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SELECT COMMITTEE REVIEW

Budget

Supplement Pack - One

Wednesday 30 January 2019 and 31 January 2019

9.30 am

Warspite - Council House

Members:

Councillors Mrs Aspinall, Ball, Mrs Beer, Darcy, Derrick, Mrs Johnson, Laing, Mavin and Morris.

Please find attached additional information for your consideration under agenda items 5b and 5d.

Tracey Lee

Chief Executive

Select Committee Review

Agenda

5b Draft Budget Report 2019-20

(Pages 1 - 66)

5d Place Directorate

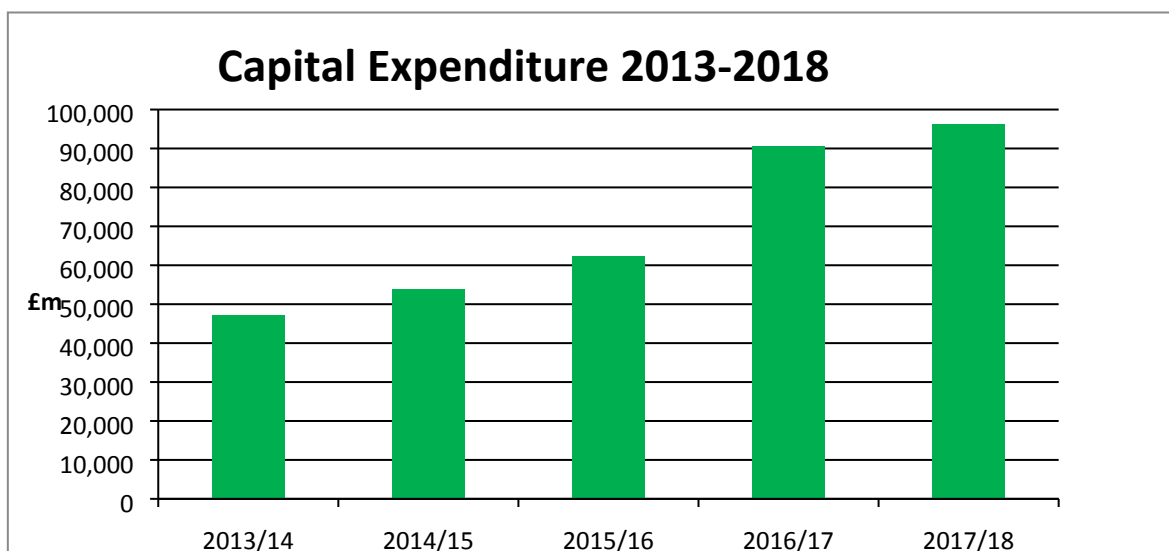
(Pages 67 - 82)

Section B - Capital budget

5. Capital

- 5.1 The Plymouth Plan remains the principal driver for the Council's capital programme. It contains the most ambitious set of proposals this City has ever seen. Primarily through its planning vehicle, the Plymouth and South West Devon Joint Local Plan, there are proposals to build 26,700 new homes across the area, create 13,200 new jobs, and to undertake an unprecedented major investment programme in modernising infrastructure including transport, schools and green spaces.
- 5.2 This investment will enable Plymouth to become the key economic driver for the far South West; will prepare the Council to show the world how to celebrate for Mayflower 2020; and will ensure that communities and businesses have the facilities they need to continue to thrive and prosper. The investment will enable growth within the economy as well as a significant level of new housebuilding and will therefore assist in generating additional business rates, Council Tax, New Homes Bonus and Community Infrastructure Levy.
- 5.3 The Council continues to take a strategic approach to the capital programme, having established 13 strategic outcomes within which individual projects sit. Increasingly the programme will need to be aligned with the strategic outcomes set out in the Plymouth Plan and Plymouth and South West Devon Joint Local Plan as well as the investment and business planning programmes of other organisations to maximise delivery on the ground.
- 5.4 The Council's Capital Programme consists of the approved capital projects the Council intends to deliver over a five year period. In recent years the Programme has been running at an average of £60m per year, although it has shown a rising trend. The scale of the last 5 years annual programmes is shown in the graph below.

Recent annual Capital Programmes



5.5 During this current year (2018/19) the following projects are due to complete:

- Manadon Sports Hub
- Yealmpstone Farm Primary Expansion
- Mannamead Road Junction Improvements
- Demolitions associated with development of Millbay Boulevard
- Langage Development Phase 2
- Asset Investment Fund Acquisitions

5.6 The capital programme covers the five years from 2019 to 2023. It consists of £355.8m of projects. The current year's programme (2018/19) is expected to total £146.75m. The programme has increased in recent years for three main reasons; the establishment of the Asset Investment Fund; investment in a series of key economic development projects and the programme of investment in city infrastructure to support the Plymouth Plan.

5.7 The programme includes the following major projects that have already commenced but are not yet completed, or are due to start:

- The Box;
- Eastern Corridor junction improvement scheme
- Millbay Boulevard
- Plymouth Railway Station regeneration
- Improvements to Charles Cross;
- Forder Valley Link Road;
- Further development at Oceansgate;
- Central Park improvements;
- Pomphlett Primary Expansion
- Investment in ICT

5.8 The breakdown of the current five year Programme across the Directorates is shown below.

Five year Capital Programme by Directorate

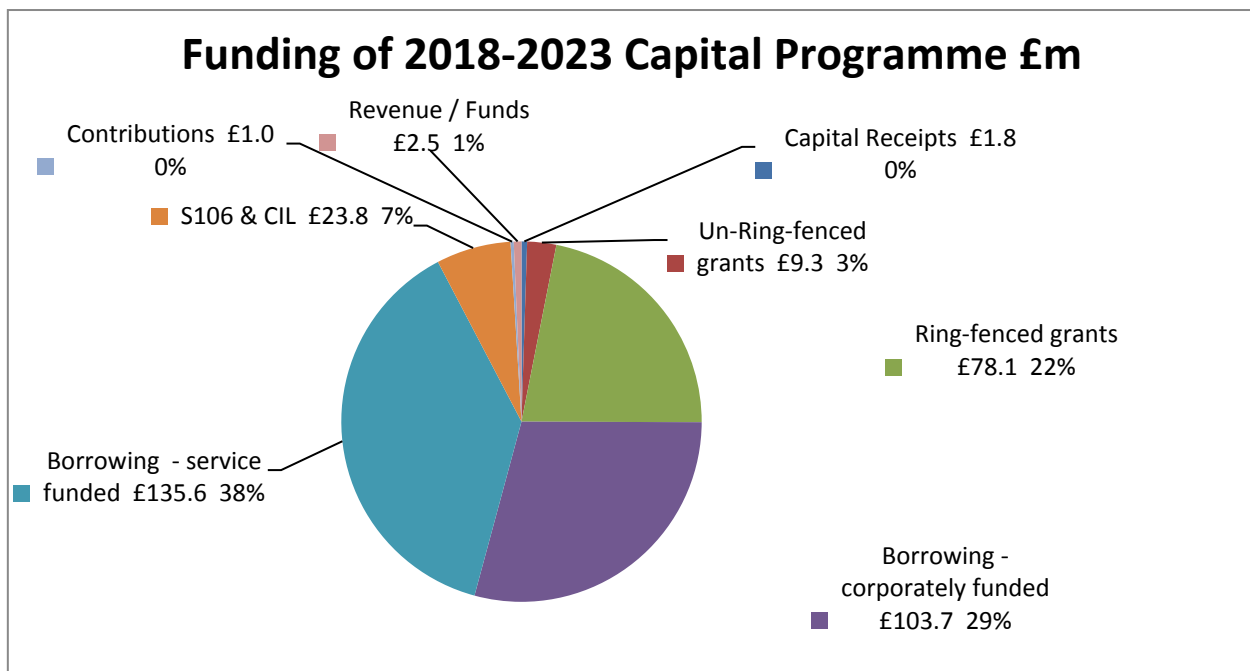
Directorate	Latest Forecast					Total £m
	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	
People	7.578	1.951	0.173	0.172	0.172	10.046
Place	133.253	116.621	59.182	12.296	2.000	323.352
Transformation & Change	4.711	5.671	0.210	-	-	10.592
Public Health	1.173	5.773	4.844	-	-	11.790
Total	146.715	130.016	64.409	12.468	2.172	355.780

5.9 The breakdown of the five year Programme by outcome is shown below.

Five year Capital Programme by outcome

Primary Outcome of Project	£m
Securing Growth in the City Centre/Waterfront	27.839
Securing Growth in Derriford and the Northern Corridor	73.089
Securing Growth in the Eastern Corridor	8.254
Delivering More/Better Housing	5.244
Ensuring Essential City Infrastructure	24.083
Improving Neighbourhoods and Community Infrastructure	9.949
Ensuring Good Quality School Places	3.938
Growing the Economy	2.290
Delivering Oceansgate	18.264
Connecting the City	27.558
Celebrating Mayflower	6.372
Delivering The Box	29.151
Transforming Services	119.749
Total	355.780

6.0 **Funding of the Capital Programme**



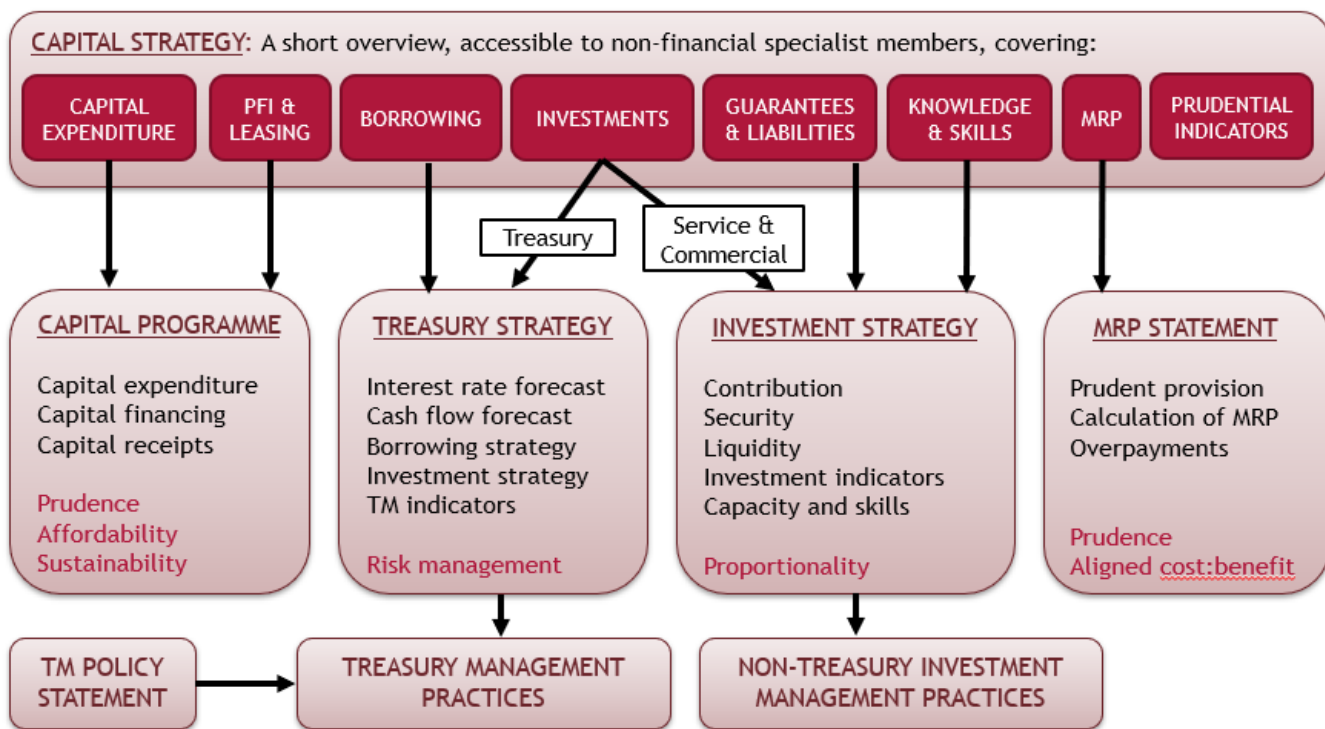
6.1 Funding for the capital programme comes from a variety of sources with the highest proportion from borrowing. (corporate borrowing (38%) and service borrowing (34%)). The corporate borrowing has a direct effect on the revenue budget because it has to pay for the interest and capital repayments (knows

as MRP). Service borrowing interest and repayments are covered by income or savings made within the Service Department.

- 6.3 The council will endeavour to ensure a significant proportion of the funding for the programme comes from external sources – grants from other organisations and Government departments and agencies (27%). Capital receipts make up less than 1% of the programme with S106 contributions and CIL constituting about 7%. Every effort is being made to secure funding from grant programmes and other external sources.

7. Changes to the Statutory Guidance

Strategy Reports: England



- 7.1 The above diagram shows how the requirements of the January 2018 Ministry of Housing, Communities and Local Government (MHCLG) Guidance and The CIPFA Code interacts with the Capital and Treasury Management. There is a requirement for the Council to produce a new Capital Financing Strategy and a new Non-Treasury Management Investment Strategy.
- 7.2 The main reason for the guidance changes is because local authorities have been investing in commercial properties to increase their income. There are obviously risks in these investments and new strategies are to ensure that local authorities have the correct safeguards and due diligence in place to mitigate these risks.
- 7.3 The Capital Financing Strategy provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

8. Finance Capital Budget 2018/19-2022/23

8.1 The latest forecast for the Capital Budget 2018-2023 is £870.0m.

Capital Budget 2018-2023

Capital Budget for 2018-2023		£m
Capital Programme Approved by CCIB		355.780
Income Assumptions		514.227
Total		870.007

9. Income Assumptions

9.1 The current forecast for the five year programme 2018-2023 is £514.227.

9.2 External funding currently contributes approximately towards 67% of resources within the capital resource envelope; this is included within the income assumptions and included both ring-fenced and un-ringfenced grants, S106 and contributions.

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

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CAPITAL FINANCING STRATEGY 2019/20



INTRODUCTION AND CONTEXT

This document will set out the Plymouth City Council Capital Financing Strategy for 2019/20. The Strategy provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

It is now a requirement as part of the amendments implemented in the 2017/18 Treasury Management Code of Practice Guidance that all Local Authority's will need to produce a Capital Strategy each year.

The strategy will provide an overarching policy framework for the Council's capital programme and planning, and will form part of a suite of strategies which provide a holistic view of the Council's financial planning framework. With this in mind this document should be considered in conjunction with the Medium-Term Financial Strategy, Treasury Management Strategy and Investment Strategy.

CAPITAL FRAMEWORK

The Council approved the Plymouth Plan in 2015 which sets out the strategic direction for the city.

The Plan identifies specific strategic outcomes for the Council and its partners for the medium and longer-term; these outcomes align to those set in the Plymouth and South West Devon Joint Local Plan.

Performance is measured towards the delivery of the agreed outcomes and reported against on an annual basis.

In February 2018 the Council approved a budget which contained an uplift to the revenue budget of £0.250m to meet the increased costs associated with borrowing requirements to fund the capital programme. The MTFS approved by Council on 19 November contained proposals to further increase this sum by £0.450m in 2019/20, £0.800m and 2020/21 and £0.600m in 2021/22. The MTFS sets out a summary of schemes that the Council wishes to support and an indicative level of Council financial support which will assist in the delivery of those schemes which all deliver towards the city's outcomes.

GOVERNANCE

The Financial Regulations detail how capital projects are approved and added into the capital programme.

All new schemes must be fully financed and receive relevant approval by Responsible Finance Officer; up to £0.200m, or by the Leader, on the recommendation of the City Council Investment Board (CCIB), when above this threshold. Each scheme will need to detail:

- the aim of the project and any other ways of achieving it
- effects on staffing
- legal, contractual and prudential borrowing code implications
- if the Council is acting through an agent or partnership, legal advice must be sought on whether it has the power to act this way
- if it is a key decision, any comments made during consultation and the Council's response

- the estimated amount and timing of any capital and revenue spending.

All proposed new schemes will need to demonstrate how they meet the requirements of the City by presenting a Business Case for approval and detail which of the City's outcomes are being achieved and how the scheme will address this need.

Due diligence is carried out on all new proposals to determine whether the scheme is deemed suitable. Financial and capital planning reviews are carried out prior to any Business Case being presented to the City Council Investment Board to provide members with the confidence that the schemes meet the expected requirements in line with the strategic direction of the city.

Once accepted, all new schemes, which will require both finance and legal sign-offs, are published in the Executive Decision along with the Leaders decision.

CAPITAL BUDGET

The Capital Budget is the collective term which defines two key elements; the Capital Programme as approved by the Leader on recommendation of CCIB, and Future Income Assumptions which refer to the funding available for future projects yet to be approved.

The Capital Programme is the list of schemes which have a confirmed financing source and have been approved for capital investment by the Leader following consideration of a robust, evidence-based business case.

“Income Assumptions” is the term used to refer to funding that the Council expects to receive or allocate to finance schemes which have not yet been approved. Income Assumptions consist of both ringfenced and unringfenced resources.

Ringfenced resources are essentially those that can only be applied to a specific purpose and include specific grants and S106 contributions etc. Unringfenced resources can be applied to any project and include unringfenced grants and corporate borrowing etc.

CAPITAL PROGRAMME

Once approved, schemes are added to the capital programme for delivery.

The table below details the Capital Programme as reported to Cabinet in November 2018, including, amongst others, the following schemes:

- Derriford Transport Scheme
- Forder Valley Link Road
- Northern and Eastern Corridor Improvements
- The Box
- Oceansgate
- Asset Investment Fund
- Central Park Improvements
- Bereavement Service
- Schools Basic Need

Any adverse variance to approved schemes are required to seek further approval, with identified funding, to enable authorisation for increased expenditure providing details of the variance.

Capital Programme by Directorate

Directorate	Service	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Customer and Corporate Services	Customer and Corporate Services	0.240	0.306	-	-	-	0.546
	Executive Office	-	-	-	-	-	-
	Finance	6.501	3.535	0.210	-	-	10.246
	Total	6.741	3.841	0.210	-	-	10.792
People	Children, Young People and Families	-	-	-	-	-	-
	Community Connections	2.343	-	-	-	-	2.343
	Education, Participation and Schools	5.788	0.698	0.162	0.162	0.162	6.972
	Public Health	3.553	0.313	7.547	0.377	-	11.790
	Strategic Co-operative Commissioning	-	0.687	-	-	-	0.687
	Total	11.684	1.698	7.709	0.539	0.162	21.792
Place	Economic Development	97.879	47.269	22.851	0.022	-	168.021
	Strategic Planning and Infrastructure	33.412	30.928	4.591	0.220	-	69.151
	Street Services	10.226	5.323	2.000	2.000	2.000	21.549
	Total	141.517	83.520	29.442	2.242	2.000	258.721
PLYMOUTH CITY COUNCIL TOTAL		159.942	89.059	37.361	2.781	2.162	291.305

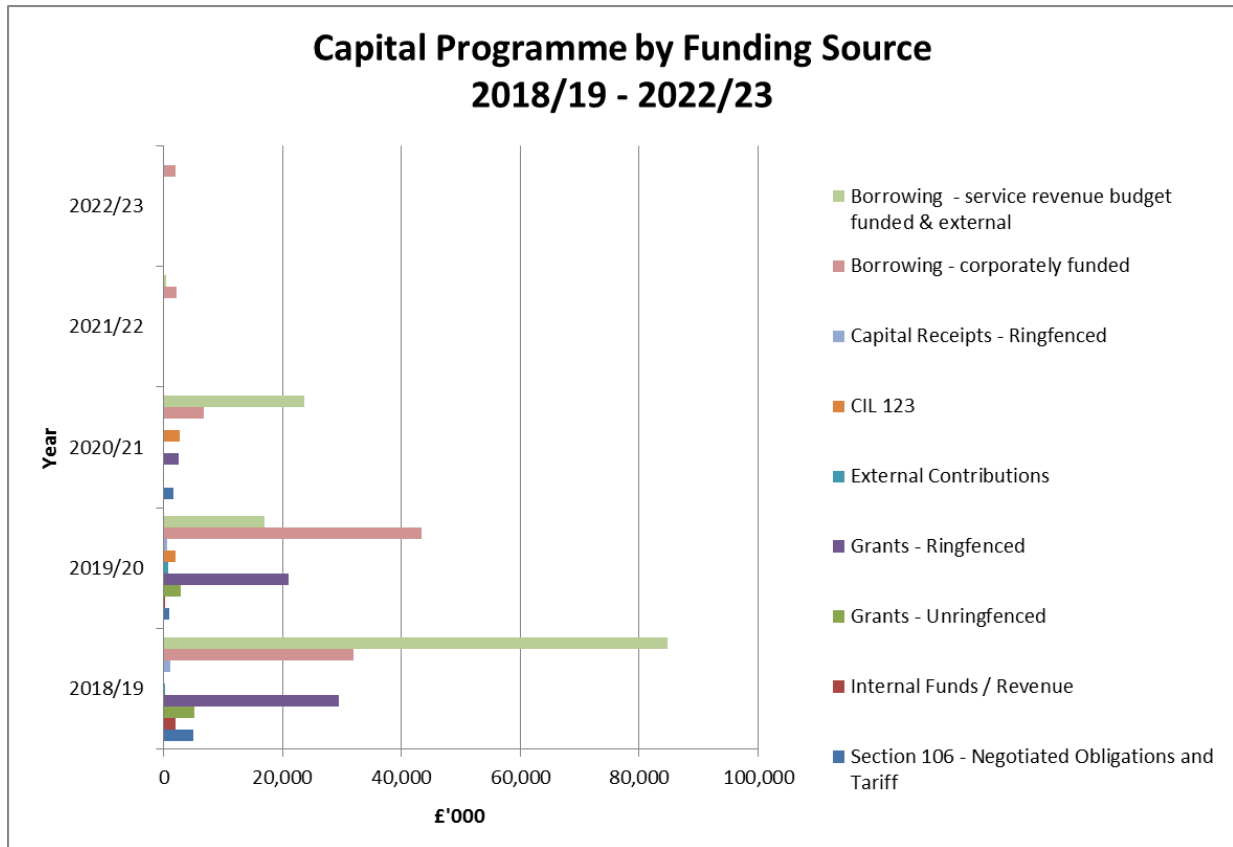
CAPITAL EXPENDITURE AND FINANCING

Capital expenditure is defined as money spent on assets, such as property or vehicles, which will provide a service benefit for more than one year. In local government this also includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 (land and buildings) and £5,000 (vehicles, plant or equipment) are not capitalised and are charged to revenue in year.

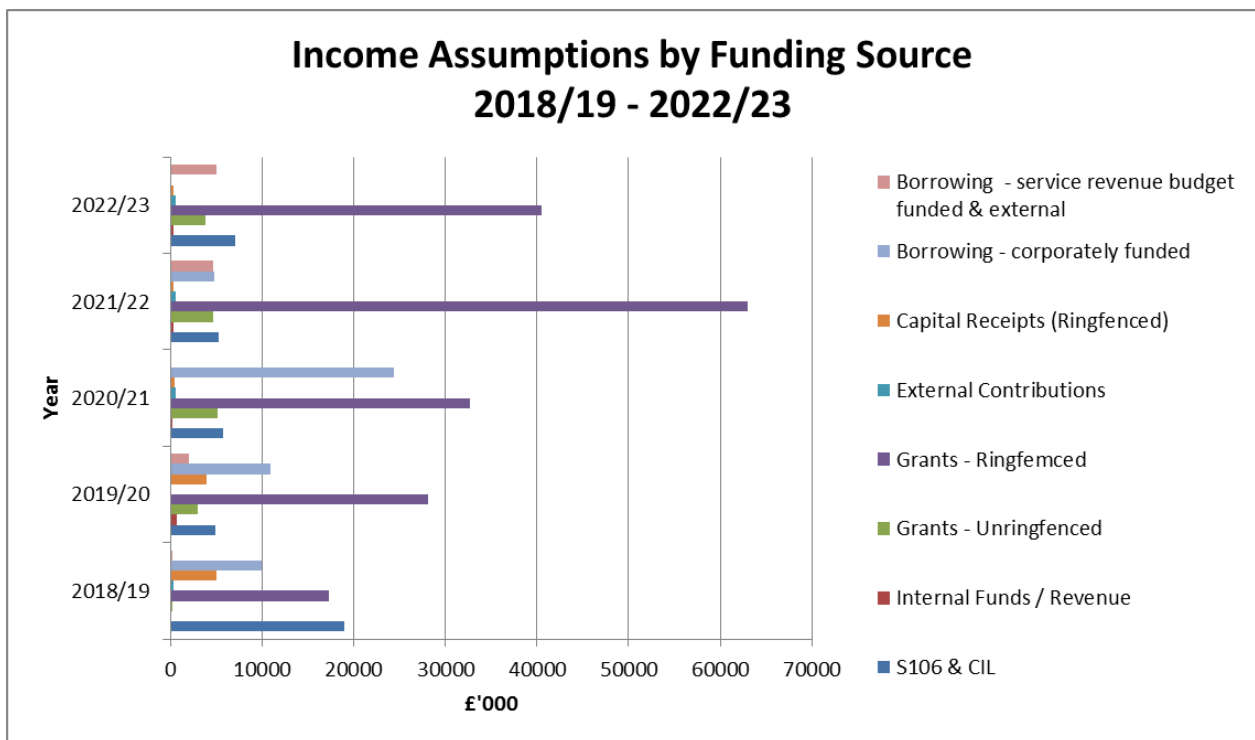
Capital expenditure is financed by a range of sources which may either be ringfenced or unringfenced. The source of financing is always identified and approved at the time of capital project approval. The capital programme is currently financed by:

- Capital Receipts;
- Grants and contributions;
- S106 and Community Infrastructure Levy (CIL);
- Revenue Contribution to Capital Outlay (RCCO);
- Borrowing – both funded corporately, or where schemes deliver a saving, this is offset against the project and repaid by service.

The Council has approved medium-term capital expenditure of £291.305m as summarised below by funding source and year.



The following chart provides details of expected funding for future, unapproved capital schemes (Income Assumptions) by finance category as of November 2018.



ASSET INVESTMENT FUND

The Asset Investment Fund has a mandate to invest up to £155 million (subject to approvals) in income-producing, direct development and forward funding commercial property schemes to deliver:

- Stimulation of economic and employment growth and regeneration in the City.
- Long-term income generation (via rental revenues) to support the wider financial position of the Council.

The Asset Investment Fund has a well-defined investment strategy to manage risk. A key pillar of this is establishing a diversified portfolio with regards to property sector (retail, office and industrial), tenant type and income-expiry profile. The investment approach is also to primarily target secure investments, which generate a net initial yield in excess of 5% per annum (before debt servicing). The Fund supports the affordability of the revenue budget through the generation of long term income realisation.

The adoption of an Asset Investment Framework provides a sound basis and evaluation criteria on which future property investment acquisitions can be assessed and the performance of the existing investments monitored. This will ensure that the Council's commercial estate will provide a secure long term income stream to help front line service delivery and support the economic development of the City.

AFFORDABILITY

The Council considers all finances from a prudent perspective; this includes the assessment of affordability of all capital investments.

At the point of approval of a scheme, both the funding implications and any ongoing revenue implications are evaluated to enable informed decisions to be made regarding investment opportunities.

Project managers responsible for capital schemes requiring in excess of £0.500m will generally be expected to present a cost benefit analysis to support decision making.

The short, medium and longer-term impacts are all assessed taking into account any other wider policy implications which could impact on the decision.

As much of the capital programme is funded by borrowing, assumptions and decisions on the cost and affordability of the Council's borrowing is linked to the Public Works Loan Board interest rates, prudential indicators and the approved borrowing strategy as set out in the Treasury Management Strategy 2019/20.

RISK MANAGEMENT

The Council considers it's appetite to risk to be low. Risks are assessed continually from both an operational and financial perspective.

In carrying out due diligence, potential project risks are identified and relevant mitigation measures documented prior to approval.

All risks are then managed in line with the Council's risk management policy which includes documenting risks on a risk register, assigning owners, regular review of risks and Red Amber Green (RAG) rating.

Subject to careful consideration, the Council may consider investing in a higher risk initiative should there be a significant direct gain to the Council's resources or enable more effective delivery of statutory duties.

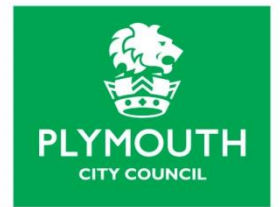
KNOWLEDGE AND SKILLS

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Service Director of Finance is a qualified accountant with over 20 years' experience.

The Council pays for staff to study towards relevant professional qualifications including CIPFA, ACCA, CIMA, MRICS, CIPS etc.

Where Council staff does not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers, This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

TREASURY MANAGEMENT STRATEGY 2019/20



How Plymouth will invest to grow and meet future Infrastructure needs

Foreword



Councillor Mark Lowry **Cabinet Member for Finance**

“This Strategy demonstrates the network of controls that are in place to ensure our investments are secure.

It also demonstrates our commitment to sound management and control of the Council’s cash and investments.

It also shows how the Council’s ambitious capital programme will be funded and offers much greater openness and transparency to residents and stakeholders”



Andrew Hardingham **Assistant Director for Finance**

“This Strategy is designed to underpin the Council’s ambition to invest in the future of Plymouth. It offers a series of opportunities to manage the Council’s finances to maximise returns, reduce risk, diversify investments and minimise the cost of borrowing.

The strategy will keep us within our prescribed limits under the Prudential Code. The Council is seeking at all times to deliver good investment returns that are secure and affordable.”

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How the Treasury Management System works



Infrastructure and capital investment needs to deliver the Plymouth Plan



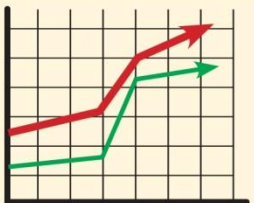
Borrowing to fund the investment. Investing surplus funds



Who do we borrow from?

NEW
Can we use new borrowing methods to save cost?

What is the limit for different types of investment?



How we achieve good investment returns



How we monitor credit status



Do we pay fixed or variable interest?

CAN WE RESTRUCTURE OUR DEBT TO SAVE COST?



How do we get long term low borrowing costs?

Security is paramount

Introduction

Treasury Management is the management of the Council’s cash flows, borrowing and investments, and the associated risks. The Treasury Management Strategy sets out how Plymouth will invest to grow and meet future Infrastructure needs. It is a companion document to the Medium Term Financial Strategy which sets out Plymouth’s ambitions and priorities from the Plymouth Plan.

This report fulfils the Council’s legal obligation under the Local Government Act 2003 to have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Code which was updated in 2017.

INVESTMENTS – FACTS AT A GLANCE

Principles and Objectives of the Treasury Management Strategy

- To achieve the best secure investment returns
- To minimise the cost of borrowing
- To achieve a balanced spread of maturities and commitments
- To achieve the right mix of borrowing vehicles

Market Intelligence

- Bank of England reports
- Market Outlook by the Council’s advisers Arlingclose

**Statutory
and
Performance
Framework**

Rules that guide us

Investments

- Sterling only
- Repayable in 12 months
- Can use UK Government, Local Authority or a body of high credit quality
- The Council defines “high credit quality” organisations and securities as those having a credit rating of [A-] or higher that are domiciled in the UK

Counterparties and Limits (see table on page 19)

Investment Limits – subject to credit ratings table on page 20

- **No limit** UK Government
- **£25m** any single organisation
- **£45m** any group of organisations
- **£30m** per pooled fund manager
- **£25m** negotiable instruments per broker
- **£10m** per foreign country
- **£25m** per registered provider
- **£10m** unsecured with Building Societies
- **£20m** unrated corporates and pooled funds
- **£60m** money market funds

Key Council Budget Assumption for 2019/20

- Investments make an average rate of return of 1.49%

Approach

*Choices made within the
framework*

Objective - Security first, Yield second and then Liquidity
Strategy - to maximise returns, reduce risk and diversify investments
Risk Assessment and credit ratio Our advisors monitor credit ratings daily so any new investments will be made using the latest credit information
Other information on security of Investments Market intelligence from our advisors may give warnings before credit warning changes e.g. credit default swaps information

BORROWING – FACTS AT A GLANCE

Principles and Objectives of the Treasury Management Strategy

- To achieve the best secure investment returns
- To minimise the cost of borrowing
- To achieve a balanced spread of maturities and commitments
- To achieve the right mix of borrowing vehicles

Market Intelligence

- Bank of England reports
- Market Outlook by the Council's advisers Arlingclose

Statutory and Performance Framework

Rules that guide us

Borrowing

- **£249m** Total Capital Expenditure
- **£765m** Capital Finance Requirement (need to borrow)
- **£835m** Total Debt (loans and private finance initiative)
- **£842m** Operational Boundary (practical ceiling on borrowing)
- **£920m** The Authorised Limit (absolute maximum debt approved)

Prudential Indicators

- **8.7%** Ratio of finance costs to net revenue stream (borrowing costs as a proportion of net revenue budget)
- **£14.40** Hypothetical increase in Council Tax affordability. (this is technical measure; the Council has made no future years tax decisions)

Treasury Management Indicators

- **100%** Limit on Fixed Interest Exposure
- **100%** Limit on Variable Interest Rate
- **0% to 90%** Maturity Structure of Borrowing, exposure in any duration

Minimum Revenue Provision Policy

- Annuity Method
- 50 year repayment for capitalisation directives
- PFI/Leases determined by the specific agreement
- No MRP on capital loans or investments
- Option for capital receipts to be used towards MRP

Key Council Budget Assumption for 2019/20

- New long-term loans will cost an average rate of 3.25%

Approach

Choices made within the framework

Objective - Balance low interest rates with long term certainty

Strategy – to borrow short term now and lock in long term when appropriate

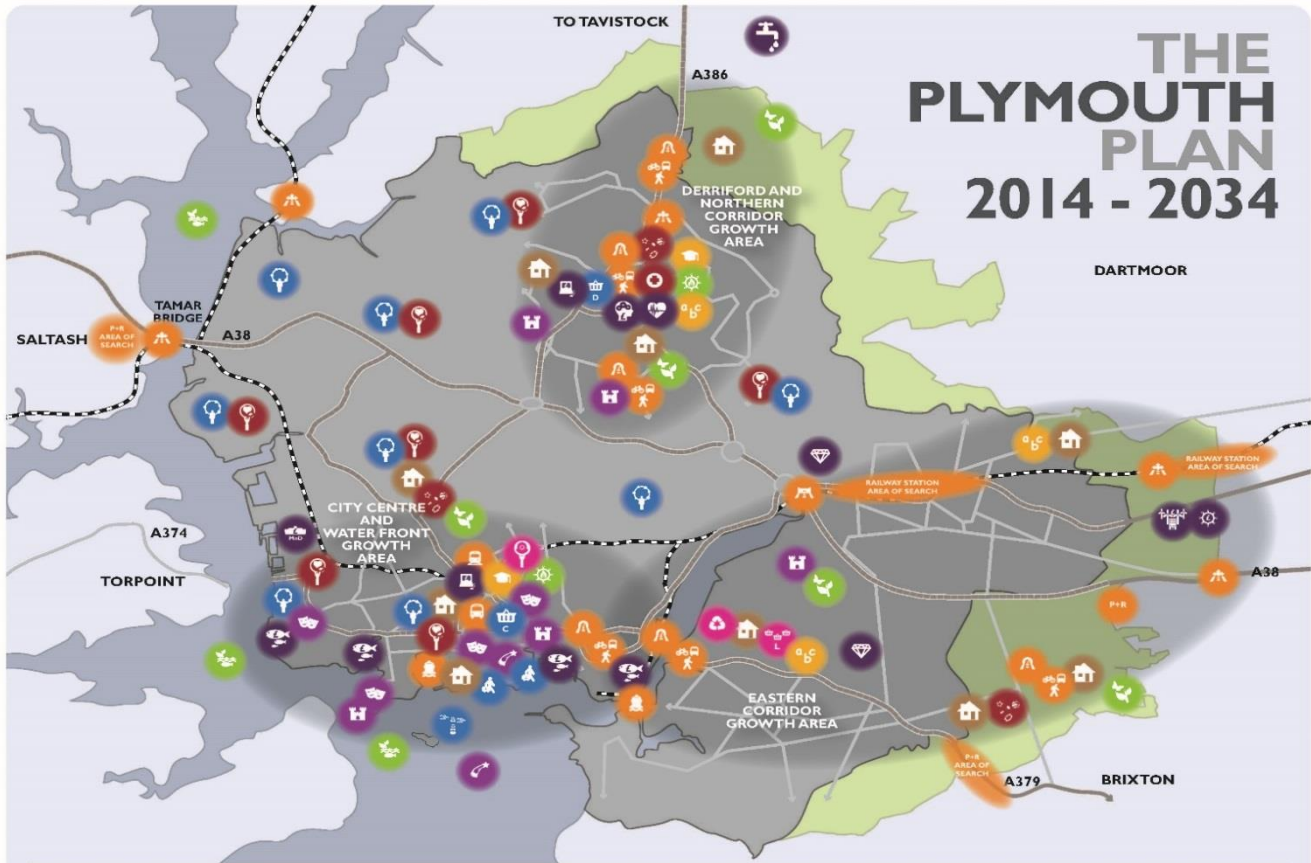
Sources Approved by Arlingclose - Banks or Building Society, Public Works Loan Board, Pension Funds, Capital Market Bonds, Municipal Bonds Agency, anyone with whom we would invest. Also, Leasing, PFI, Sale & Lease back

LOBOs will be repaid if there is a NPV saving and if there is agreement with the lenders

Municipal Bonds Agency Council will use where appropriate

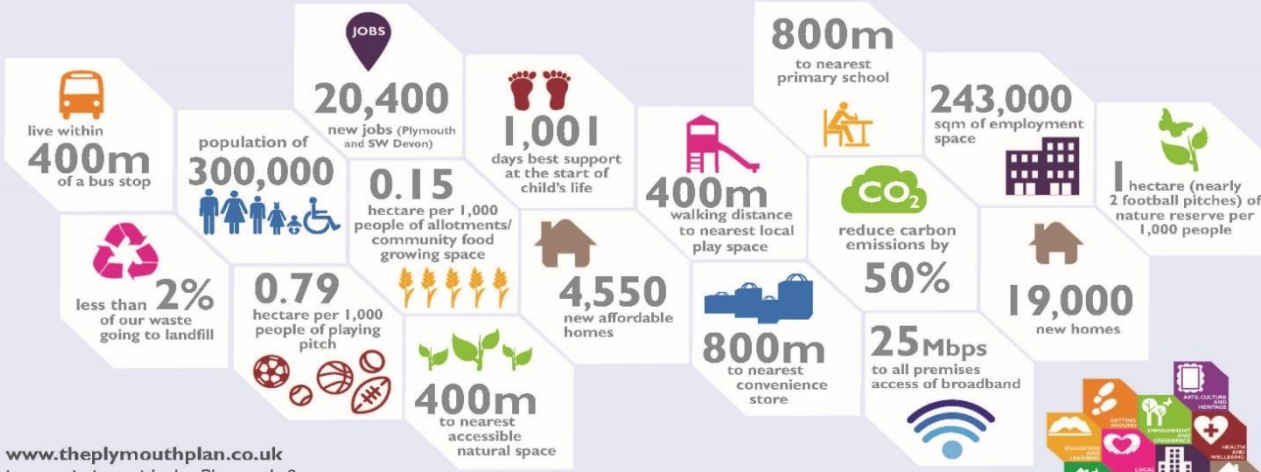
Debt Restructuring A present value calculation based on current rates for the same period of loan may result in a discount or premium.

- Council will re-schedule if it reduces cost or risk



KEY					

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www.theplymouthplan.co.uk
 in association with the Plymouth & South West Devon Joint Local Plan
www.plymswdevonplan.co.uk

Our Corporate Plan includes themes of infrastructure and investment

Corporate Plan

The Corporate Plan sets out our vision to be ‘one of Europe’s most vibrant cities’ and our priorities are to be ‘A Growing City’ and ‘A Caring Council’.

**OUR PLAN
A CITY TO BE PROUD OF**



**CITY VISION
Britain’s Ocean City**

One of Europe’s most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone.

OUR MISSION Making Plymouth a fairer city, where everyone does their bit.

OUR VALUES

<p>WE ARE DEMOCRATIC</p> <p>We will provide strong community leadership and work together to deliver our common ambition.</p>	<p>WE ARE RESPONSIBLE</p> <p>We take responsibility for our actions, care about our impact on others and expect others will do the same.</p>	<p>WE ARE FAIR</p> <p>We are honest and open in how we act, treat everyone with respect, champion fairness and create opportunities.</p>	<p>WE ARE CO-OPERATIVE</p> <p>We will work together with partners to serve the best interests of our city and its communities.</p>
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OUR PRIORITIES

<p>A GROWING CITY</p> <ul style="list-style-type: none"> A clean and tidy city An efficient transport network A broad range of homes Economic growth that benefits as many people as possible Quality jobs and valuable skills A vibrant cultural offer A green, sustainable city that cares about the environment. 	<p>A CARING COUNCIL</p> <ul style="list-style-type: none"> Improved schools where pupils achieve better outcomes Keep children, young people and adults protected Focus on prevention and early intervention People feel safe in Plymouth Reduced health inequalities A welcoming city.
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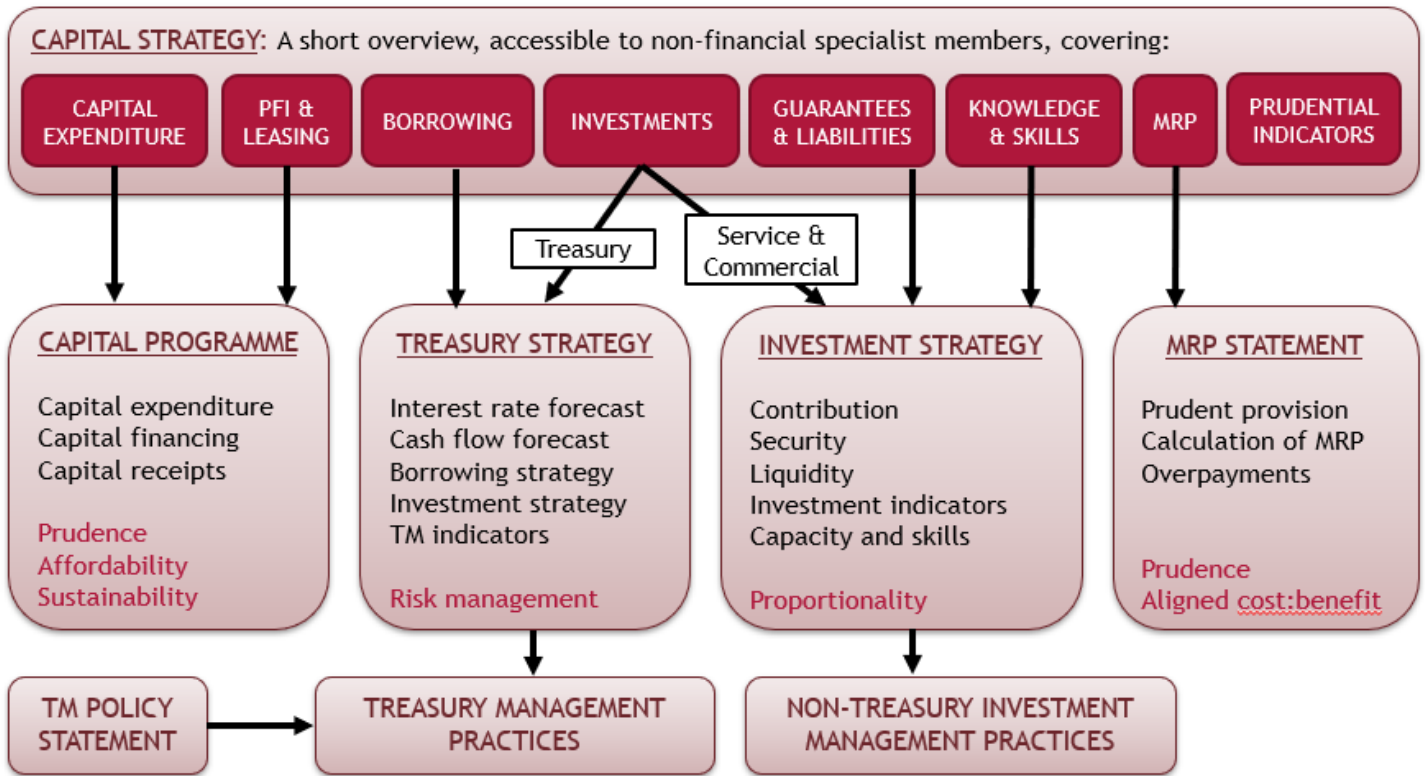
HOW WE WILL DELIVER

- | | | | | |
|---|------------------------------------|---------------------------------------|------------------------|--|
| Listening to our customers and communities. | Providing quality public services. | Motivated, skilled and engaged staff. | Spending money wisely. | A strong voice for Plymouth regionally and nationally. |
|---|------------------------------------|---------------------------------------|------------------------|--|



www.plymouth.gov.uk/ourplan

Strategy Reports:



The diagram above shows how the requirements of the 2018 Ministry of Housing, Communities and Local Government (MHCLG) Guidance and The CIPFA Code interact with the Capital and Treasury Management. There is a new Capital Strategy (presented in a separate document) and a new Non-Treasury Management Investment Strategy (shown as service and commercial in the diagram) included in this document.

Specialist advisers Arlingclose support the Council with borrowing and investment advice. This is Arlingclose’s expert assessment of the economy in the coming months and years.

Economic update from Treasury Management advisors Arlingclose

The UK’s progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority’s treasury management strategy for 2019/20.

UK Consumer Price Inflation (CPI) for October was up 2.4% year/year, slightly below the consensus forecast and broadly in line with the Bank of England’s November Inflation Report. The most recent labour market data for October 2018 showed the unemployment rate edged up slightly to 4.1% while the employment rate of 75.7% was the joint highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.3% as wages continue to rise steadily and provide some pull on general inflation. Adjusted for inflation, real wages grew by 1.0%, a level still likely to have little effect on consumer spending.

The rise in quarterly GDP growth to 0.6% in Q3 from 0.4% in the previous quarter was due to weather-related factors boosting overall household consumption and construction activity over the summer following the weather-related weakness in Q1. At 1.5%, annual GDP growth continues to remain below trend. Looking ahead, the BoE, in its November Inflation Report,

expects GDP growth to average around 1.75% over the forecast horizon, providing the UK's exit from the EU is relatively smooth.

Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy has been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The Monetary Policy Committee continues to reiterate that any further increases will be at a gradual pace and limited in extent.

While US growth has slowed over 2018, the economy continues to perform robustly. The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the current 2%-2.25% in September. Markets continue to expect one more rate rise in December, but expectations are fading that the further hikes previously expected in 2019 will materialise as concerns over trade wars drag on economic activity.

This is Arlingclose's view of the risks of bank failures in the period ahead.

Credit Outlook

The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.

The Bank of England released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in. The BoE did not require any bank to raise additional capital.

European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

Interest Rate Forecast

Following the increase in Bank Rate to 0.75% in August 2018, the Authority's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.

The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. While assumptions are that a Brexit deal is struck and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit still hangs over economic activity (at the time of writing this commentary in mid-December). As such, the risks to the interest rate forecast are considered firmly to the downside.

Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose's interest rate projections, due to the strength of the US economy and the ECB's forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.7% and 2.2% respectively over the interest rate forecast horizon, however volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.

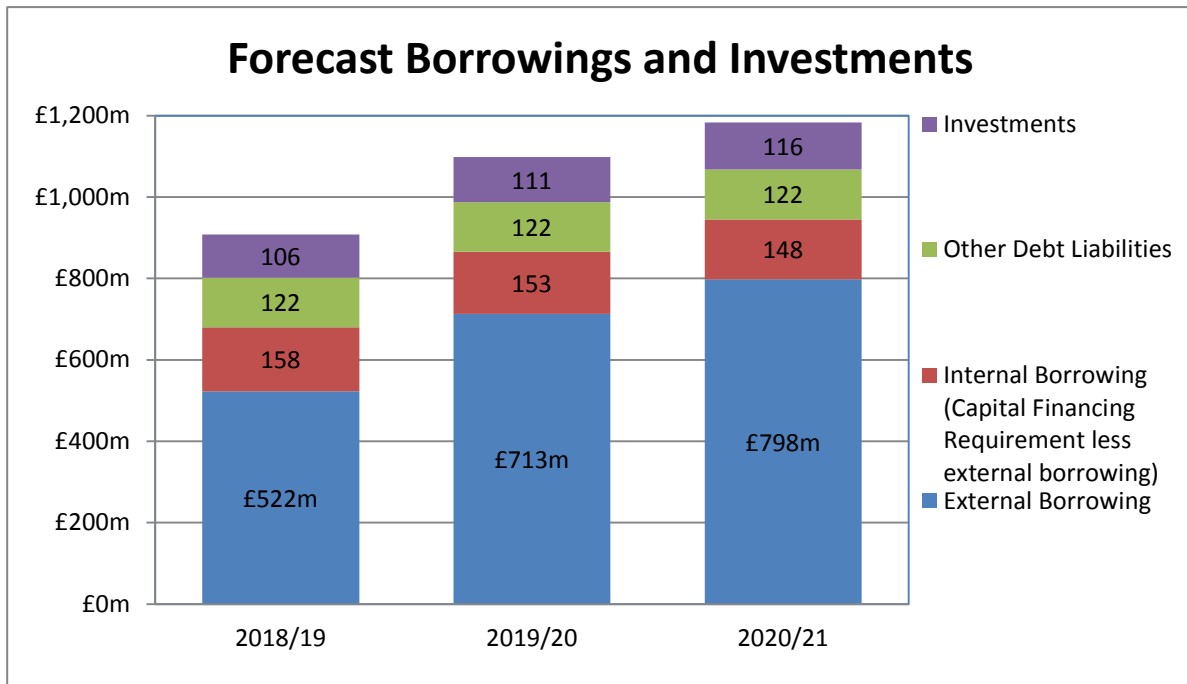
A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.

For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 1%, and that new long-term loans will be borrowed at an average rate of 3.25%.

Part 2 – Technical Detail for Analysis

Borrowing

This is how much we debt we expect to have next year and in the years ahead.



These are borrowing limits we are required to set by law. They are affordable levels and needed to fund our capital programme.

Maximum Total Debt

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement. Usable reserves and working capital are the underlying resources available for investment. The current strategy is not to borrow to the full underlying need. Some internal resources are used instead of external borrowing.

CIPFA’s *Prudential Code for Capital Finance in Local Authorities* sets a maximum for total debt. This is the maximum the CFR is expected to reach at any time during the next three years.

The Council held £367 million of loans in as at 31 March 2018. This was an increase of £77 million on the previous year. The increase in loans is because of funding previous years’ capital programmes.

The Council expects to hold borrowing up to £713m in 2019/20. The total borrowing must not exceed the authorised limit set by the Council of £834 million.

We seek low interest rates, but it is good to be as sure as possible what our interest costs will be in future years.

Objectives of Borrowing Decisions

- To strike an appropriately low risk balance between securing low interest and certainty of costs.
- Flexibility to renegotiate loans should the Council’s long-term plans change.

It is much cheaper to borrow for a short period now. Before long term rates rise we intend to lock into fixed rate loans.

Borrowing Strategy

Short term interest rates are currently much lower than longer-term rates. It is likely to be more cost effective to use internal resources, or to borrow short-term. This will reduce net borrowing costs in the short term but long term borrowing rates are forecast to rise modestly. The benefits of deferring long term borrowing will be monitored regularly.

Alternatively, the Council may arrange forward starting loans. In a forward starting loan the interest rate is fixed in advance but is drawn later. Such loans give certainty of cost without suffering a cost of carry.

We are always looking at options to replace existing loans with cheaper alternatives.

In addition, the Council may borrow short-term loans to cover unexpected cash flow shortages.

The Council will take the option to repay LOBO loans if there is a NPV saving and if there is agreement with the lenders.

The Council will reschedule or repay loans where this is expected to lead to an overall cost saving or a reduction in risk.

The Council will only borrow from approved sources.

These are the lenders we are able to use.

Sources of Borrowing

The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- Any institution approved for investments (see below)
- Any other bank or building society authorised to operate in the UK
- Any other UK public sector body
- UK public and private sector pension funds (except Devon Local Government Pension Fund)
- Capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- Any other counterparty that are approved by the authority's TM advisors.
- A Plymouth City Council bond

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Leasing
- Hire purchase
- Private Finance Initiative
- Sale and leaseback

The Authority has previously raised some of its long-term borrowing from the PWLB and through

**These agreements were entered into under different market conditions.
Where possible we will replace them with lower cost loans.**

Lender's Option Borrower's Option (LOBOs)

During 2018/19 the Council refinanced a LOBO for £11m to reduce the Council total LOBO loans to £71m.

The Council holds £71m of LOBO loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost.

The Council understands that lenders are unlikely to exercise their options in the current low interest rate environment but there remains an element of refinancing risk.

The Council will take the option to repay LOBO loans if there is a NPV saving and if there is agreement with the lenders.

This allows the flexibility to borrow from the Municipal Bonds Agency

Municipal Bond Agency

UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities may be required to provide bond investors with a joint and several guarantee over the very small risk that other local authority borrowers default on their loans; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to the Treasury Management Board.

Short-term and Variable Rate loans

These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rates exposure limits in the treasury management indicators below.

If we can, we will replace existing loans with cheaper new loans.

Debt Rescheduling

Some lenders allow the Council to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Estimates of Capital Expenditure

The Council's planned capital expenditure and financing may be summarised as follows.

This is how we will fund the investment needed to deliver the Plymouth Plan

Capital Expenditure and Financing	2017/18 Actual £m	2018/19 Estimate £m	2019/20 Estimate £m	2021/22 Estimate £m
General Fund	96.232	215.644	248.735	115.834
Total Expenditure	96.232	215.644	248.735	115.834
Capital Receipts	2.096	6.305	4.367	0.376
Grants and Contributions	29.830	71.676	57.013	35.437
Reserves	-	-	-	-
Revenue	0.296	2.342	1.947	0.178
Borrowing	64.010	135.321	185.408	79.843
Leasing and PFI	-	-	-	-
Total Financing	96.232	215.644	248.735	115.834

Estimates of Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

This is the total past and planned capital expenditure we need to finance.

Capital Financing Requirement	31 Mar 18 Actual £m	31 Mar 19 Estimate £m	31 Mar 20 Estimate £m	31 Mar 21 Estimate £m
General Fund	444.603	579.924	765.332	845.175
Total CFR	444.603	579.924	765.332	845.175

The CFR is forecast to rise by £400m over the next three years as capital expenditure financed by debt outweighs resources put aside for debt repayment.

Gross Debt and the Capital Financing Requirement

In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

This is how much we expect to borrow over the three years

Debt	31 Mar 19 Estimate £m	31 Mar 20 Estimate £m	31 Mar 21 Estimate £m
Borrowing	522.000	613.000	698.000
PFI liabilities & Finance Leases	122.000	122.000	122.000
Total Debt	644.000	835.000	820.000

Total debt is expected to remain below the CFR during the forecast period.

Operational Boundary for External Debt

The operational boundary is based on the Council's estimate of most likely, (i.e. prudent, but not worst case) scenario for external debt.

This is the flexibility we need to cope with our changing borrowing position from day to day.

Operational Boundary	2018/19 £m	2019/20 £m	2020/21 £m
Borrowing	550.000	720.000	795.000
Other long-term liabilities	122.000	122.000	122.000
Total Debt	672.000	842.000	917.000

Authorised Limit for External Debt

The Authorised Limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003 it is the maximum amount of debt that the Council can legally owe. The Authorised Limit provides headroom over and above the operational boundary for unusual cash movements.

This is the absolute maximum of debt approved by the City Council

Authorised Limit	2018/19 £m	2019/20 £m	2020/21 £m
Borrowing	645.000	775.000	825.000
Other long-term liabilities	145.000	145.000	145.000
Total Debt	790.000	920.000	970.000

Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

This measure demonstrates that our proposed borrowing is affordable.

Ratio of Financing Costs to Net Revenue Stream	2018/19 Actual	2019/20 Estimate	2020/21 Estimate
General Fund	6.4%	8.7%	11.3%

Incremental Impact of Capital Investment Decisions

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed.

This is a technical measure prescribed by CIPFA to demonstrate affordability. The Council has not made any decisions on council tax levels in future years.

Incremental Impact of Capital Investment Decisions	2018/19 Actual	2019/20 Estimate	2020/21 Estimate
General Fund - increase in annual band D Council Tax	£12.10	£14.40	£18.10

Adoption of the CIPFA Treasury Management Code

The Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011* edition in April 2002. It fully complies with the Codes recommendations.

This explains how the new CIPFA and MHCLG rules on investments have been extended to include non-Treasury Management Investments

Introduction

The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

This investment strategy is a new report for 2019/20, meeting the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories.

**This sets out how we invest any surplus funds.
Security of the funds is paramount**

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investment balance has ranged between £65m and £85m million, and is expected to remain about the same in the forthcoming year.

Objectives

Both the CIPFA Code and the MHCLG Guidance requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from CIPFA. The balance of treasury management investments is expected to fluctuate between £60m and £110m during the 2019/20 financial year.

The Council defines "high credit quality" organisations and securities as those having a credit rating of [A-] or higher that are domiciled in the UK or a foreign country with a sovereign rating of [AA+] or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of [A-] or higher or if unrated an assessment will be made from the financial information available.

Contribution: The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

**These are the limits we use for making individual investments.
They are based on advice from Arlingclose.**

Approved investment counterparties and limits

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£6m 5 years	£12m 20 years	£20m 50 years	£6m 20 years	£6m 20 years
AA+	£6m 5 years	£12m 10 years	£12m 25 years	£6m 10 years	£6m 10 years
AA	£6m 4 years	£12m 5 years	£12m 15 years	£6m 5 years	£6m 10 years
AA-	£5m 3 years	£12m 4 years	£12m 10 years	£6m 4 years	£6m 10 years
A+	£5m 2 years	£12m 3 years	£6m 5 years	£6m 3 years	£6m 5 years
A	£4m 13 months	£12m 2 years	£6m 5 years	£6m 2 years	£6m 5 years
A-	£4m 6 months	£12m 13 months	£6m 5 years	£6m 13 months	£6m 5 years
Unrated pooled funds, corporates and real estate investment trusts		£20m per fund or trust			

This table must be read in conjunction with the notes below

Investment Limits

The Council's revenue reserves available to cover investment losses were £60 million on 31 March 2018. No more than 60% of available reserves will be put at risk in the case of a single organisation (other than the UK Government). When considering investment limits in the chart below you must also refer to the credit ratings of the individual organisations (see table above) to make the final assessment.

Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Investment Limits

	Cash limit
Any single organisation, except the UK Central Government	£25m
UK Central Government	Unlimited
Any group of organisations under the same ownership	£45m per group
Any group of pooled funds under the same management	£30m per manager
Negotiable instruments held in a broker's nominee account	£25m per broker
Foreign countries	£10m per country
Registered Providers	£25m in total
Unsecured investments with Building Societies	£10m in total
Loans and investments to unrated corporates and pooled funds	£25m in total
Money Market Funds	£60m in total

Liquidity Management

The Council uses a cash flow forecasting spreadsheet to determine the amount of cash required on a day to day basis to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast.

This is the rate we expect to pay on new borrowing, and how much we expect to earn on investments.

Council Budget Assumptions for 2019/20

- Investments will make an average rate of 1.49%
- New long-term loans will cost an average rate of 3.25%

Negative Interest Rates

If the UK enters into a recession in 2019/20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy

Given the increased risk and very low returns from short-term unsecured bank investments, the Council aims to further diversify into more secure and higher yielding asset classes during 2019/20. The Council holds £35m as a longer-term investment (CCLA Property Fund, CCLA Diversified Fund and Schroder's Income Maximiser) and these give a higher return than the short term investments.

The majority of the Council's surplus cash is currently invested in short-term unsecured bank deposits, certificates of deposit, pooled funds and money market funds. The Council will continue to look for investment opportunities that give a good return whilst being a secure investment.

Business models:

Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved Counterparties

The Council may invest its surplus funds with any of the counterparty types in counterparty table below, subject to the cash limits (per counterparty) and the time limits shown.

Credit Rating

Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all relevant factors including external advice will be taken into account.

Banks Unsecured

Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Banks Secured

Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government

Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates

Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be issued following finance due diligence, loan agreement and security assessment.

Registered Providers

Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing and registered social landlords, formerly known as Housing Associations. These bodies are tightly regulated by the Regulator of Social Housing and, as providers of public services, they retain the likelihood of receiving government support if needed.

Pooled Funds

Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Real estate investment trusts

Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Operational Bank Accounts

The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than AAA- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances should be kept below £5m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Risk Assessment and Credit Ratings

Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- No new investments will be made
- Any existing investments that can be recalled or sold at no cost will be, and
- Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other Information on the Security of Investments

The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In

these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security.

The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators.

This is how we measure our performance.

Security

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	Target
Portfolio average credit rating	A

This is how we ensure that we have cash available to meet unexpected payments.

Liquidity:

The Council does not keep large amounts of cash in call accounts so that it reduces the cost of carrying excess cash. To mitigate the liquidity risk of not having cash available to meet unexpected payments the Council has access to borrow additional, same day, cash from other local authorities.

This is a technical measure to limit how much we can be affected by changing interest rates.

Interest Rate Exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed will be:

	2019/20	2020/21	2021/22
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	100%	100%	100%

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

Our loans fall due for repayment at various dates. We expect to have mainly fixed rate debt for longer loans. This avoids the risk of extra interest costs.

Maturity Structure of Borrowing

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower
Under 12 months	90%	10%
12 months and within 24 months	40%	0%
24 months and within 5 years	40%	0%
5 years and within 10 years	50%	0%
10 years and above	80%	10%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal Sums Invested for Periods Longer than 365 days

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

	2019/20	2020/21	2021/22
Limit on principal invested beyond one year	£45m	£50m	£50m

Non-Treasury Management Investments

Introduction

The non-treasury management investment strategy is a new report for 2019/20, following the requirements of statutory guidance issued by the government (MHCLG) in January 2018, and focuses on the second and third of the following investment categories.

The Council invests its money for three broad purposes:

1. **Treasury Management Investments** – to invest surplus cash from reserves and as a result of its day-to-day activities, for example when income is received in advance of expenditure;
2. **Service Investments** - to support local public services by lending to or buying shares in other organisations; and
3. **Commercial Investments** - to earn investment income (where this is the main purpose).

Treasury Management Investments

The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with the CIPFA guidance.

The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

Full details of the Council's policies and its plan for 2019/20 for treasury management investments are covered in the preceding sections of this document.

Service Investments

Loans

The council has discretion to make loans for a number of reasons, primarily for economic development. These loans are treated as capital expenditure.

The council will ensure that a full due diligence exercise is undertaken and adequate security is in place. The business case will balance the benefits and risks. All loans are agreed by the Section 151 Officer and the Leader. All loans will be subject to close, regular monitoring.

The Council may lend money to its subsidiaries, its suppliers, local businesses, local charities or housing associations to support local public services and stimulate local economic growth. For example Ernesettle Community Solar Farm.

The loans are treated as capital expenditure.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due.

Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts from 2018/19 onwards will be shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The Council assesses the risk of loss before entering into and whilst holding service loans by:

1. reviewing the financial statements of the organisation and reviewing the organisation's business plans and future projections and future cash flows;
2. assessing what security is available to secure the loan and if necessary carry out a professional valuation of any property;
3. using external advisors to provide professional information such as due diligence requirements;
4. the loans are reviewed by our by our external advisors to ensure that they accounted for correctly;
5. if an organisation has a credit rating we will carry out a credit check to assist;
6. State Aid rules must be taken into account before a loan can be considered.

Shares

The Council may invest in the shares of its subsidiaries, its suppliers, and local businesses to support local public services and stimulate local economic growth.

Security: One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered.

Risk assessment: The Council assesses the risk of loss before entering into and whilst holding shares by reviewing the history of the organisation; its financial statements and its share values. The Council will also look at business plans, future cash flows and any other market information that may affect the organisation.

Liquidity: The Council covers its liquidity for working capital and cash flow by being able to borrowing short term loans from other local authorities.

Commercial Investments: Property

The MHCLG defines property to be an investment if it is held primarily or partially to generate a profit.

Contribution: The Council invests in local, commercial and residential property with the intention of making a profit that will be spent on local public services.

Property held for investment purposes

Asset Investment Fund	Actual 2017/18	Estimate 2018/19	Forecast 2019/20
Commercial Property	£67.368	£147.000m	£160,000m
Net Income	£1.166	£1.600m	£2.500m
Net Return*	1.7%	2.1%	2.1%

*based on a full year of ownership of the properties

Security: In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

A fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment.

Where the fair value of the Council's investment property portfolio is no longer sufficient to provide security against loss, and the Council will therefore taking mitigating actions to protect the capital invested. These actions include enhancing or refurbishing the assets and reviewing the rents agreements.

Risk assessment: The Council assesses the risk of loss before entering into and whilst holding property investments by carrying out the evaluation process described below. The risk of not achieving the desired profit or borrowing costs increasing or the having vacant premises is partially covered by a void reserve. Annual payments are deducted from the rental income each year to add to the void reserve.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Council makes an internal charge (service borrowing) to cover the capital repayments from the rental income.

The Council also makes alternative arrangement to cover their short term cash requirements.

Proportionality

The Council is dependent on profit generating investment activity to achieve a balanced revenue budget. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Council is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Plan.

Table 4: Proportionality of Investments

	2017/18 Actual
Gross service expenditure	£550.417m
Gross Investment income	£7.496m
Proportion	1.4%

Borrowing in Advance of Need

Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Council has chosen not to follow this guidance and has previously borrowed for this purpose because it wants to generate income to support its statutory duties. This is a common practice by local authorities since the new guidance was issued.

Investment Evaluation Process

The Council's due diligence assessment processes are consistent and robust evaluation process and is set out below:

- I. Proposed investment opportunities are reported by suitably qualified and experienced in-house MRICS (Member of the Royal Institute of Chartered Surveyors) professionals.

2. This assessment provides analysis of a set of key criteria against which every prospective purchase is evaluated. The presentation of information highlights fundamental matters such as tenant covenant strength, lease length and location, in a transparent and consistent format, to support clear scrutiny and decisions.
3. The assessment provides a basis for scoring and weighting risk, to support the analysis of potential acquisitions and qualify overall suitability for inclusion in the portfolio.
4. The score threshold is not an absolute, but helps guide decisions.
5. To ensure arms-length objectivity, external agents provide professional market analysis, data and advice, in the context of the Property Investment Strategy, to support the evaluation and internal reporting process.
6. Since tenant default is a significant threat to the performance of the property investment financial checks are made on the proposed tenants. This is augmented by additional internal assessment of tenants' covenant and likely future performance.
7. With all the additional information a detailed model is produced. The model is tailored for each prospective investment, by including items such as future demand, yield, cash flows; rental movement, optimal holding periods for the property and data to support profitability modelling.
8. If a decision is made to proceed, in-house surveyors lead negotiations, via the introducing/retained external agents, who are professional property firms.
 - A valuation, in accordance with the RICS Red Book, Professional Valuation Standards, issued by RICS as part of their commitment to promoting and support high standards in valuation delivery worldwide. The publication details mandatory practices for RICS members undertaking valuation services.
 - A Building Survey report, as part of the proposed purchase for investment purpose, including preparation of a Site Environmental Assessment and preparation of a Reinstatement Cost Assessment for insurance purposes.
9. The above is reviewed by the Asset Portfolio Manager as an experienced in-house MRICS (Member of the Royal Institute of Chartered Surveyors) professional, with support from the internal multi-disciplinary property teams, for final decision by the Head of Land and Property on whether to proceed.
10. Head of Land and Property Projects receives regular updates on market activity, trends, forecasts and occupier activity from RICS firms and in-house surveyors to support the decision process.

Property Investment Governance

Clear, robust and transparent governance is critical to the strategy, meeting the statutory guidance and ensuring an appropriate level of due diligence and scrutiny is applied, together with objective arms-length external advice where appropriate. It is also important to ensure any decision process retains fluidity, so officers are empowered to respond promptly and competitively, to investment opportunities in the market and avoid missing opportunities through delay.

The authority to acquire or dispose of land is vested in the Head of Land and Property and where the land is purchased through the Asset Investment Fund a proposal is presented to the City Capital Investment Board (CCIB) a recommended for authorisation by the relevant Leader, Legal and the Section 151 Officer.

Capacity, Skills and Culture

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Service Director of Finance is a qualified accountant with over 20 years' experience.

The Council employs staff with professional qualifications including CIPFA, ACCA, CIMA, MRICS, CIPS etc. and pays for junior staff to study towards relevant qualifications.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

Head of Land and Property and the property team receives regular updates on market activity, trends, forecasts and occupier activity from RICS firms and in-house surveyors to support the decision process.

How investments are funded:

Asset Investment Fund commercial property purchases are funded by borrowing. The borrowing is not directly taken out against each property but is managed through our Treasury Management function.

The rental income generated from the purchasing of commercial property is used to repay the borrowing before the net income is used in the supporting of services.

Rate of return received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Loan Commitments and Financial Guarantees

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council.

Annual Minimum Revenue Provision Statement 2019/20

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008.

The Local Government Act 2003 requires the Council to have regard to the MHCLG's Guidance on Minimum Revenue Provision updated in 2018. The broad aim of the MHCLG Guidance is to ensure that debt is repaid over a period which the asset provides benefits.

The MHCLG Guidance requires the Council to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP.

Minimum Revenue Position Policy

MRP will be determined by charging the expenditure over the expected useful life of the asset on an annuity method, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years.

The MRP payment is funded from revenue with an option that part or all of the payment could be funded from capital receipts.

MRP will commence in the financial year following the asset coming into use or after purchase.

Expenditure funded by borrowing where the project is being built and is not complete at 31st March 2018 (classified as under construction). MRP will be deferred until the construction is complete and operational with the charge to be made in the year following completion.

External Loans

For capital expenditure loans to third parties that are repaid in instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead.

Any loan or investment to an organisation defined as capital expenditure will not attract MRP. The original capital expenditure will be repaid from the capital receipts arising from the loan repayments made by the external organisation.

Capitalisation Directions

For capitalisation directions on expenditure incurred since 1 April 2008 MRP will be made using the annuity method over 50 years.

PFI/Leases

MRP in respect of PFI and leases brought on the Balance Sheet under the 2009 SORP and IFRS will match the annual principal repayment for the associated deferred liability.

Other Items

There are a number of additional items that the Council is obliged by CIPFA or MHCLG to include in its Treasury Management Strategy.

Policy on use of Financial Derivatives

Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

Investment Training

The needs of the Council's treasury management staff for training in investment management are assessed every twelve months as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staffs are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

Investment Advisers

The Council has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is controlled by quarterly review meetings and periodically tendering for the provision of Treasury Management Consultancy services.

Investment of Money Borrowed in Advance of Need

The Council may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit. The maximum period between borrowing and expenditure is expected to be less than one year, although the Council is not required to link particular loans with particular items of expenditure.

Other options considered

The MHCLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Section 151 Officer, having consulted the Cabinet Member for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Underlying assumptions

- The MPC left Bank Rate unchanged at the September meeting, after voting unanimously to increase Bank Rate to 0.75% in August.
- Our projected outlook for the UK economy means we maintain the significant downside risks to our interest rate forecast. The UK economic environment is relatively soft, despite seemingly strong labour market data. GDP growth recovered somewhat in Q2 2018, but the annual growth rate of 1.2% remains well below the long term average. Our view is that the UK economy still faces a challenging outlook as the country exits the European Union and Eurozone economic growth softens.
- Cost pressures were projected to ease but have risen more recently and are forecast to remain above the Bank's 2% target through most of the forecast period. The rising price of oil and tight labour market means inflation may remain above target for longer than expected. This means that strong real income growth is unlikely in the near future.
- The MPC has a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. We believe that MPC members consider both that: 1) ultra-low interest rates result in other economic problems, and 2) higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise and cuts are required.
- The global economy appears to be slowing, particularly the Eurozone and China, where the effects of the trade war has been keenly felt. Despite slower growth, the European Central Bank is adopting a more strident tone in conditioning markets for the end of QE, the timing of the first rate hike (2019) and their path thereafter. Meanwhile, European political issues, mostly lately with Italy, continue.
- The US economy is expanding more rapidly. The Federal Reserve has tightened monetary policy by raising interest rates to the current 2%-2.25% range; further rate hikes are likely, which will start to slow economic growth. Central bank actions and geopolitical risks have and will continue to produce significant volatility in financial markets, including bond markets.

Forecast:

- The MPC has maintained expectations of a slow rise in interest rates over the forecast horizon. Our central case is for Bank Rate is to rise twice in 2019. The risks are weighted to the downside.
- Gilt yields have remained at low levels. We expect some upward movement from current levels based on our interest rate projections, the strength of the US economy and the ECB's forward guidance on higher rates. However, volatility arising from both economic and political events will continue to offer borrowing opportunities.

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.17
Arlingclose Central Case	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.17
Downside risk	0.00	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.65
3-mth money market rate														
Upside risk	0.10	0.10	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.17
Arlingclose Central Case	0.80	1.00	1.10	1.20	1.30	1.30	1.25	1.20	1.20	1.20	1.20	1.20	1.20	1.17
Downside risk	0.20	0.50	0.60	0.70	0.80	0.80	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.68
1-yr money market rate														
Upside risk	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.33
Arlingclose Central Case	1.05	1.25	1.35	1.40	1.50	1.45	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.37
Downside risk	0.35	0.50	0.60	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.69
5-yr gilt yield														
Upside risk	0.15	0.20	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.15	1.20	1.25	1.35	1.40	1.40	1.35	1.35	1.30	1.30	1.30	1.30	1.30	1.30
Downside risk	0.30	0.35	0.45	0.50	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.54
10-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.60	1.65	1.65	1.70	1.75	1.75	1.75	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Downside risk	0.30	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.55
20-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.90	1.95	1.95	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.98
Downside risk	0.30	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.43
50-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.80	1.85	1.85	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.88
Downside risk	0.30	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.43

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix B - Existing Investment and Debt Portfolio Position

	30 Sept 2018 Actual Portfolio £m	30 Sept 2018 Average Rate %
External Borrowing:		
PWLB – Fixed Rate	44.3	5.76
Local Authorities	282.5	0.73
LOBO Loans	71.0	4.37
Long Term Borrowing	18.0	4.37
Total External Borrowing	415.8	2.04
Other Long Term Liabilities:		
PFI	122.2	n/a
Finance Leases	1.6	n/a
Total Gross External Debt	539.6	
Investments:		
<i>Managed in-house</i>		
Short-term Money Market Funds	23.4	0.65
Other Short Term investments	18.1	0.92
<i>Managed externally</i>		
Pooled Funds	25.0	3.80
Other Funds	4.0	0.89
Total Investments	70.4	1.81
Net Debt	367.2	

Treasury Management Strategy 2019-20

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			Budget 18/19			Budget 2019/20				
Directorate	Department	Division	Expenditure	Income	Net Budget	Cost Increases	Savings	Other Savings	Net Budget	
Corporate Finance	Corporate Items	Pensions, PFI and Other	11.053	(12.498)	(1.445)	1.494	(0.420)	1.450	1.079	
		Corporate Items Budget Savings	(0.494)	0.000	(0.494)	0.000	0.000	0.000	(0.494)	
Total Corporate Finance			10.559	(12.498)	(1.939)	1.494	(0.420)	1.450	0.585	
Executive Office	Chief Executives Office	Policy & Intelligence	0.403	0.000	0.403	0.006	0.000	0.000	0.410	
		Communications and Engagement	0.555	(0.057)	0.499	0.008	0.000	0.000	0.507	
		Civic Events	0.175	(0.015)	0.160	0.009	0.000	0.000	0.169	
		Performance	0.563	0.000	0.563	0.011	0.000	0.000	0.575	
		Total Chief Executives Office	1.697	(0.071)	1.626	0.035	0.000	0.000	1.661	
	Business Support	Departmental Support	0.831	(0.068)	0.764	0.014	(0.044)	0.000	0.733	
	Electoral Function	Electoral Function	0.701	(0.002)	0.699	0.009	0.000	0.000	0.709	
	Members	Members	1.020	0.000	1.020	0.027	0.000	0.000	1.047	
		Neighbourhood Inits and Comm Grants	0.290	(0.019)	0.271	0.000	0.000	0.000	0.271	
	Total Members	2.841	(0.088)	2.753	0.050	(0.044)	0.000	2.760		
Legal	Legal	2.004	(0.489)	1.515	0.035	0.000	0.000	1.550		
Total Executive Office			6.542	(0.648)	5.894	0.120	(0.044)	0.000	5.970	
People	Children,Young People,Families	QA Safeguarding and Bus Suppt	3.670	0.096	3.765	0.055	0.000	0.000	3.820	
		Permanency	7.902	(0.131)	7.771	0.042	0.000	0.000	7.813	
		CAMHS Specialist Services	0.653	(0.045)	0.609	0.001	0.000	0.000	0.610	
		Childrens Social Work	3.813	0.000	3.813	0.057	0.000	0.000	3.871	
		Plymouth Referral and Assmnt	3.341	(0.469)	2.872	0.060	0.000	0.000	2.932	
		Adoption	3.698	(0.335)	3.363	0.013	0.000	0.000	3.376	
		Children in Care	10.723	(1.217)	9.506	5.782	(3.609)	(0.300)	11.380	
		Targeted	4.634	(1.466)	3.168	0.068	0.000	0.000	3.237	
		Total Children,Young People,Families	38.434	(3.566)	34.868	6.079	(3.609)	(0.300)	37.038	
	Strategic Commissioning	Service Delivery	79.069	(21.400)	57.669	6.997	0.000	(4.111)	60.555	
		Commissioning	15.778	(6.543)	9.235	0.025	(4.215)	(0.550)	4.494	
		Leisure Management	2.649	(0.098)	2.551	0.001	0.000	0.000	2.552	
		Management and Transformation	2.503	(7.625)	(5.122)	0.020	0.000	0.000	(5.102)	
		Social Care contract	6.861	0.000	6.861	0.000	0.000	0.000	6.861	
		Childrens Commissioning	5.285	(0.419)	4.866	0.005	0.000	0.000	4.871	
	Total Strategic Commissioning	112.145	(36.085)	76.060	7.047	(4.215)	(4.661)	74.231		
	Education Participation Skills	SEND	24.165	(19.952)	4.213	0.156	0.000	0.000	4.368	
		School Improvement	2.380	(1.636)	0.744	0.033	0.000	0.000	0.777	
		School Support	3.385	(3.428)	(0.043)	0.004	0.000	0.000	(0.039)	
		Schools	65.230	(65.230)	0.000	0.000	0.000	0.000	0.000	
		External	1.808	(1.808)	0.000	0.000	0.000	0.000	0.000	
		Skills and Employability	0.287	0.000	0.287	0.004	0.000	0.000	0.291	
		Schools Access Planning	5.464	(0.729)	4.735	0.044	(0.460)	0.000	4.319	
		Sports Development	0.370	(0.142)	0.228	0.004	0.000	0.000	0.233	
	Total Education Participation Skills	103.089	(92.926)	10.164	0.245	(0.460)	0.000	9.948		
	Community Connections	Community Connections Access	2.637	(0.783)	1.855	0.022	0.000	0.000	1.877	
		Community Connections Localities	1.439	(0.819)	0.620	0.018	0.000	0.000	0.638	
		Communities Connections Youth	0.568	(0.055)	0.513	0.009	0.000	0.000	0.522	
		Management	(0.186)	0.000	(0.186)	0.007	(0.030)	0.000	(0.209)	
	Total Community Connections	4.459	(1.657)	2.802	0.056	(0.030)	0.000	2.828		
	Management and Support People	Management and Support People	0.217	0.000	0.217	(0.000)	0.000	0.000	0.217	
	Total People			258.344	(134.233)	124.110	13.427	(8.314)	(4.961)	124.262
	Place	Economic Development	Management & Support	0.565	(0.406)	0.159	0.050	0.000	0.000	0.209
Business Parks			0.361	(0.823)	(0.462)	0.006	0.000	0.000	(0.456)	
Mount Edgcumbe			0.822	(0.705)	0.117	0.013	0.000	(0.035)	0.095	
Museum Services			3.276	(1.983)	1.294	0.060	0.000	0.000	1.354	
Land and Property			5.608	(9.293)	(3.685)	0.178	(0.200)	0.000	(3.707)	
Events & Tourist Information			3.042	(2.210)	0.832	0.016	(0.050)	0.000	0.798	
Enterprise and employment			0.955	(0.373)	0.582	0.022	0.000	0.000	0.604	
Theatre and Entertainments			0.415	0.000	0.415	0.000	0.000	0.000	0.415	
Arts & Cultural Development			0.050	0.000	0.050	0.000	0.000	0.000	0.050	
Strategic Projects Development			0.639	(0.321)	0.318	0.008	0.000	0.000	0.326	
City Deal		0.474	(0.456)	0.018	0.336	0.000	0.000	0.354		
Total Economic Development		16.206	(16.569)	(0.363)	0.690	(0.250)	(0.035)	0.042		
Strategic Planning		SP&I Core Budgets	7.790	(3.644)	4.146	0.153	0.050	0.000	4.349	
		SP&I Projects	1.318	(1.318)	0.000	0.000	0.000	0.000	0.000	
		SP&I Transport Revenue	5.735	(0.330)	5.406	0.000	0.150	0.000	5.556	
	Total Strategic Planning	14.843	(5.292)	9.552	0.153	0.200	0.000	9.905		

Directorate	Department	Division	Budget 18/19			Budget 2019/20			
			Expenditure	Income	Net Budget	Cost Increases	Savings	Other Savings	Net Budget
	Street Services	Highways Parking and Marine Sv	8.841	(6.380)	2.461	0.052	(0.150)	0.000	2.363
		Street Scene & Waste Services	34.371	(19.305)	15.066	0.264	(0.050)	0.000	15.280
		Garage	0.996	(1.010)	(0.014)	0.013	(0.050)	0.000	(0.051)
		Fleet Hire	2.800	(2.615)	0.185	0.005	(0.050)	0.000	0.140
		Total Street Services	47.008	(29.310)	17.698	0.334	(0.300)	0.000	17.732
	Management and Support - Place	Management and Support	0.213	(0.169)	0.044	0.004	(0.313)	0.000	(0.265)
		Business Support	0.365	(0.088)	0.277	0.012	0.000	0.000	0.289
		GAME Transformation	0.000	(3.487)	(3.487)	0.000	0.000	(0.539)	(4.026)
		Suspense	0.001	0.000	0.001	0.000	0.000	0.000	0.001
	Total Management and Support - Place	0.578	(3.744)	(3.166)	0.015	(0.313)	(0.539)	(4.002)	
Total Place	78.636	(54.915)	23.721	1.192	(0.663)	(0.574)	23.676		
Public Health	Public Health	Prescribed Functions	7.811	0.000	7.811	0.000	0.000	(0.368)	7.443
		Non-Prescribed Functions	7.805	(0.286)	7.519	0.000	0.000	(0.037)	7.482
		ODPH Funding Streams	0.000	(15.330)	(15.330)	0.000	0.000	0.405	(14.925)
		Total Public Health	15.616	(15.616)	0.000	0.000	0.000	0.000	0.000
	Operational and Development	PPS Management	0.099	(0.043)	0.056	0.000	(0.178)	0.000	(0.122)
		PPS Technical Support	0.144	0.000	0.144	0.013	0.000	0.000	0.156
		Total Operational and Development	0.242	(0.043)	0.199	0.013	(0.178)	0.000	0.034
	Trading Standards	Trading Standards	0.436	(0.016)	0.420	0.009	0.000	0.000	0.429
	Environ Health (Food & Safety)	Environ Health (Food & Safety)	0.432	(0.033)	0.399	0.011	0.000	0.000	0.410
	Bereavement Services	Contracts Cems & Crems	0.984	(2.721)	(1.737)	0.011	(0.050)	0.000	(1.776)
		Cems & Crems Improvements	0.130	(0.130)	0.000	0.000	0.000	0.000	0.000
		Total Bereavement Services	1.981	(2.899)	(0.918)	0.031	(0.050)	0.000	(0.937)
	Licensing	Licensing	0.310	(0.396)	(0.087)	0.009	0.000	0.000	(0.077)
	Environmental Protection	Neighbourhood & Enviro Quality	0.566	(0.135)	0.431	0.011	0.000	0.000	0.442
		Enviro Protection & Monitoring	0.000	(0.005)	(0.005)	0.000	0.000	0.000	(0.005)
		Total Environmental Protection	0.876	(0.536)	0.339	0.020	0.000	0.000	0.360
	Civil Protection Unit	Civil Protection Unit	0.184	(0.047)	0.138	0.003	0.000	0.000	0.140
	Total Public Health	18.899	(19.141)	(0.242)	0.067	(0.228)	0.000	(0.403)	
	Finance	Finance	Assistant Director for Finance	(0.950)	0.000	(0.950)	0.001	(0.328)	0.000
Head of Integrated Finance			0.749	0.000	0.749	0.019	0.000	0.000	0.767
External Audit			0.128	0.000	0.128	0.000	0.000	0.000	0.128
Treasury Management			8.121	(1.609)	6.511	0.000	(1.522)	0.000	4.989
Head of Commercial Finance			0.912	(0.142)	0.771	0.016	0.000	0.000	0.786
Financial Planning and Rpting			1.454	(0.557)	0.896	0.028	0.000	0.000	0.924
Internal Audit			0.620	(0.039)	0.581	0.000	(0.025)	0.000	0.556
Soft FM			2.667	(0.894)	1.773	0.219	0.000	0.000	1.992
Hard FM			9.185	(1.028)	8.157	0.015	0.000	0.035	8.207
Project and Contract Services			0.614	(0.461)	0.153	0.003	0.000	0.000	0.157
Total Finance	23.499	(4.730)	18.769	0.300	(1.875)	0.035	17.230		
Customer and Corporate Service	Customer Services	Customer Services	3.790	(2.657)	1.134	0.104	0.000	0.000	1.238
		Library Service	2.459	(0.604)	1.854	0.060	0.000	0.000	1.915
		Revenues & Benefits	84.568	(85.008)	(0.440)	0.000	0.000	0.000	(0.440)
		Registration Service	0.597	(0.502)	0.095	0.019	(0.002)	0.000	0.111
		Service Centre	2.197	(1.066)	1.131	0.076	(0.100)	0.000	1.107
		Coroner	0.696	(0.070)	0.626	0.006	0.000	0.000	0.632
		Total Customer Services	94.308	(89.907)	4.400	0.265	(0.102)	0.000	4.564
	Human Resources & OD	OD & Talent	0.727	(0.052)	0.675	0.014	0.000	0.000	0.689
		HR & OD Management	0.176	0.000	0.176	0.000	0.000	0.000	0.176
		HR Specialist Services	0.715	(0.001)	0.714	0.014	0.000	0.000	0.728
		Health, Safety & Wellbeing	0.355	(0.009)	0.346	0.007	0.000	0.000	0.353
	Total Human Resources & OD	1.974	(0.062)	1.911	0.035	0.000	0.000	1.946	
	Departmental Management	Director for Corporate Service	0.056	0.000	0.056	0.150	(0.256)	0.000	(0.049)
	ICT	ICT	7.226	(0.455)	6.771	0.300	0.000	0.000	7.071
		Migrations to DELT	0.936	(0.052)	0.884	0.000	0.000	0.000	0.884
		Total ICT	8.219	(0.507)	7.711	0.450	(0.256)	0.000	7.906
	Transformation	Transformation	1.223	(0.003)	1.220	0.045	(0.070)	0.000	1.195
Total Customer and Corporate Service	105.723	(90.479)	15.243	0.795	(0.428)	0.000	15.611		
Total General Fund	502.202	(316.646)	185.556	17.395	(11.971)	(4.050)	186.930		

PLYMOUTH CITY COUNCIL STRATEGIC RISK REGISTER TWENTY SEVEN - AUG 2018

ROW NO	RISK REF	DEPT	DESCRIPTION OF RISK (Risk description should include cause / risk event / consequence and risk category)	LINK TO CORPORATE PLAN	KEY CONTROLS / SOURCES OF ASSURANCE (aligned to three lines of defence)			PREVIOUS RESIDUAL RISK RATING		CURRENT RESIDUAL RISK RATING		RAG RATING /CHANGE IN RISK RATING	ACTION PLAN / FUTURE MITIGATION / ASSURANCE PLAN	HOW WILL PROGRESS BE MEASURED (LIST MEASURABLE BENEFITS AND NON-QUANTIFIABLE BENEFITS)	TARGET DATES (or review date if target unknown)	RESPONSIBLE OFFICER(S)	DIRECTOR / ASSISTANT DIRECTOR	RISK CHAMPION		
					Policies and procedures Link to business plan Delegations of authority / Fraud checks Risk and control framework Performance Management Project Management reviews	Programme Boards Functional compliance reviews Working Groups	Audit Reports Regulatory Reviews Snr Executive Committees Scrutiny Committees Portfolio Boards Peer Reviews	Feb-18		Aug-18										
					First Line of Defence (Operational management activity)	Second Line of Defence (Strategy/Policy oversight and support)	Third Line of Defence & Framework Oversight (Audit / Member, Snr Executive and External oversight/validation)		P	I	P								I	
1	SF2 On IRR	Finance	Inability to meet the longer term target budgets given the size of the resource reductions and increasing cost pressures as detailed in our Medium Term Financial Strategy 2017-2020 . This would result in a negative impact on budgets, loss of reputation, negative impact on front line services and a negative VFM opinion from external audit. <small>The Medium Term Financial Strategy (MTFS) sets out how we will finance the priorities for the Council, having regard to the Plymouth Plan, the Corporate Plan and the uncertainties around a number of issues including the level of reductions in future funding from Central Government and the consequent changes required of the Council.</small> Risk Category: FINANCIAL	Spending money wisely	The Medium Term Financial Strategy was approved at Full Council in November 17 and will now be updated quarterly. The Council set a balanced budget in 2018-19 following the identification of additional efficiencies. Joint Integrated Commissioning Risk Register.	An officer working group comprising of our Senior Leadership Team and senior finance management has met regularly to advance the MTFS. Finance and Assurance Review Group (FARG)	MTFS agreed by Full Council The Chief Financial Officer (s151). CMT and Cabinet continue to receive monthly monitoring reports identifying risks and pressures leading to the consideration of proposals for corrective action. Integrated Health and Wellbeing Board. PCC Finance and People Directorate SMT continue to work in collaboration with the NHS Success Regime to ensure the Plymouth Integrated Fund is not compromised. Internal Audit Reviews by DAP and Audit SW.	4	5	20	4	5	20	R	The MTFS was presented to Council in November 2017. This has been updated as at the end of quarter 3 to reflect the latest budget position and the impact of the Provisional Local Government Settlement. CMT and Members have been actively consulted and involved in the development of the MTFS. The MTFS has been reviewed by Scrutiny and considered as part of the January Scrutiny meetings. Modelling has taken into account the impact of Business Rates revaluation the impact of new business rates appeals rules. Council Tax base assumptions have been updated. Work is ongoing with Arlingclose (our treasury management advisors) to fully understand the treasury management impact of Britain's exit from the European Union and other treasury management opportunities.	Continued development and review of MTFS is a key priority for CMT. All savings plans have been through a robust challenge process by CMT, SMTs and Members. Protect PCC's funding entitlements and maximise its position under the pilot scheme through careful monitoring. Develop countermeasures and alternative investments	Ongoing Ongoing Ongoing	Paul Looby	Andrew Hardingham	Aaron Perrin
2	SF3 On Op (OF2) & IRR	Finance	Being unable to deliver Council services within the envelope of the resources provided in 2018/19 leading to negative impact on budgets, loss of reputation, negative impact on front line services and a negative opinion from external audit. Risk Category: FINANCIAL	Spending money wisely	RAG ratings have been identified for all savings and cost pressures that emerge during the year. Budget presented to senior officers and members in scoreboard format, delivering greater transparency and challenge. Portfolio fact cards have been produced for each portfolio member setting out areas of responsibility and savings targets and efficiencies. Budget sessions and DMTs.	Finance and Assurance Review Group monitor Integrated Commissioning risks. MTFS Working Group has met regularly to manage the budget process.	Progress reported within monthly finance reporting to Cabinet members. Continued Member engagement in Budget process and MTFP setting process by having regular Member briefings. Regular project accounting reports to the Transformation Portfolio Review Group. Audit & Governance Committee oversee the financial reporting process. The Chief Internal Auditor supports the Audit & Governance Committee and reviews its effectiveness annually. Higher profile of Council's finances at both CMT and Cabinet. CMT have the MTFS as a standing agenda item.	4	5	20	4	5	20	R	Treasury Management diversification of portfolio to increase income. Investment in income earning assets. Ambitious capital programme and strategic investments from income earning assets. Cross department strategy on grant maximisation. Continue the Transformation Programme which is improving efficiency and reducing costs whilst still delivering benefits to the customer. Significant savings are focussed in the following key programmes:- Growth, Assets and Municipal Enterprise (GAME2); Integrated Health & Wellbeing; Transforming the Corporate Centre Identification of new revenue funding sources to support the budget e.g. use of section 106 income in current and future years. To mitigate against this risk all options and innovative solutions will continue to be explored in the final two months of the year so further reductions can be made to the forecast overspend.	Better return on the investment portfolio. Income generation monitored via revenue budget. Improved efficiency and reduced costs. Increase in successful bids. Reduced contract costs.	Ongoing Qly MTFS updates Ongoing Qly reviews Ongoing	Paul Looby	Andrew Hardingham	Aaron Perrin
3	SEPS1 On IRR	Education, Participation & Skills	Reduction in the quality of education provision negatively affecting level of pupil attainment and damage to reputation following poor Ofsted inspection. The risk is very high (red) in the secondary sector but less so in the primary sector (amber). Risk Category: COMPLIANCE, REGULATION & SAFEGUARDING	A caring council - Improved schools where pupils achieve better outcomes	Ofsted inspection outcome tracking. Data analysis. Plymouth Leadership Advisor works with schools and provides challenge to Multi Academy Trust CEOs	Trust development to secure school improvement.	Ofsted inspection. Plymouth Education Board. Education & Children's Social Care Overview & Scrutiny Committee.	New		4	5	20	R	Plymouth Education Board (and sub groups) will increasingly hold all schools to account. Development of an accountability and support model involving a number of partners. The Plymouth Challenge will create a partnership of distinct interventions to drive improvement.	Ofsted Inspection results. Attainment levels and data analysis. Evidence of innovative solutions based programmes that are evaluated against outcomes. Education & Children's Social Care Overview & Scrutiny Committee (November 2018)	Review Nov 18	David Bowles	Judith Harwood	Julie Reed	
4	SCYPF1 On IRR	Children's Social Care	Risk to vulnerable children, young people and families by not delivering early intervention and prevention and responding as soon as possible to their needs and promote better long term life outcomes. <small>Early intervention aims to promote better long term life outcomes for families, and in doing so, also prevent them needing more intensive and higher cost services in the future, such as children's social care or the criminal justice system.</small> Risk Category: COMPLIANCE, REGULATION & SAFEGUARDING	A caring council - Focus on prevention and early intervention	The Children and Young People's Commissioning Plan Troubled Families Outcomes Plan Families with a Future initiative	CYP System Design Group. Performance and Complaints monitoring.	Local Safeguarding of Children Board.	4	4	16	4	4	16	A	Continue to drive forward transformational change across the partnership in relation to whole family working, engagement with the Early Help Assessment Tool process, data exchange and achieving the outcomes required within the Troubled Families Outcomes Plan.	Reduction in caseloads	Ongoing	Tracey Green / Siobhan Wallace	Neelam Bhardwaja	Sandy Magee
5	SCEO1 On IRR	Chief Executive Office	Failing to support our most financially vulnerable residents by not monitoring the risk of increased poverty/hardship as a result of the impact of Welfare Reform and reduced funding for discretionary welfare funds. Risk Category: COMPLIANCE, REGULATION & SAFEGUARDING	A caring council - Focus on prevention and early intervention	Impact of welfare reform continues to be monitored and discretionary welfare schemes reviewed and quarterly welfare dashboard produced. Plans implemented and strategies in place to create jobs. Support continues to Credit Unions and other financial inclusion initiatives. Local support agreement for Universal Credit claimants. Adoption of the Child Poverty Action Plan in October 2016.	Safer Plymouth Partnership aligns governance structure with Health and Wellbeing Board. Child Poverty Cross Party Working Group		4	4	16	4	4	16	A	Review and recommitment advice services. Regular review of local Council Tax Support Scheme. Support for implementation of Universal Credit and those affected by the benefit cap. Create jobs and widening access to employment market. Reduce use of costly loans. Review and implementation of the Child Poverty action plan.	Contract monitoring of commissioned Advice Services. Customer Satisfaction Rates/Welfare dashboard. Economic Performance Monitoring arrangements. Child Poverty Action Plan	Ongoing	Darin Halifax	Giles Perritt	Maddie Halifax

PLYMOUTH CITY COUNCIL STRATEGIC RISK REGISTER TWENTY SEVEN - AUG 2018

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6	SODPH1 On ORR HSW	Office of the Director of Public Health	The organisation's ability to meet performance and delivery expectations in relation to statutory duties and deadlines are reduced. This is due to operational service pressures arising from a combination of: 1. Growing volume and complexity of demand across services; 2. Reduced staff and staffing resilience in a time of significant and rapid change to the design and delivery of services. Examples of where such pressures potentially create this risk include product safety, food borne illness and contaminated land compliance with health and safety. Public Protection Service is an upstream service, that is highly preventative in protecting health, safety and wellbeing Risk Category: COMPLIANCE & REGULATION & SAFEGUARDING	A caring council - Keep children, young people and adults protected	All areas of work have been assessed and prioritised to attempt to focus attention on those areas of highest need. All areas have been risk assessed and we follow a triage system to focus resources on areas of greatest risk, however, residual risk remains. We continue to make efficiencies and continue to make progress however we have suffered from staffing issues and corporate support from IT and Transformation programs		Food Standards Audit has taken place. An action plan has been agreed and we are working towards completion. An action plan for workplace stress has been produced and plans to improve staff wellbeing.	3	5	15	3	5	15	—	Continual reassessment of prioritisation system to ensure our targeting of resources is correct. Constant review of intelligence and information to identify trends and emerging risks and to identify efficiencies in ways of working	Customer satisfaction, balanced budgets including income targets, monitoring demand. Staff wellbeing and stress surveys. Benchmarking with other local authorities or providers. Generation of performance score card has been implemented.	Oct-18	Alex Fry, Rachael Hind, Nicola Horne, Katharine O'Connor	Ruth Harrell	Scott Senior
7	SF5 On IRR	Finance	The Council not meeting its obligation to keep data secure by failing to adhere to Data Protection Act 2018 Regulations results in loss of trust in the Council and/or financial penalty from the ICO Risk Category: COMPLIANCE, REGULATION & SAFEGUARDING	Providing quality public services	Staff awareness training has been rolled out. Incident reporting and management in place. Escalation of breaches to Management of Information Security Forum (MISF) and Senior Information Risk Owner (SIRO). Annual IT Health Check Regular vulnerability scans carried out IT Infrastructure patching policy in place Pro-active monitoring by Babcock. ICO Action Plan. Information Audit completed for all departments Staff workshops completed re: GDPR	Management of Information Security (MISF) Group Devon Information Security Partnership (DISP) Information Lead Officer Group (ILOG) raise awareness within department Information Governance Manager has raised awareness of GDPR at CMT and DMTs Completion of mandatory eLearning being tracked through Balanced Scorecards	Senior Information Risk Owner (SIRO) in place. Annual Information Governance report to Audit and Governance Committee External Compliance assessment. CMT regularly briefed.	5	3	15	5	3	15	—	Roll out staff awareness training to all staff. Implement greater reporting consistency within directorates. Implement improved incident analysis within the Service Desk. Ensure full corporate attendance for MISF. Improved contract management with partners. Implement greater reporting consistency within directorates. Implement improved incident analysis within the Service Desk. Ensure full corporate attendance for MISF. Standardised breach management processes distributed to key staff. 2017 saw a decrease in breaches, however 2017/18 has seen an increase in escalations to the ICO. Implement compliance requirements into Delt business as usual - This is a workstream of the information management project. Corporate Privacy Notice complete, service specific Notices being finalised.	Reports from HR training detailing completion statistics Improved breach reports distributed to directorates Detailed breach reports for partners and escalation at contract management meetings Reporting of non-attendance to directors Monitor action plan through MISF/LOG	Ongoing Ongoing Ongoing Ongoing	John Finch	Andrew Hardingham	Aaron Perrin
8	SCEO2	Chief Executive Office	Potential failure to deliver effective electoral services functions due to inadequate resourcing and processes and lack of appropriately qualified staff. Consequences could include a negative impact upon maximising registration and a risk of disenfranchising voters. <small>All eligible people are able to participate in the electoral process, should they wish to do so with resident and stakeholder confidence through: -Capability and resilience developed -Integrity of systems -Rigour in process and planning</small> Risk Category: COMPLIANCE, REGULATION & SAFEGUARDING	Providing quality public services	Establishment of all new posts (including Head of Electoral Services) Election risk register regularly updated. Local and By-elections successfully delivered. New Electoral Registration System (Xpress) implemented.	Elections Programme has dedicated Programme Manager and operational management resource. Elections Programme Board review Election risk register. Continue to monitor business continuity arrangements and review data quality.	Chief Executive is the Senior Risk Owner. Assistant Chief Executive is the Project Executive. Strategic Election Board Audit & Governance Committee and Local Partnership Gateway review give Council reassurance on delivery of the development programme	4	4	16	3	4	12	→	Capture learning from 2018 Canvass. Scope options for ICT investment to enhance data quality. Workforce development. Resource planning and recruitment with HROD and Comms with CMT support.	Ongoing review as per Programme	Ongoing	Glenda Favor-Ankersen	Tracey Lee	Maddie Halifax
9	SSS1	Street Services	Risk of non delivery of a plan for waste that delivers increased recycling levels in Plymouth and ensures it meets the PFI targets agreed in the SW Devon Waste Partnership <small>The city's recycling targets are achieved and the service is modernised and fit for purpose so that the increase in demand on the service in accordance with the Plymouth Plan Housing Growth can be met</small> Risk Category: DEVELOPMENT & REGENERATION	A growing city - A green, sustainable city that cares about the environment	Modernisation Plan in place across Street Scene and Waste Department focussing on back office systems and processes which are designed to improve the delivery of frontline services for customers. Measures either delivered or in progress include communications campaigns; utilising other teams in the Council who are engaging with residents to also encourage recycling; improving service request resolution times; optimising crew routes; and new technology to transform task allocations and data recording.	Monthly Modernisation Board to review progress against Modernisation Plan, supported by regular Performance meetings to assess customer experience. Monthly Balanced Scorecard of KPIs which include recycling rates.	The South West Devon Waste Partnership hold quarterly meetings.	3	4	12	3	4	12	—	Delivery of the Modernisation Plan. Continued delivery of alternate weekly collections against adopted business case - monthly monitoring with SWDWP partners with regard to disposal tonnages. Utilisation of commissioned participation survey to target areas that have lower rates of recycling. Investment in recycling campaigns across the city. Introduction of recycling on the go pods.	Delivery against Modernisation Plan, service standards and KPIs. Monitoring of tonnages against forecasted disposal amounts	Ongoing	Lou Hayward	Lou Hayward	Gill Peele

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10	STS1 On IRR	Office of the Director of Public Health	Failure to reduce Health Inequalities will mean our poorest residents continue to live shorter lives as well as more years in ill health. This risk impacts the city's growth ambitions as well as the sustainability of the health and social care system through increased demands on welfare care, support and health services. Further risk of failing to achieve the city's vision where "an outstanding quality of life is enjoyed by everyone" and the key Caring Plymouth objective to reduce health and social inequalities. Reducing inequalities particularly in health and between communities is a long term priority for the City Council to support the delivery of the vision for Plymouth where an outstanding quality of life is enjoyed by everyone Risk Category: COMPLIANCE, REGULATION & SAFEGUARDING	A caring city Reduced health inequalities	Thrive Plymouth framework adopted by full council and reading across in Plymouth Plan and Integrated Commissioning Strategies provides good foundation to achieve prevention in all services and decision making processes. The focus of Thrive Plymouth in year 2 was on schools and young children. The focus in year 3 was on localising national One You health improvement campaign. The current year 4 focus is on mental wellbeing. The focus for Year 5 is 'connecting people through food.' This will launch on 16 October 2018. The focus of Year 6 (starting in November 2019) is Mayflower 400.	Finance and Assurance Review Group review Joint Integrated Commissioning Risk Register quarterly.	The Health & Wellbeing Board. Thrive Plymouth integral to the Plymouth Plan which is monitored via CMT/Cabinet/Full Council. The DPH annual report will focus on Thrive Plymouth.	3	4	12	3	4	12	A	Persistent action across the Council required at many levels to tackle inequalities. Continue to work with employers and schools to influence healthier lifestyles and to embed the national One You campaign and 5 Ways to Wellbeing across the city. Thrive Plymouth has an annual focus determined by local and national priorities an annual action plan is developed and implemented.	At the highest level health inequalities can be measured in changes in life expectancy. ODPH produces a report each year to monitor this, along with a Thrive Plymouth Performance Framework providing more detail at a local level. At the 5 year and 10 year stage we will hope to repeat the Health and Wellbeing survey to give us additional monitoring progress.	Annual launch in October each year. PDH report in March each year. Next review date Oct 2018.	Sarah Lees / Rob Nelder	Ruth Harrell	Scott Senior
11	SSP11	Strategic Planning & Infrastructure	Cladding issues on buildings in Plymouth above 18m that have the potential to contain, or have been identified as containing ACM cladding that has a risk of combustion Risk Category: COMPLIANCE, REGULATION & SAFEGUARDING	A caring council - Keep children, young people and adults protected	National guidance has been produced and actioned or communicated by PCC. A strategic overview on affected buildings has taken place and communication to all relevant building owners. 24 hour patrols and a full list of fire and safety measures have been fully implemented at 3 sites including compartmentalisation and all publically owned buildings are being reviewed. Sprinkler system is being installed in 3 Devonport towers.		The responsibility lies with the individual building owners but PCC and Devon and Somerset Fire and Rescue Service have taken the lead on communicating relevant information to all affected properties. Strategic lead overview (Gold) at PCC with support from DSFRS and the relevant affected building 'responsible person'.	2	5	10	2	5	10	G	Monitoring of remedial measures by PCC to ensure building owners are carrying out their responsibilities effectively. Re-cladding of some buildings has taken place and is satisfactory. Some buildings still have the ACM but are currently being procured to action and interim measures still in place. Central Governments 'DELTA' system (to identify all risk buildings) has been completed and closed out.	Internal business process monitoring. PCC taking a complete overview of monitoring and intervention where necessary. Possible enforcement action in the future via relevant legislation.	Feb-19	Paul Barnard	Anthony Payne	Gill Peele
12	SHR1	Finance	Maintaining Corporate/Senior Leadership Team capacity and resilience to deliver the Council Plan. Potential for adverse impact on the citizens of Plymouth and the Council's reputation if strategic workforce plans are not effectively implemented. We take responsibility for our actions, care about their impact on others and expect others will do the same. Critical success factors: attraction, recruitment, development and retention of senior leaders; organisational design which is fit for purpose to deliver our statutory duties and Council objectives; Senior Leaders reporting they feel safe, happy and thriving at work with appropriate arrangements in place to support resilience Risk Category: SERVICE DELIVERY / REPUTATION	Providing quality public services	Organisational Restructure toolkit in place. CMT/SLT leadership development programme under evaluation. Team Plymouth quarterly events in place. Multi-agency coaching network in place. Occupational Health and Employee Assistance Programme in place. Succession Plans being developed for all critical roles. Agile HR policies and procedures available on staffroom. Workforce data. Sickness absence and staff turnover. Agency/interim spend controls.		Organisational Design proposals approved by Council in January for full implementation by summer 2018. People Strategy 2016-20 endorsed by Cabinet May 2017 (Talent, Leadership & Culture).	2	5	10	2	5	10	G	Organisational Development Phase 2 Action Plan for the Senior Leadership Team to be implemented to include: Strategic workforce plans for the Senior Leadership Team. New Senior Leadership Team structure to be appointed. Implementation of 'The Way We Work' transformation programme (technology, information management, accommodation) to enable the right conditions for success.	Sickness absence due to stress, anxiety or depression; performance against Council's objectives; delivery of People Strategy; staff survey; wellbeing and resilience survey; safety climate survey; senior leadership staff turnover; exit interviews	Implementation 01/10/2018 with 6 month review	Andrew Hardingham	Tracey Lee	Aaron Perrin
13	SSP12	Strategic Planning & Infrastructure	Risk of failing to deliver the range of housing to meet Plymouth's need via the Joint Local Plan (JLP) and the Homes for Plymouth Programme Risk Category: DEVELOPMENT & REGENERATION	A growing city - A broad range of homes	Progress on previous Plan for Homes sites regularly reviewed. Sites identified in the JLP 5 year land supply regularly reviewed. Each JLP site now has a Delivery Strategy, with various forms of proposed intervention based upon the identification of resources. Review of partnerships and partners to manage delivery and ensure capability. On-going strategic relationship management with Homes England to achieve a fair share of the national funding.		Plymouth Growth Board. GAME Board. JLP Member Steering Group. JLP Leadership Delivery Group.	3	3	9	3	3	9	G	Undertake a Strategic Land Review of PCC sites to identify sites for housing delivery. We will consider acquiring and lending to unlock direct delivery. Reviews of small and stalled sites complete with delivery strategies to be implemented. Development of bids to a number of Government funding programmes to support new homes e.g. Accelerated Construction, Housing Infrastructure Fund, Land Release Fund, Starter Homes and Care and Support funding. Ongoing innovation to improve the proactive and fast track approach to planning to deliver housing. Starter Homes Land Fund Partnership Authority to work with Homes England to bring forward a portfolio of stalled, lapsed and brownfield sites to unlock delivery and accelerate new homes in what is becoming a highly competitive environment for government funding.	Regular reports to Portfolio Holders. JLP Member Steering Group and JLP Leadership Group	Annual delivery monitoring year end and on going	Paul Barnard	Paul Barnard	Gill Peele

PLYMOUTH CITY COUNCIL STRATEGIC RISK REGISTER TWENTY SEVEN - AUG 2018

ROW NO	RISK REF	DEPT	DESCRIPTION OF RISK (Risk description should include cause / risk event / consequence and risk category)	LINK TO CORPORATE PLAN	Policies and procedures Link to business plan Delegations of authority / Fraud checks Risk and control framework Performance Management Project Management reviews	Programme Boards Functional compliance reviews Working Groups	Audit Reports Regulatory Reviews Snr Executive Committees Scrutiny Committees Portfolio Boards Peer Reviews	PREVIOUS RESIDUAL RISK RATING		CURRENT RESIDUAL RISK RATING		RAG RATING /CHANGE IN RISK RATING	ACTION PLAN / FUTURE MITIGATION / ASSURANCE PLAN	HOW WILL PROGRESS BE MEASURED (LIST MEASURABLE BENEFITS AND NON-QUANTIFIABLE BENEFITS)	TARGET DATES (or review date if target unknown)	RESPONSIBLE OFFICER(S)	DIRECTOR / ASSISTANT DIRECTOR	RISK CHAMPION	
								Feb-18		Aug-18									
								P	I	P	I								
					First Line of Defence (Operational management activity)	Second Line of Defence (Strategy/Policy oversight and support)	Third Line of Defence & Framework Oversight (Audit / Member, Snr Executive and External oversight/validation)												
14	SSPI3	Economic Development	<p>Risk of not delivering sustained and accelerated economic and population growth in line with the Council's Corporate Plan and vision for the City which could lead to higher unemployment and lack of the right labour skills to match the needs of businesses.</p> <p>The city's Local Economic Strategy seeks to concentrate efforts on the things that will generate the greatest returns to our economy. It recognises the opportunity presented by Mayflower 2020 as a major milestone in the reinvention of Plymouth as Britain's Ocean City and as a catalyst for business growth in marine and related industries, the visitor economy, the culture of the city in its broadest sense, and raising the city's profile and reputation in global markets.</p> <p>Risk Category: DEVELOPMENT & REGENERATION</p>	A growing city - Economic growth that benefits as many people as possible	We have put in place a series of economic development measures including for People - 1000 Club, Building Plymouth, Urban Enterprise Programme, Manufacturers Challenge. Place regeneration we have undertaken direct development (Header Court), started on-site at Oceansgate, signed a City Deal, embarked on Plymouth Science Park phase 5 now open. Inward investment - continued support, two new landings in the city - the Ship (Sitel) and at Turnchapel. Supporting Babcock to grow. Business Support we have set out a £2.5m social enterprise investment fund, supported the Gain Growth Fund, attended trade shows and reworked the inward investment guide/website. Secured £69.9m of external and grant funding. Other developments - Oceansgate phase 1 topping out ceremony, completion of Plymouth Science Park phase 5, Langage Phase 2, The Box, Roborough Eco Village, Drake Circus Leisure. Combined efforts are also having economic impact with a jobs pipeline of over 3000, over 3500 apprenticeships starts in 2017, GVA growth and continue low unemployment. Employers such as Thales, Sitel, Becton Dickinson, Dartmouth Foods, Burts Crisps, Babcock, Princess Yachts, Crowne Plaza and Premier have all made significant investments in Plymouth.	GAME Programme Board.	Growth Board.	3	3	9	3	3	9	<p>Future plans include: Business Support - development of the marine/blue tech sector, co-ordinating inward investment, leveraging off the LEP to improve connectivity and exploiting the Mayflower to reposition the city at the centre of celebrations. We are developing Nuclear and Marine national deals linked to the HotSW Productivity Plan further building on our strengths. Brexit element of this risk will be considered in line with corporate Brexit risk template. Series of business support projects (growth hubs, start up and advice) commissioned. Launched new STEM strategy. The future development pipeline is now standing at over £500m. Site work has either started, or will do shortly, for the following developments; The Range HQ Derriford, 1620, Colin Campbell Court/Bath Street, Plymouth Railway Station and Oceansgate Phase 2.</p>	Monitor:- Weekly wage rates, Gross Value Added per hour worked. Job Seeker Allowance claimants. Youth Job Seeker Allowance claimants, Business births, employee numbers, visitor numbers, growth in jobs	Ongoing	David Draffan	David Draffan	Gill Peele

MTFS Delivery Plans

CHILDREN'S DIRECTORATE		
<p><u>Proposal</u></p> <p>The Delivery Plan builds on the work of the Integrated Health and Wellbeing Programme and is centred around deriving benefits from Children, Young People & Family Services.</p> <ul style="list-style-type: none"> ▪ Development of Single integrated access to Children's Services ▪ Remodel Early Help and Targeted Support to minimise escalation of need ▪ Redesign Fostering offer across the system ▪ End to end review as part of the creation of the new Children's Directorate to align key functions across the whole ▪ Care package savings through step down reviews and improved co-ordination 		
<p><u>Impact of Proposal:</u></p> <p>Resources across the Directorate will be required to support Transformational activities to achieve delivery of required savings; this will have an impact on capacity.</p>		
<p><u>Risk Assessment</u></p> <p>Overall plans are presently assessed as Amber. Detailed planning is presently underway and projects are being mobilised. Risks have been identified of sufficient capacity to deliver projects and complexities of integrating services. In mitigation work is being prioritised to focus on key projects and early conversations with system partners are taking place.</p>		
2019/20	2020/21	2021/22
£2.175m	£0.930m	
ADULTS DIRECTORATE		
Strategic Commissioning		
<p><u>Proposal</u></p> <p>The Delivery Plan builds on the work of the Integrated Health and Wellbeing Programme and is centred around deriving benefits from Integrated Commissioning and Integrated Delivery.</p> <ul style="list-style-type: none"> ▪ Retained Provision Savings through enhanced management action and development of service ▪ Package of Care Savings ▪ Savings from Supported Living Contract ▪ Greater Integration with NEW Devon CCG including further joint posts ▪ Roll out of Health and Wellbeing Hubs ▪ Contract Negotiation, including Leisure Management ▪ Review of client contributions ▪ Grant maximisation 		

Impact of Proposal

Further efficiencies will impact on preventative service offers and timeliness of support in some areas across the system.

Risk Assessment

Overall plans are presently assessed as Amber however there is still a need to work up further plans. Detailed planning is presently underway for some projects and are in place to be mobilised. Risks have been identified of sufficient capacity to deliver projects and complexities of integrating organisations. In mitigation work is being prioritised to focus on key projects and early conversations with system partners are taking place.

2019/20**2020/21****2021/22**

£4.765m

£1.555m

Community ConnectionsProposal

The Delivery Plan builds on the work of the Integrated Health and Wellbeing Programme and is centred around deriving benefits from working in partnership with the Community and Voluntary sector and other statutory partners.

- Increased efficiencies through new ways of working and system upgrades
- Contracting efficiencies
-

Impact of Proposal

This proposal will have a limited impact on Community Connections.

Risk Assessment

Overall plans are presently assessed as Green. Detailed planning is complete and projects are mobilised. Risks have been identified of sufficient capacity to deliver projects. In mitigation work is being prioritised to focus on key areas.

2019/20**2020/21****2021/22**

£0.030m

£0.015m

OFFICE OF THE DIRECTOR OF PUBLIC HEALTH**Public Protection Service**Proposal

The Delivery Plan builds on the current drive for increasing efficiencies and driving commercialisation. This includes;

- Increases to fees and charges
- Targets to increase the take up of services such as 'Buy with confidence' and advice and support to businesses
- Improvements to memorialisation offer leading to increased income

Impact of Proposal

We are not currently proposing to stop or significantly reduce PPS / BS services. On the whole, cost pressures will be absorbed through efficiencies and also through upscaling opportunities to provide additional support and services to people and businesses.

Risk Assessment

Some elements have clear plans and are assessed as Green (fees and charges) and detailed planning is underway for the remainder; the impact of Brexit on resource requirements as well as income generation potential brings considerable uncertainty currently and is therefore assessed as amber.

2019/20	2020/21	2021/22
£0.228m	£0.050m	

DIRECTORATE: Place		
Service: Management & Support		
Proposal – Additional Efficiencies		
<u>Impact of Proposal</u>		
This is a corporately given target distributed to all Directorates as an additional efficiencies line. The 2018/19 target was met through a series of one off and recurring savings. Plans are underway to mitigate the step up target in 19/20 through a review of budgets across the service		
<u>Risk Assessment</u>		
Previous year's target has been met with a series of one off savings and some recurring savings. The target for 19/20 will need a thorough review of all existing budgets to enable mitigation and ensure the reduction can be met. The £0.126m represents 0.005% against net budget of £25m.		
2019/20	2020/21	2021/22
£126,000	£0	£0
DIRECTORATE: Place		
Service: Economic Development		
Proposal – Commercial Events		
<u>Impact of Proposal</u>		
Net nil budgets previously set, upon the expectation that Summer Concert (MTV) costs would equal income, are now revised to a £0.150m profit for 2018/19, and a further £0.050m in 19/20.		
<u>Risk Assessment</u>		
Additional costs associated with the increased terror threat as a result of the Manchester bombing and driving lorries into crowds of people. Counter terrorism and civil protection measures required to comply with additional security measures.		
2019/20	2020/21	2021/22
£50,000	£0	£0

DIRECTORATE: Place		
Service: Economic Development – Land & Property		
Proposal – Asset Investment Fund		
<p><u>Impact of Proposal</u></p> <p>The Asset Investment Fund has an existing MTFs income target of £1.800m for 2019/20 this includes a step up of £0.200m in 19/20 whilst extremely challenging is potentially deliverable in the event that current pipeline investment opportunities complete and new acquisitions are identified and purchased in the tight timeframe required. Projects enable the use of capital resources to deliver economic and employment growth and regeneration in the city and income generation to the Council (via rental receipts) with potential to also benefit from long term capital appreciation.</p> <p>Two current proposals are being closely examined; should these materialize then set target should be met. These proposals are subject to commercial confidentiality.</p>		
<p><u>Risk Assessment</u></p> <p>Market conditions are uncertain, so the projected income streams from the Asset Investment Fund are not without risks. Risks include limited supply of potential new investment opportunities and slippage in projects currently under negotiation or development. The impact of 'Brexit' could also cause interim turmoil within the economy and markets, leading to a fall in investment stock and capital values as well as weakening occupational demand, resulting in falling rents and an increased voids and associated property holding costs.</p>		
2019/20	2020/21	2021/22
£200,000	£100,000	£200,000
DIRECTORATE: Place		
Service: Strategic Planning & Infrastructure		
Proposal – Fees & charges in accordance with Policy		
<p><u>Impact of Proposal</u></p> <p>Increase in fees & charges in line with CPI across Building Control</p>		
<p><u>Risk Assessment</u></p> <p>That there is an appetite from the public to warrant an increase in all fees & charges.</p>		
2019/20	2020/21	2021/22
£3,000	£	£

DIRECTORATE: Place		
Service: Management & Support		
Proposal – Additional savings target		
<p><u>Impact of Proposal</u></p> <p>This is a corporately given target distributed to all Directorates to meet budget gap. Plans are underway to mitigate the target in 19/20 through a review of all budgets across the service</p>		
<p><u>Risk Assessment</u></p> <p>All service areas continue to monitor and review all areas of spend. Areas for increased resource efficiency, further capitalisation, greater use of alternative sources of funding, one off will be fully considered and utilised to seek savings required which represent 0.007% of a £25m net budget.</p>		
2019/20	2020/21	2021/22
£187,000	£0	£0
DIRECTORATE: Place		
Service: Street Services		
Proposal – Fleet, Garage & Trade Waste income targets		
<p><u>Impact of Proposal</u></p> <p>Savings and/or increased income will be achieved to meet this target. A review of the trade waste service and re-routing of current rounds will create efficiencies and capacity to generate increased income levels.</p> <p>A review of the Councils Fleet and Plant, including opportunities for more sustainable technology i.e. electric, to ensure an efficient and effective fleet alongside a continuing drive to promote a safe and efficient driver culture. Garage retendering for the provision of goods and services to ensure value for money alongside work to maximise commercial opportunities</p>		
<p><u>Risk Assessment</u></p> <p>There could be a risk the target isn't met if income and efficiency opportunities driven by the service are not maximised</p>		
2019/20	2020/21	2021/22
£150,000	£0	£0

DIRECTORATE: Place		
Service: Parking, Marine & CCTV		
Proposal – Car parking income (volume increase)		
<u>Impact of Proposal</u>		
<p>The car parking income target has been increased by £0.150m to take into account current trend analysis and reflects the increased usage of car parks across the City and more visitors to the City Centre and the increased capacity for car parking. The previous target set in 17/18 was £0.500m which related to a modernisation of the car parking charges.</p>		
<u>Risk Assessment</u>		
<p>That the continual increase in activity does not carry on into 19/20. Particularly the increased downturn on the high street which might impact on the number of vehicles parking in the City Centre. However a recent car parking survey has provided reassurance Plymouth have capacity for future growth in visitors.</p>		
2019/20	2020/21	2021/22
£150,000	£0	£0

CORPORATE & CUSTOMER		
Chief Executive Office		
<u>Proposal</u>		
Operational efficiencies to be delivered across the whole Department. Plans are underway to mitigate the target in 19/20 through a review of all budgets across the service		
<u>Impact of Proposal</u>		
A service review is being developed to identify further efficiencies.		
<u>Risk Assessment</u>		
N/A		
2019/20	2020/21	2021/22
£0.044	£0.000	£0.000
Smart Working		
<u>Proposal</u>		
This savings proposal will be met in full by using the surplus gained in 2018/19 following the review of the council's accommodation strategy including the purchase of Ballard House.		
<u>Impact of Proposal</u>		
Already delivered.		
<u>Risk Assessment</u>		
N/A		
2019/20	2020/21	2021/22
£0.234	£0.000	£0.000
T&C Further Efficiency Savings		
<u>Proposal</u>		
Operational efficiencies to be delivered across the whole Directorate.		
<u>Impact of Proposal</u>		
A service review is being developed to identify further efficiencies which includes reviewing Business Support processes.		
<u>Risk Assessment</u>		
N/A		
2019/20	2020/21	2021/22

£0.187	£0.000	£0.000
Service Centre		
<u>Proposal</u>		
To be achieved through the consolidation of the back office function within the Council.		
<u>Impact of Proposal</u>		
Review will encompass all transaction based processes across all services and seek to generate efficiency savings by consolidating these processes within the Service Centre or consider transferring service area to Delt following Cabinet decision.		
<u>Risk Assessment</u>		
Internal buy-in and commitment is essential.		
2019/20	2020/21	2021/22
£0.100	£0.000	£0.000
Fees and Charges (T&C)		
<u>Proposal</u>		
As set in the Fees and Charges policy all fees and charges have been increased in line with CPI where applicable.		
<u>Impact of Proposal</u>		
Minimal		
<u>Risk Assessment</u>		
N/A		
2019/20	2020/21	2021/22
£0.002	£0.000	£0.000
Treasury Management Savings		
<u>Proposal</u>		
The Council is reviewing all opportunities to reduce its costs for borrowing by looking at rescheduling of debt and maximising income from within its investment portfolio.		
This is supported by the Treasury Management Strategy		
<u>Impact of Proposal</u>		
Dependant on market conditions and opportunities to reschedule debt.		
<u>Risk Assessment</u>		

N/A		
2019/20	2020/21	2021/22
£1.522	£0.000	£0.000
Anti-Fraud Partnership and Fraud Detection		
<u>Proposal</u>		
Partnering with Devon Audit Partnership (DAP).		
To work with commercial parties specialising in analysing customer data to detect fraudulent claims for benefits and Council tax i.e. single persons discount.		
<u>Impact of Proposal</u>		
DAP is growing and provides opportunities by transferring the fraud service to enable a more robust commercial approach.		
Increase the amount of resources available to the council in the form of council tax income and reduced fraudulent payments		
<u>Risk Assessment</u>		
N/A		
2019/20	2020/21	2021/22
£0.095	£0.025	£0.000
Additional Savings Target		
<u>Proposal</u>		
Operational efficiencies to be delivered across the whole Directorate.		
<u>Impact of Proposal</u>		
A service review is being developed to identify further efficiencies.		
<u>Risk Assessment</u>		
N/A		
2019/20	2020/21	2021/22
£0.162	£0.000	£0.000
Flexible use of Capital Receipts		

<u>Proposal</u>		
As agreed in previous years, PCC would make use of this scheme by funding the revenue costs of transformation projects from capital receipts.		
<u>Impact of Proposal</u>		
Based on the understanding funds would be found reoccurring from elsewhere.		
<u>Risk Assessment</u>		
Projects funded must be eligible and meet the criteria for capitalisation.		
2019/20	2020/21	2021/22
(£2.000)	£0.000	£0.000
Capitalisation		
<u>Proposal</u>		
Review Directorate expenditure to identify further opportunities for capitalisation of staffing costs against specific capital projects.		
<u>Impact of Proposal</u>		
N/A		
<u>Risk Assessment</u>		
All expenditure must be eligible capital spend in adherence with the CIPFA capital accounting rules. If the spend does not meet the criteria it will be a charge to the revenue budget		
2019/20	2020/21	2021/22
£0.550	£0.000	£0.000

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ECONOMIC DEVELOPMENT BUSINESS PLAN 2018 – 2019 COMMENTARY



I. Progress so far

We have continued to make strong progress in 2018/19 in delivery of all areas of the ED business plan, despite a worsening economic climate nationally and internationally. The following highlights are particularly worthy of mention:

- **2018/19 Corporate Plan Performance**

We continue to perform strongly against regional and national measures:

- **Jobs** created and facilitated by the Council: **2584 direct and 3127 indirect**
- **Inward Investment** facilitated by the Council: **£208m**
- **Businesses supported** by the Council: **832**
- Citizens engaged by the Council in our **cultural offer**: **114,500**

- **GVA Growth**

Latest figures (2017) show Plymouth is outperforming the UK, SW and HOTSW in real terms.

- **Plymouth** GVA growth – **+2.5%**
- **UK** GVA growth – **+1.9%**
- **SW** GVA growth – **+1.1%**
- **HOTSW** LEP GVA growth - **+1.3%**

- **Construction FTE Employment Growth**

The Council's focus on directly delivering and funding major capital projects has had a very positive impact on the growth of our construction sector.

- **Plymouth** Construction FTE employment growth 2011 to 2016 - **+24%**
- **National** Construction FTE employment growth 2011 to 2016 - **+4%**

- **Budget Performance**

The ED department will generate £16.9m income in 2018/19 and we are forecasting £18.9m in 2019/20. **We have increased departmental income generation by £10m since 2015.**

Our success in driving income means that our net budget in 2018/19 is just £447k and is forecast to be £45k in 2019/20. When these numbers are adjusted for exceptional items and one offs the ED budget will make a positive contribution to the Council's overall budget of £1.3m in 2018/19 and £925k in 2019/20.

Our current budget monitoring for 2018/19 shows we are forecasting a £672k underspend as a result of better than forecast income generation.

Departmental Summary:	YR1	YR2	YR3	YR4	YR5
	15/16	16/17	17/18	18/19	19/20
	Budget	Budget	Budget	Budget	Draft Budget
	£	£	£	£	£
Gross spend	9,406,317	10,512,459	14,464,251	16,908,703	18,976,124
Gross Income	-8,942,454	-9,692,910	-13,086,709	-16,461,370	-18,932,603
Total Net Budget	463,863	819,549	1,377,542	447,333	43,521

Above Budgets less Exceptional items:					
- Mayflower 2020		-484,609	-339,858	-441,336	-485,129
- South Yard		-100,000	-15,000	150	3,713
- Airport Estate Maintenance			-130,000	-130,000	-130,000
- Support Services 13/14 only					
- One off grant carried forward		-3,106	-1,653,965	-	- 357,426
Net budget excluding Exceptional items	463,863	231,834	- 761,281	-1,344,153	925,321

- **Asset Investment Fund**

Since the establishment of the AIF, 11 investment assets have been acquired which are forecast to deliver a net income of c. £2.9m in financial year 2018-19, (after all finance and property costs), above the MTFs target of £1.6m. It should be noted that in financial year 2019-20 this net figure will fall to £1.4 m as borrowing costs become payable for recently acquired assets.

- **Projects Update**

City Centre

- £150m of City Centre projects now on site - completing: in September 2019 **Derrys** redevelopment (500 student flats and 110 bed hotel), November 2019 **Drake Circus Leisure** (Imax 12 screens and 12 restaurants) and April 2020 **The Box** (11 galleries, shop and café)
- PCC secured the second **House of Fraser** deal in the UK with Mike Ashely working closely with British Land.
- PCC has committed to a £26m enabling package for the **railway station regeneration project**. This will enable a new larger car park, improved concourse, enhanced public realm and improved access. Significant announcements will follow on key development plots in January with start on site in 2019.
- A major City Centre **Public Realm** investment decision planned for early 2019 along with confirmed new investment from **British Land** focussed in Old Town Street/New George Street. A £40m investment package.
- Good progress working with Urban Splash on the **Civic Centre** and a start on site is targeted for 2019.
- We are in close dialogue with the government on the new **High Street fund** announced in the budget and plan to make a substantial EOI in the New Year.

Oceansgate and Marine Technology Business Centre

- **MBTC** - The Marine Business Technology Centre in Oceansgate was launched in December. It is ERDF funded with Plymouth City Council as the lead partner working with the Universities of Plymouth and Exeter, Plymouth Marine Laboratory, Marine Biological Association (MBA). The programme will assist advanced marine businesses to develop new products and technologies offering access to an in-sea test range off Plymouth Sound.
- **Phase 1** - Endeavour House and Endurance Court were completed in May 2018. This £7.7m development will see the creation of 177 jobs and includes both office and light industrial space. Demand from marine businesses for the 26 units has been strong and to date we

have let or have under offer 18 of the 26 units. Tenants currently in occupation include the MCA, Trend Marine and Surejust.

- **Phase 2** - The £13.4m Phase 2 scheme will see the development of four office and light industrial units. Planning approval for the development was received in December with construction due to commence in May 2019 with completion anticipated in the summer of 2020.

Range UK Head Office

- The Range Head Office started on site in 2017 enabled by the Council's proactive land deal. The Head Office and store will open in 2019 creating over 500 new jobs.

Direct Development – 216,000sq ft supporting 543 jobs

The Council is continuing its proactive strategy to provide industrial and office accommodation through speculative direct development:

- **Herder Court Phase 1** – 30,000sq ft, £2.7m high quality employment development, completed July 2015, let to Dartmouth Foods safeguarding 70 local FTE jobs and creating a further 100 jobs.
- **Herder Court Phase 2** – 30,000sq ft; £3m high quality employment scheme - completed October 2018, circa 50% let or under offer to create/support circa 80 FTE jobs.
- **Herder Court Phase 3** – 25,000sq ft; business case under preparation for a further £2.9m scheme to support/create 68 FTE jobs.
- **Broadley Park** – 22,500sq ft, business case approved for £2.6m scheme to create/support 62 FTE jobs, due for completion Spring 2020.
- **Plymouth International Medical & Technology Park** – 19,350sq ft of hybrid industrial and office accommodation. Business case approved for £3.2m scheme to create/support circa 56 FTE jobs, due for completion Summer 2020.
- **Langage** - working with private sector to deliver circa 90,000sq ft of new employment accommodation to create/support circa 245 FTE jobs.

Cultural/Destination Management

- Mayflower programme has now been launched and can be found here – <https://www.mayflower400uk.org/news/2018/november/plymouth-s-2020-mayflower-400-programme-revealed/>
- We hosted the **Arts Council national Council** in Plymouth in September.
- The City council Events team has successfully secured the **Fastnet** for 2019 against stiff competition from France
- The City Council through The Box has secured the **British Art Show 9** for Plymouth in 2021 and recently won the **Frieze Art Prize** for The Box programme.
- The Council has just secured a further £600k from ACE for '**Art of the Possible**' including a major project with the British Museum
- We have successfully got through to the second round of **Coastal Communities** and the **Creative Development Fund** (£1.3m focussed on Mayflower programme and creative industries business support) and expect an announcement on both early in the New Year.
- We continue to work on the refresh of the **Visitor Plan** ahead of adoption in 2019
- We have appointed **The Hub** as **The Box** exhibition fit out contractor and **ISO Design** as AV software provider. Fit out commences in April 2019 and will last 12 months

Co-operatives and Mutual Business Support

Plymouth City Council is the first council in the country to commit to doubling the size of its cooperative economy – helping local people to take more control of jobs, livelihoods and to keep more money in the city; creating the right environment for organisations to be established that are owned and run by their own staff and customers – signalling a return to the city's cooperative's roots. Plymouth City Council has launched its strategic action plan that outlines how we will double the co-operative economy by 2025. The plan focuses on creating the right conditions for co-operative formation, promoting and supporting pathways into co-operation for local businesses/organisations. There is also a specific focus on health and social care in terms of encouraging and supporting co-operative approaches in the wellbeing economy.

Plymouth Science Park

The Science Park completed its £8m phase 5 in 2017 and recruited a new CEO in 2018. The board has adopted a new 5 year strategic plan focussing on the Health and Medi-tech sectors. As part of this process a new London based advisory board has been created bringing experts together from across

the UK. The focus for 2019 is to create a Health campus working with the University and Derriford Hospital.

Fishing sector infrastructure development and support

Following a scrutiny select committee in August, funding has been sought from the EMFF for a study into the infrastructure requirements of the fishing sector along with plans to employ a fishing co-ordinator. In addition a scheme to keep fishing boat crews safer at sea has proved so successful the Council is hoping to expand the project. A total of 250 life-jackets with personal locator beacons were given to people who earn their living at sea and contribute to Plymouth's economy as part of a scheme to help reduce loss of life and accidents within the local fishing industry. The project has cross-party support as well as support from the Inshore Fisheries Conservation Authorities, RNLI, Maritime Coastguard Agency and the fishing communities. The Council was awarded £77,000 from the European Maritime and Fisheries Fund and the Maritime Management Organisation (MMO) to help fund the project which includes personal fitting and training carried out by supplier MarineCo. A second opportunity for applications has been held and the Council received a further 59 applications. A quote for 60 units and the list of applicants has been submitted to the MMO who have welcomed an extension to the original programme.

The Council has received enquiries from several organisations across the UK about how our scheme has worked and we have shared information which has been well received

Pipeline

- We continue to work on the following schemes: **Colin Campbell Court regeneration, Bath Street housing scheme, Quality Inn, Civic Centre, Range Head Office, Elizabethan House refurbishment, Melville, Railway regeneration**
- We are currently working on a significant public sector relocation and hope to be able to update further in the New Year.

2. Key actions remaining

There are a few outstanding actions/millstones targeted for quarter 4 including:

- Range Head Office topping out ceremony and store opening
- Drake Circus Leisure topping out ceremony
- New George Street and Old Town Street co-investment with British Land
- Appointment of Fishing co-ordinator

- Adoption of refreshed Visitor Plan
- Langage Phase 3 Business case approval
- Announcement of Cultural Development Fund
- Announcement of Oceansgate Phase 2 contractor

3. Focus 2019/20

The ED Business plan was written as a 3 year plan and our focus will therefore remain on our 5 objectives and our 16 star projects listed below. However our priority in 2019 will be preparing fully for the Mayflower celebrations and new attractions opening in 2020.

1. Economic growth that benefits as many people as possible
2. Quality jobs and valuable skills
3. Increased investment
4. Enhanced vibrant cultural & visitor offer
5. Driving income & funding
 - a. *Co-operatives and Mutuals Action Plan*
 - b. *Co-operative Business Investment Fund*
 - c. *Fishing sector infrastructure development and support*
 - d. *Oceansgate*
 - e. *Plymouth Science Park*
 - f. *Direct Development*
 - g. *Range HQ*
 - h. *City Centre Developments*
 - i. *Hotel Development*
 - j. *Plymouth Station*
 - k. *Mayflower 400*
 - l. *The Box*
 - m. *Mount Edgcumbe*
 - n. *Visitor Plan refresh*
 - o. *Growth Dividend*
 - p. *Asset Investment Fund*

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STREET SERVICES: BUSINESS PLAN 2018/19

March 2018

**1 Vision**

To improve and optimise the safe delivery of front line operational highways, fleet and garage, and street scene and waste services to ensure they meet the expectations of our customers; are considered good value; and help the City become a cleaner, greener and more vibrant place to live.

2 Purpose of the Service**2.1 Street Services contributes to the Values of the Council through:**

We are **Democratic**: Plymouth is a place where people can inform our service about the improvements and changes that need to be made to the Highways and Streets in their area, the services they receive and facilities they use that are important to them.

We are **Responsible**: The service continually seeks to meet our customers' expectations and when we do not, we take responsibility for our actions, ensure any impact is minimised and work with other services and our contractors to do the same.

We are **Fair**: The service operates in an open and transparent way and champions fairness to ensure everyone receives the level of service they need.

We are **Co-operative**: We work together with other service, contractors and the community to help the city become a cleaner, greener and more vibrant place to live.

2.2 The purpose of Street Services is to:

Deliver a range of highly visible and valued frontline services which are focused on keeping the city moving; maintaining the highway network; helping ensure a vibrant economy whilst maximising revenue through car parking to support the delivery of transport services; providing sustainable household waste, commercial waste and recycling services; and maintaining civic pride by keeping the streets and green spaces clean and tidy.

2.3 Outcomes the Service aims to deliver:

Street Services are structured into two delivery arms: Plymouth Highways alongside Street Scene and Waste.

2.3.1 We deliver this purpose through Plymouth Highways by:

Network Management - This is the means by which we manage the flow of traffic around our city. Through monitoring, responding to traffic disruptions, management of utility companies and third parties working on the highway and supporting the emergency services to maintain safe roads for the travelling public.

Maintaining highway assets - Proactively planning for preventative maintenance to reduce the need for expensive repairs. We achieve this by investing in highway maintenance at carefully planned intervals over the life cycle of the asset. Our approach is in line with the Code of Practice promoted by the Department for Transport.

Road Safety - Our vision is to reduce deaths and serious injuries on the City's roads to zero. We are working towards this ambitious target through identifying sites, routes and areas which will benefit from cost effective engineering improvements. We are also instilling safe

working practices on the highway; the development of intelligence led effective programmes to improve road user behaviour; maintenance and promotion of cycle routes; and the monitoring of CCTV cameras throughout the city.

Bridges and Structures – our work involves maintaining bridges and structures in a safe and serviceable condition. With regular inspections in line with national guidance to ensure that the asset team has access to accurate condition data.

Living Streets Local Improvement Projects – prioritisation and delivery of School safety initiatives and general neighbourhood schemes as identified by Councillors and residents.

Street lighting – there are 35,000 lighting units in the city which includes 28,500 street lights and 5,400 illuminated signs. As part of an asset led approach our aim is to maintain these assets in a safe and serviceable condition to maximise their service life and to reduce ongoing energy usage and reactive maintenance costs.

Drainage – Highways drainage assets include gullies, slotted and grilled drainage channels, catch pits and manholes. We work to minimise flooding by maintaining and improving the condition of our highway drainage assets by taking a risk based approach, prioritising those in high risk areas.

Parking Services – Parking services is responsible for managing the Council's car parks and the delivery of on street and off street decriminalised parking enforcement, business and residential parking permit schemes.

CCTV Service - The CCTV Service is responsible for managing the operation of the Council's CCTV cameras and CCTV control centre, with over 250 strategically located throughout the city.

Fleet Service – The Fleet Services team manage the Councils fleet of plant and vehicles, ensuring all plant and vehicles are maintained in accordance with the requirements of the Councils Operating Licence, Legislation and Law, together with promoting a safe and responsible driver culture.

Garage Service – The Garage Service undertakes the maintenance, inspection and repairs to the Councils fleet of plant and vehicles, together with the delivery of commercial MOT and Servicing.

2.3.2 We deliver this purpose through **Street Scene and Waste** services by:

Street cleansing and grounds – maintaining the city's green spaces, trees, play parks, sports grounds and other assets through a programme of regular maintenance, vegetation management and litter collection. The service also delivers the Business Improvement District contracts and keeps the city clean by dealing with flytipping, flyposting, hazardous waste and dog fouling.

Household waste services – most of the city's 118,560 households are provided with alternate weekly collection of general waste and recycling. Additionally there is a seasonal kerbside collection of garden waste and also a bulky collection service for larger items.

Commercial waste services – with over 850 customers the Council has a robust share of the commercial waste market in the city and has aspirations to capitalise on its assets to grow this share.

Disposal and recycling of waste – The Service contract manages two Household Waste and Recycling Centres at Chelson Meadow and Weston Mill, in addition to the Materials Recycling Facility at Chelson Meadow. The Energy from Waste plant managed by MVV

Environment on behalf of the South West Devon Waste Partnership provides an effective solution for residual waste treatment.

Street Services is also supported by other complimentary services such as, and Customer Services, and Public Protection. We also work collaboratively with housing providers and other non-government organisations, including the University of Plymouth. Together, we are all able to provide a joined up approach to meeting the needs of our customers.

2.4 Street Services deliver statutory/regulatory responsibilities in relation to:

- Obligation to collect and recycle household waste, in line with the Waste Hierarchy.
- Ensure all waste under our control is safely disposed of and treated to ensure any threat to the environment is minimised.
- Keeping the streets, back lanes and green spaces clean and tidy.
- Duty to maintain the Public Highway.
- Duty to address flooding on the Public Highway.
- To manage winter maintenance / treatments on the Public Highway.
- To reduce collisions on the highway network.

3 Service Priorities for 2018/19

Service Priority	'Must do' Actions	Dependencies	Monitoring Arrangements
<p>To deliver the Plymouth City Council 100 pledges for which the service is responsible.</p> <p>Why: to respond actively to what customers have told us are a priority for them in order to improve the city we live in.</p>	<p>Proactively monitor the progress of each pledge Street Services is responsible for delivering (See Appendix 5) to ensure timely delivery.</p>	<p>Leaders Office</p>	<p>Monthly Pledge Report</p>
<p>To ensure that the Service has a safety first culture.</p> <p>Why: for the wellbeing of our staff, residents and to ensure we learn when things do not go as well as they should have</p>	<p>Embed and deliver the full Coaching for Safety programme of activities across the Service. The programme provides a rounded approach to creating a healthy, efficient and safety focused culture.</p> <p>Delivery the Health and Safety Executive (HSE) Improvement Plan to ensure we improve the management and wellbeing of Grounds Maintenance staff in relation to hand and arm vibrations.</p>	<p>Health & Safety Team</p> <p>Engagement with staff and unions</p> <p>Organisational Dev Team</p>	<p>Balanced Scorecard</p> <p>Risk Register</p>
<p>Delivery of the Street Services Information Management System (SSIMS) across the entire service.</p>	<p>Delivery of the detailed programme plan which carries a significant number of discreet actions for both Plymouth Highways and Street scene and</p>	<p>Delt Shared Services Ltd</p> <p>Place Business Support Team</p>	<p>Street Services Modernisation Board</p>

Service Priority	'Must do' Actions	Dependencies	Monitoring Arrangements
<p>Why: to optimise the delivery of services to ensure maximum efficiency and value for money. To collect valuable data to ultimately improve the front line delivery of services.</p>	<p>Waste. A key requirement is aligning back office processes, procedures and data capture to ensure they fit neatly with new electronic systems.</p> <p>A significant cultural shift is required along with other elements of the modernisation work underway within the service.</p>	<p>Engagement with staff and unions</p> <p>Organisational Dev Team</p>	
<p>Improve the customer experience following contact for service requests.</p> <p>Why: to get things right first time, avoiding duplication, wasted efforts but mainly to ensure our customers receive the best possible service.</p>	<p>Delivery of the Service Improvement Programme of activities within the Street Services Modernisation Plan to inform potential efficiencies and opportunities for reduced costs, better practice and improved service provision. The end to end review will include:</p> <ul style="list-style-type: none"> ▪ Reviewing customer contact processes from end to end to consider opportunities for more efficient alignment of processes within Street Services or within the Contact Centre, ▪ Overhauling and optimising back office processes and operational procedures to ensure both day to day service delivery and the fulfilment of service requests is efficient, consistent and reliable, <p>Actions are monitored through a bi weekly working group and supported by a bi-weekly performance group who look at the reasons behind trends and route cause analysis when issues occur.</p>	<p>Engagement with staff and unions</p> <p>Organisational Dev Team</p> <p>Place Business Support Team</p> <p>Customer Services (contact centre and digital services)</p>	<p>Service Standards</p> <p>Balanced Scorecard</p>
<p>Put in place and review current processes and systems that are used to monitor our service standards</p>	<p>Delivery of the Service Improvement Programme activities within the Street Services Modernisation Plan. This includes successful</p>	<p>Staff</p> <p>Delt Shared Services</p>	<p>Service Standards</p> <p>Balanced Scorecard</p>

Service Priority	'Must do' Actions	Dependencies	Monitoring Arrangements
<p>Why: to ensure robust monitoring of customer satisfaction with the services we provide by being confident we are meeting our own standards and customer expectation.</p>	<p>implementation of electronic recording systems (SSIMS/HIMS) to ensure efficient working practices inform strategic service intelligence with which evidence based decisions can be made to improve the customer experience.</p>	<p>Place Business Support Team</p> <p>Digital Services Team</p>	<p>Risk Register</p>
<p>Improving back office processes, systems and scheduling of activities, including tree maintenance, maintaining green spaces, play parks, street cleansing, litter bin collection and residential waste collections.</p> <p>Why: to ensure service delivery balances quality with the optimisation of resources to ensure value for money.</p>	<p>Delivery of the Service Improvement Programme of activities within the Street Services Modernisation Plan. This includes overhauling and optimising back office processes and operational procedures to ensure both day to day service delivery and the fulfilment of service requests is efficient, consistent and reliable. Actions are monitored through a bi weekly working group and supported by a bi-weekly performance group who look at the reasons behind trends and route cause analysis when issues occur.</p>	<p>Delt Shared Services</p> <p>Place Business Support Team</p> <p>Digital Services Team</p>	<p>Service Standards</p> <p>Balanced Scorecard</p>
<p>Increase domestic recycling rates to 50% by 2034 as set out in the Joint Local Plan.</p> <p>Why: the current recycling rate is 40% (as at June 2018). The stretched target is necessary as part of the city's aspirations to be cleaner and greener.</p>	<p>The service will continue to work in partnership with other internal and external agencies to encourage improved recycling rates. This forms part of an ongoing communications and engagement strategy targeting positive waste messaging.</p>	<p>Communications Team</p> <p>Digital Team</p> <p>Low Carbon, Natural Infrastructure, Plymotion and Community Connections Teams.</p>	<p>Balanced Scorecard</p> <p>Risk Register</p>
<p>Review contracts managed within the service including onward disposal contracts at the Household Waste and Recycling Facilities and any subcontracting.</p> <p>Why: to ensure both compliance and that the Council is getting best value.</p>	<p>Benchmarking and regular reviews of performance.</p>	<p>Procurement</p> <p>Legal</p> <p>Other Local Authorities though APSE</p>	<p>Balanced Scorecard</p> <p>Risk Register</p>

Service Priority	'Must do' Actions	Dependencies	Monitoring Arrangements
<p>Maximise new and existing commercial opportunities to increase market share within Plymouth and surrounding areas. Specifically related to the Commercial Waste Team and the Prince Rock garage.</p> <p>Why: to capitalise on resources and infrastructure to win and retain new business</p>	<p>Improve back office business processes and systems, including better capture of customer intelligence data.</p> <p>Improved marketing and promotion of services to raise profile.</p> <p>Review existing service and identify any requirements to modify or upgrade equipment to meet needs of the market.</p>	<p>Finance Communications Corporate Property Delt Shared Services Legal services</p>	<p>Balanced Scorecard Risk Register</p>
<p>To ensure the safe operation of the Council's fleet and promote a safe driver culture, complying with our Operator's Licence issued by VOSA.</p> <p>Why: to ensure the Council is meeting its obligations for its Operator Licence.</p>	<p>Ensuring there is a formal Fleet Operating Policy and comprehensive set of written processes and procedures for all activities undertaken.</p> <p>Provide skills and training required across the organisation to properly manage fleet vehicles and drivers.</p>	<p>Health, Safety and Wellbeing Children's Services Concierge Public Protection</p>	<p>Balanced Scorecard Risk Register</p>
<p>Fully adopt a risk based approach to highway inspections as per the new Highways Code of Practice.</p> <p>Why: to enable the Council to robustly defend against litigation</p>	<p>Reviewing asset management and inspection policies relating to each highways asset type, including gullies, carriageways, footways and structures.</p>	<p>South West Highways South West Water</p>	<p>Risk Register</p>
<p>Maximise the efficiency of the highway to support those who live, work and visit Plymouth in line the Council's integrated network approach.</p> <p>Why: to balance the ever increasing parking demand for parking alongside the requirements to have an effective and efficient network.</p>	<p>Reviewing existing restrictions to ensure they are still required.</p>	<p>Economic Development Strategic Planning and Infrastructure</p>	<p>Service Standards</p>
<p>To provide a highway network that is excellent value.</p> <p>Why: giving customers confidence in the maintenance investment decisions we make.</p>	<p>Basing investment programmes around data and risk led methodologies such as whole life costings, mechanical surveys</p>	<p>Economic Development Corporate Property</p>	<p>Service Standards</p>

Service Priority	'Must do' Actions	Dependencies	Monitoring Arrangements
	and cutting edge asset management tools.	Strategic Planning and Infrastructure	
<p>All appropriate competencies for roles are identified and overlaid against existing establishment to identify gaps.</p> <p>Why: to ensure we have a competent level of staff delivering best value decisions, leading to the Highway Authority have a more robust defence when facing litigation.</p>	Undertake a Training Needs Analysis to identify the requirement and help prioritise any intervention.	Organisational Development	Balanced Scorecard
<p>Within the highway network hierarchy the resilient network is continued to be given priority for maintenance and other treatment measures.</p> <p>Why: in order to maintain economic activity and access to key services, including prioritising interventions during extreme weather events.</p>	Maintain and periodically review existing mapping and definitions. Also review and update following new strategic developments.	South West Highways Economic Development Strategic Planning and Infrastructure	Risk Register

Appendices to the Service Plan

1. Budget
2. Balanced Scorecard
3. Risk and Opportunity Register
4. Service Standards
5. Pledges

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