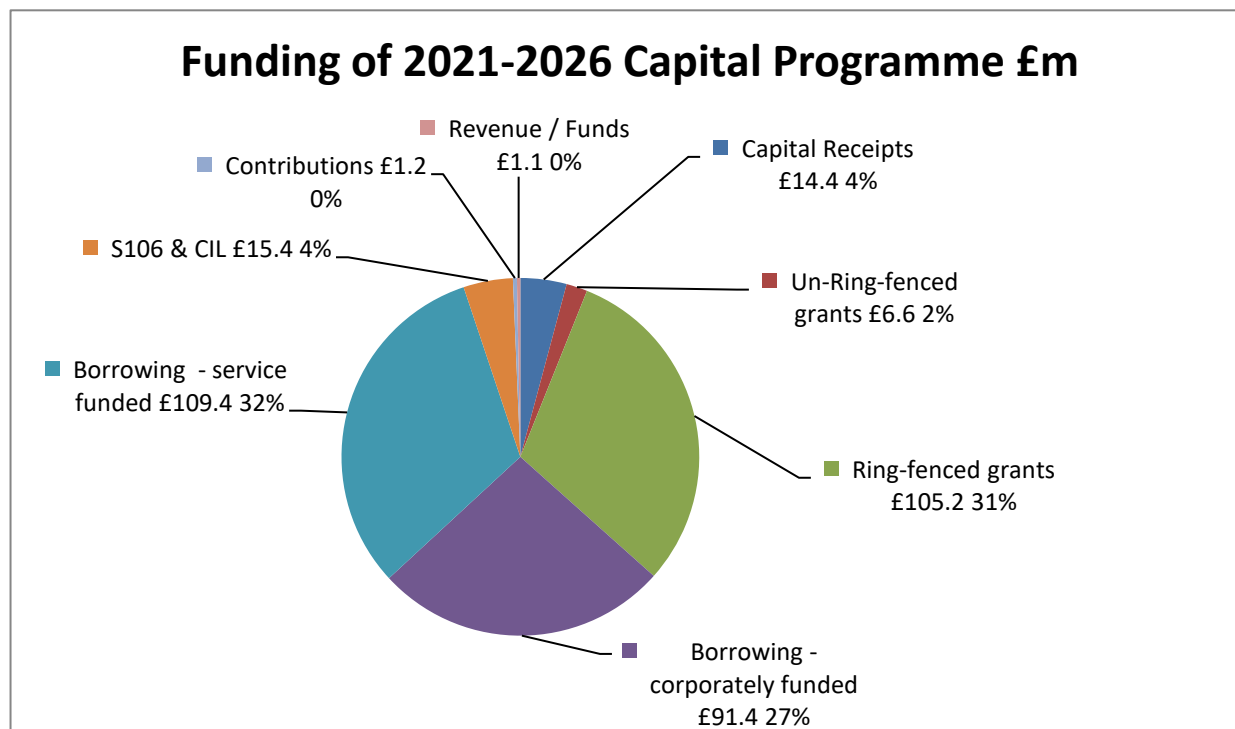
The capital programme is delivering some major projects across the city and it has won large grant funding bids for these projects. Some of the notable projects:

- 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
Total	156.940	151.812	32.961	2.791	0.212	344.716
Financed by:						
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
SI06 & CIL	6.428	7.629	1.360	0	0	15.417
Other contributions	2.301	0.003	0	0	0	2.303
Total Financing	156.940	151.812	32.961	2.791	0.212	344.716

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	69.220
Grants	11.794	28.302	24.221	30.416	105.094	199.827
S106 and CIL	4.275	3.831	4.121	4.064	3.922	20.212
Other sources	2.881	6.851	1.278	1.325	1.280	13.616
Total	45.199	69.835	31.740	40.806	115.296	302.875

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
Total	344.716