

Public Document Pack



Democratic Support

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#coopscrutiny

CO-OPERATIVE SCRUTINY BOARD SUPPLEMENT PACK

Wednesday 29 July 2015
4.00 pm
Council House (Next to the Civic Centre)

Members:

Councillor James, Chair
Councillor Mrs Aspinall, Vice Chair
Councillors Mrs Beer, Bowie, Mrs Bowyer, Sam Davey, Jordan, Murphy, Ricketts, Storer and Kate Taylor.

Please find attached, for your consideration, additional information relating to agenda item 12.

For further information on attending Council meetings and how to engage in the democratic process please follow this link - <http://www.plymouth.gov.uk/accesstomeetings>

Tracey Lee
Chief Executive

CO-OPERATIVE SCRUTINY BOARD

AGENDA

PART I – PUBLIC MEETING

12. OVERVIEW BUDGET POSITION

(Pages 1 - 36)

The Board will receive a presentation on the overview of the budget position for its consideration.

PLYMOUTH CITY COUNCIL

Subject:	Financial Outturn 2014/15 (including Capital Programme update)
Committee:	Cabinet
Date:	9 June 2015
Cabinet Member:	Councillor Lowry
CMT Member:	Lesa Annear (Strategic Director for Transformation and Change)
Author:	David Northey, Interim Assistant Director for Finance
Contact details	Tel: 01752 305428 email: david.northey@plymouth.gov.uk
Ref:	
Key Decision:	No
Part:	I

Purpose of the report:

This report is the final monitoring, or outturn, report for 2014/15 and details the financial monitoring position of the Council as at the end of March 2015.

The Revenue position for the year, assuming the transfers to and from reserves as proposed in the report are approved, is a net spend of £204.799m.

As is normal practice, this report proposes a number of adjustments to the financial accounts following the financial health review always undertaken by the Section 151 Officer at the end of the year. Decisions made as part of this report will feed into the Council's annual Statement of Accounts which is subject to external audit.

Following approval there will be a requirement for a transfer of £0.119m from the Working Balance, leaving a balance of £10.620m at 31 March 2015.

The final Capital outturn position for 2014/15 is £53.791m.

The Corporate Plan 2013/14 – 2016/17:

This quarterly report is fundamentally linked to delivering the priorities within the Council's Corporate Plan and sets out how the Council allocates its limited resources to key priorities to maximise the benefits to the residents of Plymouth.

Implications for Medium Term Financial Plan and Resource Implications:

The final outturn at the end of the year was just £0.119m more than the budget target that we set, which is a tremendous achievement and testament to the strong financial management and discipline across all areas of the council.

Balancing the budget without the need to draw down against our financial reserves provides us with a strong foundation to address the challenges ahead. However, there are specific areas of departmental service that continued to present us with significant financial impact, mainly in relation to our demand-driven Children's Social Care which reported an overspend of £2.7m against the budget allocation of £26.5m, and our Co-operative Commissioning and Adult Social Care programme where costs exceeded the £70.5m budget by £2.5m at year end. The 2015/16 budget allocation in both areas has been reset based on client numbers and costs, and with increasing adult client numbers linked to people living longer, this has been a major driver for us to join in partnership with colleagues from health, with a pooled budget in place from April 2015, to place our combined limited funding into preventative work, supporting people to live healthy live-styles within the community.

The Medium Term Financial Forecast will now be updated to take account of the outturn position as detailed in this report

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

In considering the budget variations for the year, Directors will identify any potential risks to delivering the budget in future years. These will be monitored as part of the corporate reporting process.

All actions taken as part of the Corporate Adjustments have been considered for their impact on: council priorities, legal obligations, customers and other services and partners.

Equality and Diversity

We have given due-regard to our Public Sector Equality Duty for all relevant management actions.

Recommendations and Reasons for recommended action:

That Cabinet:-

1. Note the provisional outturn position as at 31 March 2015
2. Note the adjusted revenue deficit for the year of £0.119m and approve that this be met by a transfer from the General Fund Working Balance
3. Note the additional, unbudgeted, income of £1.500m included as part of the Corporate Adjustments for 2014/15. Our budget report approved in February 2014 stated we continue to review our Council Tax collection fund with the first call on any surplus being the need to top up reserves. In addition note the additional income, above the amount included in the budget from the Business Rates Pool of £0.150m.

4. Approve the additional transfers to and from reserves reflected within the outturn figures:

- Transfer to Waste Reserve £ 0.350m
- Creation of a Rail Reserve £ 0.070m
- Release from Insurance Reserve £ (0.400)m

5. Approve the following net nil transfers between reserves and provisions:

- Transfer from Collection Fund £ (1.500)m
- Creation of a Contingent Liabilities Provision £ 0.250m
- Creation of an Integrated Health Reserve £ 0.500m
- Transfer to Waste Reserve £ 0.750m
- Reduce Equal Pay Reserve £ (0.700)m
- Transfer to Redundancy Reserve £ 0.700m

6. Note the capital financing requirement of £53.791m and approve the borrowing requirement of £6.792m for 2014/15.

7. Note the re-profiling changes to the capital programme identified during the outturn process subsequent to Council approval in February 2015.

8. Note the additions to the Capital Programme which total £43.870m for the period January 2015 to April 2015

Alternative options considered and rejected:

None considered as it is a statutory requirement to report on the use of the Council’s budget funds.

Published work / information:

The Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) (England) [Regulations](#) 2003

Capital Financing [Regulations](#) (2012)

Background papers:

2014/15 Capital & Revenue Monitoring [Report](#) Quarter 3 2014/15

[Annual Report 2015/16](#)

Sign off:

Fin	Djn151 6.10	Leg	DVS/23 055	Mon Off	DVS/23 055	H R		Assets		IT		Strat Proc	
Originating SMT Member: David Northey													
Have the Cabinet Members agreed the contents of the report? Yes													

Plymouth City Council
Finance Monitoring – 2014/15
Quarter 4 Outturn at 31 March 2015

I. Introduction

- I.1 This report reviews the Council's financial performance for the year ended 31 March 2015.
- I.2 It is appropriate, given the financial challenges facing the Council in the next financial year and the medium term, that as part of reporting the final position for 2014/15 further consideration is now given to future levels of the Working Balance and reserves. As is normal practice at this time of year, the Chief Finance Officer, the Assistant Director for Finance is recommending a number of adjustments to provisions and reserves within the report.
- I.3 The outturn figures will now feed into the Council's formal Statement of Accounts, which will include the balance sheet position. Under the Accounts and Audit Regulations 2011 the Assistant Director for Finance, as the Council's Section 151 Officer, is required to formally approve the accounts by 30 June 2015. The external auditor is required to audit the accounts by 30 September – the statutory deadline for their publication; the Audit Committee will be formally asked to approve the final accounts for the year following completion of the audit.
- I.4 This report contains the following sections and appendices:-
- **Section A Revenue Finance**
 - **Section B Capital Programme**

 - Appendix A Revenue Outturn variances by department 2014/15
 - Appendix B Movement in Reserves Summary 2014/15
 - Appendix C Movement in Provisions Summary 2014/15
 - Appendix D Capital Programme additions January 2015 – April 2015
- I.5 Full details of how we have allocated our financial resources to our priorities are set out in our Annual Report 2015/16, which can be accessed by following the link in "Background Papers". The Annual Report summaries how we are delivering the priorities for Plymouth.
- I.6 It sets out what we aim to achieve going forward and details what we achieved during 2014/15 despite the financial challenges we are facing including the creation of more jobs and homes for the city, and our ambitious capital investment.

SECTION A REVENUE FINANCE

2. General Fund Revenue Budget

- 2.1 Council approved a net revenue budget of £204.680m for 2014/15 at its meeting on 24 February 2014. Table I below provides a summary of the Council's overall revenue expenditure and compares the draft outturn with the latest approved budget.
- 2.2 The Council's Trading Accounts have been accounted for within the Place Directorate and Office for the Director of Public Health; a summary position is included within Appendix B.

2.3 Table I End of year revenue outturn by Directorate

Directorate	2014/15 Council Approved Budget	2014/15 Budget Virements	2014/15 Latest Budget	2014/15 Outturn	Year End Overspend / (Underspend)
	£m	£m	£m	£m	£m
Executive Office	3.697	0.173	3.870	3.869	(0.001)
Corporate Items	11.008	5.798	16.806	13.534	(3.272)
Transformation and Change Directorate	31.335	(0.612)	30.723	30.657	(0.066)
People Directorate	122.746	0.005	122.751	126.190	3.439
Public Health	0.184	0.027	0.211	0.205	(0.006)
Place Directorate	35.710	(5.391)	30.319	30.344	0.025
TOTAL	204.680	0.000	204.680	204.799	0.119

- 2.4 The monitoring report received by Cabinet on 10 February 2015 forecast a revenue outturn position of £1.746m overspend at the year end, and officers were tasked with continuing to take actions to reduce the overspend. Revenue spend has reduced by £1.627m over the last three months of the financial year which reduced the end of year overspend to £0.119m.
- 2.5 Within the People Directorate, both the Children's Social Care service and the Co-operative Commissioning and Adult Social Care service recorded overspends of £2.7m and £2.5m. However other savings within the directorate reduced the overall People Directorate overspend to £3.439m.
- 2.6 Across the Council, management actions to reduce the overspend included a full review of all discretionary spend and delayed expenditure wherever possible, with major savings being achieved within the Corporate Items.
- 2.7 Analysis of the final outturn position by directorate:

1. **Executive Office:** has recorded an overall minor underspend for the year of £0.001m.

2. **Corporate items:** has recorded a final underspend position for the year of £3.272m. The detail of this saving includes:
 1. The Corporate revenue contingency of £1m was established to fund one-off in-year budget pressures; we have not had to drawdown against this contingency and we have therefore released the unrequired £1m which has resulted in an increased underspend on Corporate Items.

 2. We were able to save more than £1.4m due to our continuing Treasury Management Strategy to broaden our investment portfolio and increase the returns available on our investments. We have built £1m of these savings into the 2015/16 Budget as sustainable savings.

 3. The cost of our Transformation Programme was included in the Corporate Items budget for 2014/15 with an allocation of £5.9m. The final outturn was £5.6m contributing a saving of £0.3m.

 4. The Council is part of a business rates pool with other Local Authorities in Devon which is in its second year of operation. On top of the income included in our budget assumptions we were able to benefit from an additional £0.150m. Also during the year we received a one-off VAT refund of £0.142m.

 5. As part of our December monitoring report we undertook a review of our overall reserves and provisions. Due to changes in our insurance liabilities, at that stage we released £0.600m and as part of this final outturn position we have been able to increase this release to £1m.

 6. At the start of the year we had a Redundancy Reserve of £0.300m which has been allocated to the cost of our Voluntary Release Scheme costs. Against the savings within Corporate Items itemised above we have funded the redundancy costs incurred within 2014/15 amounting to £0.700m.

3. **Transformation and Change:** has been showing a range of areas of possible overspend across the directorate with management actions to show an overall balanced position. In March savings totalling £0.066m have been identified with additional savings from Finance and HR & OD together with additional income from Legal Services.

- 4. People Directorate:** In the December 2014 report the directorate was showing a forecast £4.852m over spend and was set a target to finish the year no more than £4m overspend; the directorate has continued to work closely with finance colleagues to minimise the outturn overspend. The improvement in the quarter is £1.413m leaving an over spend for the year of £3.439m. Although this is a significant improvement in the final quarter, officers have been tasked to understand the final movements and learn the lessons around improving monitoring.

The detail of this final outturn position includes:

1. Children's Social Care; ended the year with a total spend of £29.243m against the budget allocation of £26.519m, an overspend of £2.724m. This is attributable to the increased cost of young people's placement, including more complex care needs and a number of strategies were put in place during the year to address the rising number of children in care.
2. Adult Social Care; ended the year with a total spend of £72.998m against the budget of £70.489m, an overspend of £2.509m. Management action to contain this overspend included measures around sign off of spend at the front door and a review of high cost packages. The main additional costs relate to Care Packages; Supported Living; Direct Payments; Re-ablement and an increase in the forecasted cost of the Rapid Response Service and DoLS assessments and associated costs.
3. ELAFs recorded an underspend of £1.486m and Homes and Communities an underspend of £0.321m. In both departments it should be noted that managers did their best to reduce or defer spend wherever possible, and worked to bring forward savings to reduce the directorate's forecasted overspend.

As shown above, there are specific areas of departmental service that continued to present us with significant financial impact, mainly in relation to our demand-driven Children's Social Care and our Co-operative Commissioning and Adult Social Care programme. In setting the 2015/16 budget allocation in both areas we have reset based on client numbers and costs of provision. This resetting of the budget baseline, based on latest data modelling should ensure we do not report over spend positions at the end of 2015/16, although we must always be mindful that both services are demand-driven.

5. Public Health: A small movement in March of £0.006m has resulted in an overall minor underspend for the year.

1. Public Health came in as a balanced budget within the ring fenced grant.
2. Public Protection Service overspent by £0.021m due to a variance in Bereavement Service income
3. Civil Protection Unit had an underspend of £0.027m due to cost recovery.

6. Place Directorate: has been forecasting a breakeven position for the year and has finished with a small overspend of £0.025m.

This final outturn position includes:

1. Economic Development came in on budget at 0.898m The ED team has worked hard to mitigate significant pressures in the Events programme and circa £300k economic pressure on the £4m pa commercial rent roll. Rents will continue to require careful management as the economy recovers gradually over the next few years
2. Strategic Planning & Infrastructure (SPI) came in £0.222m under budget with an outturn of £8.614m against the budget allocation of £8.836m, largely due to a restructure.
3. Street Services recorded an over spend of £0.145m with an outturn of £22.649m against the budget allocation of £22.504m. The department has addressed a range of demand based pressures during the course of the year by implementing a number of changes. Action within car parking to review back office costs and other procurement savings has partially offset lower than expected levels of income. The street cleansing team has reviewed and reduced the need for seasonal agency workers. Additional savings on the fleet and transport and the wider street services restructure has also enabled savings targets to be met. Finally, the delays in the opening of the new Waste Disposal Facility (WDF) has been offset with contracted compensation whilst the delay in receipt of PFI credits has been met by the negotiated and shared gain on the exchange rates relating to the construction costs of the WDF

3 2014/15 Financial Review

- 3.1 As part of consideration of the outturn position, and before officially 'closing the accounts', it is necessary to review the Council's overall financial position, looking not only at the outturn position for the year, but reviewing the adequacy of reserves and provisions in the light of financial liabilities identified over the short to medium term. Decisions made feed into the Council's statutory Statement of Accounts which is subject to external audit.
- 3.2 As an integral part of the financial review the Assistant Director for Finance and Corporate Management Team (CMT) are recommending the following Corporate Adjustments, including transfers to and from reserves, which amount to a net improvement to the overall outturn of £0.130m:

- a. Transfer to Redundancy Reserve £0.700m

The balance brought forward 1 April 2014 of £0.300m has been used towards funding our Voluntary Release Scheme (VRS) during 2014/15 and prior to any adjustment will stand at zero at 31 March 2015. As part of our Transformation Programme we have highlighted the need to reduce our workforce and it is proposed to transfer £0.700m to the Redundancy Reserve for staffing changes anticipated during 2015/16.

- b. Transfer from Equal Pay Reserve £(0.700)m

Prior to this proposed adjustment and following claims settled in the year, the balance at 31 March 2015 was £1.200m. Modelling by Finance and HR & OD suggests carrying forward a reserve balance of £0.500m for the remaining advised claims liability.

- c. Creation of a Rail Reserve £0.070m

The importance of a reliable, high speed rail link to London cannot be underestimated. It is proposed to set up a Rail Reserve to allow the allocation of additional resource to head up this area. It is envisaged that this post will be required for a minimum of three years; the following two years costs have been included in the Medium Term Financial Strategy.

- d. Transfer to Waste Reserve £1.100m

The Council has made a commitment to its waste disposal for the City with the building and commissioning of a new Waste Disposal Facility (WDF). As part of the construction contract a risk and gain sharing agreement was negotiated with MVV (the WDF provider) in relation to the cost of construction and the Euro exchange rate. The results of which were a financial gain to the Council which has been used to top up the Waste Reserve. The WDF is due to be fully operational from early May 2015. The Waste Reserve can be further divided to cover:

- i. The impact of delayed PFI credits to cover the period from 1 April 2015 to the date the plant becomes operational £0.250m
- ii. The additional waste disposal costs from 1 April 2015 to the date the plant becomes operational £0.550m
- iii. Contingency against these two items in the event of any further delay in the commissioning date £0.300m

e. Release from Collection Fund Reserve £(1.500)m

Cabinet is requested to note the additional, unbudgeted, income of £1.500m included as part of these Corporate Adjustments for 2014/15. Our budget report approved in February 2014 stated we continue to review our Council Tax collection fund with the first call on any residue surplus being the need to top up reserves. Each year we set our collection targets as part of the budget process. Given the economic climate it was prudent to set our income assumptions at a lower rate than previously. This £1.5m relates to Council Tax collected in the period up to 31 March 2014 where we have been able to maintain our collection rates and therefore exceeding our income assumptions. These additional resources were not able to be used prior to the 2014/15 financial period.

f. Additional Business Rates 2014/15 £0.150)m

In addition to the additional income included in our base 2014/15 budget, generated from our inclusion in the Devon Business Rates Pool, the benefit for the year has been confirmed as an additional £0.150m which is being recognised as part of the Corporate Adjustments.

g. Transfer from Insurance Reserve £(0.400)m

Following a full review of our claims history, as part of the closedown procedures, we are able to release the additional amount of £0.400m from our Insurance Reserve. This is in addition to the release of £0.600m reported as part of the December outturn position approved by Cabinet in February 2015. This will leave a balance to carry forward into 2015/16 of £1.3m

h. Creation of an Integrated Health Reserve £0.500m

As part of the 2015/16 budget setting we calculated an estimated financial impact for the year of £0.518m. This cost is still an estimate at this stage as the full implications of the Care Act are as yet still to be clarified. It is proposed that we recognise this £0.500m in the accounts whilst continuing to work through the legislation and impact.

i. Creation of a Contingent Liability Provision £0.250m

Each quarter as part of our Monitoring Officer and S151 CFO Assurance Review, the Council produces a contingent liability report, detailing known possible future liabilities. During March 2015 we have become aware of the possibility of one of these contingent liabilities crystallising early in 2015/16. It is proposed to set up a provision for 50% of the liability at this stage until further details are known.

Reserves and Provisions at 31 March 2015

3.3 Working Balance

Approval of the actions outlined above would leave a Working Balance at 31 March 2015 of £10.620m

Table 2 Working Balance

	March 2014	Less Outturn	March 2015
	£m	£m	£m
Working Balance	10.739	0.119	10.620

A working balance of £10.620m equates to approximately 5.5% of the net revenue budget for 2015/16 of £193.009m and remains in line with the approved Medium Term Financial Strategy (MTFS) which is to maintain a Working Balance of at least 5%.

3.4 Earmarked Reserves and Provisions

3.4.1 In addition to the Working Balance, the Council maintains a number of reserves which may be required for statutory purposes or set up voluntarily to earmark resources for future spending plans. Assuming the Corporate Adjustments outlined above are approved, the Council's earmarked reserves will stand at £28.700m at 31 March 2015 (up from £27.419m at 31 March 2014). This includes schools balances and reserves of £8.904m (down from £9.619m). At this point the details of the Tamar Bridge and Torpoint Ferry accounts have not been received from Cornwall Council who prepare the accounts and so any balances relating to this activity cannot be updated.

3.4.2 These figures are subject to change as the final statement of accounts is produced over the next month but any changes should be minimal. Appendix B shows the provisional movement in the reserves over the year, together with the main purpose of the reserve.

3.4.3 The Council has a number of budget provisions set up to meet known liabilities. Provisions are compulsory and required to comply with accounting standards. The balance on the provisions at year end together with movement in the year is outlined in Appendix C.

3.4.4 Schools Balances

At the end of the year there was a total of £8.904m unspent monies against schools' delegated budgets and other reserves. The main reasons why schools hold balances are:

- anticipation of future budget pressures usually arising from pupil number variations;
- to provide for the balance of Government grants paid during the financial year (April–March) which cover expenditure occurring across the academic year (September – August).
- Schools are also holding extra funds whilst they put together proposals for Early Help and the Council will be working with schools in 2015/16 to bring joint commissioning of such services to a reality.

Recommendations:

That Cabinet:-

1. note the provisional outturn position as at 31 March 2015
2. Note the adjusted revenue deficit for the year of £0.119m and approve that this be met by a transfer from the General Fund Working Balance
3. Note the additional, unbudgeted, income of £1.500m included as part of the Corporate Adjustments for 2014/15. In addition note the additional income, above the amount included in the budget from the Business Rates Pool of £0.150m.
4. Approve the additional transfers to and from reserves reflected within the outturn figures:

- | | |
|----------------------------------|------------|
| • Transfer to Waste Reserve | £ 0.350m |
| • Creation of a Rail Reserve | £ 0.070m |
| • Release from Insurance Reserve | £ (0.400)m |

5. Approve the following net nil transfers between reserves and provisions:

- | | |
|--|------------|
| • Transfer from Collection Fund | £ (1.500)m |
| • Creation of a Contingent Liabilities Provision | £ 0.250m |
| • Creation of an Integrated Health Reserve | £ 0.500m |
| • Transfer to Waste Reserve | £ 0.750m |
| • Reduce Equal Pay Reserve | £ (0.700)m |
| • Transfer to Redundancy Reserve | £ 0.700m |

SECTION B CAPITAL PROGRAMME

4. Capital Programme

- 4.1 The final outturn position for 2014/15 is £53.791m which is shown by Directorate in the table below. The Latest Budget is the revised position as reported to Full Council at its meeting in February 2015.

Table 3 – Capital Outturn 2014/15

Directorate	Latest Budget	Re-profiling	New Approvals	Variations	Outturn	Change	%
	£m	£m	£m	£m	£m	£m	
Place Directorate	32.240	(1.406)	1.548	1.106	33.488	1.248	104%
People Directorate	14.307	(0.555)	0.113	0.000	13.865	(0.442)	97%
Transformation and Change Directorate	9.938	(5.068)	0.975	0.407	6.252	(3.686)	63%
Public Health	0.186	0.000	0.000	0.000	0.186	0.000	100%
TOTAL	56.671	(7.029)	2.636	1.513	53.791	(2.880)	95%

- 4.2 The 2014/15 programme has enabled investment in some notable schemes, including £11m on improving and maintaining primary schools and academies; £2m on upgrading disabled facilities in homes; £2.9m contribution to upgrading of the Materials Recycling Facility at Chelson Meadow; £11m on highway improvements and £1.3m towards vehicle and plant replacement.
- 4.3 The year- end position highlights £7.029m re-profiling of schemes into 2015/16 with the most significant project being the decant of council staff from the Civic Centre at £3.848m. The project has slipped by six months with completion expected in September 2015 rather than the originally planned March 2015.
- 4.4 There are some projects which are ahead of schedule such as carriageway resurfacing and pothole removal £1.414m, and replacement of street lighting £0.794m.
- 4.5 The additions to the four year capital programme in the period January – April 2015 alone total £43.870m and include a further investment of £21.2m in our road network, including £10.2m on two major junctions upgrades at Derriford roundabout, with a further £0.9m on the replacement and upgrade of street lighting equipment and traffic signals to make our roads safer. Direct investment in developing our city includes a further £1.5m in the South Yard project, and there is a further £3.3m to fund two school expansions.

Capital Financing

4.6 Table 4 below shows the final financing position:

Table 4 – Financing of 2014/15 Capital Programme

Method of Financing	£m
Total Borrowing	6.792
Ring fenced funding	12.619
Un-ring fenced funding	34.380
Sub-Total Other Financing	46.999
Total Capital Financing	53.791

4.7 Appendix D sets out the additions to the Capital Programme for the final quarter of 2014/15 and April 2015.

Recommendations:

That Cabinet:-

6. Note the capital financing requirement of £53.791m and approve the borrowing requirement of £6.792m for 2014/15.
7. Note the re-profiling changes to the capital programme identified during the outturn process subsequent to Council approval in February 2015.
8. Note the additions to the Capital Programme which total £43.870m for the period January 2015 to April 2015

DEPARTMENTS	Latest Approved Final	Outturn	Outturn Variation
	£m	£m	£m
Chief Executive Office	3.109	3.025	(0.084)
Departmental Management	0.761	0.844	0.083
Total Executive Office	3.870	3.869	(0.001)
Capital Financing	10.942	9.533	(1.409)
Transformation	5.864	5.561	(0.303)
Other Corporate Items	0.000	(1.560)	(1.560)
Total Corporate Items	16.806	13.534	(3.272)
Finance	15.961	15.922	(0.039)
Legal	2.847	2.822	(0.025)
Customer Services	3.661	3.655	(0.006)
Human Resources & OD	2.629	2.399	(0.230)
Management and Support	0.268	0.502	0.234
ICT	5.357	5.357	0.000
Total Transformation and Change	30.723	30.657	(0.066)
Childrens Social Care	26.519	29.243	2.724
Co-operative Commissioning & Adult Social Care	70.489	72.998	2.509
Education, Learning & Family Support Services	15.452	13.966	(1.486)
Homes & Communities	10.101	9.780	(0.321)
Management and Support	0.190	0.203	0.013
Total People Directorate	122.751	126.190	3.439
Economic Development	0.898	0.898	0.000
Strategic Planning	8.835	8.614	(0.221)
Street Services	22.504	22.649	0.145
Management & Support	(1.918)	(1.817)	0.101
Total Place Directorate	30.319	30.344	0.025
Public Health (100% Grant Funded)	0.000	0.000	0.000
Public Protection Services	0.048	0.069	0.021
Civil Protection Unit	0.163	0.136	(0.027)
Total Office of Director of Public Health (ODPH)	0.211	0.205	(0.006)
Total General Fund budget	204.680	204.799	0.119

Reserves

Appendix B

High Level Summary group	Balance March 2014	Transfer to Reserves 14/15	Transfer from Reserves 14/15	Balance March 2015	
	£m	£m	£m	£m	
Trading Account & other statutory reserves	(0.493)	(4.845)	4.791	(0.567)	
Education/schools Earmarked reserves	(9.619)	(7.476)	8.191	(8.904)	
Commuted maintenance	(2.990)	(0.127)	(0.016)	(3.101)	
Earmarked General Reserves	(13.221)	(5.598)	(1.508)	(15.457)	
Other Reserves	(1.096)	(0.361)	(0.064)	(0.671)	
Working balance	(10.738)	0.000	0.119	(10.619)	
	(38.157)	(18.407)	11.513	(39.319)	

Summary group	Balance March 2014	Transfer to Reserves 14/15	Transfer from Reserves 14/15	Balance March 2015	Purpose of Reserve
	£m	£m	£m	£m	
<u>Trading Account & other statutory reserves</u>					
Off Street Parking	(0.037)	(2.583)	2.640	0.000	Represents Accumulated trading position
On Street Parking	0.057	(1.806)	1.749	0.000	Represents Accumulated trading position
City Market	(0.144)	(0.432)	0.434	(0.142)	Represents Accumulated trading position
Taxis	(0.311)	(0.017)	0.000	(0.328)	Represents Accumulated trading position
Street Trading	(0.007)	(0.007)	0.004	(0.010)	Represents Accumulated trading position
Land Charges Development Fund	(0.051)	0.000	(0.036)	(0.087)	To fund improvements in the LLC service
<u>Education/schools Earmarked reserves</u>					
Education Carry Forwards	(0.014)	0.000	0.001	(0.013)	Schools ringfenced resources mainly from grants
School Budget Share	(8.189)	(7.372)	8.196	(7.365)	Represents schools balances under delegated budgets
PFI reserves	(1.385)	0.000	(0.006)	(1.391)	PFI credits towards the schools PFI contract at Wood View are received in equal instalments over the course of the contract. This reserve enables the matching of the credits to actual expenditure incurred from year to year.

Summary group	Balance March 2014	Transfer to Reserves 14/15	Transfer from Reserves 14/15	Balance March 2015	Purpose of Reserve
	£m	£m	£m	£m	
Beechwood Campus Drs Surgery Reserve	(0.031)	(0.004)	0.000	(0.035)	transfer from revenue account difference between rent rec'd and unsupported borrowing cost, this is needed to pay final year of rent (contract for 25 years but surgery only paying 24)
Plymouth Adult & Community Learning	0.000	(0.100)	0.000	(0.100)	
<u>Commuted Maintenance</u>	(2.990)	(0.127)	(0.016)	(3.101)	Revenue contribution from developers /section 106 agreements to provide for future maintenance over a period of years
<u>Earmarked General Reserves</u>					
Insurance and Risk Management Reserves	(1.268)	0.000	0.055	(1.213)	To meet any unforeseen/increased costs of insurance claims or works to minimise insurance risk. The fund is available to meet the costs of urgent health and safety works that cannot be contained within existing budgets.
Budget Carry Forwards	(0.804)	(0.832)	0.281	(1.355)	various agreed c/forwards in General Reserve code
Pensions Fund	(0.567)	0.000	0.000	(0.567)	Following the triennial pensions review the council's contribution rate has been held at current levels for the next three years. However, this is on the understanding that contributions into the fund remain at least at 10/11 levels. Any shortfall will require a one off lump sum payment in year 3. Given further outsourcing, transfer of schools to academies and the anticipated reduction in workforce, it is likely that a shortfall will be incurred.
Redundancies	(0.300)	0.300	(0.700)	(0.700)	To meet potential costs of redundancies, including strain payments to the pension fund
Capital Reserve	(0.018)	0.000	0.000	(0.018)	To be used to support the capital programme and potential shortfall in capital receipts

Summary group	Balance March 2014	Transfer to Reserves 14/15	Transfer from Reserves 14/15	Balance March 2015	Purpose of Reserve
	£m	£m	£m	£m	
Job Evaluation/Equal Pay	(0.900)	(0.700)	0.000	(0.200)	To support the ongoing JE appeals process as well as potentially increased revenue costs if current claims are successful at tribunal. A sum of £0.350m has been set aside. In accordance with accounting regulations a provision for potential claims must be set up, but Capital Financing Regulations only require the Council to actually charge the revenue accounts when claims are actually paid. The provision is therefore offset by a negative reserve entry of £1.843m giving a net negative reserve of £1.493m.
Recovery costs - Icelandic Banks	(0.085)	0.000	0.000	(0.085)	Allowance for investment losses of the money invested in the Icelandic banks. Reserve currently meeting the ongoing legal costs and borrowing costs from utilising the capitalisation direction in 09/10.
Grants carryforward	(0.747)	(2.500)	(0.747)	(2.500)	Under IFRS all grant income must be released to revenue unless there are pay back conditions attached. Previously unspent balances at year end would have been carried forward as a creditor accrual. This is no longer permitted and authorities are required to use their locally approved reserve mechanisms to carry balances forward. This reserve therefore reflects unspent balances on ringfenced grant income at the year end, where there are continuing commitments.
Waste Reserve	(0.802)	(1.100)	(0.802)	(1.100)	Reserve set up to proactively provide and manage the future budget shortfall due to increasing landfill tax liability pending the new energy from waste plant becoming operational.
Stock transfer residual liabilities	(1.005)	0.000	0.000	(1.005)	Stock transfer remaining liabilities
Life Centre Dowry	(0.450)	(0.150)	0.000	(0.600)	Creation of Life Centre Dowry to release Sport England Grant Retention for capital scheme
Plan for Jobs	(0.400)	0.000	0.010	(0.390)	Revenue support to Plan for Jobs scheme
Investment Fund	(1.659)	(0.024)	0.105	(1.578)	Revenue reserve relating to Investment Fund
CEDT reserve	(0.042)	0.000	0.008	(0.034)	Reserve to support developing a new Community Economic Development Trust in the City
Transformational Change Reserve	(0.216)	0.216	(0.135)	(0.135)	Reserve to fund the acceleration of the Corporate Transformation Programme
Plymouth Plan reserve	(0.168)	0.000	(0.168)	0.000	

Summary group	Balance March 2014	Transfer to Reserves 14/15	Transfer from Reserves 14/15	Balance March 2015	Purpose of Reserve
	£m	£m	£m	£m	
Centenary Celebrations	(0.400)	0.000	0.400	0.000	
Skills Agenda	(0.100)	0.000	0.013	(0.087)	
City Deal for Young People	(0.100)	0.000	0.100	0.000	
People Directorate	0.000	(0.500)	0.000	(0.500)	Monies set aside whilst the financial impact of the Care Act and other initiatives are assessed.
Rail Manager	0.000	(0.070)	0.000	(0.070)	To ensure central government deliver rail promises
Tamar Bridge & Torpoint Ferry	(2.153)	0.000	0.000	(2.153)	Plymouth's 50% share of the operations ringfenced reserves
DRCP	(0.090)	0.000	0.046	(0.044)	Reserve set aside to meet future expenditure in Devonport, in lieu of grant funding in 2007/08, and fund DNM post
Tamar house - Commercial rents sinking fund	(0.503)	(0.238)	(0.018)	(0.723)	RDA rents sinking fund Tamar House - name changed to Commercial Property Client Account
A386 Park & Ride Leased Spaces	(0.444)	0.000	0.044	(0.400)	Upfront payment from PCT for leased spaces at George Park & Ride site. Released to revenue annually in lieu of rental income.
<u>Other Reserves</u>	(1.096)	(0.361)	(0.064)	(0.671)	All reserves have been reviewed and confirmed as required to meet specific policy commitments
Sub Total Earmarked Reserves	(27.419)	(18.407)	11.394	(28.700)	
Working Balance	(10.738)	0.000	0.119	(10.619)	General Balance available to meet unforeseen expenditure. This balance represents 5.5% of net revenue expenditure and is in line with Unitary Council averages
Total Reserves	(38.157)	(18.407)	11.513	(39.319)	

Provisions

Appendix C

DESCRIPTION	Balance March 2014	Provisions made in year	Provisions used in year	Balance March 2015
	£m	£m	£m	£m
Contingent Liabilities		(0.250)		(0.250)
Music Tutors	(0.099)			(0.099)
Landfill Site Provision	(8.794)			(8.794)
Business Rate Appeals	(0.676)	(0.704)		(1.380)
Backdated equal pay	(0.696)		0.457	(0.239)
Insurance Provision	(6.574)	(2.690)	3.852	(5.412)
General Fund Bad Debts	(1.322)	(0.274)	1.390	(1.457)
Other Bad Debt Provisions	(5.747)	(1.309)	4.490	(6.607)
Total	(23.908)	(5.227)	10.189	(24.238)

Capital Programme

Appendix D

Additions to the Capital Programme January 2015 – April 2015

Project	£m	Brief Description	PCC funded	Ring fenced grant Funded
Total individual approvals under £0.200m Jan-Mar 2015	1.510	Various incl. £0.150m Widey Lane CPO, £0.187m Flood Defence projects, £0.173m lighting of landmarks		
Total individual approvals under £0.200m Apr 2015	1.361	Various incl. £0.986m capitalised highway maintenance projects, £0.140m North Corner Pontoon		
Sub Total additions – under £0.200m	2.871		£2.240m un-ring-fenced £0.046m S106 £0.078m revenue	£0.507m
<u>Strategic Planning and Infrastructure - Transport Projects:</u>				
Forder Valley Link Road	0.304	Development costs only for the £33m proposed 1km new road that will connect Brest Road, in Derriford, with Forder Valley Road and Novorossiysk Road.	Un-ring-fenced £0.304m	
Clean Vehicle Technology Improvements	0.485	Dft grant which will be largely passported via legal agreement to bus operators for upgrade of buses.		Ring fenced grant £0.485m
<u>Greenspace Projects:</u>				
Marsh Mills Cycle Crossings	0.242	Cycle improvements at Marsh Mills		Ring fenced grant £0.242m
Derriford Community Park - Phase I	0.290	Habitat improvements including weed clearance, boundary works, hedge restoration etc	S106 £0.290m	
<u>Transport capitalised maintenance programme:</u>				
Street Lighting Columns Replacement	0.500	Repairs, replacement and upgrade of street lighting equipment and traffic signals	Un-ring-fenced £0.5m	
Living Streets - 20mph zones	0.400	Various Community Improvement Schemes	Un-ring-fenced £0.4m	

Project	£m	Brief Description	PCC funded	Ring fenced grant Funded
Carriageway resurfacing	0.359	Carriageway repairs, resurfacing, patching and micro asphalt treatments		Ring-fenced grant £0.359m
<u>Other:</u>				
Domestic Energy Improvements	0.425	Including heating control thermostats, draft proofing to prioritised properties within the North Yard area	S106 £0.425m	
Plymouth City Market Stalls & Entrance Doors	0.245	Replacement entrance doors, enhanced customer entrance to the East Car Park; replacement of daily benches with new main stalls	Un-ring-fenced £0.245m	
Mt Edgcumbe Higher level Stewardship	0.429	Historical and archaeological feature protection plus fencing & installation of bird and bat boxes.		Ring-fenced grant £0.429m
Staddiscombe Sports improvements	0.370	Pitch improvement works and installation of a primary drainage system to the 8 senior pitches.	Revenue budget £0.030m	Ring-fenced grant and contribution £0.340m
<u>Strategic Planning and Infrastructure - Transport Projects:</u>				
Derriford Transport scheme	10.160	2 major junction upgrades at Derriford Roundabout and the Tavistock Road / William Prance Road junction.		Ring-fenced grant £10.160m
Northern Corridor Strategic Cycle Network	3.303	On and off road cycling facilities & pedestrian measures on key routes into and out of the Derriford growth area	£0.843m un-ring-fenced	£2.460m ring-fenced grant
Derriford Hospital interchange scheme	2.240	Two-way bus link through Derriford Hospital. The four existing bus stops will be replaced with seven new stops, each with shelters and real time passenger information.	£0.840m un-ring-fenced	£1.400m Ring-fenced grant
<u>Transport capitalised maintenance programme:</u>				
Carriageway Resurfacing	3.800	Carriageway repairs, resurfacing, patching and micro asphalt treatments	Un-ring-fenced £3.800m	
Footway resurfacing programme	0.850		Un-ring-fenced £0.850m	

Project	£m	Brief Description	PCC funded	Ring fenced grant Funded
<u>Economic Development:</u>				
South Yard - Area East Direct Development	1.500	The total cost of the Area East proposed works are £5.6m. This is the addition of £1.5m not previously approved.		£1.500m Ring-fenced grant
Whitleigh HQ Four Greens Community Trust	1.275	Development of a HQ for the new Four Greens Community Trust in the former Whitleigh Care Home. The building will house 22 business units, 5 business incubator units and 3 community spaces.	Un-ring-fenced £1.275m	
Acquisition of Units 6a – 9a Kay Close	0.603	Investment Opportunity - Purchase of the lease and associated costs	£0.603m Ring-fenced capital receipts	
<u>Schools:</u>				
Pennycross School	2.139	School expansion as part of Basic Need Programme	£1.936m un-ring-fenced £0.203m S106	
Pomphlett Shool	1.200	School expansion as part of Basic Need Programme	£0.570m un-ring-fenced £0.630m S106	
<u>Other:</u>				
Contribution to redevelopment of Devonport Market Hall.	2.903	Towards £4m re-development by R.I.O to become a high tech facility for the development of digital gaming.	£0.225m S106	£2.678m Ring-fenced
2015-16 Fleet Replacement Programme	2.610	Phased replacement of the vehicle, plant and equipment fleet	£2.610m borrowing (invest to save)	
2016-17 Fleet Replacement Programme	1.619	Phased replacement of the vehicle, plant and equipment fleet	£1.619m borrowing - (invest to save)	
Accommodation Changes	1.353	Civic Centre decant project.	£1.353m un-ring-fenced	
New Central Library	1.395	Renovation of Taylor Maxwell House	£1.395m un-ring-fenced	
Total Additions to Capital Programme	43.870		23.310m	20.560m

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Integrated Health and Wellbeing



Northern, Eastern and Western Devon
Clinical Commissioning Group



Cooperative Scrutiny Board 29 July 2015



Contents



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- Scope of the Plymouth Integrated Fund
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- Main contents of the Section 75 agreement
- The Financial Framework
- The Risk Cap Model
- Plymouth Integrated Fund Governance
- The Commissioning Strategies

|



Overview of Plymouth Integrated Fund



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<p>Net Integrated Fund The net total of the Pooled and Aligned Fund £462m</p>	
<p>Net Pooled Fund “Any pooled fund established and maintained by the Parties as a pooled fund in accordance with the regulations” £241m</p>	<p>Net Aligned Fund “Budgets for commissioning prescribed services that the Regulations specify shall not be pooled, but which will be managed alongside the Pooled Fund” £221m</p>



Scope of the Integrated Fund



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Scope of the integrated fund

The budget that we have pooled is £462 million and brings in public health, children and young people's services (including social care), adult social care, leisure, housing, community safety, hospitals and community health services – this goes beyond the guidelines set out in the Health and Social Care Act and the Section 75 (NHS Act 2006).

The important thing is the scope of this work, it is everything all in and nothing held back.

Net Integration fund £462m			
PCC Net contribution £131m		CCG Net contribution £331m	
Net pooled fund £241m		Net aligned fund £221m	
PCC contribution £123m	CCG contribution £118m	PCC contribution £8m	CCG contribution £213m

Associated Funds: we want to increase the size of the pooled funds and recognise the potential that the associated budgets in both primary care and specialist commissioning could bring to our integration ambition – One System, One Budget



Section 75 - Overview



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- Section 75 of the National Health Service Act (2006) provides the framework for health bodies and local authorities to :
 - pool money
 - delegate functions
 - integrate resources and management structures
 - The framework allows for the commissioning of existing or new services and provide for arrangements for working together.
- The PCC/NEW Devon CCG Section 75 agreement was drafted by the PCC legal team and is based on the Bevan Brittan model agreement



Section 75 - Contents (selected)



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■ Main Body

- Details of Pooled Fund
- Pooled Fund Management
- Risk Share Agreements, Overspends and Underspends
- Dispute Resolution
- Notice Periods

■ Schedules

- Commissioning Strategies/Plans
- Governance
- Risk Share Principles
- Integrated Staff Management Protocol



Financial Framework I



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Sets out the general rules for the management and expenditure of the Plymouth Integrated Fund

- Corporate and annual planning
- Scope of integrated commissioning
- Corporate governance of integrated commissioning
- Statutory reporting
- Audit and counter fraud
- Dissolution of the section 75 agreement
- Identification of the host partner -CCG
- Role of the pool manager
- Senior management team structure



Financial Framework II



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- Scheme of delegated authorities
- Financial reporting responsibilities
- Design of financial ledger
- Budget setting rules, methodology, pressures conflict resolution
- Financial risk framework, risk sharing and capping
- Impact of future budget settlements
- Treatment of prior and in-year under/overspends
- Capital investments and other resources contributed
- Integrated Performance Management Framework
- Assurance Framework
- Governance of service redesign via formal project management



Risk Cap Model Explained



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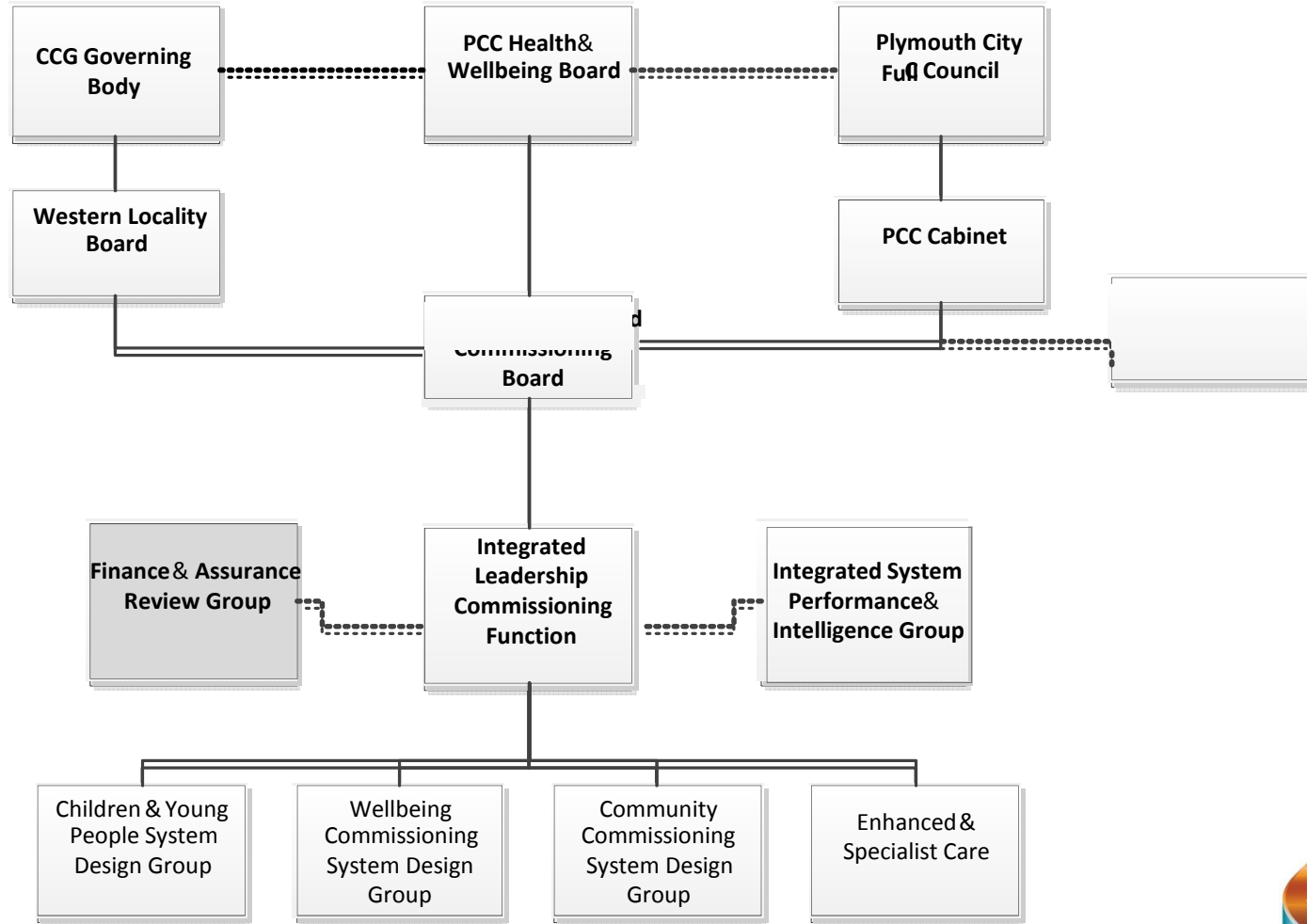
- Based on cap of overspend of 0.5% of gross budgeted out-turn:
- Maximum risk faced by CCG = £1.668m
- Maximum risk faced by PCC = £0.504m
- Figures reflect resource share of 77% CCG / 23% PCC
- Underspend benefit sharing limited to ceiling of value of the cap
- Overspend for risk share is calculated as net of planned overspends
- Overspend for risk share is adjusted for agreed service developments with differential impacts on the partners
- Overspends in excess of the agreed value of the risk share will be the responsibility of the organisation with statutory, or regulation based responsibility for commissioning the service; or the organisation that has traditionally commissioned the service



Plymouth Integrated Fund Governance



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Four commissioning strategies

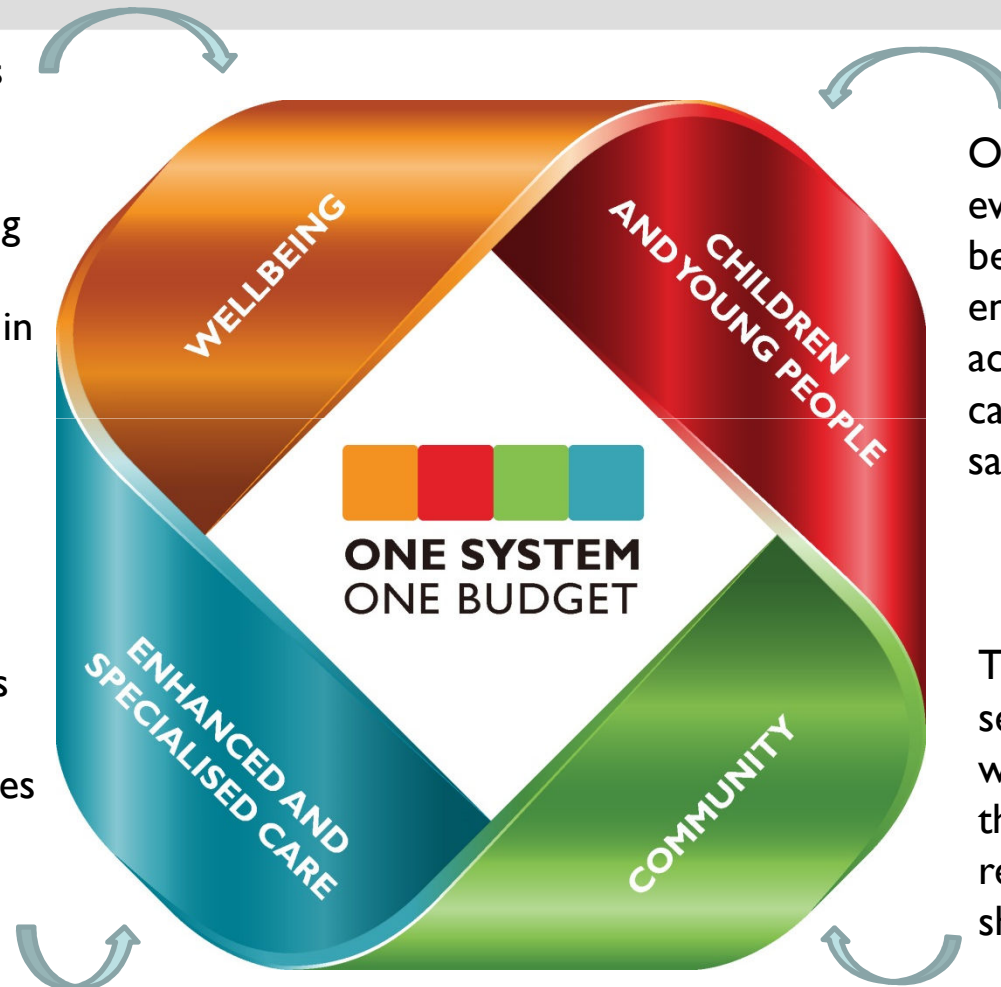


Northern, Eastern and Western Devon
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The strategy supports healthy and happy communities by supporting and utilising social networks, increasing investment in public health and putting health and wellbeing at the heart of everything we do.

A system that consists of quality specialist health and care services that promote choice, independence, dignity and respect.



Our ambition is for every child to have the best start to life by ensuring they can access education, health care and are safeguarded from harm.

This strategy targets services for people who need support in the short term to recover from a crisis or short term need.

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