



Oversight and Governance

Chief Executive's Department
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CABINET – SUPPLEMENT PACK

Monday 12 February 2024
2.00 pm
Council House, Plymouth

Members:

Councillor Evans OBE, Chair

Councillor Laing, Vice Chair

Councillors Aspinall, Briars-Delve, Coker, Cresswell, Dann, Haydon, Lowry and Penberthy.

Members are invited to attend the above meeting to consider the items of business overleaf.

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Tracey Lee

Chief Executive

Cabinet

8.

Proposed Budget Report 2024/25

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12.

Corporate Plan Performance Report Quarter Three 2023/2024

(Pages 97 - 134)

Cabinet



Date of meeting: 12 February 2024

Title of Report: **Proposed Revenue and Capital Budget 2024/25**

Lead Member: Councillor Tudor Evans OBE (Leader)

Lead Strategic Director: David Northey Service Director for Finance (Section 151 Officer)

Author: David Northey, Service Director for Finance (Section 151 Officer)

Contact Email: David.Northey@plymouth.gov.uk

Your Reference: Fin/Bud /2024/25

Key Decision: No

Confidentiality: Part I - Official

Purpose of Report

Cabinet considered the Draft Budget for 2024/25 at its meeting on 13 November 2023 and the Budget Scrutiny Select Committee considered the budget proposals on 6 and 7 December 2023. The report identified a residual budget shortfall of £2.358m. It was acknowledged that this report pre-dated the Provisional Local Government Settlement and the need for further work to be undertaken to enable this shortfall to be reduced to zero, resulting in a balanced budget proposal.

Under the Council's Constitution, Cabinet is required to recommend the Budget to Full Council

This report:

- Provides an update on progress on the final development of a proposed balanced 2024/25 budget including the work with the Department for Levelling Up, Housing and Communities (DLUHC) for Exceptional Financial Support in the form of a Capitalisation Direction
- Sets out revenue budget planning assumptions in respect of funding, proposed and previously approved savings plans plus resource requirements for 2024/25 (see Section 1)
- Sets out Capital Budget planning assumptions for 2024/25 (see Section 2)
- Summarises cost pressures
- Sets out the Capital Financing Strategy and the Treasury Management Strategy for 2024/25 (see Appendix 12 & 13)

Recommendations and Reasons

It is recommended that Cabinet:

1. Note a formal request has been submitted to DLUHC for a Capitalisation Direction, referred to as Exceptional Financial Support, in reference to the accounting treatment of the Council's pension arrears in 2019/20
2. Note that this proposed budget is dependent on the receipt of either the Capitalisation Direction or a Letter of Assurance from DLUHC, ahead of the Full Council meeting
3. Note the Financial Risks as set out in Appendix 8
4. Note that a report from the Council's Section 151 Officer (Chief Finance Officer) on the robustness of the budget estimates and the adequacy of the level of reserves will be a separate report to Council.
5. Note the recommendations and resulting actions from the Select Committee Budget Scrutiny
6. Recommends the following to Full Council, subject to amendments by the Section 151 Officer in consultation with the Leader for any final technical adjustments
 - a. The Revenue Budget 2024/25 £236.622m
 - b. The drawdown of £1.448m of flexible capital receipts, as set out in the report
 - c. The Capital Budget 2024/25 £723.701m
 - d. The Capital Financing Strategy 2024/25, including an adjustment to the Minimum Revenue Provision (MRP) within 2024/25 revenue budget, as an amendment to the Minimum Revenue Provision Statement 2024/25 to release previous overpayment totalling £0.400m.
 - e. The Treasury Management Strategy 2024/25

Reason *setting a balanced budget is a statutory requirement. The obligation to make a lawful budget each year is shared equally by each individual Member, discharged through Council. Options for achieving a balanced budget have been considered in the preparation of the proposed budget set out in this report.*

Alternative options considered and rejected

1. Not to bring forward proposals in respect of the 2024/25 Budget – rejected on the basis that the Council must agree a balanced budget before the start of the next Financial Year.
2. To propose an alternative budget which takes account of no Capitalisation Direction. As discussions are on-going with DLUHC and close to a conclusion, it is not felt necessary to undertake this at present. In the event that a Capitalisation Direction is not received an alternative budget will be developed with Cabinet and proposed ahead of Full Council as required. At that stage, it is likely that the S151 Officer will be proposing to issue a S114 Report.

Relevance to the Corporate Plan and/or the Plymouth Plan

The development and approval of the annual budget is fundamentally linked to delivering the priorities within the Council's Corporate Plan. Allocating limited resources to key priorities will maximise the benefits to the residents of Plymouth.

Implications for the Medium Term Financial Plan and Resource Implications

The resource implications are set out in the body of this report. The changes required to the Medium Term Financial Plan, resulting from these budget proposals, will be fully worked through, and presented to Cabinet at a future meeting. This report sets out the headline implications for the following three years.

Financial Risks

The Council is a complex service organisation with a gross revenue expenditure budget exceeding £500m and continues to face significant financial risks given the continuing uncertainty about future resourcing from central government, the wider economic environment and the Council's comparatively low levels of financial reserves. There is continuing demand pressures in both adult social care and children's social care. We are seeing no slowdown in demand and cost pressures in both homelessness and bed and breakfast accommodation plus our statutory responsibility to provide home to school transport for our most vulnerable children.

The Council is under a legal obligation to set a balanced budget for each municipal year, and the Council's Section 151 Officer is required to produce a statement as part of the budget documentation giving his view as to the robustness of the proposed budget.

The Council has requested a Capitalisation Direction from DLUHC. Any decision will need to be approved by Ministers from the department and from Treasury. The Direction, if granted, will allow the relaxation of accounting guidance, and allow the revenue costs of the 2019/20 transaction to be treated as a capital transaction. If not granted, we will be required to account for the full residual value of the transaction to be expensed as part of the 2024/25 revenue budget.

This budget is built on receiving the Capitalisation Direction. It uses available usable balances wherever possible and maximises available resources to allow directorates to consolidate the savings plans already built into the base budget from previous years' plans. In some areas such as children's social care, the gross impact of rising demand and cost of placements is unprecedented but reflects the cost pressures being experienced in 2023/24.

The Draft Budget 2024/25 resources reflect an increase in both the base Council Tax and the Adult Social Care Precept in line with the policy set out in the Autumn Statement 2023 and the Local Government Settlement in December 2023.

No decision has been made on any changes to the Council Tax charge for 2024/25; this is reserved for a decision of Full Council.

Carbon Footprint (Environmental) Implications

No impacts directly arising from this report. As the recommendations of this report relate to the overall revenue and capital budget, the scope of the decision covers all its activities. There will be carbon footprint implications arising from the activities financed by the budget, negative or positive, but these can only be effectively assessed on a case-by-case basis. The Council's commitments to the net zero agenda, as for any other agenda, will always sit within the financial context it is working within, but by taking a three-year perspective, the Net Zero Action Plan enables the Council to take a medium-term view which will assist with financial planning.

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

The reducing revenue resources across the public sector has been identified as a key risk within our Strategic Risk register. Officers will produce where relevant a risk register relating to the above areas specific to each proposal to inform decision making. The register will include mitigations of identified risks where necessary, and this will be reported as part of the decision-making process. As proposals are further developed, officers will assess, and report equalities impacts and mitigations as part of the process.

Appendices

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
1	Movement from November 2023 Draft Budget							
2	Additional cost pressures and adjustments							
3	Savings Proposals 2024/25							
4	Resources 2024/25							
5	Indicative 2024/25 Directorate Budget							
6	Capital Programme Breakdown							
7	Capital Programme future projects funding							
8	Financial Risks							
9	Letter from DLUHC on Exceptional Financial Support – Capitalisation Direction							
10	Cabinet response to Budget Scrutiny Recommendations 2024/25							
11	Budget Engagement 2024-25 Report							
12	Capital Finance Strategy							
13	Treasury Management Strategy							

Background papers

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

Sign off

Fin	CH 09.02. 24 1314	Leg	LS/00 0013 12/3/ AC/9/ 2/24	Mon Off		HR		Asset s		Strat Proc	
Originating Senior Leadership Team member: David Northey (Service Director for Finance)											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 09/02/2024											
Cabinet Member approval: Councillor Mark Lowry, Portfolio Holder for Finance Date approved: 09/02/2024											

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PROPOSED REVENUE AND CAPITAL BUDGET 2024/25

Cabinet Report - 12 February 2024



Section I – Revenue Budget

I. Context

- I.1 The Council's administration is ambitious in its vision and objectives for the city and is committed to ensuring that services to children, vulnerable adults and the provision of affordable housing and helping those affected by homelessness continue to be key priorities. It is keenly aware of the impact of the current cost of living crisis on the people of Plymouth. This budget does not have reductions to critical services and does not include the introduction of any new charges for services. It does ensure there is adequate funding to repair potholes and allocates additional funding to the grass cutting service, both ensuring a better living environment for the city.
- I.2 Together with all authorities the Council is in a serious and unprecedented position due to the continuing additional national and international factors largely beyond its control, including the higher energy costs, broader inflation related cost increases, the large increase in the National Living Wage and demand pressures and costs in both adults' and children's social care.
- I.3 The Council is also experiencing the impact of increasing costs and demand within the homelessness department and the provision of emergency bed and breakfast placements, together with additional demand and costs for the statutory provision of home to school transport for children with SEND (Special Education Needs and Disability).
- I.4 A key component taken into consideration for the financial year 2024/25 is the on-going high cost of borrowing. The Capital Programme section of this report sets out in detail the funding assumptions for the next five years. Particular attention is drawn to the percentage of funding sourced from corporate borrowing (i.e. funded from central resources), which stands at 25.26% or £100m of borrowing.
- I.5 The affordability of the Capital Programme and future funding assumptions is under review. Continuing high interest rates against the borrowing requirement to finance the current programme will create a revenue pressure in 2024/25 if immediate action is not taken to limit borrowing. An additional £1.171m of funding has been included within the Customer and Corporate Services Directorate to cover known pressures.
- I.6 This proposed budget breaks the recent tradition of allocating growth to demand-led directorates and then setting large savings targets to all directorates to compensate.
- I.7 There is growth included totalling £36.196m as set out in Appendix 2, but this is offset by £18.182m of additional resources (Appendix 4) built into the budget plus a further £14.318m (Appendix 2) of corporate adjustments, reflecting additional social care grant and the reversal of previous years' contingency budgets. Whilst there are savings allocated, being £1.096m in Children's plus £1.500m in the People Directorate (£1.000m in Homelessness and £0.500m in Adult Social Care) these have been carefully considered to reflect work currently in progress to mitigate the increased budget allocations included for these services. There are also technical adjustments within the Office for the Director of Public Health (ODPH) of £0.200m and within Customer and Corporate Services of £0.400m. A further adjustment to the bad debt provision saves £0.500m. These are set out in Appendix 3.

- 1.8 Whilst the key areas to concentrate on for 2024/25 are within the Children's Directorate (social care and SEND school transport) and the People Directorate (adult social care costs and homelessness provision), it must be remembered the 2023/24 budget incorporated an unprecedented in-year savings target of £23m. At the end of quarter three (December 2023) we are forecasting a shortfall against this target, but this budget assumes that the £23m reduction in the base budgets from 2023/24 are delivered as sustainable savings.
- 1.9 This budget is not about savings and budget reductions. It consolidates our focus to close the current and forecasted future financial gaps, allowing Strategic Directors to introduce new ways of delivering their services.
- 1.10 Setting the budget does not mean the work is over as financial pressures will continue to provide a challenge and we will need to deliver our savings plans and work within the budget allocations that are being proposed.
- 1.11 Following early discussion with DLUHC in July and August 2023, the Council formally requested a Capitalisation Direction at the beginning of September. The discussion is around seeking resolution to a difference of opinion between Plymouth City Council and our external auditors Grant Thornton (GT), concerning the payment in full of the pension deficit in October 2019, value £72m. The Council has accounted for the transaction as capital expenditure; GT maintain that the liability was paid in full in the financial year 2019/20 and therefore needs to be accounted for as a revenue expenditure in one year.
- 1.12 Plymouth City Council is seeking a retrospective accounting solution from DLUHC, to ensure we obtain closure of the 2019/20 accounts and to allow the setting of a lawful Budget for 2024/25 and future years.
- 1.13 The Direction, if granted, will allow the relaxation of accounting guidance, and enable the revenue costs of the 2019/20 transaction to be treated as a capital transaction. If not granted, we will be required to account for the full residual value of the transaction to be expensed as part of the 2024/25 revenue budget.
- 1.14 This budget is built on receiving the Capitalisation Direction and sets out a balanced position for the Council's budget for 2024/25.

2. Local Government Finance Settlement

- 2.1 On 18 December 2023, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC), Rt. Hon. Michael Gove MP, released a written statement to Parliament on the provisional local government finance settlement 2024/25. Following consultation, the Final Finance Settlement (Settlement) was published on 5 February 2024.
- 2.2 The Settlement held few surprises as the main areas had been trailed in both the Autumn Statement and a subsequent DLUHC briefing note. It was again a settlement for one year only. One grant reduction which was not trailed was the decision to further reduce the Services Grant. This was introduced in 2022/23 as an additional grant reflecting the increasing costs of running a local authority. Although the grant was reduced in 2023/24, Plymouth's allocation was decreased from £2.359m to £0.407m, a reduction of 83% for 2024/25.
- 2.3 In response to the usual consultation with local authorities, on 24 January 2024 the Government announced additional measures for local authorities in England, worth £600 million. The two main strands were an additional £500m of new funding for councils with responsibility for adults and children's social care, distributed through the Social Care Grant

and an increase in the funding guarantee so that all local authorities will see a minimum 4% in their Core Spending Power, before taking any local decisions on raising council tax.

- 2.4 The second initiative has no impact on Plymouth City Council. The additional social care grant allocation is confirmed in the sum of £2.675m and will be required within the People Directorate to cover already assumed additional grant funding.
- 2.5 The impact of the Settlement on the available resources combine to yield a net additional £10.945m including the £2.675m, compared to the resource assumptions in the 13 November 2023 Draft Budget Report. Details are set out in the report.

3. Select Committee Review

- 3.1 The Select Committee undertook two full days of Budget Scrutiny in December 2023.
- 3.2 The Committee focused the majority of their time on the greatest areas of risk facing the Council in Children's Services, Adult Social Care and Health, Homelessness, and the cost of living.
- 3.3 There are five recommendations to Cabinet, and the response to each is set out in Appendix 10 of this report.
 1. That work is undertaken to assess the impact upon all council budgets of dealing with unauthorised encampments (UE).
 2. Welcome continuation of current Community Grant Scheme and recommend an increase back to £5,000 per Member
 3. Reprofile the Capital programme to ensure that the programme is affordable for the revenue budget
 4. Recommend an expansion of the housing programme for Care Leavers.
 5. Recommend that a cross party working group is established to consider contractual arrangements for major projects and the methodology for procurement
- 3.4 The Select Committee also congratulated Cabinet on:
 - Additional Funding provided in the budget for Grass Cutting.
 - The commitment to a new Living Streets programme.
 - Increased involvement of Ward Councillors in discussion in the delivery of Section 106 schemes.
 - Commitment to not implementing Car Park charges where they are not currently in place.
 - The new Bus Service Improvement Plan.

4. Budget Engagement

- 4.1. The Council's annual budget engagement was launched in November and ran for 4 weeks. It received 436 online responses from a wide range of people. In addition, an engagement with business representatives took place on 13 December 2023 – we received a supportive letter in response from the Chief Executive of the Chamber of Commerce.

- 4.2. The questionnaire asked respondents to select up to three priorities that the Council should focus on in the coming year, and to provide their level of agreement on six statements regarding managing the Council's budget. Overall, there was a good response to this engagement with some considered comments, however it is a small proportion of the population, and the results are not representative, but they do provide an indication of people's priorities and level of support.

Results – Council Priorities:

- 4.3 The top priorities selected most often as those the Council should focus on over the next 12 months:
- Working with the NHS to provide better access to health, care and dentistry (251 respondents)
 - Fewer potholes, cleaner, greener streets and transport (169 respondents)
 - Working with the Police to tackle crime and anti-social behaviour (160 respondents)
- 4.4 Working with the NHS to provide better access to health, care and dentistry was the top priority across all age groups and for both female and male respondents, for those veterans who responded, for those who said they had a health condition or disability and for those who said they experience of the care system.

Results – Managing our Budget:

- 4.5 Just over 90% of respondents agreed or strongly agreed that 'the Council should protect local services where possible by delivering these in different and/or more efficient ways' and 'the Council should lobby central government for more funding and a fairer share for Plymouth'.
- 4.6 50% of respondents agreed or strongly agreed that 'the Council should help avoid reducing or stopping services by increasing fees and charges by the rate of inflation' and 'the Council should avoid cutting services by following the Government's assumption that councils will maintain their spending power by increasing Council Tax by up to 2.99%'.
- 4.7 Just over 50% of respondents agreed or strongly agreed that 'the Council should help pay for rising demand for care services for elderly and vulnerable adults by accepting the 2% precept the Government allows to be added to Council Tax for this purpose' and that 'the Council should help achieve the ambition for Plymouth to become a carbon neutral city by 2030 by using 'green' energy sources wherever possible'

5. Revenue Budget

Council Tax

- 5.1 The Council Tax base for 2024/25 has been calculated at 75,389 properties, an increase of 498 on 2023/24. The Council Tax Base report was approved at Full Council 29 January 2024.
- 5.2 The rise in the tax base for 2024/25 primarily reflects the increase in the number of properties within the City and yields additional income of £1.767m. The assumed collection rate continues at 97.5%; this is realistic and prudent due to the current economic climate.

- 5.3 Income from Council Tax (and Business Rates) is held in a ringfenced collection fund account, from which authorities draw the budgeted level of income in each year irrespective of actual income collected. Any shortfall or increase on income collected compared to that budgeted level results in a collection fund deficit or surplus, which can be accounted for in the amount of income the Council can budget for in the following year.
- 5.4 Our accounts are showing a modest surplus on our Council Tax collection, allowing an additional £0.500m to be utilised in 2024/25.
- 5.5 The Settlement confirmed the Council Tax referendum limit at 2.99% (i.e. this is the highest level of increase permissible without a referendum) and an Adult Social Care precept (ASC) of 2.00%. For Plymouth, every quarter percent (0.25%) increase in the Council Tax would yield an additional £0.330m.
- 5.6 As part of developing the 2024/25 budget, Cabinet have agreed to recommend to Council the adoption of a 2.99% increase for Council Tax and a 2.00% level of ASC precept to present a balanced budget. These increases if approved would provide an additional £3.947m in Council Tax and £2.640m Adult Social Care precept; a total of £6.587m. The Government have assumed we will maximise this when referencing Council's Core Spending Power.
- 5.7 The final decision on these matters will be taken at Full Council. If approved, the additional Council Tax for 2024/25 totals £8.854m.

Council Tax Premiums

- 5.8 The Levelling Up and Regeneration Act received Royal Assent in October 2023. This introduced changes impacting Council Tax relating to second homes and long-term empty dwellings. The Act allows billing authorities to reduce the period before which a premium can be charged for empty homes and introduces the ability to charge a premium for properties which are furnished but not occupied as a primary residence, known as second homes.
- 5.9 The changes to second homes allow billing after twelve months rather than the current twenty four and can be enacted from April 2024. This will yield an estimated additional income of £0.200m which has been set aside as funding for a package of additional support proposed for in-house Foster Carers.
- 5.10 The changes to second homes require a full year's notice to homeowners and can be implemented from April 2025.
- 5.11 Full Council approved these changes at the meeting 29 January 2024. The full impact will be in 2025/26 resulting in a minimum, but yet uncalculated impact on the income in 2025/26 from the empty properties of £1.000m. This has been allocated to the provision of housing.

Business Rates

- 5.12 As in previous years, the multiplier for the calculation of Business Rates has been set at 0%, but with a Section 31 Grant to compensate for the resultant impact. As a result, the business rates grant income will increase by £4.338m in 2024/25.
- 5.13 The final calculation of resources from Business Rates is determined by the completion of the Government return NNDRI (National Non Domestic Rates). The outcome will now be confirmed with our external advisors. This year was again difficult to predict due to the uncertainty of inflation on the multiplier, and the impact of continuing business rates revaluation exercises.
- 5.14 The growth in the business rates base, reflecting the additional number of business premises in the city gives rise to additional income of £2.474m.

Business Rates Pool

- 5.15 Plymouth City Council continues to play the key role of administrator of the Devon Business Rates Pool. Working with the other business pool members and our external advisors, we are again forecasting growth in our business rates income and have included £2.750m of additional resources for 2024/25.
- 5.16 Taken together this equates to a total increase of £9.562m from the current £75.253m to a revised £84.815m.

Revenue Support Grant (RSG)

- 5.17 The Settlement announced a RSG of £12.328m. This is an increase of £0.766m on the current £11.562m and represents a CPI increase of 6.7%.

New Homes Bonus (NHB)

- 5.18 The allocation for New Homes Bonus payment in 2024/25 is £0.043m. This is a full increase on the assumed £nil forecast figure included in the budget report to Cabinet in November 2023.

Services Grant

- 5.19 The Government has continued the grant to 2024/25 and Plymouth's allocation is £0.407m, a reduction of £1.952m. This represents a reduction of 83% from the previous year.

Social Care Grant

- 5.20 The Council also receives a Social Care Grant. The additional payment is £4.131m in 2024/25 increasing the grant from £21.702m to a revised £25.833m. As previously noted, on 24 January 2024 the Government announced additional measures for local authorities in England. This additional allocation was confirmed in the Settlement, and this has given an additional, but already committed, uplift of £2.675m.
- 5.21 The Settlement is again silent on additional funding for the pressures within children's social care, although, in line with last year's allocation, we are again advised this grant encompasses both adult and children's.

Adult Social Care Market Sustainability Grant / Adult Social Care Discharge Fund

- 5.22 Plymouth City Council has been allocated £5.618m from the Government's Adult Social Care Market Sustainability Grant. This is a ring-fenced grant intended for local authorities to

make tangible improvements to adult social care, and to address discharge delays; social care waiting times; low fee rates; workforce pressures; and to promote technological innovation in the sector. This is an increase of £0.659m from 2023/24 and includes the rolled in Market Sustainability Workforce Grant of £1.953m

- 5.23 The Adult Social Care Discharge Fund introduced in 2023/24 has continued with a £3.022m grant allocation for Plymouth, to form part of Better Care Fund plans, and is aimed at reducing delayed transfers of care. In 2023/24 the allocation was £1.813m.

Public Health Grant

- 5.24 The Public Health Grant is another key source of income and is used to improve the health of the population, particularly to tackle large differences in health outcomes that we see between local areas. The grant for 2023/24 is £16.460m and the confirmed allocation for 2024/25 is advised as £16.737m. The funding is ring-fenced and does not have an impact on the budget resources as set out in this report.

Resources (Funding)

- 5.25 The total core resources available, incorporating the Settlement, and with a Council Tax increase and an Adult Social Care precept, are set out in the table below.

- 5.26 A detailed schedule of the movements in resources are set out in Appendix 4.

	Budget	Proposed Budget	
Unringfenced Resources	2023/24 £m	2024/25 £m	Movement £m
Council Tax	(130.625)	(139.479)	(8.854)
Business Rates	(75.253)	(84.815)	(9.562)
RSG	(11.562)	(12.328)	(0.766)
Reserves	(1.000)	0.000	1.000
Total Resources	(218.440)	(236.622)	(18.182)

- 5.27 If Council do not approve the proposed increase to the Council Tax and precept, a drawdown of £6.587m from un-earmarked reserves will be required. This will leave the already low reserves in a weaker position and result in the income being lost in 2024/25 and all future years.

Additional Costs

- 5.28 The additional budget costs for 2024/25 are set out in Appendix 2 and include cost and volume increases for Adults' and Children's Services; net cost and volume increased allocation for Homelessness; and cover the Council's commitment to the National Living Wage for our adult social care providers, and ensuring they receive the necessary funding. The National Living Wage additional costs reflect the increase from the current £10.42 to the revised £11.44 from April 2024.

- 5.29 As part of the final adjustments to close the budget gap of £2.358m, a series of amendments have been made to the proposed additional cost allocations and reflect the additional funding sources. These are set out in Appendix 1.
- 5.30 Included in the 2024/25 Budget is a reversal of a previous year's top-up of the Minimum Revenue Provision (MRP) in the sum of £1m. This was seen as a one-off re-balancing of the MRP reserve and the £1m needs to be reinstated to the base budget going forward.
- 5.31 Other items requiring additional resources include staff remuneration and the on-going commitment to honour the cost of the National Living Wage for our care providers. Another area is the increasing cost of servicing our borrowing requirements for the capital programme.
- 5.32 The Capital Programme (budget) has been formulated based on the assumptions set out in the Capital Strategy and the December 2023 (Quarter 3) monitoring report setting out the latest investment and spend profiles. An additional £1.171m is included in this Draft Budget to cover the cost of corporate borrowing recognising the slippage in delivery of approved projects; additional cost pressures from construction costs and the increased cost of borrowing.
- 5.33 The Capital Programme is subject to a full project-by-project review to ensure the overall cost of financing the programme is contained within the revised budget allocation.
- 5.34 We have accounted for additional costs of £0.181m associated with the Schools' PFI (Private Finance Initiative) contract within Corporate Items. The contract is structured in such a way as to leave the liability for any increased utility cost with the council. This increase is on top of the additional funding allocated in the 2023/24 budget.
- 5.35 The proposed budget includes an allocation of £4.000m to consolidate the staff remuneration costs from the 2023/24 and assumed 2024/25 increases.
- 5.36 Within the Place Directorate, one-off savings totalling £1.050m built into the 2023/24 budget have been reversed. Details are set out in Appendix 2. In addition, the Labour Administration has made grass cutting and general wildlife habitat maintenance a key priority. The funding for the grass cutting team has been allocated an additional £0.300m to fund the required staff and running costs.
- 5.37 Within the People Directorate, the additional cost and volume of adult social care packages has been allocated an increase of £5.047m. The increase to the National Living Wage (NLW) requires an additional allocation of £5.372m.
- 5.38 Also, within the People Directorate, the homelessness budget is experiencing increasing demand and costs. We have record numbers of households in temporary accommodation, with an additional £3.287m allocated.
- 5.39 There are additional cost and volume social care pressures of £7.072m within the Children's Directorate. An additional £2.379m has also been allocated to increase the number of social workers and support staff, with a further £0.486m allocated to cover management practice and leadership training. A total of £9.937m.
- 5.40 Home to School Transport is another area where we are experiencing additional cost every year. Despite putting an additional £1.000m into the 2023/24 budget, we are still estimating a further £1.000m overspend in year due to increase in costs and volume. This budget makes an additional allocation of £2.142m. At this stage the department are still formulating cost mitigations, and no savings have yet been put in place to offset some of this additional cost.
- 5.41 The Customer and Corporate Services Directorate has been allocated an additional £4.727m for 2024/25. Of this, £1.171m has been allocated to support the capital budget as

set out in 4.32 above. It also covers the replenishment of the one-off Minimum Revenue Provision set out in 4.30.

- 5.42 From Corporate Items, an existing budget of £3.528m has been transferred to this directorate to cover these costs and rebase the ICT and HROD budgets and acknowledge the costs associated with ICT license fees for the new children's social workers.
- 5.43 The Legal Department has been allocated an additional £0.153m to allow additional resource to manage the increased demand for children's social care cases.

Savings Plans

- 5.44 As previously stated, this proposed budget breaks the recent tradition of allocating growth to demand-led directorates and then setting large savings targets to all directorates to compensate.
- 5.45 Savings plans totalling £3.696m have been included in this budget. These are set out in detail in Appendix 3. Whilst there are savings allocated, being a net £1.096m in Children's plus £1.500m in the People Directorate (£1.000m in Homelessness and £0.500m in Adult Social Care) these have been carefully considered to reflect work currently in progress to mitigate the full cost increased budget allocations included for these services. Within Corporate Items there is a further one-year only use of a previous over provision to the MRP charge of £0.400m and a release from Bad Debt reserve £0.500m. Public Health are contributing £0.200m.
- 5.46 The 2023/24 Budget included £23.436m of savings, across all directorates. This year, modest additional targets have been set where clear plans are in place. The 2024/25 Budget is predicated on the full consolidation of these or alternative sustainable savings.

Flexible use of Capital Receipts

- 5.47 In line with the existing Flexible Use of Capital Receipts Policy approved in 2018, the Council wishes to employ capital receipts as part of this policy in 2024/25 which can be used to fund revenue costs for transformation projects. This report includes a recommendation asking Council to endorse this approach.
- 5.48 Included in the additional allocation to the Children's Directorate is investment in a project team delivering revised ways of working in service delivery plus an agreed investment in training in improved management practice and leadership development. This investment is in this directorate with a view to rolling out learning and best practice outcomes across the wider directorates. The investment required is £1.448m and will supplement the carry forward of receipts drawn down and approved as part of the 2023/24 budget.

Closing the Budget Gap

- 5.49 A budget gap of £2.358m was presented to Cabinet on 13 November 2023. As a result of the Settlement and other updates to the budget this report sets out a final balanced budget to be recommended to Full Council.
- 5.50 Adjustments to the Draft Budget, supplementing the cost pressures and savings as set out in the December Cabinet Report net to clear the gap.
- 5.51 The resources have increased by £2.228m reflecting confirmation of the Government's use of the 30 September 2023 RPI figure of 6.7% against the assumed (May RPI figure) 5.41% to increase both the RSG allocation and Business Rates multiplier offset.

- 5.52 There has been further identified increases in costs totalling £7.340m taking the final allocation to £36.196m. The narrative is set out under Additional Costs in Section 5 of this report. The movements are itemised in Appendix 2.
- 5.53 Whilst the proposed savings have reduced by £0.020m there have been further favourable adjustments totalling £7.490m to balance the budget.
- 5.54 The Medium Term Financial Strategy 2023/24 - 2027/28 approved in September stated our intention to work towards restoring a minimum 5% Working Balance. This reserve was steadily built up over the years and stood at £9.4 million as at March 2017. It currently stands at £8.7m. This equates to approximately 4.0% of the Council's net revenue budget. By 2027/28 this would need to be £11.8m, an increase of £3.1m to equate to 5%, which is about the average for Unitary Councils. The planned contribution for 2024/25 of £0.750m has had to be backed out from the draft proposals to assist with the balanced position.
- 5.55 A summary of the final amendments is set out in this table.

Area	2024/25 Draft £m	2024/25 Revisions £m	2024/25 Proposed £m
Additional Resources	(15.954)	(2.228)	(18.182)
Additional Costs	28.856	7.340	36.196
Savings	(3.716)	0.020	(3.696)
Adjustments	(6.828)	(7.490)	(14.318)
Budget Gap	2.358	(2.358)	0.000

6. Conclusion

- 6.1 This report sets out a balanced budget after the application of a council tax and precept increase which is proposed to be approved at Full Council.
- 6.2 To get to this position, Cabinet Members and Officers have incorporated the impact of the Settlement.
- 6.3 Cabinet are therefore being asked to recommend to Council to approve a budget position that will require it to adopt:
- A Council Tax increase of two point nine nine percent (2.99%)
 - An Adult Social Care Precept increase of two percent (2.00%)

7. Section 114 Report

- 7.1 A report under Section 114 of the Local Government Finance Act 1988 is issued by the authority's Chief Finance Officer (Section 151 Officer). In law they are the most senior financial advisor to the wider Council's leadership on its financial plans and have the power and responsibility to legally suspend spending for a period if they judge the Council does not have a balanced budget or the imminent prospect of one.
- 7.2 It means that no new expenditure is permitted, apart from that funding statutory services. Any spending that is not essential or which can be postponed should not take place and essential spend will be monitored. Councillors have 21 days from the issue of a Section 114 report to discuss the implications at a Full Council meeting.
- 7.3 In addition, the Government can intervene on the running of a Council's services. Precedent shows intervention by Commissioners or an Intervention Board. These are individuals with expertise and vast experience in local government and ultimately, they have the power to direct the Council's day-to-day running, including all expenditure and budgetary decisions.
- 7.4 The Council has been actively engaged with DLUHC over the past six months and following CiPFA guidance and LGA advice, the Section 151 Officer is not proposing to issue a Section 114 report at this stage. The outcome of the request for a Capitalisation Direction is expected to be known in early March 2024.

8. Medium Term Financial Plan (MTFP)

- 8.1 As part of developing the 2024/25 Budget, future years have been considered and modelled.
- 8.2 For the purposes of modelling only, Council Tax has been assumed at the current referendum threshold limits. It must be noted there are ongoing forecast shortfalls in resources and anticipated continuing costs and volume demands. The Council is already considering means of achieving balance in those years.
- 8.3 Moving forward the MTFP will be closely monitored to take account of proposals emerging from Government policy and Council initiatives as they become available to mitigate the shortfall. Further analysis of the full impact of the 2024/25 additional costs and savings, plus estimates of grant funding is required. This will include incorporating the impact of the revised regulations around Council Tax Premiums.

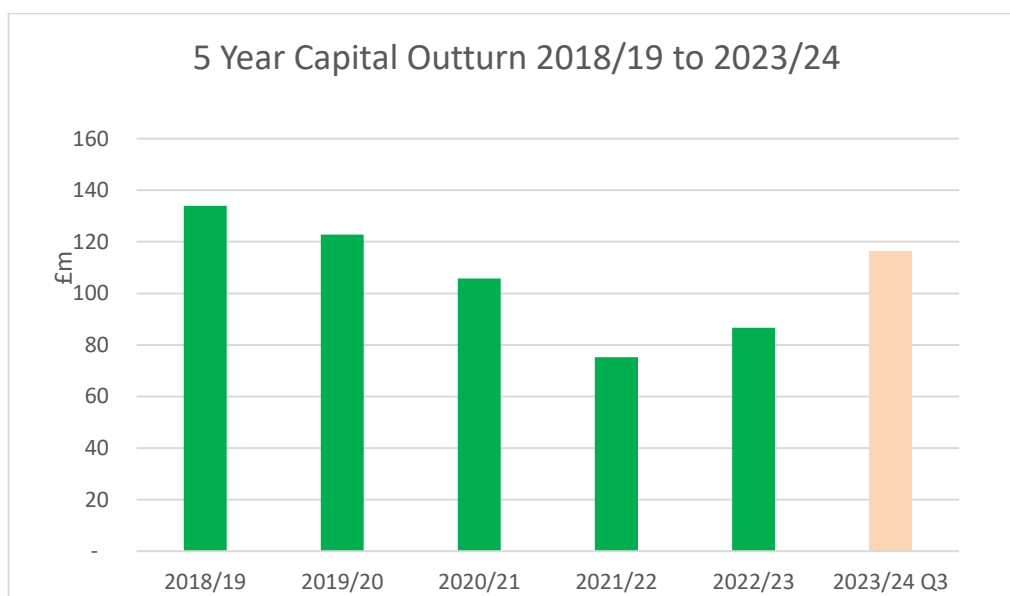
9. Equality & Diversity

- 9.1 Plymouth City Council is committed to equality and diversity and to ensuring that the decisions we take promote equality. To help inform the development of the Council's budget and to ensure that we give 'due regard' to equality during this process, we are considering the equality implications of our budget decisions. A completed equality impact assessment will be presented with the final budget paper.
- 9.2 Alongside the overarching budget EIA (Equality Impact Assessment), separate assessments will be completed on individual decisions as they go through the decision-making cycle.

10. Section 2 - Capital Budget

- 10.1 The Plymouth Plan is the principal driver for the capital programme. Primarily through its planning vehicle, the Plymouth and South West Devon Joint Local Plan, there are proposals to build new homes across the area, create new jobs, and to continue a major investment programme in modernising infrastructure including transport, schools, and green spaces.
- 10.2 This investment is assisting Plymouth in becoming the key economic driver for the far Southwest; it will ensure that communities and businesses have the facilities they need to continue to thrive and prosper. The investment supports growth within the local economy, and is generating additional business rates, Council Tax, and Community Infrastructure Levy (CIL).
- 10.3 The Council continues to take a strategic approach to the Capital Programme, having established ten outcomes aligned to the Plymouth Plan and the Plymouth and South West Devon Joint Local Plan; together with the investment and business planning programmes of other organisations to maximise delivery in the city and surrounding areas.
- 10.4 The Council must ensure sufficient funding is available to meet the requirements of the agreed projects within its Treasury Management Strategy, which is updated annually to reflect projects as they are developed for delivery. The Treasury Management Strategy is set out in appendix 13. This report was approved by the Audit and Governance committee on the 28th of November 2023.
- 10.5 As a result of the increasing Bank of England interest rate there is a higher cost of borrowing externally through Public Loans Work Board and other short term borrowing arrangements which will require ongoing monitoring and capital programme review to ensure we maintain the affordability of the programme.
- 10.6 The impact of current inflationary pressures on costs already assumed in the capital programme and on future schemes is likely to be material and to have a significant impact on what can be delivered within the existing funding boundary. Furthermore, the Council faces the risks of supply chain issues, insufficient supply of materials, increasing labour costs and skills shortage. However, a range of mitigations and responses to manage these inflationary risks are available to the Council, dependant on the detail and stage of scheme delivery. Sourcing external funding and containing cost pressures through re-engineering the project within existing sources of finance remains a priority given that there is limited scope to borrow to fund these pressures.

Capital Expenditure 2018/19 – 2023/24



10.7 The table below shows the breakdown of the current five-year Capital Programme forecast across the Directorates as at 31 December 2023. A full breakdown of the Capital Programme is available in Appendix 6.

Five-Year Capital Programme by Directorate

Directorate	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m
Children's Services	3.540	0.304	0.130	-	-	3.974
People	8.764	21.506	9.030	0.220	-	39.520
Place - Economic Development	22.994	50.562	33.427	26.232	10.415	143.630
Place - Strategic Planning & Infrastructure	36.503	79.843	13.142	3.291	0.622	133.401
Place - Street Services	28.081	19.462	1.768	0.105	0.044	49.460
Customer & Corporate Services	4.718	5.166	2.206	-	-	12.090
Office for Director of Public Health	11.580	4.440	0.105	-	-	16.125
Total	116.180	181.283	59.808	29.848	11.081	398.200
Finance by:	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m
Capital Receipts	4.306	3.587	1.414	0.245	0.611	10.163
Grant Funding	53.783	74.934	2.136	0.023	0.022	130.898
Corporate Funded borrowing	30.211	54.820	15.023	0.478	0.043	100.575
Service dept. supported borrowing	23.809	44.283	38.826	25.987	10.373	143.278
Developer contributions	2.859	3.526	2.323	3.071	0.032	11.811
Other Contributions	1.212	0.133	0.086	0.044	-	1.475
Total	116.180	181.283	59.808	29.848	11.081	398.200

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

Five-Year Capital Programme by Outcome

Primary Outcome of Projects	£m
Delivering a Net Zero Plymouth	68.758
Delivering a sustainable City Centre and Waterfront	43.372
Delivering a sustainable Derriford / Northern Corridor	43.940
Delivering a sustainable Eastern Corridor	0.966
Delivering sustainable homes for the city	26.385
Delivering essential City infrastructure / Improving neighbourhoods	48.936
Ensuring sufficient good quality school places	3.775
Delivering a sustainable economy	92.862
Connecting the City	28.702
Commercialisation of services (including property)	40.504
Total	398.200

10.9 The table below includes both existing programming and programming where funding may become available. Looking forward the forecast five year capital programme, 2023/24-2027/28, is £723.701m as at 31 December 2023. The Capital Budget has been adjusted reflecting new approvals and changes to the capital programme and adjustments to the future funding assumptions.

Description	£m
Approved Capital Programme 2023/24-2027/28	398.200
Future Funding Assumptions (Capital Pipeline) *	325.501
Total Revised Capital Budget for Approval (2023/24-2027/28)	723.701

* Estimate of funding required to finance future capital projects

10.10. 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 being 33%. Capital receipts make up about 3% of the programme with S106 contributions and CIL constituting about 3%. Every effort is being made to secure funding from grant programmes and other external sources. With 61% of programme being financed from internal resources through corporate and service borrowing there is ongoing review of the programme to ensure the financing remains affordable.

New Capital Approvals

- 10.11 Provision has been made within the 2024/25 proposed revenue budget for £1.171m to fund priority pipeline projects which will be added to the Plan once a full business case has been completed and all legal and financial implications considered. At that stage, a decision will be taken by Cabinet which will be reflected in the quarterly report to Council. The required corporate borrowing has been funded within the revenue budget proposals for 2024/25.

Funding of the Capital Programme

- 10.12 The current estimate of future capital funding for the five years 2023/24-2027/28 is £325.501m.

This has increased from £227.547m included in the 2023/24 budget setting report which included the five years 2022/23 – 2026/27.

The increase totalling £97.954m includes:

- £53.431m New grant funding announcements (Levelling Up fund £19.946m and Zero Emission Bus Regional Areas Scheme 2 £33.482m.
- £29.636m Incorporating 2027/28 in 5 year range (Manadon)
- £7.480m 5 year forecast Better Care Fund assumption for Disabled Facility adaptations (previously 2 year assumption).
- £10.472m recognition of capital forecast for Improvements to Corporate Estate and Health & Safety works being factored into revenue budget setting as priority pipeline projects financing corporate borrowing.

These assumptions will follow the Council's capital programme governance.

- 10.13 A full breakdown of the future funding assumptions is available in Appendix 2. This figure changes from time to time and comprises both ring-fenced and un-ringfenced grants, S106 resources and other external contributions. The revenue implications of the current programme and the agreed priorities have been addressed in developing the 2024/25 Medium Term Financial Plan.

- 10.14 The Council takes an organised and proactive approach to identifying, bidding for, and then securing external grants which reduces the pressure on the revenue budget. To ensure the capital programme remains sustainable in the long term officers continue to regularly monitor the level of borrowing.

Prudential Code

- 10.15 The Prudential Code for capital finance in local authorities 2021 edition was published in December 2021 and changes were primarily in respect of commercial investments and associated risks. The key change is a local authority must not borrow to invest primarily for financial return. Investment is permissible for projects that are for regeneration purposes within a local authority area. These changes involve additional financial implications for the revenue account and all projects have been reviewed accordingly. No new projects are included in the programme currently.

- 10.16 Commercial property and development activities in the Council operate under robust and effective governance arrangements as set out in the Constitution. The Council has a small team of experienced in-house chartered surveyors including an Asset Manager recruited specifically for the Regeneration Investment Fund who has extensive experience in property fund management obtained in the private sector.

10.17 The Capital Finance Strategy gives an overview of how the associated risks are managed and the implications for future financial sustainability. The strategy is attached as appendix 12. This report was approved by the Audit and Governance Committee on 28th of November 2023.

Climate Emergency

10.18 Significant investment will be required to achieve the 2030 net zero target. A Climate Emergency Investment Fund was created in 2022/23 and projects continue to come forward for approval.

10.19 We are tackling the climate emergency and working to deliver our ambition to make Plymouth a carbon neutral city by 2030 through a wide range of measures, including securing funding for the Zero Emission Bus Regional Areas Scheme (ZEBRA 2).

Delivering the Corporate Plan Priorities

10.20 The Council agreed a revised Corporate Plan at its meeting of 19 June 2023, which reflected the vision for the city and the Council and reframed the Council's mission, values and priorities to support these further details will be included in the finance budget report to Full Council.

Conclusion

10.21 The Capital Programme sets out a scheme of investment with all financial implications included in the revenue budget. This investment is supporting the growth agenda, within the city, including regeneration and contributing to the local economy and creation of jobs.

10.22 With the impact of high borrowing rates, the Capital Programme will continue to come under pressure.

Appendix I

Movement from Draft Budget to Proposed Budget	2024/25 £m	
November Cabinet Report – gap		2.358
Resources - Business Rates multiplier additional to assumptions	(2.088)	
Resources - Revenue Support Grant - additional to assumptions	(0.140)	
Subtotal Additional Resources		(2.228)
Additional Social Care Grants	(7.951)	
Drawdown of available Capital Receipts	(1.448)	
Services Grant – reduction	1.952	
New Homes Bonus - allocation £43k v forecast £nil	(0.043)	
Subtotal adjustments		(7.490)
Public Health additional contribution to social care	(0.200)	
Income assumptions adjustments – Children’s Directorate to revised £1.096m from previous £1.316m	0.220	
Subtotal savings		0.020
Cost allocation adjustments (see below)		7.340
Revised - Proposed Budget Gap 2024/25		0.000

Movement from Draft Budget to Proposed Budget - costs	2024/25 £m
Children’s Directorate – additional staff	2.379
Children’s Directorate - Management practice / leadership	0.486
Children’s Directorate – SEND Home to School Transport	0.842
People Directorate – National Living Wage further increase to revised £11.44	1.924
Public Health - reversal assumed one-off 2023/24 allocation to social care	(0.250)
Customer and Corporate Services – rebase ICT and HROD budgets	2.556
Chief Executive Office – Legal Services additional resource	0.153
Corporate Items – reversal of assumed replenishment of Working Balance Reserve	(0.750)
Additional Costs movement	7.340

Appendix 2 – Additional cost pressures and adjustments**Net additional cost pressures and adjustments 2024/25**

Directorate Summary Cost Pressures	£m
Children's	12.079
People	13.706
Place	1.350
Chief Executive Office	0.153
Customer and Corporate Services	4.727
Corporate Items	4.181
	36.196

Children's Directorate	£m
Social care provision – Additional cost and volume of placements	7.072
Additional Social Workers	2.379
Management practice and leadership development	0.486
SEND Home to School Transport – Additional cost and volume	2.142
	12.079

People	£m
National Living Wage	5.372
Adult Social Care – Care Packages	5.047
Homelessness Cost and volume	3.287
	13.706

Place Directorate	£m
Reverse 2023/24 One-off savings – Strategic Contract Optimisation	0.430
Reverse 2023/24 One-off savings – Economic Development commercial bad debt	0.343
Reverse 2023/24 One-off savings – Foreshore reserve	0.129
Reverse 2023/24 One-off savings – Park & Ride reserve	0.100
Reverse 2023/24 One-off savings – Licence fee income	0.048
Grounds Maintenance (grass cutting including crematoria and play parks)	0.300
	1.350

Chief Executive Office (CEX)	£m
Legal Services – additional resource for Children's Social Care	0.153
	0.153

Customer and Corporate Services	£m
Financing the existing Capital Programme	1.171
Replenish Minimum Revenue Provision (MRP) used in 2023/24	1.000
Additional departmental costs	1.014
Additional ICT costs – right-sizing the budget	1.322
Reverse 2023/24 HROD savings target	0.220
	4.727

Corporate Items	£m
Consolidation of 2023/24 and 2024/25 staff remuneration costs	4.000
Schools Private Finance Initiative (PFI) additional utility cost adjustment	0.181
	4.181

Corporate Adjustments	£m
Reduction to 2023/24 additional allocation for utility (energy) inflation	(2.000)
Reallocate Treasury Management base budget to Customer and Corporate	(3.528)
Reverse 2023/24 one-off allocations (Social Care £1m & Street Services £0.3m)	(1.300)
Flexible use of Capital Receipts – Children's Directorate training and development	(1.448)
Amendments to Government Grants	
Adult Social Care Grants	(7.951)
New Homes Bonus	(0.043)
Reduction in Services Grant	1.952
	(14.318)

Appendix 3 – Savings Proposals 2024/25

Summary of Savings by Directorate	£m
Corporate Items	(0.900)
Children's Directorate	(1.096)
ODPH (Office of the Director of Public Health)	(0.200)
People	(1.500)
	(3.696)

Corporate Items	£m
MRP one-off use of previous over provision	(0.400)
Release from Bad Debt provision	(0.500)
	(0.900)

Children's Directorate	£m
Reduce Residential - improved Commissioning Service and identify more appropriate placements	(1.380)
Reduce Independent Fostering and increase In-House capacity	(0.245)
Reduce Supported Living Cohort with improved Edge of Care & Locality services	(0.248)
Enabled by: Review In-House Fostering and improve capacity and	0.649
Improved Special Guardianship Offer	0.128
	(1.096)

ODPH	£m
Maximisation of grants across ODPH	(0.200)
	(0200)

People	£m
Managing demand in homelessness	(1.000)
Review Adult Social Care Bad Debt provision	(0.500)
	(1.500)

Appendix 4 – Resources 2024/25

Unringfenced Resources	Budget		
	2023/24 £m	2024/25 £m	Movement £m
Council Tax 2023/24 Base	(130.625)	(130.625)	-
Council Tax Growth (number of properties)		(1.767)	(1.767)
Additional Council Tax		(3.947)	(3.947)
Additional Adult Social Care Precept		(2.640)	(2.640)
Council Tax Collection Fund		(0.500)	(0.500)
Revised Council Tax	(130.625)	(139.479)	(8.854)
Business Rates 2023/24 Base	(75.253)	(75.253)	-
Business Rates Growth (number of properties)		(2.474)	(2.474)
S3I Grants – Multiplier offset		(4.338)	(4.338)
Business Rates Pool gain		(2.750)	(2.750)
Revised Business Rates	(75.253)	(84.815)	(9.562)
RSG with 6.7% CPI uplift	(11.562)	(12.328)	(0.766)
Reserves – no drawdown for 2024/25	(1.000)	0.000	1.000
Total Resources	(218.440)	(236.622)	(18.182)

Appendix 5 - Indicative 2024/25 Directorate Budgets

Directorate	2023/24	2024/25			
	Net Budget	Cost Increases	Adjustments	Savings/ Income	Net Budget
Corporate Items	(31.318)	4.181	(14.318)	(0.900)	(42.355)
Children's	63.493	12.079	-	(1.096)	74.476
People	96.345	13.706	-	(1.500)	108.551
Public Health	2.829	-	-	(0.200)	2.629
Place	29.469	1.350	-	-	30.819
Chief Executive's Office	6.403	0.153	-	-	6.556
Customer and Corporate Services	51.219	4.727	-	-	55.946
Total	218.440	36.196	(14.318)	(3.696)	236.622

Appendix 6 – Capital Programme Breakdown

Details	2023-24 Latest Forecast	2024-25 Latest Forecast	2025-26 Latest Forecast	2026-27 Latest Forecast	2027-28 Latest Forecast	Toal
Delivering a Net Zero Plymouth	£m	£m	£m	£m	£m	£m
National Marine Park - New Horizons	0.125	-	-	-	-	0.125
National Marine Park - Tinside Pool	0.090	2.893	-	-	-	2.983
Civic Centre District Energy	0.090	0.041	-	-	-	0.131
Civic Centre District Energy - Phase 2	0.120	1.865	0.922	0.066	-	2.973
Civic Centre District Heating Grant	-	0.030	0.570	-	-	0.600
Chelson Meadow Solar Farm	3.782	12.573	-	-	-	16.355
Theatre Royal Car Park - Solar Scheme	0.142	0.057	-	-	-	0.199
PCC LED Lighting Replacement Programme	0.405	0.131	-	-	-	0.536
Heat Sourcing in Corporate Buildings	0.362	0.271	-	-	-	0.633
Home Energy - Eco Homes pot	0.041	0.350	-	-	-	0.391
Green Homes LAD 3	1.355	-	-	-	-	1.355
Social Housing Decarbonisation	0.845	-	-	-	-	0.845
Social Housing Decarbonisation Wave 2.1	0.500	6.562	-	-	-	7.062
Home Upgrade Grant	1.134	-	-	-	-	1.134
Home Upgrade Grant Phase 2	0.200	3.153	-	-	-	3.353
Billacombe Footbridge	-	-	-	-	0.590	0.590
Transforming Cities Fund Tranche 2 Grant	1.300	2.330	-	-	-	3.630
Crownhill Sustainable Transport Corridor	0.191	-	-	-	-	0.191
St Budeaux Station Interchange	0.478	0.340	-	-	-	0.818
St Budeaux to Dockyard	0.956	2.696	-	-	-	3.652
Dockyard to City Centre Walking & Cycling	0.376	2.526	-	-	-	2.902
Mobility Hubs	3.751	2.850	-	-	-	6.601
St Levan Park Flood Defence	0.093	-	-	-	-	0.093
Street lighting Energy Savings	0.350	0.218	-	-	-	0.568
Electric Vehicles	0.212	0.103	-	-	-	0.315
Fleet Decarbonisation Programme	0.457	0.434	-	-	-	0.891
Plan for Trees	0.272	0.219	0.052	0.033	0.020	0.596
Nature based solutions for Climate Change	0.196	0.021	0.034	0.024	0.022	0.297
Plymouth & South Devon Community Forest	3.000	4.200	0.971	-	-	8.171

Ocean City Biodiversity - Ply Habitat Bank Loan	0.120	0.380	-	-	-	0.500
Various Projects under £0.1m	0.228	0.029	0.007	0.002	0.002	0.268
Total Delivering a Net Zero Plymouth	21.171	44.272	2.556	0.125	0.634	68.758
Details	2023-24 Latest Forecast	2024-25 Latest Forecast	2025-26 Latest Forecast	2026-27 Latest Forecast	2027-28 Latest Forecast	Total
Delivering a sustainable City Centre and Waterfront	£m	£m	£m	£m	£m	£m
Quality Hotel	0.023	0.107	-	-	-	0.130
Civic Centre - Future High Streets Fund	1.500	7.768	-	-	-	9.268
Guildhall - Future High Streets Fund	0.750	2.993	-	-	-	3.743
West End Options Study	0.125	-	-	-	-	0.125
Colin Campbell Court	0.081	-	-	-	-	0.081
3-19 Raleigh St & 91-95 New George St	0.230	0.227	-	-	-	0.457
Colin Campbell Court Demolitions	0.030	0.661	-	-	-	0.691
Colin Campbell Court – Health Facility	0.865	2.264	-	-	-	3.129
Toys 'R Us	-	1.271	-	-	-	1.271
Charles Cross	0.009	0.183	-	-	-	0.192
Civic Square Walking & Cycling	0.181	-	-	-	-	0.181
Royal Parade Bus Infrastructure	0.235	0.125	-	-	-	0.360
Mayflower Street Bus Stops	0.307	-	-	-	-	0.307
City Centre Public Realm Old Town St/ New George St	6.726	4.174	-	-	-	10.900
Civic Square	1.165	-	-	-	-	1.165
Armada Way	2.001	8.609	-	-	-	10.610
Royal Parade	0.023	0.400	-	-	-	0.423
Façade Restoration	0.186	-	-	-	-	0.186
Various Projects under £0.1m	0.081	0.040	-	-	0.032	0.153
Total Delivering a sustainable City Centre and Waterfront	14.518	28.822	-	-	0.032	43.372
Details	2023-24 Latest Forecast	2024-25 Latest Forecast	2025-26 Latest Forecast	2026-27 Latest Forecast	2027-28 Latest Forecast	Total
Delivering a sustainable Derriford / Northern Corridor	£m	£m	£m	£m	£m	£m
Forder Valley Link Road	0.343	1.606	0.082	0.200	-	2.231
Forder Valley Interchange	-0.017	0.287	-	0.025	-	0.295
Charlton Road	0.061	1.999	-	-	-	2.060
Woolwell to The George	3.785	18.682	11.418	3.000	-	36.885

Morlaix Drive Access Improvements	-0.030	0.153	-	-	-	0.123
Northern Corridor Strategic Cycle Network	0.047	0.175	-	-	-	0.222
Plymbridge Road	0.300	1.810	-	-	-	2.110
Various Projects under £0.1m	-	0.014	-	-	-	0.014
Total Delivering a sustainable Derriford / Northern Corridor	4.489	24.726	11.500	3.225	-	43.940
Details	2023-24 Latest Forecast	2024-25 Latest Forecast	2025-26 Latest Forecast	2026-27 Latest Forecast	2027-28 Latest Forecast	Total
Delivering a sustainable Eastern Corridor	£m	£m	£m	£m	£m	£m
Eastern Corridor Junction Improvements	0.105	0.197	-	-	-	0.302
Eastern Corridor Strategic Cycle Network (Colesdown Hill)	0.538	-	-	-	-	0.538
Various Projects under £0.1m	0.109	0.017	-	-	-	0.126
Total Delivering a sustainable Eastern Corridor	0.752	0.214	-	-	-	0.966
Details	2023-24 Latest Forecast	2024-25 Latest Forecast	2025-26 Latest Forecast	2026-27 Latest Forecast	2027-28 Latest Forecast	Total
Delivering sustainable homes	£m	£m	£m	£m	£m	£m
Bath Street	0.079	0.900	-	-	-	0.979
Extra Care Housing Support Millbay	-	0.450	-	-	-	0.450
Re-provision of Vines and Colwill Lodge	0.594	2.743	8.880	0.220	-	12.437
Disabled Facilities (incl. Care & Repair works)	3.539	0.840	-	-	-	4.379
6 Victoria Place	0.171	-	-	-	-	0.171
Coombe Way, Kings Tamerton	0.133	0.810	-	-	-	0.943
Windmill Carpark	0.009	0.100	-	-	-	0.109
Self Build Housing Sites - Lancaster Gardens	0.003	0.179	-	-	-	0.182
Self Build Housing Sites - Clowance Street	0.004	0.100	-	-	-	0.104
Plan for Homes Phase 3	0.000	0.435	-	-	-	0.435
Plymouth Community Homes - Partnership Agreement	-	0.742	-	-	-	0.742
Livewest Partnership Agreement	-	1.000	-	-	-	1.000
Colebrook Road, Plympton	0.001	-	0.150	-	-	0.151
Healy Place, Morice Town	0.003	0.450	-	-	-	0.453
Empty Homes Financial Assistance	0.061	0.439	-	-	-	0.500
Broadland Gardens	2.015	0.400	-	-	-	2.415
Asbestos Claims by Plymouth Community Homes	0.471	-	-	-	-	0.471
Foster Home Adaptation	0.096	0.017	-	-	-	0.113

Various Projects under £0.1m	0.228	0.123	-	-	-	0.351
Total Delivering sustainable homes	7.407	9.728	9.030	0.220	-	26.385
Details	2023-24 Latest Forecast	2024-25 Latest Forecast	2025-26 Latest Forecast	2026-27 Latest Forecast	2027-28 Latest Forecast	Total
Delivering essential city infrastructure / Improving Neighbourhoods	£m	£m	£m	£m	£m	£m
Brickfields	0.061	0.736	0.003	-	-	0.800
Relocation of Shekinah	0.269	0.051	-	-	-	0.320
Efford Youth & Community Centre	0.035	0.474	-	-	-	0.509
Honicknowle Youth & Community Centre	0.035	0.379	-	-	-	0.414
Frederick Street Centre	0.070	0.864	-	-	-	0.934
Local Authority Housing Fund	1.531	-	-	-	-	1.531
Local Authority Housing Fund Phase 2	1.020	-	-	-	-	1.020
Purchasing Temp Homes Programme	-	15.000	-	-	-	15.000
Accommodation support loans	0.210	-	-	-	-	0.210
Family Hubs	0.104	0.072	-	-	-	0.176
Brickfields - Relocation of Hockey Facility	0.640	0.643	0.070	-	-	1.353
Brickfields - Relocation of Pétanque Facility	0.066	0.025	0.035	-	-	0.126
Minor Structure Repairs (Reactive)	0.356	-	-	-	-	0.356
Minor Structure Repairs (Preventative)	0.326	-	-	-	-	0.326
Deteriorated Street Lighting Columns Replacement	1.673	2.827	-	-	-	4.500
Traffic signal replacement	0.286	0.206	-	-	-	0.492
Marsh Mills - Upgraded Traffic Signals	0.501	-	-	-	-	0.501
Tavistock Road - Upgraded Traffic Signals	-	0.167	-	-	-	0.167
Central Management System - Street Lighting	0.550	1.950	-	-	-	2.500
Variable Message Systems CCTV	0.179	-	-	-	-	0.179
Car Parks - Capital Maintenance	1.876	0.246	-	-	-	2.122
Car Parks - Replacement Payment System	0.336	-	-	-	-	0.336
Carriageway Permanent Repairs	0.758	-	-	-	-	0.758
Carriageway Resurfacing	0.905	0.300	-	-	-	1.205
Carriageway Micro Asphalt	0.629	-	-	-	-	0.629
Carriageway Lining	0.293	0.100	-	-	-	0.393
Carriageway Surface Dressing	0.950	-	-	-	-	0.950
Carriageway Pothole Initiative	0.516	-	-	-	-	0.516
Footway Permanent Repair	0.879	-	-	-	-	0.879

Footway Resurfacing	0.218	-	-	-	-	0.218
Kerb Replacements	0.193	-	-	-	-	0.193
Capitalised drainage schemes	0.321	0.100	-	-	-	0.421
Street Furniture Replacements	0.192	-	-	-	-	0.192
Collision Reviews	0.047	0.090	-	-	-	0.137
Minor Traffic Schemes	0.184	-	-	-	-	0.184
Traffic Calming	0.043	0.090	-	-	-	0.133
Chelson Meadow Push Walls	0.612	-	-	-	-	0.612
Derriford Community Park - Phase 1 Biodiversity Improvements	0.161	0.033	-	-	-	0.194
Derriford Community Park - Phase 5	1.239	0.284	0.047	0.046	-	1.616
Central Park Improvements	3.646	-	-	-	-	3.646
Bond Street Playing fields (Southway Community Football Facility)	0.020	0.274	-	-	-	0.294
Improving Outdoor Play Phase 3	0.128	0.093	-	-	-	0.221
Various Projects under £0.1m	1.493	0.180	-	-	-	1.673
Total Delivering essential city infrastructure / Improving Neighbourhoods	23.551	25.184	0.155	0.046	-	48.936
Details	2023-24 Latest Forecast	2024-25 Latest Forecast	2025-26 Latest Forecast	2026-27 Latest Forecast	2027-28 Latest Forecast	Total
Ensuring sufficient good quality school places	£m	£m	£m	£m	£m	£m
Schools Emergency Condition Works	0.134	0.050	-	-	-	0.184
College Road - Foundation Modular Unit	0.425	-	-	-	-	0.425
Mill Ford - Modular Units	1.274	-	-	-	-	1.274
Cann Bridge (Downham) - Modular Units	0.802	-	-	-	-	0.802
Various Projects under £0.1m	0.723	0.237	0.130	-	-	1.090
Total Ensuring sufficient good quality school places	3.358	0.287	0.130	-	-	3.775
Details	2023-24 Latest Forecast	2024-25 Latest Forecast	2025-26 Latest Forecast	2026-27 Latest Forecast	2027-28 Latest Forecast	Total
Delivering a sustainable economy	£m	£m	£m	£m	£m	£m
Inclusive Economy Fund	0.441	0.121	0.055	0.025	0.019	0.661
Oceansgate Remediation/separation works	0.100	0.877	-	-	-	0.977
Oceansgate Phase 2 Direct Development	0.044	0.075	-	-	-	0.119
Oceansgate - Endeavour House Subdivide	0.025	0.225	-	-	-	0.250
Oceansgate Phase 3.1 - Innovation Area	0.231	0.200	-	-	-	0.431

Plymouth & South Devon Freeport A38 Deep Lane Pedestrian/Cycle Bridge Design	0.480	0.020	-	-	-	0.500
Plymouth & South Devon Freeport Project: Land Acquisition at Sherford	3.500	-	-	-	-	3.500
Plymouth & South Devon Freeport – Millbay Terminal Development	1.300	-	-	-	-	1.300
Plymouth & South Devon Freeport Langage Spine Road Design	0.236	0.007	-	-	-	0.243
Langage Development Phase 2	0.010	0.204	-	-	-	0.214
Langage Development South Phase 2 (Freeport Site)	0.156	4.758	3.620	0.128	-	8.662
Plymouth International Medical & Technology Park	0.150	0.627	-	-	-	0.777
Cot Hill Trading Estate	-	-	-	0.707	-	0.707
Property Regeneration Fund	10.521	15.508	24.774	22.521	-	73.324
City Business Park - Redevelopment	0.148	0.195	-	-	-	0.343
39 Tavistock Place	0.266	0.104	-	-	-	0.370
UK Shared Prosperity fund programme	0.118	0.265	-	-	-	0.383
Various Projects under £0.1m	0.101	-	-	-	-	0.101
Total Delivering a sustainable economy	17.827	23.186	28.449	23.381	0.019	92.862
Details	2023-24 Latest Forecast	2024-25 Latest Forecast	2025-26 Latest Forecast	2026-27 Latest Forecast	2027-28 Latest Forecast	Total
Connecting the City	£m	£m	£m	£m	£m	£m
Plymouth Railway Station	1.553	7.415	4.974	2.851	10.396	27.189
A38 Manadon Interchange (LLM)	0.507	0.847	-	-	-	1.354
Plymouth Major Road Network	0.141	-	-	-	-	0.141
Various Projects under £0.1m	0.018	-	-	-	-	0.018
Total Connecting the City	2.219	8.262	4.974	2.851	10.396	28.702
Details	2023-24 Latest Forecast	2024-25 Latest Forecast	2025-26 Latest Forecast	2026-27 Latest Forecast	2027-28 Latest Forecast	Total
Commercialisation of Services (Including Property)	£m	£m	£m	£m	£m	£m
Mount Edgumbe Orangery Toilets	0.120	-	-	-	-	0.120
Delt Lights-on Infrastructure	0.242	0.458	0.482	-	-	1.182
Transformation/Modernisation Technology Projects	-	0.407	0.450	-	-	0.857
Continuation of Transformation/Modernisation Projects	-	0.273	0.250	-	-	0.523
Replacement of Current Laptop Estate	-	0.714	0.924	-	-	1.638
Highways Management System	0.002	0.098	-	-	-	0.100
Alloy Phase 2	0.036	0.201	-	-	-	0.237

Development of PCC Website	0.283	0.019	-	-	-	0.302
Data Intelligence	-	0.200	-	-	-	0.200
EDRMS Data Storage and Management Solution	-	0.100	0.100	-	-	0.200
IA Solutions	-	0.245	-	-	-	0.245
cWAN Project	0.128	0.100	-	-	-	0.228
Repairs to Plymouth Guildhall	0.336	-	-	-	-	0.336
Dell Childrens Centre 375 Blandford Rd - Asbestos removal	0.345	-	-	-	-	0.345
Pounds House Repairs	0.008	1.702	-	-	-	1.710
Plymouth Life Centre Light Replacements	0.219	-	-	-	-	0.219
Chelson Meadow – Pedestrian Access	0.111	-	-	-	-	0.111
Remediation works to Raglan Court	0.100	-	-	-	-	0.100
Devil's Point Tidal Pool	0.075	0.075	-	-	-	0.150
Mount Wise Pool Filters	0.126	-	-	-	-	0.126
Arnold's Point Repairs (Rowing Club)	0.140	-	-	-	-	0.140
Mountbatten Sea Wall	0.172	-	-	-	-	0.172
Pebble Beach Work	0.138	-	-	-	-	0.138
Burrington Way - Annex Building Drake Hill Court	0.858	0.300	-	-	-	1.158
Midland House Staff and Services Relocation to Ballard House	0.752	-	-	-	-	0.752
Crownhill Court Fit Out	0.120	-	-	-	-	0.120
Eclipse Project	0.374	0.648	0.150	-	-	1.172
Douglass House Site Development	0.320	-	-	-	-	0.320
Bereavement Infrastructure	10.822	3.772	-	-	-	14.594
Development Funding	0.480	-	-	-	-	0.480
Signal Optimisation	0.250	0.299	-	-	-	0.549
Replacement of Hire Vehicles	1.014	1.090	-	-	-	2.104
Street Scene & Waste Vehicles	2.118	4.876	-	-	-	6.994
Container Provision	0.283	0.699	0.604	-	-	1.586
Visual Impact Mitigation Scheme	0.265	-	-	-	-	0.265
Various Projects under £0.1m	0.651	0.326	0.054	-	-	1.031
Total Commercialisation of Services (Including Property)	20.888	16.602	3.014	-	-	40.504
Total	116.180	181.283	59.808	29.848	11.081	398.200

Appendix 7 - Future Funding Assumptions

Project Income Assumptions:	2023/24 Latest Forecast £m	2024/25 Latest Forecast £m	2025/26 Latest Forecast £m	2026/27 Latest Forecast £m	2027/28 Latest Forecast £m	Total £m
High Needs	-	9.475	-	-	-	9.475
Basic need funding monies for LA's	-	0.792	0.077	-	-	0.869
Modernisation/Condition	-	2.146	-	-	-	2.146
Devolved Capital	-	0.100	0.069	0.050	0.040	0.259
Disabled Facility Adaptations	-	3.469	3.213	3.213	3.213	13.108
Dept for Transport - Strategic Transport Projects	1.942	1.959	-	-	-	3.901
Dept for Transport - Highways Maintenance Block - Additional Funding	0.366	0.366	1.418	1.418	1.418	4.986
Dept for Transport – Highways Maintenance Block - Needs Element	-	1.290	-	-	-	1.290
Dept for Transport - Highways Maintenance Block - Incentive Funding	-	0.323	-	-	-	0.323
Potholes Fund	-	1.290	-	-	-	1.290
Highways Capital Maintenance	-	5.844	-	-	-	5.844
Laira Cycle Bridge	0.017	-	-	-	-	0.017
Zero Emission Bus Regional Areas Scheme ZEBRA 2	-	16.741	16.741	-	-	33.482
Brownfield Land Release Funding - Registry Office	0.250	-	-	-	-	0.250
UK Prosperity Fund	-	0.100	-	-	-	0.100
Freeport	-	12.301	-	-	-	12.301
Freeport/Oceansgate Innovation Centre	-	6.530	-	-	-	6.530
Levelling up funding – various projects	-	6.000	13.946	-	-	19.946
Developer & S106 contributions	2.657	2.844	5.734	5.445	3.150	19.830
Plymouth for Homes	-	1.326	1.326	-	-	2.652
Financial Assistance Loans	0.024	0.093	0.033	0.031	0.027	0.208
Flood relief works	-	3.308	0.662	-	-	3.970
Property Sales	0.164	-	-	-	-	0.164
Local Authority Housing Fund Round 3	-	1.000	-	-	-	1.000
National Marine Park	0.398	7.760	0.811	0.676	0.551	10.196
Major road network fund and Highway maintenance	3.226	11.429	31.694	-	-	46.349
Embankment Cycle-Pedestrian Path Upgrade	1.900	1.900	-	-	-	3.800
LLM - Manadon A38 Interchange	5.805	3.718	8.771	23.489	25.948	67.731
Dept for Transport - Local Electric Vehicle Infrastructure	-	2.174	0.242	-	-	2.416
Schools Estimated Contribution to Capital Projects	0.005	0.010	0.005	-	-	0.020
Childcare Places Expansion	-	-	0.435	-	-	0.435
Harewood House Community Centre	-	-	0.108	-	-	0.108
Capital estate priority programme	0.083	2.353	3.463	3.463	1.110	10.472
Climate Emergency Investment Fund	1.236	1.376	1.718	2.000	-	6.330
Plymouth Community Homes - Asbestos	1.147	0.600	0.600	0.600	0.600	3.547
Laira Bridge Repairs	-	1.170	2.340	1.170	-	4.680
Mount Edgcumbe	-	0.399	-	-	-	0.399

ICT Programme	-	0.625	0.625	0.625	-	1.875
Council House Refurbishment	0.020	0.980	-	-	-	1.000
Prince Rock Depot	-	0.500	0.500	-	-	1.000
Accommodation programme	0.500	12.910	6.000	1.500	-	20.910
Guildhall roof	0.292	-	-	-	-	0.292
TOTAL	20.032	125.201	100.531	43.680	36.057	325.501

	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Total Revised Capital Budget	£m	£m	£m	£m	£m	£m
Total	136.212	306.484	160.339	73.528	47.138	723.701

Appendix 8 - Financial Risks

	Impact & Probability		Impact & Probability	
Issue	Risk before Mitigation		Management Corrective Action	Risk after Mitigation
	I	P		I P
<p>Pension deficit transaction October 2019</p> <p>Advised by our external auditors that we need a resolution ahead of the budget setting Full Council.</p> <p>There remains a risk that</p> <p>1) the outcome is not as requested and</p> <p>2) the subsequent budget required leaves us financially vulnerable</p>	5	5	<p>Receipt of an In Principle letter or confirmation of Emergency Financial Support in the form of a Capitalisation Direction</p> <p>Good progress is being made and we await an outcome within the timeframe.</p> <p>If received, we can proceed with the balance as proposed.</p>	1 1
<p>Without a Capitalisation Direction from DLUHC there will be a requirement to expense the pension deficit in 2024/25. Immediate impact on the proposed budget which will no longer support the transaction and the requirement to set a Council Tax for the financial year 2024/25.</p>	5	5	<p>Alternative budget will be required and presented to Cabinet for approval.</p> <p>Drawdown of all usable reserves and release of Working Balance</p> <p>A balanced but unsustainable budget – subsequent issue of SI 14 Report.</p>	5 5
<p>The Council's expenditure exceeds the resources available to meet the expenditure within the Medium Term Financial Plan period (2023/24-2027/28)</p> <ul style="list-style-type: none"> Continuing high inflation Continuing high interest rates Continuing high fuel and utility costs 	5	5	<p>System of monthly financial reporting to DMT's, CMT, and Cabinet and Quarterly to Full Council, with monthly consideration of directorate level financial issues at each Scrutiny Committee. In addition, the Council has introduced a system of detailed monitoring of the delivery of savings targets so that a view is published monthly in Cabinet reports.</p> <p>The governance system of the Council - as unpacked in the Annual Governance Statement comprise a rigorous system of financial control.</p>	4 4

<p>The Council's income targets and savings are not met putting pressure on resources and directorate budgets.</p> <ul style="list-style-type: none"> • Council Tax collection falls below rate set at 97.5% • Business failure leads to reduced rates income. • Increased fees and charges result in reduced demand e.g. car parking. • Savings targets not met putting pressure on directorate budgets 	4	4	<p>The Council holds an annual review of fees and charges and has annual and ongoing programmes of work to identify and implement potential savings opportunities.</p> <p>The 2024/25 uplift to fees and charges is in line with CPI.</p> <p>Further technical adjustments to the method of providing debt repayment should result in the income targets being achieved.</p>	4	3
<p>Treasury Management</p> <p>The capital cost of borrowing continues with no medium-term reduction in interest rate.</p> <p>Cost of borrowing prohibits future investments opportunities and limits current project profile.</p>	5	5	<p>Full review of existing Capital programme is underway by the PFH for Finance, Chief Executive and S151 Officer</p> <p>Regular TM meetings to understand the impact of high interest rates on prevailing approved project.</p>	5	4
<p>2024/25 Budget built on delivery of 2023/24 savings of £23m being achieved.</p> <p>Failure to achieve will create a gap in the 2024/25 finances, further pressure on already depleted reserves</p>	4	5	<p>The month 9 monitoring report for 2023/24 shows the delivery of £17m of the savings. Of the shortfall, £1m relates to in-year one off savings and a further £5m which have been covered in the proposed budget.</p>	3	4
<p>2023/24 Overspends continue:</p> <p>Treasury Management comes under continued pressure due to the interest rates and increasing project delivery costs.</p> <p>Service demands increased within the Children's Directorate. 2023/24 Month 9 monitoring report shows an overspend of £8.9m on the children's social care budget.</p> <p>SEND Home to School transport is reported a forecasted overspend of £1.859m</p> <p>Customer and Corporate Services is a reported an overspend of £1.9m</p> <p>People Directorate is reporting £1.3 pressure for Adult Social Care and a further £2.4 for additional costs due to the demand for temporary accommodation</p>	5	5	<p>Mitigations include:</p> <ul style="list-style-type: none"> • Monthly Housing tasks force and • Monthly Children's Services Transition Board and review transition action plans and costs. <p>Use of Capital Receipts to finance statutory services within Children's.</p> <p>Ongoing dialogues with the ICB (Health) to further improve social care provision and manage costs.</p> <p>Planned review of back office to support costs within Customer and Corporate services to drive new ways of working and incorporate the use of AI.</p>	5	3

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Department for Levelling Up,
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2 February 2024

Dear Tracey,

I wish to confirm receipt of Plymouth City Council's request for Exceptional Financial Support (EFS).

You have set out your assessment of your position to the Department and the issue in relation to the accounting treatment of the Council's 2019 pensions deficit transaction. I can assure you that government will continue to work closely with Council officers to find a way forward, i.e. by supporting the Council to set a balanced budget for 2024/25.

The Department has worked closely with a number of councils through this process since it was established in 2020. In each of these cases, councils have been able to set and maintain balanced budgets, including where support has been agreed in principle only. Full details of all support agreed are published here: [Exceptional financial support for local authorities - GOV.UK \(www.gov.uk\)](http://www.gov.uk/government/publications/exceptional-financial-support-for-local-authorities).

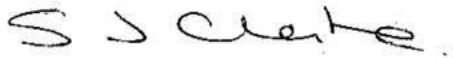
I understand that Department officials have spoken with Council officers in detail about the EFS framework and the stages involved in this process. A summary of the process is included in the annex. Requests are assessed against the principles of the Exceptional Financial Support framework, including value for money; longer-term financial sustainability; addressing underlying drivers of risk or fragility; avoiding moral hazard; being legally robust; and meeting eligibility requirements.

Ministers will consider the Council's request very carefully against the EFS principles, as well as various other factors including the Council's overall position, the interest of Plymouth Council's residents, and the need to provide sufficient stability to the Council to make sure that service delivery, especially for the most vulnerable citizens, is not disrupted. To be clear,

Ministers will decide the appropriate amount, form and structure (if any) of any support for the Council.

I appreciate your continued co-operation with the Department, as you continue to work through the Council's financial issues and the EFS process set out above.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S J Clarke'.

Suzanne Clarke

Deputy Director, Local Government Finance

Annex: Summary of exceptional financial support (EFS) process

The summary below sets out the typical process for Government to assess requests for exceptional financial support (EFS).

1. **Formal request:** A local authority approaches the Department seeking EFS, typically via a capitalisation direction. The local authority provides the amount of capitalisation sought and the rationale behind why this is required.
2. **Assessment:** The request is considered by the Department and includes an assessment of whether the authority has taken every possible step at local level to minimise the need for support to be funded by national taxpayers.
3. **Agreement of 'in principle' support:** Subject to Ministerial decision, Ministers will write to the authority setting out that they are 'minded to' issue a capitalisation direction subject to certain conditions. These conditions typically include the authority being required to undergo an external assurance review.
4. **Confirmation and legal direction:** Confirmation of legal directions is required to enable an authority and the external auditor to close its financial accounts for that year. There is not a set time of year when directions must be formalised. Previously, subject to demonstration that the authority has progressed against the conditions set out in the 'in-principle' offer of support, directions have been formalised at the end, or just after the end of the financial year to which the capitalisation applies. When formal directions are issued, conditions are attached.

Previous standardised conditions attached to formal capitalisation directions issued through the EFS framework

1. The Council may only capitalise expenditure when it is incurred.
2. Where the Council's capital financing requirement is increased as a result of the capitalisation of expenditure under this direction:
 - a. Any further borrowing from the date of the capitalisation letter up to and including, but not exceeding, the increase in the financing requirement must be obtained from the PWLB (Public Works Loan Board) and must be subject to an additional 1 percentage point premium on the interest rate above the rate the loan would otherwise be subject to. This requirement does not apply to borrowing in relation to your hour Housing Revenue Account. Where any borrowing to which these conditions initially apply is refinanced, the conditions must continue to apply to the resulting borrowing.
 - b. The Council shall charge Minimum Revenue Provision using the asset life method with a proxy 'asset life' of no more than 20 years, in accordance with the Department's Statutory Guidance on Minimum Revenue Provision issued by the Secretary of State under section 2(A) of the Local Government Act 2003.

Publication

Details of in-principle support and formal capitalisation directions are published on gov.uk:
[Exceptional financial support for local authorities - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/exceptional-financial-support-for-local-authorities)

An example of a published in-principle agreement:
[Thurrock Council: Exceptional Financial Support request 2023-24 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714441/thurrock-council-exceptional-financial-support-request-2023-24.pdf)

An example of a published formal capitalisation direction:
[Eastbourne capitalisation direction 2021-22 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714441/eastbourne-capitalisation-direction-2021-22.pdf)

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CABINET RESPONSE TO BUDGET SCRUTINY RECOMMENDATIONS 2024/25



No.	Recommendation	Proposed Cabinet Response
1.	Recommend that work is undertaken to assess the impact upon all council budgets of dealing with unauthorised encampments (UE).	As a motion on notice was agreed at Council on this subject, Cabinet has accepted this recommendation and will direct officers to begin undertaking this work.
2.	Welcome continuation of current Community Grant Scheme and recommend an increase back to £5,000 per member.	Cabinet is aware of the importance of the Community Grant Scheme for Councillors to support communities in their wards. Unfortunately given the current financial context further increases are not possible, but this will be kept under consideration for future years budgets.
3.	Reprofile the Capital programme to ensure that the programme is affordable for the revenue budget.	This recommendation will be dealt with by the Cabinet when considering the draft budget in February.
4.	Recommend an expansion of the housing programme for Care Leavers.	This recommendation will be dealt with by the Cabinet when considering the draft budget in February.
5.	Recommend that a cross party working group is established to consider contractual arrangements for major projects and the methodology for procurement.	This recommendation will be dealt with by the Cabinet when considering the draft budget in February.

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BUDGET ENGAGEMENT 2024-25

Results Report – Cabinet 08 January 2024



I. INTRODUCTION

A public engagement to support the 2024-25 budget setting process took place between Tuesday 14 November and Monday 11 December 2023. A questionnaire was developed which asked respondents their view on which priorities the Council should focus on in the coming year - the Council's priorities are:

- Working with the Police to tackle crime and anti-social behaviour.
- Fewer potholes, cleaner, greener streets and transport.
- Build more homes - for social rent and affordable ownership.
- Green investment, jobs, skills and better education.
- Working with the NHS to provide better access to health, care and dentistry.
- Keeping children, adults and communities safe.
- Making Plymouth a great place to grow up and grow old.
- Minimising the impact of the cost-of-living crisis.

The questionnaire also asked respondents to provide their level of agreement on six statements in regard to managing the Council's budget. The statements were designed to 'test' public opinion on a range of activity that could be considered by the Administration to balance the Council's budget for the 2024-25 fiscal year.

- 436 online questionnaires were completed and entered for analysis.

The results of this engagement will be considered by the Council's Cabinet and will form part of the final Budget report to Council in February 2024.

METHODOLOGY AND COMMUNICATION

A simple questionnaire was developed to help identify which priorities respondents felt the Council should be focussing on over the next year and to generate ideas to help the Council balance the books for 2024.

The questionnaire was available online through Plymouth City Council's consultation portal and hard copies were made available upon request.

An engagement with business representatives took place on 13 December 2023.

A communications plan was developed which set out the required materials, branding and opportunities for advertising and promoting the engagement.

The engagement exercise was promoted through a news release and the Council's website, social media channels and email bulletins for residents.

The engagement featured on the home page of the Council's website and a budget web page provided more information and a link to the questionnaire.

Social media posts were shared by community leaders and councillors and engagement was amplified by shares with community Facebook groups.

There were regular reminders on social media and through email bulletins.

Note: all percentages cited in this report are rounded to the nearest whole percentage point.

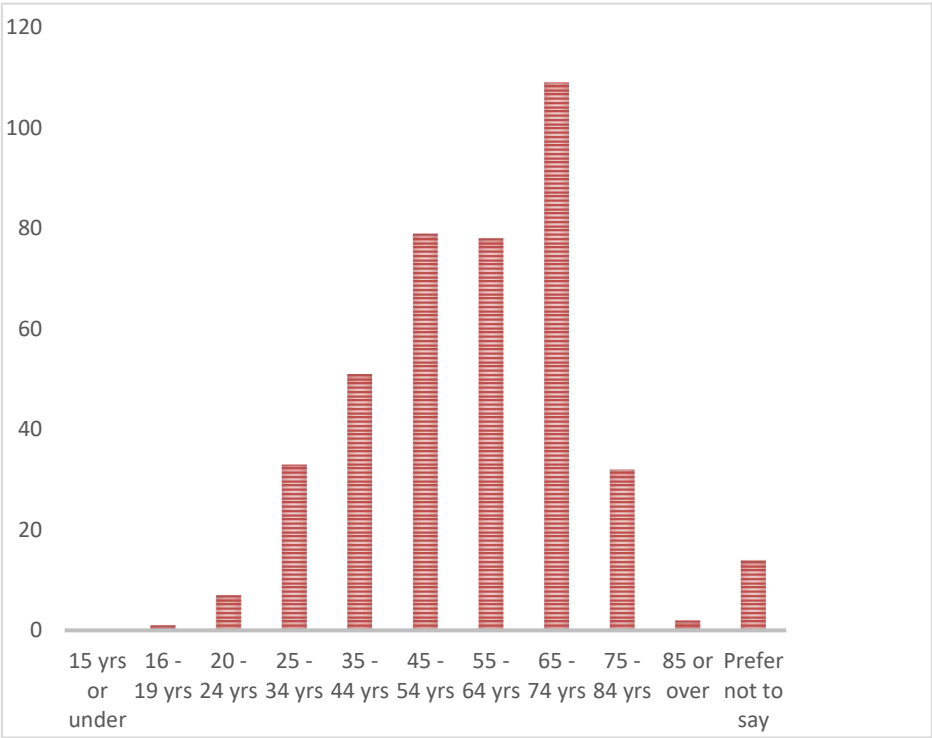


SECTION I - WHO RESPONDED?

This section provides an overview of how many people responded and the demographics of those respondents.

The following demographic information has been compiled from the total number of questionnaires analysed (436). This information has been used to identify the views of different groups of people where possible throughout this report.

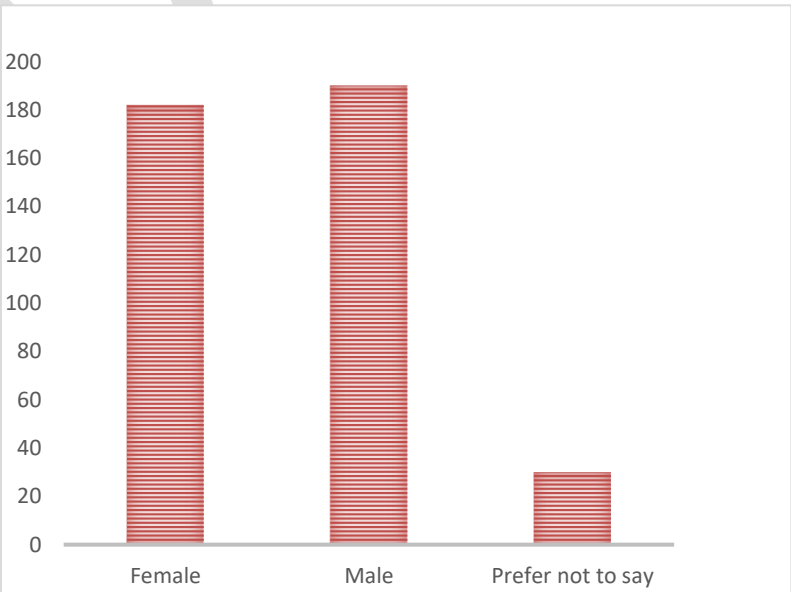
Chart 1: Respondent by age



Base: 406

The age group with the highest number of respondents was the 65 – 74 age group (109, 27%). This was followed by those aged between 45 and 54 (79, 19%) and those aged between 55 and 64 (78, 19%). There was a lower level of response from respondents aged 75 and over and those aged 24 or under.

Chart 2: Respondent by sex

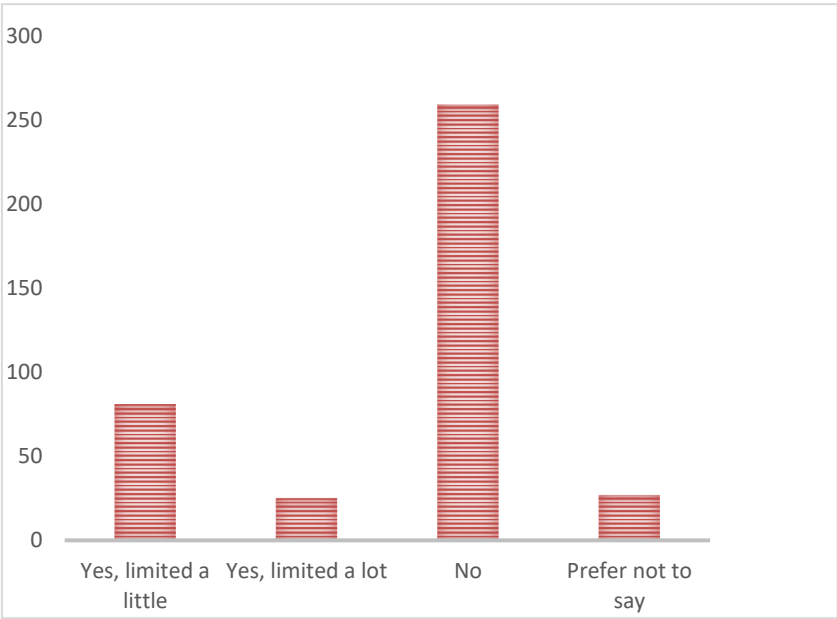


Base: 402

This engagement generated a slightly higher number of male respondents (190, 47%) compared to female respondents (182, 45%).

The majority of respondents indicated that their gender identity was the same as the sex that they registered with at birth.

Chart 3: Respondent by health and disability



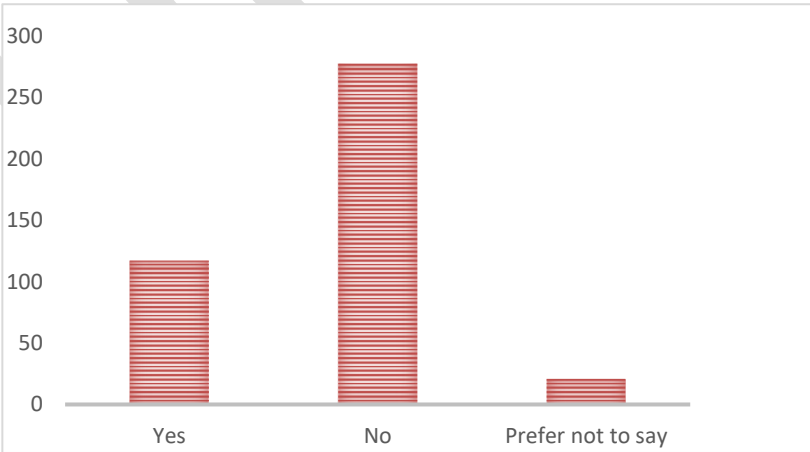
Base: 392

Most respondents indicated that they did not have any limitations due to a health condition or disability (259, 66%). 27 per cent of respondents did indicate that they were 'limited a little' or 'limited a lot'.

The majority of respondents identified their ethnicity as 'White' (329, 75%). The engagement received a small number of responses from other ethnic groups (9 in total).

The majority of respondents stated that they were not previously served in the armed forces, regular or reserves (331, 81%), however 56 respondents stated that had (14%).

Chart 4: Respondent by care experience



When asked about experience of the care system, 117 respondents indicated that they had care experience (28%), whilst 277 (67%) said that they didn't.

SECTION 2 – YOUR PRIORITIES

The questionnaire asked respondents to select up to three priorities that the Council should focus on in the coming year - the Council’s priorities are:

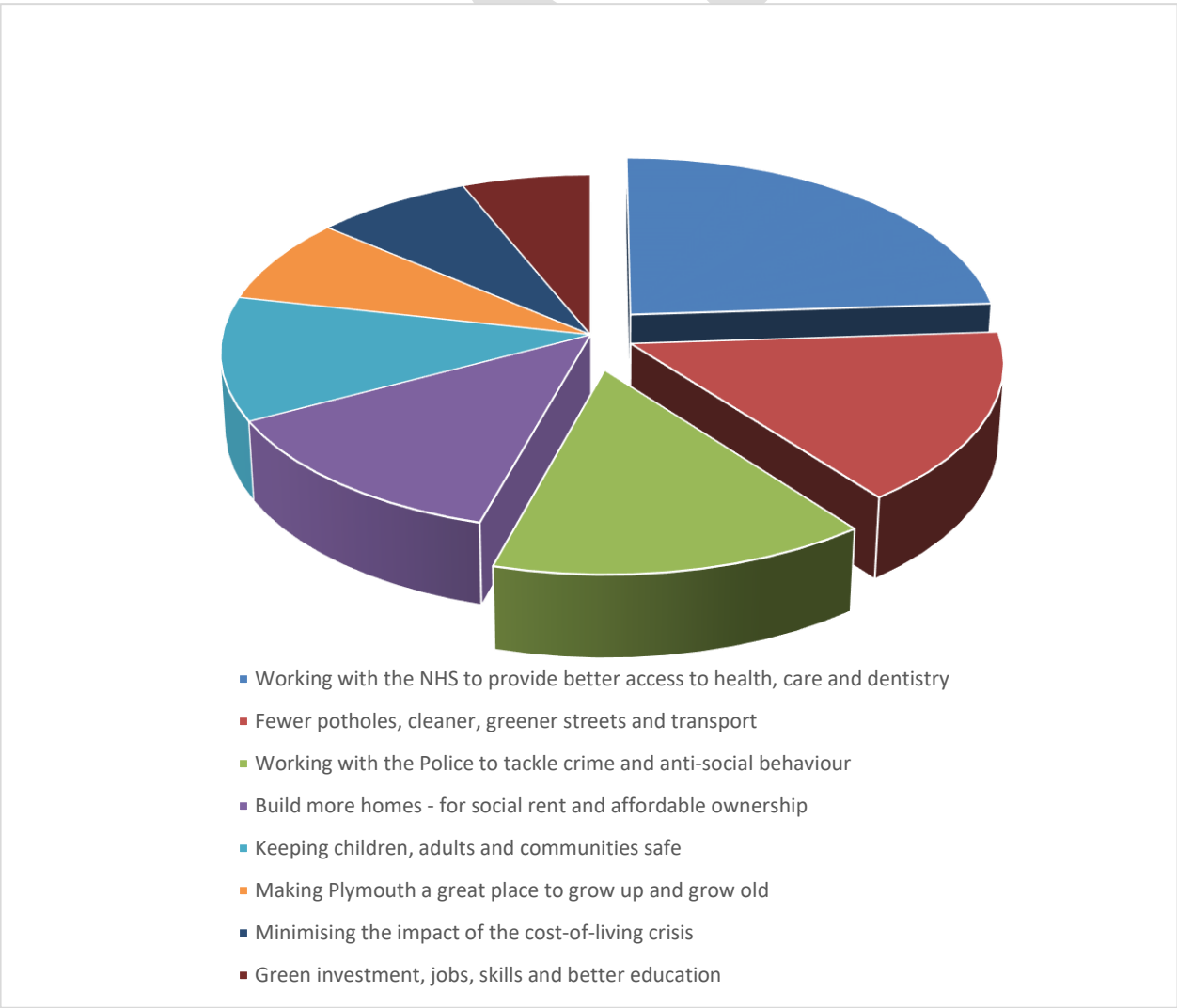
- Working with the Police to tackle crime and anti-social behaviour.
- Fewer potholes, cleaner, greener streets and transport.
- Build more homes - for social rent and affordable ownership.
- Green investment, jobs, skills and better education.
- Working with the NHS to provide better access to health, care and dentistry.
- Keeping children, adults and communities safe.
- Making Plymouth a great place to grow up and grow old.
- Minimising the impact of the cost-of-living crisis.

The analysis added together the selections made by respondents to generate a final number and the top three priorities. Respondents could not choose the same priority more than once.

The results show that 251 respondents selected ‘working with the NHS to provide better access to health, care and dentistry’ as the top priority that they would like the council to focus on in the next 12 months.

This was followed by ‘fewer potholes, cleaner, greener streets and transport’, selected 169 respondents and then ‘working with the Police to tackle crime and anti-social behaviour’ which was selected by 160 respondents as one of their top three.

Chart 5: Top priorities



Further analysis of priorities

Age: Respondents aged 34 years or under selected 'working with the NHS to provide better access to health, care and dentistry' and 'minimising the impact of the cost-of-living crisis' as priorities for the Council to address. Those aged between 35 and 64 years selected 'working with the NHS to provide better access to health, care and dentistry' and 'working with the Police to tackle crime and anti-social behaviour' as clear priorities they want the Council to focus on over the next 12 months. Those respondents aged 65 years and over clearly want the Council to work with the NHS to provide better access to health, care and dentistry.

Sex: Both male and female respondents selected 'working with the NHS to provide better access to health, care and dentistry' as a top priority for the Council to address. Female respondents also chose 'working with the Police to tackle crime and anti-social behaviour' as a clear priority, whereas male respondents chose 'fewer potholes, cleaner, greener streets and transport'.

Veterans: Respondents who indicated that they had served in the armed forces either as a regular or reserve selected 'working with the NHS to provide better access to health, care and dentistry' and 'fewer potholes, cleaner, greener streets and transport' as clear priorities they want the Council to focus on over the next 12 months.

Disability and health: Respondents who indicated that they were limited a lot or limited a little with a disability or health condition selected 'working with the NHS to provide better access to health, care and dentistry' as a top priority for the Council to address – this was also selected most frequently by those who were not limited with a disability or health condition. 'Build more homes - for social rent and affordable ownership' was also a priority selected by those with a disability or health condition.

Care experience: Respondents who indicated that they had experience of the care system selected 'working with the NHS to provide better access to health, care and dentistry' and 'working with the Police to tackle crime and anti-social behaviour' as clear priorities they want the Council to focus on over the next 12 months.

Further comments relating to Council's priorities

Within this section of the engagement, respondents were asked to think about whether there was anything in addition to the Council's priorities that should be an area of focus for the coming year.

Out of the total 436 respondents, 170 entered a written response to this question. These free text responses were analysed thematically, for most part the free text space was used by respondents to verify their selected priorities and add context. Comments relating to better public transport, filling potholes, enhanced parking enforcement or no more parking charge increases, city cleanliness, access to green space and the issue with lack of NHS dentistry.

There were a high number of comments relating to better access and funding for adult social care and more general support for vulnerable residents including children, young people and issues around homelessness (30). A selection of comments is provided below.

"Education system working together with the council and NHS and support mental health and behavioural issues at schools."

"I think we should be doing more for homeless people. It is totally unacceptable that in the 21st century, people are living in tents on our streets. There are so many unoccupied houses, especially on MOD housing estates that should be given to homeless people."

"Keeping disabled people in their own homes by providing adaptations to keep them independent."

“More activities for youth, spread around the city, to actually engage young people, especially 8 - 18-year-olds, to keep them out of trouble due to boredom...”

“Social care for young and old is in crisis and the most vulnerable people in our community are the ones suffering because of it. This should not happen in a civilised society.”

Keeping libraries open was mentioned a few times in terms of something the council should focus on.

The comment that had the greatest single-issue focus was allotments (13), mainly in relation to reducing fees to encourage use, but respondents also cited how access to allotments has additional benefits.

“Work more imaginatively with existing services and groups e.g. allotments do not get a mention here but thousands of residents benefit from cheaper and better food, mental and physical health, sense of community.”

“Allotment charges are amongst the highest in the Country; this is counter to three of PCCs published priorities: Green Investment; Making Plymouth a great place to grow old and Minimising the impact of cost-of living crisis.”

“Allotments provide source of exercise, social interaction and food provision, an area to be greatly encouraged. I would plead that these are supported, that rents are not increased again. Rises risk many folks being discouraged from maintaining their plots, especially the elderly who gain so much.”

Encouraging business growth and investment into the city, alongside an ask that the Council focus on culture, art and sport also received a handful of comments worth noting.

“Business growth needs to be a priority otherwise you can't afford anything else. You need to prioritise making Plymouth an attractive place for business investment. Get to it.”

“Facilitate the partnership between business and culture to have a joined up social value ask to feed into the top 3 three priorities.”

“Supporting and enhancing culture - which the Council already does extremely well by helping to finance the Box, the Theatre Royal, the upcoming Hoe Festival, etc.”

SECTION 3 – MANAGING OUR BUDGET

Section 3 of this engagement asked respondents to indicate the extent to which they agreed or disagreed with a series of statements.

- **The Council should protect local services where possible by delivering these in different and/or more efficient ways.**

This question generated 430 responses, of which 92 per cent of respondents (395) agreed or strongly agreed that the Council should protect local services where possible by delivering these in different and/or more efficient ways – over 50 per cent strongly agreed with this statement and only one per cent disagreed or strongly disagreed. 30 respondents neither agreed nor disagreed with the statement.

- **The Council should help avoid reducing or stopping services by increasing fees and charges by the rate of inflation.**

This question generated 425 responses, of which less than 50 per cent (46%, 196) agreed or strongly agreed that the Council should help avoid reducing or stopping services by increasing fees and charges by the rate of inflation – 33 per cent (139) disagreed or strongly disagreed with this statement. 90 respondents neither agreed nor disagreed with the statement.

- **The Council should avoid cutting services by following the Government's assumption that councils will maintain their spending power by increasing Council Tax by up to 2.99%.**

This question generated 426 responses, of which less than 50 per cent (47%, 202) agreed or strongly agreed that the Council should avoid cutting services by following the Government's assumption that councils will maintain their spending power by increasing Council Tax by up to 2.99 per cent – 32 per cent (138) disagreed or strongly disagreed with this statement. 86 respondents neither agreed nor disagreed with the statement.

- **The Council should help pay for rising demand for care services for elderly and vulnerable adults by accepting the 2% precept the Government allows to be added to Council Tax for this purpose.**

This question generated 428 responses, of which 52 per cent (224) agreed or strongly agreed that the Council should help pay for rising demand for care services for elderly and vulnerable adults by accepting the 2 per cent precept the Government allows to be added to Council Tax for this purpose – 29 per cent (126) disagreed or strongly disagreed with this statement. 78 respondents neither agreed nor disagreed with the statement.

- **The Council should lobby central government for more funding and a fairer share for Plymouth.**

This question generated 424 responses, of which 93 per cent (393) agreed or strongly agreed that the Council should lobby central government for more funding and a fairer share for Plymouth – 75 per cent strongly agreed with this statement and only 3 per cent (12) disagreed or strongly disagreed with this statement. 19 respondents neither agreed nor disagreed with the statement.

- **The Council should help achieve the ambition for Plymouth to become a carbon neutral city by 2030 by using 'green' energy sources wherever possible.**

This question generated 420 responses, of which 54 per cent (229) agreed or strongly agreed that the Council should help achieve the ambition for Plymouth to become a carbon neutral city by 2030 by using 'green' energy sources wherever possible – 25 per cent (105) disagreed or strongly disagreed with this statement. 86 respondents neither agreed nor disagreed with the statement.

Further analysis of statements

Analysis was carried out to identify whether there were any differences in views between respondents with different protected characteristics in relation to each of the statements.

NB: these results are not statistically significant and in some cases the numbers of respondents is very low within the different protected characteristics. The results are only indicative of the different views.

- **The Council should protect local services where possible by delivering these in different and/or more efficient ways.**

There were no discernible differences in views between respondents with different protected characteristics in relation to this statement. The majority of respondents agreed or strongly agreed.

- **The Council should help avoid reducing or stopping services by increasing fees and charges by the rate of inflation.**

The results don't show a great difference in levels of agreement or disagreement for this statement, however, those aged between 20 and 24 years were more likely than any other age group to agree or strongly agree with this statement, with those aged between 25 and 34 years more likely than any

other age group to disagree. There was no discernible difference in views between those respondents who indicated that they had a disability or health condition and those who did not, nor between female and male respondents.

Those respondents who indicated that they previously served in the armed forces were slightly less likely to agree with this statement than those who had not, however their level of disagreement was the same as those who had not previously served in the armed forces. Those who indicated that they had experience of the care system were slightly more likely to disagree with this statement than those who had not.

- **The Council should avoid cutting services by following the Government's assumption that councils will maintain their spending power by increasing Council Tax by up to 2.99%.**

Those aged 55 years and over were slightly more likely to agree or strongly agree with this statement with the 65 to 74 years age group being most likely to agree. Those aged under 44 years more likely to disagree or strongly disagree with this statement. There was no discernible difference in views between those respondents who indicated that they had a disability or health condition and those who did not, nor between female and male respondents or between those who indicated that they had experience of the care system and those who had not.

Those respondents who indicated that they previously served in the armed forces were slightly more likely to agree with this statement than those who had not. Those who indicated that they had experience of the care system were slightly more likely to disagree with this statement than those who had not.

- **The Council should help pay for rising demand for care services for elderly and vulnerable adults by accepting the 2% precept the Government allows to be added to Council Tax for this purpose.**

Those aged 55 years and over were slightly more likely to agree or strongly agree with this statement with the 75 to 84 years age group being most likely to agree or strongly agree with this statement.

Those respondents who indicated that they had a disability or health condition were slightly more likely to agree with this statement than those who did not and those who did not were more likely to disagree. Female respondents were quite a bit more likely to agree or strongly agree with this statement.

There was no discernible difference in views between those respondents who indicated that they had previously served in the armed forces and those who had not. Those who indicated that they had experience of the care system were quite a bit more likely to agree with this statement than those who had not.

- **The Council should lobby central government for more funding and a fairer share for Plymouth.**

There were no discernible differences in views between respondents with different protected characteristics in relation to this statement. The majority of respondents agreed or strongly agreed.

- **The Council should help achieve the ambition for Plymouth to become a carbon neutral city by 2030 by using 'green' energy sources wherever possible.**

Those aged 44 years and under were more likely to agree or strongly agree with this statement with the 20 to 24 and 25- to 34-year-old age groups being most likely to agree. Those respondents who indicated that they had a disability or health condition were less likely to agree with this statement than those who did not. Female respondents were quite a bit more likely to agree or strongly agree with this statement and male respondents were more likely to disagree.

Those respondents who indicated that they previously served in the armed forces were quite a bit more likely to disagree with this statement than those who had not. Those who had not served the

armed forces were quite a bit more likely to agree or strongly agree with this statement. Those who indicated that they had experience of the care system were quite a bit less likely to agree with this statement.

SECTION 4 – FURTHER COMMENTS

This final section asked respondents if they had any further suggestions about ways in which the Council could save money or raise revenue to support services.

Out of the total 436 respondents, 182 entered a written response to this question.

Several respondents (26) suggested that the Council could save money by reducing staff costs. The most common suggestion was to reduce the number or salary of senior managers. Other comments related to reducing the overall number of staff by increasing efficiency and removing any posts that were considered unnecessary.

‘Cut the massive salaries of those at the top and stop hiring advisors who are also paid huge amounts of money’.

‘Cut waste whenever possible. Use staff efficiently and be prepared to slim the workforce down if possible’.

13 respondents felt that either the number of Councillors should be reduced to save money or that expenses paid to Councillors should be reduced.

‘Remove perks from councillors, this used to be a voluntary position, paying only wages lost whilst doing council work’

‘Don’t pay councillors extra money just because they have ‘special responsibilities’. Reduce councillors expenses’.

The second most common suggestion (22) was for the Council to focus on the provision of core services and reduce spending on services or projects considered unnecessary.

‘Focus ENTIRELY on providing real services for real people, and ONLY spend our tax money on providing proper services’.

‘Reduce the amount spent on vanity projects that do not increase the wellbeing of people who live in Plymouth’.

‘Stop wasting money on traffic issues, beryl bikes etc. sort the essential basics first’.

12 respondents suggested that the Council should make more use of volunteers or the Voluntary and Community Sector (VCS). A couple of respondents also suggested that the unemployed could be asked to volunteer.

‘We could concentrate on using local volunteers to help encourage people to help take care of where they live. This could include tree planting, litter collecting and removing graffiti.’.

‘Citizens task forces for street cleaning, rubbish clearing, verge cutting etc. Similarly long term unemployed task force for maintaining social housing stock & grounds’.

CAPITAL FINANCING STRATEGY 2024/25



INTRODUCTION AND CONTEXT

This capital strategy report gives 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 has been written in an accessible style to enhance members' understanding of these sometimes-technical areas. It is a requirement of the amendments implemented in the 2018 Treasury Management Code of Practice Guidance that all Local Authority's will need to produce a Capital Strategy each year.

Decisions made this year on capital and treasury management will have financial consequences for the Council for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

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. This document should be considered in conjunction with the Medium-Term Financial Strategy, Treasury Management Strategy, and Investment Strategy.

CAPITAL FRAMEWORK

The Council updated the Plymouth Plan 2014-2034 on 25 January 2021 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 Southwest Devon Joint Local Plan.

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

In February 2023 the Council approved a budget which contained an uplift to the revenue budget of £4.190m to meet some of the increased costs associated with borrowing requirements to fund the capital programme. The current MTFP contains proposals to further increase this sum in 2024/25. The MTFP 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 Section 151 Officer; up to £0.200m, or by the Leader when above this threshold.

Each scheme will need to detail:

- the aim of the project and any other ways of achieving it
- how it will be funded
- if there are any future revenue implications from the project e.g., building maintenance.
- 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 in 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.

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

Work has been completed on an updated governance process for the Capital Programme. This will provide members with further confidence that the schemes meet the expected requirements in line with the strategic direction of the city and be a baseline for capital reviews.

The Capital Financing Strategy is agreed annually with the Capital Programme as part of the annual budget setting process. Variations to the Capital Programme or in-year additions (subject to delegation), will be agreed by Cabinet through the presentation of quarterly Capital Programme monitoring.

CAPITAL PLAN

The Capital Plan is the collective term which defines two key elements; the Capital Programme as approved by the Leader or S151 Officer and the Capital Pipeline which refers to possible future funding that may be available for future projects yet to be approved.

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

"The Capital Pipeline" is the term used to refer to funding that the Council hopes to receive in the future but has not yet been approved. These 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 borrowing etc.

With the increased cost of borrowing, additional challenge is required on projects with service and corporate borrowing implications. This is to ensure that the approved Capital Programme (with allowances for reprofiling) remain within the financial constraints of the 2024/25 treasury management budget.

CAPITAL PROGRAMME

Once approved, schemes are added to the Capital Programme for delivery.

The table below details the Capital Programme as at 30 September 2023 which is due to be reported to Cabinet and then Full Council 20 November 2023.

If any adverse variances are identified to approved schemes, there is a requirement for the schemes to identify the funding and to seek further approval. This is to enable authorisation for the increased expenditure and provides details of the variance.

Five Year Capital Programme by Directorate

Directorate	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m
Childrens Services	3.547	0.225	0.130	0	0	3.902
People	11.192	12.933	0.105	0.750	0	24.980
Place: Economic Development	29.921	60.524	24.532	14.734	10.407	140.118
Place: Strategic Planning and Infrastructure	63.676	62.803	2.127	0.066	0.608	129.280
Place: Street Services	29.273	17.666	1.712	0.103	0.042	48.796
Customer & Corporate Services	5.911	4.928	1.256	0	0	12.095
Office for Director of Public Health	10.822	3.772	0	0	0	14.594
Total	154.342	162.851	29.862	15.653	11.057	373.765
Financed by:						
Capital Receipts	5.470	2.428	0.811	0.777	0.571	10.057
Grant funding	67.899	52.759	1.436	0.023	0.023	122.140
Corporate funded borrowing	44.080	45.707	6.134	0.276	0.072	96.269
Service dept. supported borrowing	31.758	54.634	21.199	14.487	10.373	132.451
Developer contributions	4.023	7.190	0.196	0.047	0.018	11.474
Other contributions	1.112	0.133	0.086	0.043	0	1.374
Total Financing	154.342	162.851	29.862	15.653	11.057	373.765

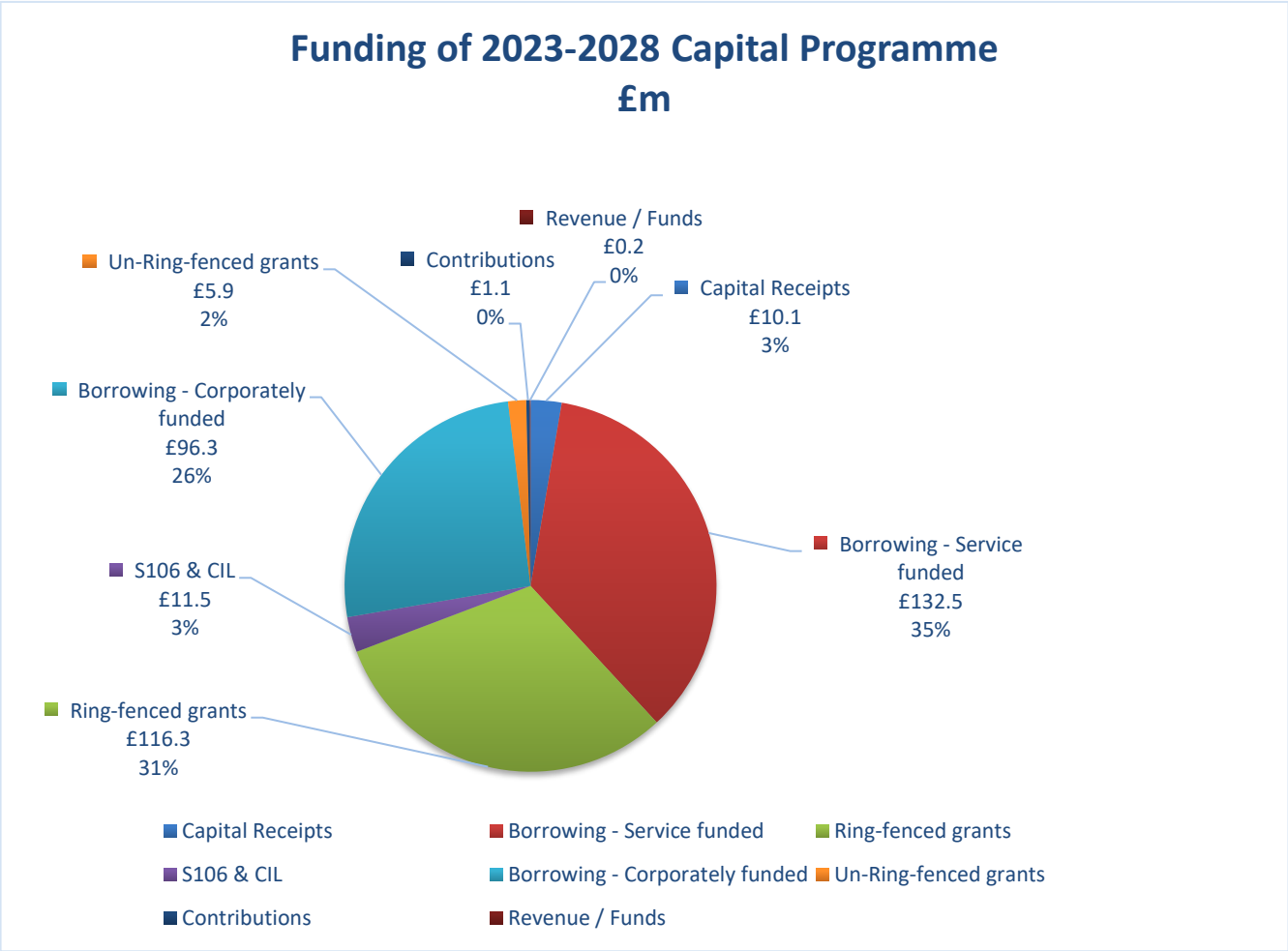
CAPITAL EXPENDITURE AND FINANCING

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. This requires directorate efficiencies and as shown in funding chart below service borrowing is the highest proportion of the capital programme funding across the next 5 years at 35%.

The Capital Programme is £373.765m. This is summarised below by funding source.



PROPERTY AND REGENERATION FUND

The Property and Regeneration Fund’s strategic objectives are to deliver regeneration, economic and employment growth with associated income benefits in the Plymouth Functional Economic Area.

This will enable the Council to invest in direct developments and forward funding opportunities to promote regeneration, safeguarding and creating new jobs as well as encouraging economic growth in the Plymouth Functional Economic Area.

The investment fund helps deliver the Plymouth Plan and assists in the redevelopment of brown field sites in the Plymouth area where it is difficult to attract external investment. Any regenerated areas encourage other private companies to invest in the locality as well as attracting external investment from inward investment by companies moving into the area.

EXISTING INVESTMENT PROPERTIES

The Property and Regeneration Fund (previously known as the Asset Investment Fund) has approved investment of over £250 million in commercial property including direct development and forward funding commercial property schemes to deliver:

- Stimulation of economic and employment growth and regeneration in the Plymouth Functional Economic Area.
- Associated long-term income generation (via rental revenues) to support the wider financial position of the Council.

All investment decisions have been fully accountable and followed a sequence of internal reporting and signoffs. In addition, verification of the purchase price by external suitably qualified RICS Approved Valuers were obtained prior to any investment.

In terms of on-going governance arrangements, the fund's properties are managed alongside the Council's existing commercial property portfolio in accordance with delegated land and property procedures as set out in the Council's Constitution. In addition, the team undertake regular analysis at both a portfolio and property-level to benchmark performance and manage risk. To improve transparency and disclosure, a regular fund managers' report is produced, and a Management Group of key stakeholders meet regularly to review outputs.

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.

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 (PWLB) interest rates, prudential indicators and the approved borrowing strategy as set out in the Treasury Management Strategy 2024/25.

RISK MANAGEMENT

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 its 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 for Finance is a qualified accountant with over 35 years' experience.

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

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 their 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.

CONCLUSION

The Capital Strategy sets the context and framework for formulating the capital programme. It has been written to meet the requirements of CIPFA's Prudential Code and recommended best practice. The financial implications of this report will be fully detailed throughout the Revenue and Capital Budget 2024/25 when presented to Full Council for approval in February 2024.

Local authorities are required by regulation to have regard to the Prudential Code for Capital Finance in Local Authorities (published by the Chartered Institute of Public Finance and Accountancy, CIPFA) when carrying out their duties in England and Wales under Part I of the Local Government Act 2003. The Prudential Code requires local authorities to: "have in place a capital strategy that sets out the long-term context in which capital expenditure, borrowing and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes."

The Audit and Governance Committee is asked to agree the Capital Strategy, setting out the Council's priorities for capital investment and providing a framework for formulating the capital programme for approval by Full Council in February. It is an important part of the framework underpinning the budget setting process.

Treasury Management Strategy 2024/25



Councillor Mark Lowry

This Strategy demonstrates the network of controls that are in place to provide confidence in the way we management of our investments and borrowing.

It also demonstrates our commitment to sound management and control of the Council's cash and investments and forms a key strand of the Medium Term Financial Strategy and Budget.

David Northey**Service Director for Finance (S151 Officer)**

This Strategy is designed to underpin the Council's ambition to invest in the future of Plymouth. The strategy sets out a framework within which the Council's treasury management needs and risks can be managed successfully.

The recent turbulence with the financial markets and world economy has had an impact upon borrowing and investment rates of interest. This Strategy will help support the council in responding to this volatility in the short to medium term.

The strategy will keep us within our prescribed limits under the Prudential Code.

This incorporates an update from economic background from Arlingclose as at January 2024 on pages 7,8,9, - the budget report needs to highlight this change from the report presented to Audit & Governance committee and Appendix A on page 32 has been updated to reflect Arlingclose latest publication on 5/2/2024.

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Introduction

Treasury Management is the management of the Council's cash flows, borrowing and investments, and the associated risks. Of necessity, the Council borrows and invests substantial sums of money and is therefore exposed to financial risks including the effects of changing interest rates.

This Treasury Management Strategy sets out how the Council will invest to meet future Infrastructure needs in an affordable way.

INVESTMENTS – FACTS AT A GLANCE

Principles and Objectives of the Treasury Management Strategy

- To achieve the best secure investment returns
- To achieve a balanced spread of maturities and commitments
- To achieve the right mix of borrowing vehicles
- To balance risk against return

Market Intelligence

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

Statutory and Performance Framework <i>Rules that guide us</i>	Investments <ul style="list-style-type: none"> • Sterling only • 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 and domiciled in UK
	Counterparties and Limits (see table on page 20)
	Investment Limits – subject to Counterparty table on page 20 <ul style="list-style-type: none"> • Unlimited UK Government • Unlimited Money Market Fund • £25m any single local authority or government entity • £25m secured investment. • £10m per Bank (unsecured) • £20m unrated corporates • £60m Strategic Pooled Funds • £10m Real estate investment
	Key Council Budget Assumption for 2024/25 <ul style="list-style-type: none"> • Investments make an average rate of return of 5%
Approach <i>Choices made within the framework</i>	Objective - Security first, Liquidity second and then Yield. 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 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

- **£147m** Total Capital Expenditure
- **£1050m** Capital Finance Requirement (need to borrow)
- **£963m** Total Debt (loans and private finance initiative)
- **£1069m** Operational Boundary (practical ceiling on borrowing)
- **£1169m** The Authorised Limit (absolute maximum debt approved)

Prudential Indicators

- **12.4%** Ratio of finance costs to net revenue stream (borrowing costs as a proportion of net revenue budget)
- **£12.50** Hypothetical increase in Council Tax affordability. (this is technical measure; the Council has made no future years tax decisions)

Treasury Management Indicators

- **85%** Limit on Fixed Interest Exposure
- **45%** Limit on Variable Interest Rate
- **0% to 80%** Maturity Structure of Borrowing, exposure in any duration

Minimum Revenue Provision Policy (MRP)

- Annuity Method
- PFI/Leases can be charged on an annuity method over the life of the asset.
- Option for capital receipts to be used towards repaying debt

Key Council Budget Assumption for 2024/25

- New long-term loans will cost an average rate of 5.5%

Approach

Choices made within the framework

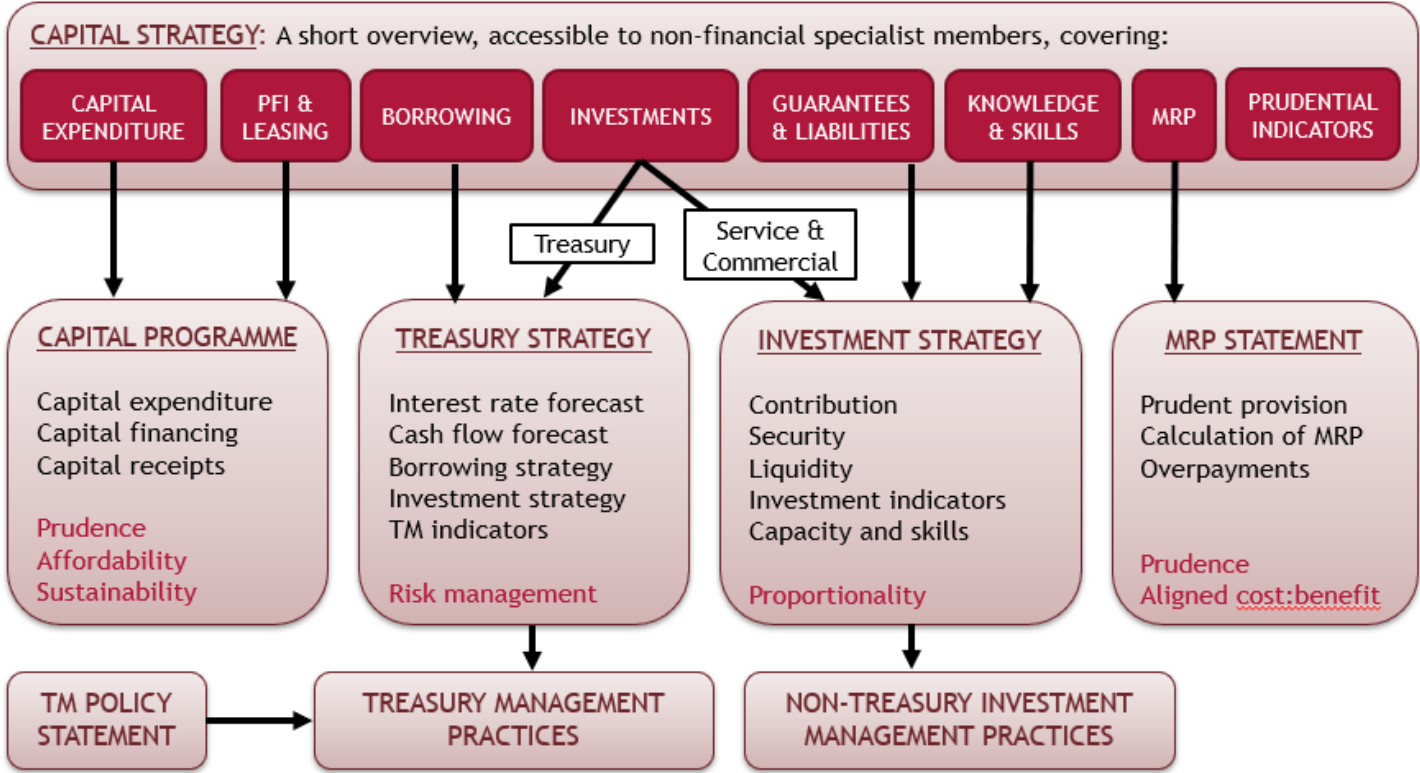
Objective - The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. In addition to ensure required short term borrowing is held to maximise benefit from hedging arrangement.

Strategy Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

	<p>Sources of Finance - 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</p> <p>LOBOs With interest rates having risen recently, there is now a reasonable chance that lenders will exercise their options. If they do, the Authority will take the option to repay LOBO loans to reduce refinancing risk in later years</p> <p>Municipal Bonds Agency Council will use where appropriate as this is a more complicated source of finance. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.</p> <p>Debt Restructuring A present value calculation based on current rates for the same period of loan may result in a discount or premium.</p> <ul style="list-style-type: none">• Council will re-schedule if it reduces cost or risk
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The diagram below shows how Capital expenditure affects the Treasury Management Strategy

Strategy Reports: England



The diagram above shows how the requirements of the Department of Levelling Up Housing and Communities (DLUHC) 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 background as at January 2024: The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Authority’s treasury management strategy for 2024/25.
The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level for the rest of 2023. In December 2023, members of the BoE’s Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%. The three dissenters wanted to increase rates by another 0.25%.

This is Arlingclose's expert view on future interest rates.

The November quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth with the potential for a mild contraction due to ongoing weak economic activity. The outlook for CPI inflation was deemed to be highly uncertain, with upside risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.

Office for National Statistics (ONS) figures showed CPI inflation was 3.9% in November 2023, down from a 4.6% rate in the previous month and, in line with the recent trend, lower than expected. The core CPI inflation rate declined to 5.1% from the previous month's 5.7%, again lower than predictions. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling slowly, but taking until early 2025 to reach the 2% target before dropping below target during the second half 2025 and into 2026.

ONS figures showed the UK economy contracted by 0.1% between July and September 2023. The BoE forecasts GDP will likely stagnate through 2024. The BoE forecasts that higher interest rates will constrain GDP growth, which will remain weak over the entire forecast horizon.

The labour market appears to be loosening, but only very slowly. The unemployment rate rose slightly to 4.2% between June and August 2023, from 4.0% in the previous 3-month period, but the lack of consistency in the data between the two periods made comparisons difficult. Earnings growth has remained strong, but has showed some signs of easing; regular pay (excluding bonuses) was up 7.3% over the period and total pay (including bonuses) up 7.2%. Adjusted for inflation, regular pay was 1.4% and total pay 1.3%. Looking forward, the MPR showed the unemployment rate is expected to be around 4.25% in the second half of calendar 2023, but then rising steadily over the forecast horizon to around 5% in late 2025/early 2026.

Having increased its key interest rate to a target range of 5.25-5.50% in August 2023, the US Federal Reserve appears now to have concluded the hiking cycle. It is likely this level represents the peak in US rates following a more dovish meeting outcome in December 2023. US GDP grew at an annualised rate of 4.9% between July and September 2023, ahead of expectations for a 4.3% expansion and the 2.1% reading for Q2. But the impact from higher rates has started to feed into economic activity and growth will weaken in 2024. Annual CPI inflation was 3.1% in November.

Eurozone inflation has declined steadily since the start of 2023, falling to an annual rate of 2.4% in November 2023. Economic growth has been weak and GDP contracted by 0.1% in the three months to September 2023. In line with other central banks, the European Central Bank has increased rates, taking its deposit facility, fixed rate tender, and marginal lending rates to 3.75%, 4.25% and 4.50% respectively.

Credit Outlook

Credit Default Swap (CDS) prices were volatile during 2023, spiking in March on the back of banking sector contagion concerns following the major events of Silicon Valley Bank becoming insolvent and the takeover of Credit Suisse by UBS. After then falling back in Q2 of calendar 2023, in the second half of the year, higher interest rates and inflation, the ongoing war in Ukraine, and now the Middle East, have led to CDS prices increasing steadily.

On an annual basis, CDS price volatility has so far been lower in 2023 compared to 2022, but this year has seen more of a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.

Moody's revised its outlook on the UK sovereign to stable from negative to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework.

Following its rating action on the UK sovereign, Moody's revised the outlook on five UK banks to stable from negative and then followed this by the same action on five rated local authorities. However, within the same update the long-term ratings of those five local authorities were downgraded.

There remain competing tensions in the banking sector, on one side from higher interest rates boosting net income and profitability against another of a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets.

However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

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

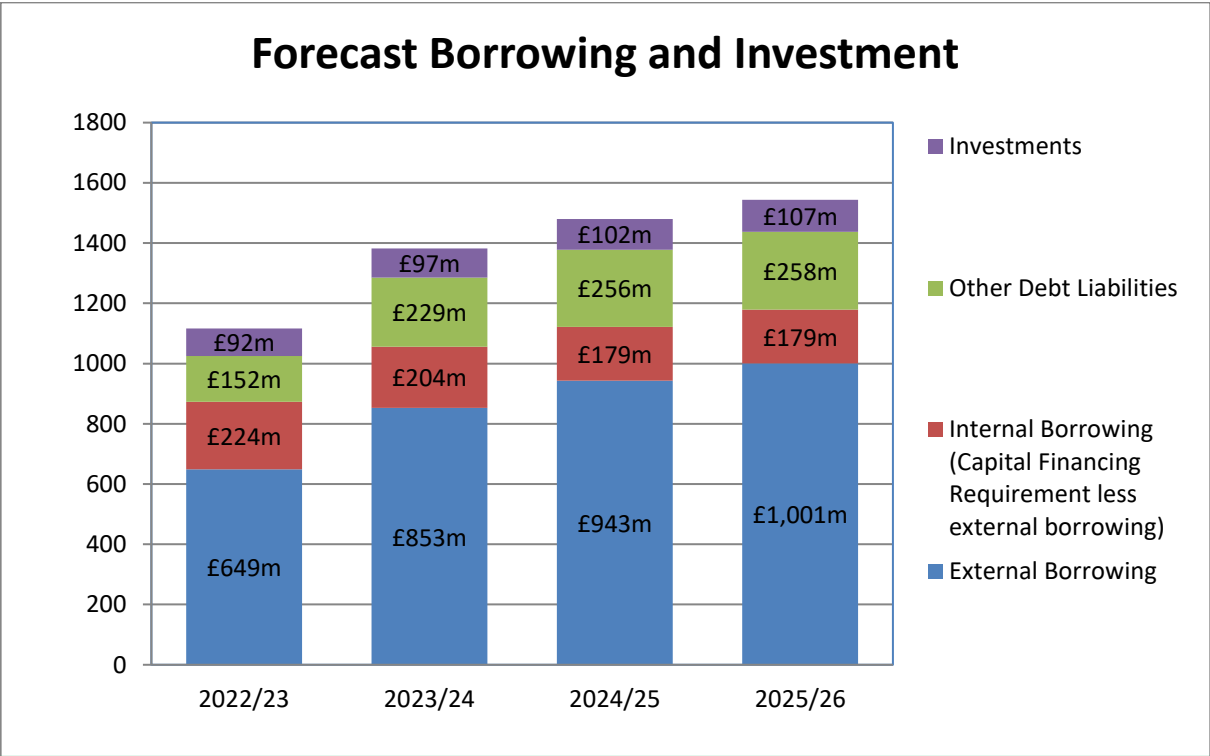
Interest Rate Forecast

Although UK inflation and wage growth remain elevated, the Authority's treasury management adviser Arlingclose forecasts that Bank Rate has peaked at 5.25%. The Bank of England's Monetary Policy Committee will start reducing rates in 2024 to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.

Arlingclose expects long-term gilt yields to be broadly stable at current levels (amid continued volatility), following the decline in yields towards the end of 2023, which reflects the expected lower medium-term path for Bank Rate. Yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

Part 2 – Technical Detail for Analysis

This is how much debt and investments we expect to have in the next three years



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 £552.5 million of loans in as at 31 March 2023. This was an increase of £15 million on the previous year. This reflected the need to fund £44.5m borrowing to support the capital programme offset by use of Treasury Management working balances to limit draw on external funding where possible.

The Council expects to hold borrowing up to £ 743m in 2024/25. The total borrowing must not exceed the authorised limit set by the Council of £1,130m which includes long term liabilities of £219m. This is subject to review once the full impact of IFRS16 is known which although will be fully implemented for the Statement of Accounts for 2024/25 there will be implications for the current financial year 2023/24.

Objectives of Borrowing Decisions

- To strike an appropriately low risk balance between securing low interest and fixed borrowing to obtain certainty of costs.
- Flexibility to renegotiate loans or to reschedule debt should the Council's long-term plans change.

It is much cheaper to borrow for a short period now we will look for opportunity to fix borrowing over long term where affordable.

Borrowing Strategy

Given the significant cuts to public expenditure and to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. The previous differential with short-term interest rates being much lower than long-term rates has disappeared as Local Authorities seek to maximise a return on their investments. It is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead in order to be in a position to secure interest savings as rates reduce.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2024/25 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council has taken the opportunity to refinance some of its short-term borrowing with long term fixed rate borrowing from PWLB. This has reduced the Council's short-term borrowing and therefore reduced the interest rate risk (risk of interest rates rising).

There will be additional costs for taking the additional PWLB borrowing but it gives the Council certainty over more of its fixed costs. Long-term fixed rate loans remove the interest rate risk by fixing the rate for the term of the loan. These are popular among local authorities but are relatively expensive.

The Council will continue to review its portfolio of borrowing and may refinance its debt dependant on the market conditions. The benefits of short-term borrowing will continue to be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly.

Short term borrowing is the cheapest option but leaves the Council exposed to refinancing risk, which can be divided into interest rate risk (the risk that rates will rise) and availability risk (the risk that no-one will lend to the Council).

The Council has taken additional £15m short-term borrowing from Other Local Authorities so far in 2023/24 to fund the current capital programme, with Treasury Management advice with Bank

The Council also has an arrangement in place to mitigate part of this risk by a contract that fixes the rate of interest on £75m for 20 years.

The Council will reschedule or repay loans where this is expected to lead to an overall cost saving or a reduction in risk to reduce the overall long-term costs of the loan portfolio.

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:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- The UK Infrastructure Bank
- 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 and short term borrowing
- Any other counterparty that is recommended by the Council's TM advisors
- A Plymouth City Council bond or similar instruments

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 Council continues to investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.

The LOBO 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)

The Authority holds £64m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost.

No call ins were exercised in 2022/23 or Q1 and Q2 2023/24 despite LOBO interest rates falling below the increasing Bank of England Rate. Opportunities to repay any LOBO obligations will be considered when it can be demonstrated to be cost effective.

A further £15m of these LOBOs have options during 2024/25, and with interest rates having risen recently, there is now a reasonable chance that lenders will exercise their options. If they do, the Authority will take the option to repay LOBO loans to reduce refinancing risk in later years.

The Municipal Bonds Agency may offer an alternative for short term borrowing

Municipal Bond Agency (MBA)

UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities.

This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; 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 full Council.

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 rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk.

Debt Rescheduling

The PWLB allows authorities 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 Authority 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 recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

Prudential Indicators 2024/25

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

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

The Council's planned capital expenditure and financing forecast at October 2023 is summarised as follows. This incorporates reprofiling assumptions for current and future years based on a trend analysis using past years.

Capital Expenditure and Financing	2023/24 Forecast £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m
General Fund	99.986	147.119	165.223	156.024

Total Expenditure	99.986	147.119	165.223	156.024
Capital Receipts	3.556	2.171	2.983	4.056
Grants and Contributions	46.072	42.940	44.569	94.933
Revenue	0.788	0.279	0.322	0.300
Borrowing	49.570	101.729	117.349	56.735
Leasing and PFI	0.000	0.000	0.000	0.00
Total Financing	99.986	147.119	165.223	156.024

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 23 Actual £m	31 Mar 24 Forecast £m	31 Mar 25 Forecast £m	31 Mar 26 Forecast £m
General Fund	879.445	929.015	1050.744	1193.093
Total CFR	879.445	929.015	1050.744	1193.093

The Council has an increasing CFR and is forecast to rise by £360.365m over the next three years for the capital programme and therefore will require additional borrowing.

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 next three years

Debt	31 Mar 24 Forecast £m	31 Mar 25 Forecast £m	31 Mar 26 Forecast £m	31 Mar 27 Forecast £m
Borrowing	622.070	743.799	886.148	896.148
PFI liabilities & Finance Leases*	119.000	219.000	221.00	223.000
Total Debt	741.070	962.799	1107.148	1119.148

* A provision has been made for IFRS 16 to allow for operating leases being brought onto the balance sheet as a debt liability with effect from 1 April 2024. Working is ongoing to assess the impact

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	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Borrowing	750.000	850.000	950.000	1000.000
Other long-term liabilities	119.000	219.000	221.000	223.000
Total Debt	869.000	1069.000	1171.000	1223.000

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	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Borrowing	800.000	900.000	1050.000	1100.000
Other long-term liabilities	119.000	269.000	271.000	273.000
Total Debt	919.000	1169.000	1321.000	1373.000

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	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
General Fund	11.4%	12.4%	15.1%	15.4%

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	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
General Fund - increase in annual band D Council Tax	£12.50	£12.60	£13.40	£14.50

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.

Treasury Management Investment Strategy

This explains the types of Investments under the CIPFA and MHCLG rules including non-Treasury Management Investments

Introduction

The Authority invests its money for three broad purposes:

- because it has surplus cash from 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 meets 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 for cash management

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 grants received in advance of 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 investments is expected to fluctuate between £20m and £60m during the financial year.

Objectives

The CIPFA Code requires the Council to invest its treasury 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 its treasury management funds is to have the monies available at short notice for unexpected payments.

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.

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

Investment Limits

When considering investment limits in the chart below you must also refer to the credit ratings of the individual organisations 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.

Treasury Investment Counterparty Limits

Sector	Time Limit	Counterparty Limit	Sector limit
The UK Government	50 Years	Unlimited	n/a
Local authorities & other government entities	25 years	£25m	Unlimited
Secured investments *	25 years	£25m	Unlimited
Banks (unsecured) *	13 months	£10m	Unlimited
Building Societies (unsecured) *	13 months	£5m	£10m
Registered providers (unsecured) *	5 years	£5m	£10m
Money Market Funds *	n/a	£12m	Unlimited
Strategic pooled funds	n/a	£25m	£60m
Real estate investments trusts	n/a	£5m	£10m
Loans and investments to unrated corporates	n/a	£5m	£20m
Other investments, unrated investments in equity, quasi-equity, debt or otherwise	n/a	£5m	£20m

This table must be read in conjunction with the notes below:

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 2024/25

- Investments will make an average rate of 5.0%
- New long-term loans will cost an average rate of 5.5%

Strategy

Given the increased risk and very low returns from short-term unsecured bank investments, the Council holds non-treasury management investment in diversified managed funds which offer a higher yielding. The Council holds £55m as a long-term investment (CCLA Property Fund, CCLA Diversified Fund, Schroder's Income Maximiser and Fidelity Enhanced Income Fund) and these give a higher return than the short term investments. Although there is a higher return there is an increased risk that of capital values falling. The purpose of having medium to long-term investments is to generate income that supports the revenue budget and the provision of local services.

The majority of the Council's surplus cash is currently invested in short-term money market funds which offer very low rates but allows immediate withdrawal. 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 above, subject to the cash limits (per counterparty) and the time limits shown.

Credit Rating

Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. 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 other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £10m per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies 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. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (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.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing

wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds that 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 assets. 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. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

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. The credit rating agencies in current use are listed in the Treasury Management Practices document 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.

Reputational aspects: The Authority is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, 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 investment returns to fall 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:

	2023/24	2023/24	2024/25	2025/26
Upper limit on fixed interest rate exposure	75%	80%	85%	85%
Upper limit on variable interest rate exposure	40%	45%	45%	45%

Fixed rate investments and borrowings are those where the rate of interest is fixed for more than 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	50%	20%
12 months and within 24 months	25%	0%
24 months and within 5 years	25%	0%
5 years and within 10 years	25%	0%
10 years and above	80%	50%

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:

	2022/23	2023/24	2024/25
Limit on principal invested beyond one year	£10m	£10m	£10m

Non-Treasury Management Investments

Introduction

The non-treasury management investment strategy was a new report introduced in 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. **Non-Treasury Management Investments** – to invest surplus cash from reserves and other funds that are not required for the day-to-day cash flow activities.
2. **Service Investments** - to support local public services by lending to or buying shares in other organisations; and
3. **Commercial Investments** - to regenerate areas within the City or immediate economic area to encourage private investment and to create or retain local jobs (known as commercial investments where these are the main purpose).

Non-Treasury Management Investments

The Council holds reserves that are not required for the day-to-day treasury management cash flow activities so can be invested in non-treasury management investments.

The surplus cash reserves can be invested in accordance with the CIPFA guidance. The balance reserve available for non-treasury investments is expected to fluctuate between £60m and £80m during the financial year.

Objectives

The CIPFA Code requires the Council to invest its treasury 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 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 helps support the Council's budget to enable it to delivery its essential services.

Service Investments

Loans

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

Council has given a loan to Plymouth Community Energy to support the construction of the solar energy farm at Ernesettle.

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. All loans will be subject to close, regular monitoring.

Loans are treated as capital expenditure for accounting treatment.

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. Therefore the Council will take security against assets to mitigate the risk of default.

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 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 loan agreements are reviewed by our legal team to ensure that they are legally compliant and includes any safeguards for the Council;
5. if an organisation has a credit rating we will carry out a credit check to assist;
6. the rate of interest charged on any loan will reflect the risk of the project and potential for default;
7. subsidy controls rules are 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 holding cash in its Money Market Fund and being able to borrow short term loans from other local authorities.

Property and Regeneration Fund

Commercial Investment Strategy: From 1 April 2021 the Council does not invest in commercial property if it is held primarily to generate income.

From the 1 April 2021 the Council will invest in the commercial property only where the main purposes are to regenerate areas of the City, encourage private investment and to create or retain local jobs.

The Property and Regeneration Fund

The Property and Regeneration Fund invests in commercial property for the purposes of regenerating areas of the city that the council wants to improve, encourage private investment and to create or retain local jobs.

The Council has historical commercial investment portfolio that it had built up over many years. The local and regional, commercial and residential property provides a return to the council, after paying the borrowing costs and this can be spent on local public services.

Property and Regeneration Fund

Property and Regeneration Fund	Actual 2022/23	Estimate 2023/24	Forecast 2024/25
Commercial Property Net Income	£3.154m	£2.560m	£2.460
Net Return	1.13%	1.23%	1.18%

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 development cost including taxes and transaction costs.

Analysis of Movement in Investment Properties	2021/22	2022/23
	£000	£000
Balance at 1 April	275,442	271,065
Additions	113	61
Disposals	0	0
Net gains/(losses) from fair value adjustments	(2587)	(15,198)
Transfers:		
(to)/from Property, Plant and Equipment	(1,903)	(17,493)
Balance at 31 March	271,065	238,425

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 take 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 uses the profit generated by the commercial investment to provide services for the city and 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: Property Regeneration Fund

	2022/23 Actual
Gross expenditure on provision of services	£653.157m
Net Investment income	£3.154m
Proportion	0.48%

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 local economy and its statutory duties. This is a common practice by local authorities since the Localism Act of 2011.

Investment Evaluation Process for the Property and Regeneration Fund

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

- I. Proposed development opportunities are reviewed by Land and Property in areas of the City which require redevelopment or regeneration of brown and green field sites or areas where the Council want to stimulate inward private investment and to create or retain local jobs. A report is prepared 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 development 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 development 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 Capital Finance 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 development, by including items such as future demand, yield, cash flows; rental movement, optimal holding periods for the property and data to support the regeneration and job creation to cover the cost 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 is produced, as part of the proposed development, 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 and Regeneration Governance

Clear, robust and transparent governance is critical to the Capital Finance Strategy and 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 to changes in the market. For example if there is a

commercial company failure in the city the officers would be able to respond quickly to help retain local jobs and look for alternative purchasers.

The Council to acquire or dispose of land is vested in the Head of Land and Property and where the land is purchased through the Property and Regeneration Fund a proposal is presented to the Officers and Members with 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 25 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:

Property and Regeneration Fund commercial property developments are funded by borrowing and repaid by the service from rental income from the development. The borrowing is not directly taken out against each property but is managed through our Treasury Management function.

The rental income generated from the development of commercial property is used to repay the borrowing before any 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 2024/25

Where the Authority 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 Authority to have regard to the former Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in 2018.

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

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

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

For capital expenditure incurred before 1st April 2008, for supported capital expenditure incurred on or before that date, MRP will be charged on an annuity basis over 50 years, incorporating an "Adjustment A" in accordance to the guidance.

For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the principal repayment on an annuity with an annual interest rate equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years.

For capital expenditure loans to third parties, the Authority will make nil MRP unless (a) the loan is an investment for commercial purposes and no repayment was received in year or (b) an expected credit loss was recognised or increased in-year, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment on loans that are investments for commercial purposes, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. Sufficient MRP will be charged to ensure that the outstanding capital financing requirement (CFR) on the loan is no higher than the principal amount outstanding less the expected credit loss. This option was proposed by the government in its recent MRP consultation and in the Authority's view is consistent with the current regulations.

All investment properties that are sold by the Council will use the capital receipts to repay the outstanding loan finance for that property before any balance of capital receipts is available for other capital projects.

Recommendation updated to Minimum Revenue Statement for 2024/25

Overpayments: In earlier years, the Authority has made voluntary overpayments of MRP that are available to reduce the revenue charges in later years. It is planned to make a £0.400m drawdown in 2024/25.

MRP Overpayments	£m
Actual balance 31.03.2024	0.400
Planned 2024/25	(0.400)
Forecast balance 31.03.2025	0.000

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.

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

PFI/Leases - For assets acquired by leases or the Private Finance Initiative, the Council changed its policy with effect from 01/04/2021 such that MRP can be charged over the life of the assets on an annuity basis. This is in line with the Council's MRP policy for all other assets as described above.

Other Items

There are a number of additional items that the Council is obliged by CIPFA or DLUHC 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 has no plans to make use of derivative instruments at the present time but does not discount the possible use of these in the future dependent on the existence of appropriate operating conditions, the acquisition and analysis of specialist advice and thorough consultation with stakeholders.

This approach is in line with the CIPFA Code, which encourages the Council to seek external advice and to consider such advice before entering into financial derivatives to ensure that it fully understands the implications.

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 staff are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

Markets in Financial Instruments Directive

Markets in Financial Instruments Directive: The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Section 151 Officer believes this to be the most appropriate status.

Other options considered

The DLUHC 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.

The Treasury Management Practices, Principles and Schedules

The Treasury Management Practices, Principles and Schedules sets out the responsibilities and duties of members and officers, allowing a framework for reporting and decision making on all aspects of treasury management. The Audit Committee is required to approve the Treasury Management Practices, Principles and Schedules each year under delegated decision.

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.

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

Appendix A – Arlingclose Economic and Interest Rate Forecast 5 February 2024

Underlying assumptions:

- UK inflation and wage growth remains elevated, although on a likely downward trend over the first half of 2024. Core and services inflation is likely to remain in excess of target throughout this period, so policymakers will be cautious when it comes to easing monetary policy, despite growing downside risks. UK growth rates will remain low as increasingly restrictive monetary policy dampens activity.
- In February, the language in the MPC minutes moved to a more neutral position, despite two members continuing to vote for a further rise in Bank Rate. The focus is now on assessing how long Bank Rate needs to remain at 5.25% before reducing, with the projections in the Monetary Policy Report suggesting that market expectations for rate cuts are not far from the mark.
- UK activity data remains relatively weak, although there has been some evidence of recovery in the services sector and housing market. Consumer confidence is low but on an improving trend; household spending on goods, though, remains under pressure.
- Employment demand continues to ease, although remaining relatively resilient given the soft economic backdrop. Anecdotal evidence suggests lower pay growth, and we expect unemployment to rise, which will lead to some deterioration in consumer sentiment. Household and business spending will therefore remain weak.
- Inflation rates will move lower over the next 12 months. By April, the headline CPI rate will likely be at or below the 2% target, but with upside risks from geo-political issues. With policymaker fears around the persistence of underlying inflationary pressure, we believe Bank Rate will remain unchanged until August and initially reduce slowly.
- Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling, will require significant policy loosening in 2025 to boost activity.
- Global bond yields will remain volatile. Investors' expectations of near-term US rate cuts have been dealt a severe blow by the continued strength of the US economy, particularly labour markets. Investors' positioning for the timing of US monetary loosening will continue to influence movements in gilt yields.
- Moreover, there is a heightened risk of fiscal policy, credit events and/or geo-political events causing substantial volatility in yields.

Forecast:

- The MPC held Bank Rate at 5.25% in February.
- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by late 2025.
- The risks around Bank Rate are initially balanced before shifting to the downside due to on-going soft UK economic activity and the resulting dampening effects on inflation. Upside risks to inflation remain, but the likelihood of further rises in Bank Rate are low.
- Long-term gilt yields have moved higher since the start of the year, largely due to stronger US data. Arlingclose's central case is for yields to be volatile around a relatively narrow range, reflecting the likelihood for monetary loosening in the Eurozone, UK and US.

	Current	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
Official Bank Rate													
Upside risk	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.00
Central Case	5.25	5.25	5.25	5.00	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00
Downside risk	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
3-month money market rate													
Upside risk	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.00
Central Case	5.40	5.40	5.30	5.15	4.80	4.30	4.10	3.80	3.50	3.25	3.15	3.10	3.10
Downside risk	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
5yr gilt yield													
Upside risk	0.00	0.75	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.96	3.75	3.70	3.65	3.60	3.50	3.40	3.30	3.30	3.30	3.30	3.35	3.40
Downside risk	0.00	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
10yr gilt yield													
Upside risk	0.00	0.75	0.85	0.85	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00	1.00
Central Case	3.97	3.80	3.80	3.80	3.75	3.70	3.65	3.65	3.65	3.65	3.65	3.70	3.75
Downside risk	0.00	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
20yr gilt yield													
Upside risk	0.00	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.50	4.40	4.30	4.25	4.25	4.20	4.20	4.20	4.20	4.20	4.20	4.25	4.25
Downside risk	0.00	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
50yr gilt yield													
Upside risk	0.00	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.19	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.95	3.95	3.95	3.95
Downside risk	0.00	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

UK Infrastructure Bank Rate = Gilt yield + 0.40%

Appendix B - Existing Investment and Debt Portfolio Position

	30 Sept 2023 Actual Portfolio £m	30 Sept 2023 Average Rate %
External Borrowing:		
PWLB – Fixed Rate	395.5	2.73
Short Term Borrowing	90.0	1.5
LOBO Loans	64.0	4.34
Long Term Borrowing	18.0	4.37
Total External Borrowing	567.5	2.77
Other Long Term Liabilities:		
PFI, Finance Leases and other liabilities	94.	n/a
Other loans	19.0	n/a
Total Gross External Debt	680.5	
Investments:		
<i>Managed in-house</i>		
Short-term Money Market Funds	34.1	5.21
Other Short Term investments	1.0	2.00
<i>Managed externally</i>		
CCLA Pooled Funds	25	4.66
Other Pooled Funds	30.0	6.84
Total Investments	90.1	5.73
Net Debt	590.40	

Treasury Management Strategy 2024-25

Published by:
Plymouth City Council
Ballard House
West Hoe Road
Plymouth PL1 3BJ

Cabinet



Date of meeting:	12 February 2024
Title of Report:	Corporate Plan Performance Report, Quarter Three 2023/24
Lead Member:	Councillor Chris Penberthy, Cabinet member for Housing, Co-operative Development and Communities
Lead Strategic Director:	Giles Perritt (Assistant Chief Executive)
Author:	Ross Jago (Head of Governance, Performance and Risk)
Contact Email:	Ross.jago@Plymouth.gov.uk
Your Reference:	CPRUQ3.2324
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

This report provides the Cabinet with an overview of how the Council is performing against its priority performance indicators that were agreed as part of the Corporate Plan 2023-2026 in June 2023.

Tackling crime and anti-social behaviour, filling in potholes, creating cleaner streets, building new homes, green investment and better access to healthcare and dentistry are front and centre of the new administration's vision for Plymouth's future. This report provides an analysis of performance as at the end of December 2023 against these Corporate Plan priorities.

The key performance indicators (KPIs) and their associated targets detailed in this report are for the third quarter of 2023/24 (October to December 2023).

Where it has been possible, a longer time series of data points has been used to prepare for greater utilisation of control charts. Control charts will help us to establish whether performance is stable and operating within expected variation or experiencing abnormal variation. This will prevent overreaction to normal performance variability whilst prompting quick response to anomalies.

In addition, we have used various data sources (E.g. Department for Education Statistics and LG Inform) to provide comparators (local, national or CIPFA comparator group) to provide contextual reference points for evaluating our performance. This is currently available for –

- Public Satisfaction with Traffic Flow (Annual comparator - National Highways and Transport Network average)
- KS4 pupils achieving 5+ in English and Maths (Annual comparator - Southwest and national Average)
- Employment Rate – (Quarterly comparator – Southwest, national and CIPFA averages)
- Social Care Quality of Life Impact (Annual Comparator – Southwest and national averages)
- People who easily find information on care services (Annual Comparator – Southwest and national averages)
- Repeat Child Protection Plans – (Annual Comparator – CIPFA comparator mean at Q1)
- Children in Care rate per thousand - (Annual Comparator – CIPFA comparator mean at Q1)

- Adult social care users who feel safe (Annual Comparator – National Average)
- Adult social care users who are satisfied (Annual Comparator – CIPFA Mean)
- Percentage of two years olds benefiting from funded early education - (Annual Comparator – Southwest and national averages)

This report forms part of the Council's Delivery and Performance Framework and is a key part of our aim to achieve a 'golden thread' from the Corporate Plan and its KPIs and delivery plans, through to service and team level business plans, and ultimately to individual objectives.

Areas of good performance this quarter include:

- The employment rate has risen by 2.3%, since quarter one and is in line with our CIPFA comparator group and the national average.
- The number of anti-social behaviour incidents reported to the Council has decreased by 104 over the last quarter.
- The number of young people aged 16-17 in education, employment and training has had its first significant increase from the 2021 baseline with 3% more 16-17 years olds in EET
- Repeat child protection plans have reduced by 2% in the last quarter.
- 332 households were prevented from becoming homeless in the last reporting period, an increase of 115 on the last quarter.

Performance challenges are:

- Percentage of people accessing the stop smoking service who have quit reached its peak in Q4 of 2022/23 and has since reduce by 6% at Q2.
- KS4 pupils achieving 5+ in English and Maths - At year end of 2021 Plymouth was slightly outperforming the southwest and national average. Since then, performance has dropped back below those comparators and shows a decline of c. 10%.
- Dental waiting lists – An additional 30 children and 315 adults have been added to the dental waiting lists in Q3.

There are a small number of indicators that are listed as 'under review' or 'in development'. These are the subject of ongoing due diligence prior to reporting or are still being developed to ensure that the most suitable and reliable data is reported. These will be included in future reports when they become available.

Recommendations and Reasons

That Cabinet notes the Corporate Plan Performance Report, Quarter Three 2023/24.

Reason: To update Cabinet on the performance of the Council in terms of progress in delivering against the Corporate Plan.

Alternative options considered and rejected

The Corporate Plan Performance Report is a key reporting document that provides transparency on the Council's performance and as such reporting this performance is considered best practice.

Relevance to the Corporate Plan and/or the Plymouth Plan

This report is fundamentally linked to delivering the priorities within the Council's Corporate Plan.

Implications for the Medium Term Financial Plan and Resource Implications:

The Medium Term Financial Strategy is a core component of the Council's strategic framework and has a vital role to play in translating the Council's ambition and priorities set out in the Corporate Plan 2023-26.

Financial Risks

Associated risks regarding performance are managed within the strategic and operational risk registers.

Carbon Footprint (Environmental) Implications:

Environmental sustainability is a key priority of the administration, and the waste management, recycling and traffic management commitments are specifically aimed at reducing the city’s carbon footprint.

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

** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

Appendices

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Corporate Plan Performance Report, Quarter Three 2023/24							

Background papers:

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

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

Sign off:

Fin	DJN. 23.24. 189	Leg	LS/00 0013 12/1/ AC/7/ 2/24	Mon Off	N/A	HR	N/A	Asset s	N/A	Strat Proc	N/A
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Senior Leadership Team approval: Giles Perritt (Assistant Chief Executive) Date approved: 26/01/2023
Cabinet Member approval: Councillor Chris Penberthy (Cabinet member for Housing, Co-operative Development and Communities) Date approved: 06/02/2024

Corporate Plan Performance Report Quarter Three 2023/2024

PLYMOUTH CITY COUNCIL CORPORATE PLAN 2023-2026

The Plymouth City Council Corporate Plan 2023-2026 sets out our vision of Plymouth being one of Europe's most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone. It was approved by Full Council in June 2023.

At the heart of the plan is the Council's ambition to make Plymouth a fairer, greener city where everyone does their bit, making Plymouth a great place to grow up and grow old, whilst minimising the impact of the cost of living crisis.

Tackling crime and anti-social behaviour, filling in potholes, creating cleaner streets, building new homes, green investment and better access to healthcare and dentistry are front and centre of the new administration's vision for Plymouth's future.

The Corporate Plan priorities are delivered through specific programmes and projects, which are coordinated and resourced through cross-cutting strategic delivery plans, capital investment and departmental business plans.

The key performance indicators (KPIs) and their associated targets detailed in this report are for the third quarter of 2023/24 (September to December 2023).

OUR PLAN

BUILD A BETTER PLYMOUTH



CITY VISION: Britain's Ocean City

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

Plymouth
Britain's Ocean City

OUR MISSION:

Making Plymouth a fairer, greener city, where everyone does their bit

WE BELIEVE IN:

DEMOCRACY
Because we listen and hear what people want

RESPONSIBILITY
Because we care about the impact of our decisions and actions

FAIRNESS
Because we want to address inequality and inequity in our city

CO-OPERATION
Because we achieve more together than we would alone

WE WILL:

Make Plymouth a great place to grow up and grow old
Minimise the impact of the cost of living crisis

OUR PRIORITIES:

- Working with the Police to tackle crime and anti-social behaviour
- Fewer potholes, cleaner, greener streets and transport
- Build more homes - for social rent and affordable ownership
- Green investment, jobs, skills and better education
- Working with the NHS to provide better access to health, care and dentistry
- Keeping children, adults and communities safe

DOING THIS BY:

- Providing quality public services
- Trusting and engaging our communities
- Focusing on prevention and early intervention
- Spending money wisely
- Empowering and engaging our staff
- Being a strong voice for Plymouth

www.plymouth.gov.uk/ourplan

Priority	Key performance indicators	2022/23 Baseline	Previous performance	Latest performance	
Working with the Police to tackle crime and anti-social behaviour	Number of anti-social behaviour incidents reported to the Council (Q)	543	236	132	▼
	Number of early interventions to anti-social behaviour (Q)	222	44	41	▼
	Crime rate per 1,000 residents (Q)	22.59	22.97	22.70	▼
Fewer potholes, cleaner, greener streets and transport					
	Cleanliness Index (APSE) (Q)	84.3%	77.5%	77.1%	▼
	Public satisfaction with traffic flow (A)	39%	38%	39%	▲
Build more homes - for social rent and affordable ownership	Net additional homes in the city (A)	6,562	6,177	6,562	▲
	Total new affordable homes (gross) (A)	115	50	115	▲
	Employment rate (Q)	73.2%	71.9%	74.2%	▲
Green investment, jobs, skills and better education	Percentage of young people aged 16 to 17 going to, or remaining in, education, employment or training (EET) (Q)	92.4%	90.4%	93.0%	▲
	Pupils attending schools judged as good or better by Ofsted (Q)	81.0%	85.1%	87.6%	▲
	Corporate scope 1 and scope 2 CO ₂ e emissions (tonnes CO ₂ e) (A)	6,155	6,789	6,155	▼
	PCC investment in low carbon infrastructure (3 year average) (A)	£8,458,112	£5,862,152	£8,458,112	▲
	Key Stage 4 pupils achieving Grade 5+ in English and maths (achieving the 'Basics') (A)	46.0%	46.0%	41.3%	▼
Working with the NHS to provide better access to health, care and dentistry	Number of No Criteria to Reside patients at an acute setting (daily average during the quarter) (Q)	36	32	34	▲
	Number of children (<16 years) on the NHS dental waiting list year-on-year from 2022-2025 (Q)	NEW	4,189	4,181	▼
	Number of adults (>16 years) on the NHS dental waiting list year-on-year from 2022-2025 (Q)	NEW	17,646	17,693	▲
	Social care-related quality of life impact of Adult Social Care services (A)	19.7	19.7	19.5	▼
	Proportion of people who use services who find it easy to find information about services (A)	62.3%	62.3%	61.4%	▼
Keeping children, adults and communities safe	Repeat child protection plans within a child's lifetime (rolling 12 months) (Q)	25.7%	25.6%	22.9%	▼
	Children in care (rate per 10,000) (Q)	94.0	94.1	100.7	▲
	Percentage of closed adult safeguarding enquiries where the desired outcomes have been fully or partially achieved (Q)	98.6%	94.9%	93.7%	▼
	Adult Social Care service users who feel safe and secure (A)	87.9%	87.9%	87.5%	▼
	Residents who feel safe (during the day) (A)	89%	90%	89%	▼

Enabler	Key performance indicators	2022/23 Baseline	Previous performance	Latest performance	
Providing quality public services	Stage one complaints resolved within timeframe (Q)	80.6%	82.8%	84.7%	▲
	Percentage of people who receive social care who are satisfied (A)	67.0%	67.0%	66.8%	▼
Trusting and engaging our communities	Percentage of eligible adults registered to vote in local elections (A)	91.2%	91.2%	92.2%	▲
	Residents who know how to get involved in local decisions (A)	27%	34%	27%	▼
	Residents who think people from different backgrounds get on well (A)	42%	55%	42%	▼
	Percentage of Plymouth City Survey respondents who volunteer or help out (A)	38%	42%	38%	▼
Focusing on prevention and early intervention	Number of Multi Agency Safeguarding Hub (MASH) contacts received (Q)	NEW	3,407	3,801	▲
	Number of MASH referrals received (Q)	2,347	1,071	1,023	▼
	Repeat MASH referrals to Children's Social Care (rolling 12 months) (Q)	19.4%	18.3%	20.5%	▲
	Number of households prevented from becoming homeless or relieved of homelessness (Q)	828	217	332	▲
	Percentage of people accessing the Stop Smoking Service who have quit (Q)	54%	48%	48%	-
	Proportion of people who received short term service, where sequel was either no ongoing support or support of a lower level (A)	82.5%	82.5%	71.0%	▼
	Child obesity at Year 6 (A)	35.1%	35.1%	33.6%	▼
	Percentage of <u>two year olds</u> benefiting from Funded Early Education (A)	72.6%	72.6%	72.8%	▲
	Total persistent absence in all schools (A)	28.1%	28.1%	24.4%	▼
Spending money wisely	Forecast spend against budget (£million) (Q)	£0.000m	£7.500m	£4.766m	▼
	Council tax revenue per dwelling (A)	£1,283	£1,283	£1,359	▲
	Social care <u>spend</u> as percentage of core spending power (A)	Not yet available	-	75.3%	-
	Debt servicing as percentage of core spending power (A)	Not yet available	-	11.9%	-
Empowering and engaging our staff	Days lost due to sickness (average per rolling 12 months) (Q)	9.37	9.33	10.31	▲
Being a strong voice for Plymouth	Advocacy / Lobbying Update				



Our Priorities

Lead Cabinet Members	Councillor Sally Haydon, Councillor Chris Penberthy
Lead Officer	Matt Garrett, Service Director for Community Connections
Enabling Plans	Safer Plymouth Plan
Relevant Scrutiny Panel	Performance, Finance and Customer Focus Overview and Scrutiny Committee

Progress Update

A new multi-agency working group with a focus on predatory and high-risk males within the evening and night-time economy, and in areas frequented by women selling sex, has been formed to try and prevent VAWG offences taking place. Intelligence around high risk or predatory behaviour is reviewed on a four-weekly basis and tools and powers under the Anti-Social Behaviour, Crime and Policing Act 2014 are utilised where appropriate. As these are civil tools and powers, they require a lower evidential burden of proof, and they can also include exclusions from certain areas.

Hate Crime Awareness Week took place from 14th – 21st October 2023. During this week, the team visited Piety Mosque, the Red Cross, and the Synagogue to develop their relationships further with some of our diverse communities. They also attended Blue Light Day to engage with those who have learning disabilities, their parents, and carers.

Op Tarlac was the police operation set up to monitor community tensions linked to the conflict in Israel and Gaza. PCC Safer Communities team liaised regularly with the police Diverse Communities Team to understand any tensions within the city and to engage proactively with relevant communities.

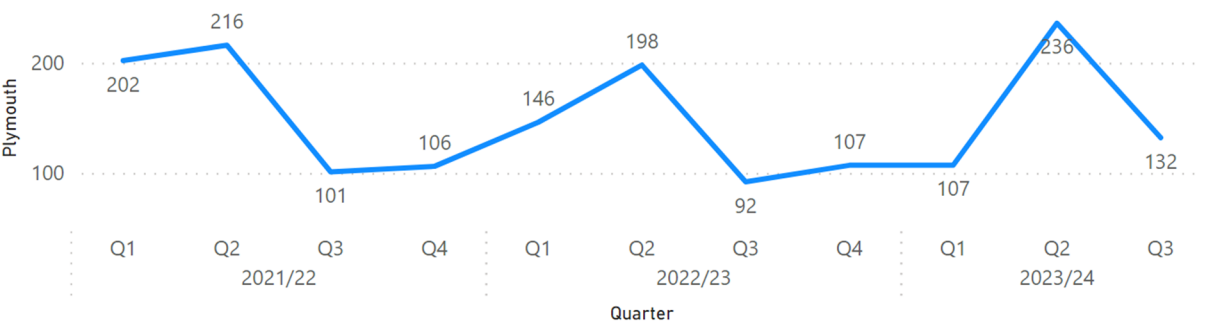
Further information was released from the Home Office in relation to the Criminal Justice Bill and proposed changes to ASB tools and powers. Conversations have started to take place with partners to understand what approach will be taken in the city and how we can ensure that a consistent approach to tackling ASB continues to be taken in a trauma-informed and proportionate way.

PCC’s Youth Service continued to utilise detached youth workers to engage with young people out and about across the city each day. Where there were pockets of youth-related anti-social behaviour, they have deployed teams to engage with young people and offer opportunities for diversion into more meaningful activities. A number of home visits were also carried out by the team to discuss young people’s behaviour and offer support.

Plymouth’s Prevent Partnership have focused on three key areas highlighted within the review of Prevent – training, communication and engagement. Contact has been made with other areas within the Peninsula to understand their approach. An improvement action plan will be created and presented to the next Prevent Partnership Board for discussion and sign off.

Working with the Police to tackle crime and anti-social behaviour

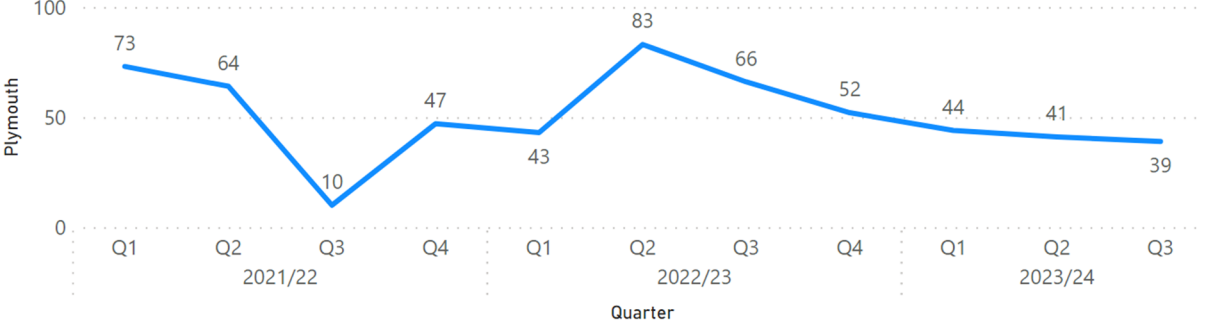
Number of anti-social behaviour incidents reported to the Council



This is a demand measure that reports on the number of anti-social behaviour reports to the Council via our online reporting form, which is used by the public and our Community Connections advisors who take telephone queries.

There was a significant uplift in the number of incidents reported between Q1 - Q2 2023/24, however over the last quarter number of incidents has nearly halved.

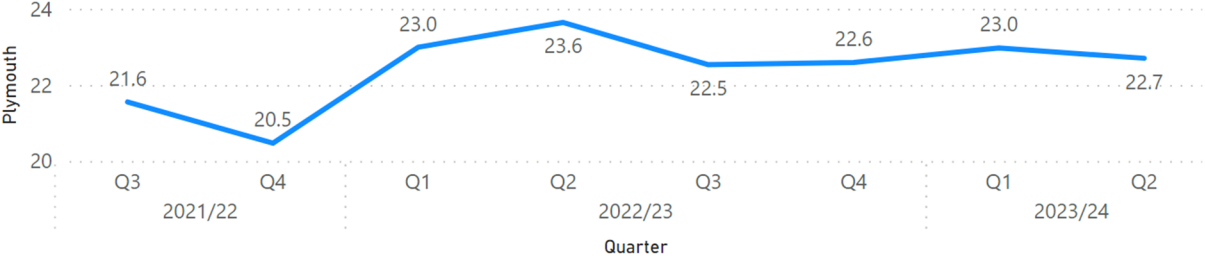
Number of early interventions to anti-social behaviour



This indicator shows the number of early interventions issued by the Anti-Social Behaviour Team to help prevent an escalation in offending. Early interventions include ASB1 letters; ASB2 letters; Acceptable Behaviour Contracts; referrals to IMPACT (youth diversionary programme); and Community Protection Notice Warnings.

The level of early interventions have remained steady throughout 2023/24, and in the last quarter the number fell very slightly by two.

Crime rate per 1,000 residents



This indicator shows all crime recorded as a rate per 1,000 population.

The data is nationally published crime data submitted by Devon and Cornwall Police.

The crime rate has remained at around 23 crimes per thousand since quarter one of 2022. The most recent quarter available shows a slight drop of 0.3.

Lead Cabinet Members	Councillor Tom Briars Delve, Councillor Mark Coker
Lead Officer	Philip Robinson, Service Director for Street Scene
Enabling Plans	Plan for Plastics, Highways Maintenance Plan, Net Zero Action Plan (NZAP), Plan for Trees, Local Transport Plan.
Relevant Scrutiny Panel	Performance, Finance and Customer Focus Overview and Scrutiny Committee

Progress Update

The road patching system trial using the **Velocity patching technology** has now been completed, we achieved circa 10,000 repairs. As there is no requirement to excavate the road surface, this reduced the need for road closures, waste generation and sped up repair process. We are now reviewing the quality and durability of works delivered together with cost effectiveness.

The **research for alternative methods to repair Highway defects** continue. We have reviewed process that that re-heats existing Asphalt that enables redressing without removing existing surfacing, this may provide a solution for Coal tar bound surfacing and we are looking at alternative processes which include site reco-foam treatment that could negate the need of removing contaminated material from site.

The Council have **invested in a new fleet 10 small mechanised sweepers** to replace old equipment. These machines will be rolled out the week commencing 22 January 2024. The machines benefit from integrated weed brushes; power wash attachments; and suction hoses which operatives will use to target tricky dirt and litter traps between parked cars. One of these machines will be dedicated to the City’s key roads providing a higher frequency of sweep on footpaths. Another machine will be dedicated to rear lanes. This machine has specially fitted steel brushes designed to tackle weeds in cobbled areas. The targeted deployment of these machines will help reduce the use of weed spraying in these locations. A further fleet of 3 x large mechanical road sweepers have been ordered and are expected to be delivered in February and March.

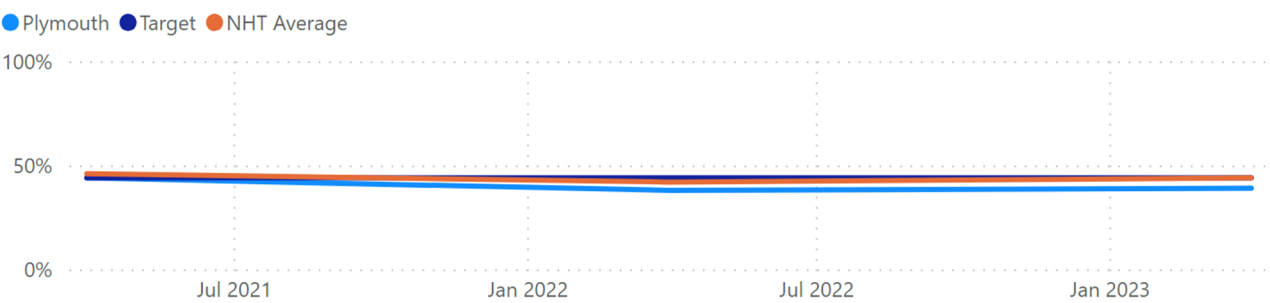
All public bins in the City Centre shopping areas have been replaced with new units. A programme is in place to regularly wash the bins and remove stickers etc. Regular surface washing continues, specifically targeting high footfall areas, outside food outlets and following events. A new Team Leader for the City Centre has been appointed to give additional focus on keeping the areas clean and tidy.

The cleansing service have deployed 5 x barrow rounds in high demand areas around the City. A further round will be added in February for Lipson and Mount Gould areas following increasing volumes of complaints and observed issues around litter etc.

The cleansing service continue to work closely with Enforcement colleagues to target areas and are continuing to work together to secure the **Defra funded investment in 5 x moveable cameras to target rear lane fly-tipping**. A contractor has been commissioned to undertake a full litter pick of the entire A38 within the Plymouth boundary. This will be undertaken in late March.

Awaiting data from SWH - Verbal update to be provided.

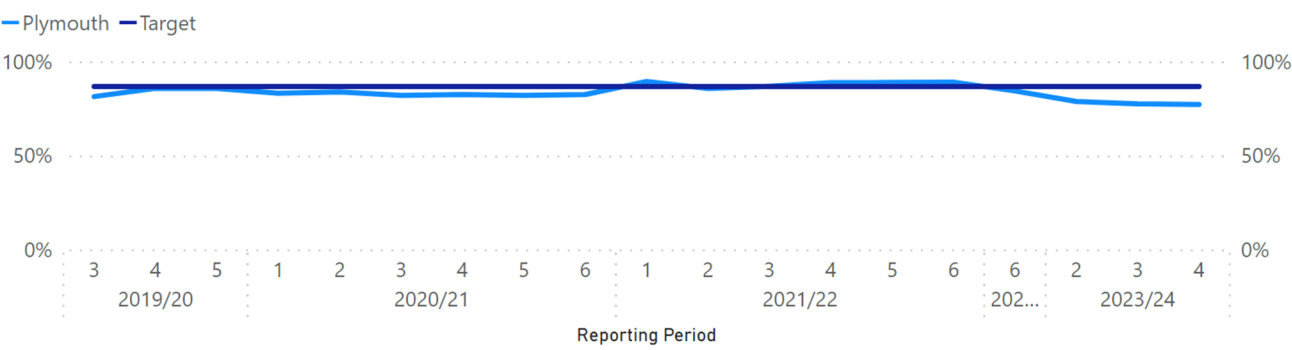
Public satisfaction with traffic flow



Public satisfaction with traffic levels and congestion on Plymouth’s roads, collected via the National Highways and Transport (NHT) Network annual survey. This is annual data which will be updated for 2024 in the coming weeks.

Plymouth has seen a downward trajectory since July 2021, although this is a slight reduction and in line with both target and NHT average.

Cleanliness Index (APSE)



The cleanliness and condition of streets is measured using the Land Audit Management System (LAMS), which allows us to compare ourselves to other members of the Association for Public Service Excellence (APSE) performance network.

Changes to the local delivery of the inspection process are complete, training has been delivered to our inspectors and the new process for inspection is in place. Whilst the new inspection regime is established further, movement in this indicator can be expected but is likely to be in within acceptable range of the target.

Lead Cabinet Members	Councillor Chris Penberthy, Councillor Mark Lowry
Lead Officer	Paul Barnard, Service Director for Strategic Planning and Infrastructure
Enabling Plans	Plan for Homes, Plymouth Alliance Accommodation and Homelessness Prevention Strategy and Delivery Plan
Relevant Scrutiny Panel	Growth and Infrastructure Overview and Scrutiny Committee

Progress Update

Hillcrest – Following working together with Plymouth Community Homes and Homes England on the acquisition of 86 vacant ex-MOD family homes, refurbishment works are now underway to bring the homes up to decent homes standard ready for occupation as affordable housing at social rent and shared ownership. The first homes are due to be refurbished and ready for occupation by February 2024. These homes will make a significant contribution to meeting the housing needs of many households, including providing permanent accommodation to families currently living in temporary accommodation.

Bath Street – working in partnership with Plymouth Community Homes and Homes England to unlock this brownfield site, planning permission has now been secured for phase 1 of 81 affordable homes, to provide a mix of social rented and for low cost home ownership. A contractor has now been appointed with a projected start on site for construction of the new homes in October 24. Such partnership working and funding to help unlock this stalled site will provide another key part of the regeneration of Millbay and wider city centre regeneration ambitions.

St Peters Close – working with Westward Housing a start on site has been achieved for a scheme of 5 bungalows for social rent. These homes will provide opportunities for downsizing for older households as well as and much needed wheelchair accessible accommodation. The completion of these bungalows is expected by late summer 24.

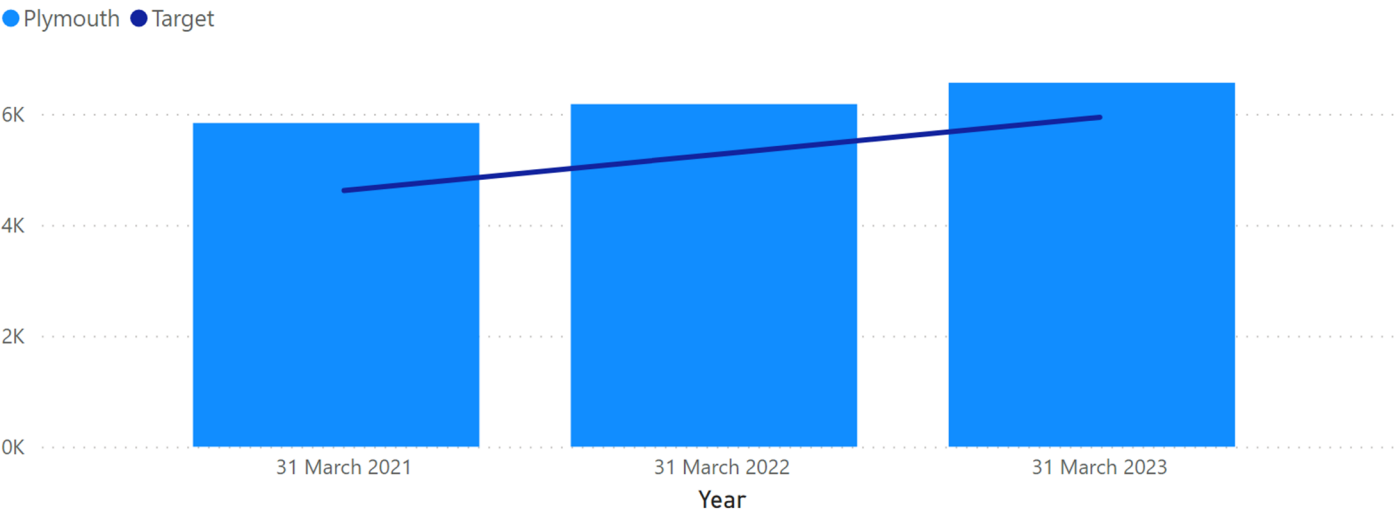
A specialist housing scheme in Efford has just been completed by the Council for 2 bungalows providing respite accommodation for adults with severe learning difficulties.

Barne Barton Regeneration programme is progressing on 2 projects with Clarion Housing Group and Sanctuary Housing, including the next phase of demolitions and a start on site on the construction of 159 affordable homes at phase 1. Overall planning permission has been secured for 328 new homes as part of the programme.

Reported activity over past 12 months on bringing 19 long term empty properties (empty for over 6 months) back into use. Current activity includes preparing two long term empty homes for CPO action due to go to Cabinet in March.

Plan for Homes Four - Work is well underway on the development of the next stage of our award winning Plan for Homes. Further information on the Plan for Homes will be announced at a future Cabinet meeting.

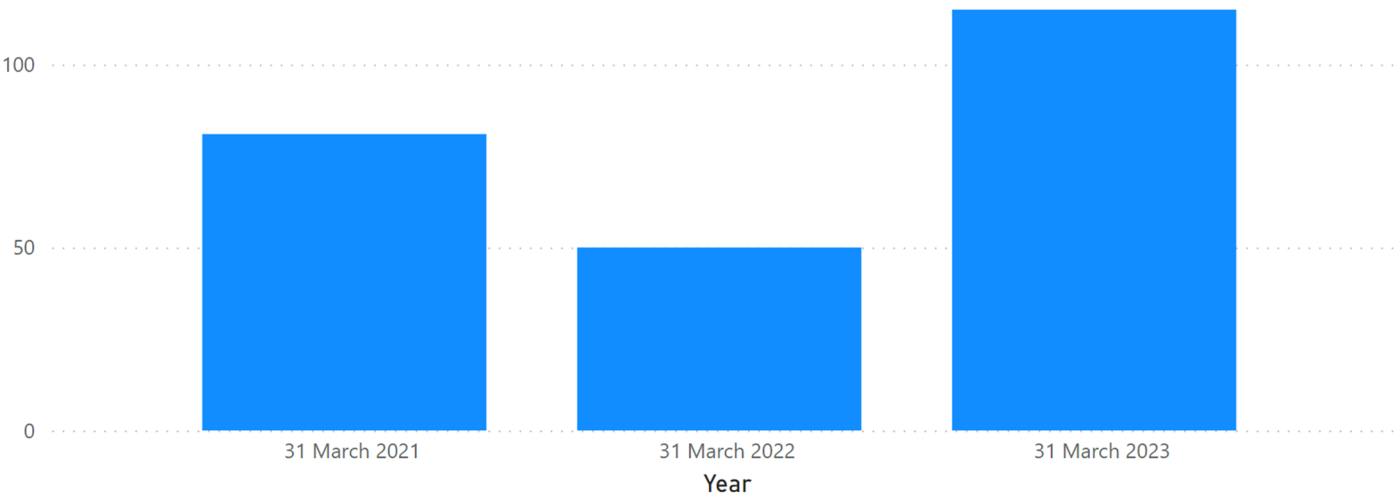
Net Additional Homes (Cumulative)



The annual net additional homes in the Plymouth Local Planning Authority Area, for example through new house building completions and conversions (e.g. of a house into flats), but after the removal of dwellings lost by change of use or demolition. This is aligned with the Plymouth Joint Local Plan.

The Council continues to maintain performance exceeding target year on year.

Affordable Homes Delivered (Actual)



This annual measure shows annual number of gross homes delivered that are affordable.

This is a new measure, with 2022/23 as the baseline. Aligned with the Plymouth Joint Local Plan.

Lead Cabinet Members	Councillor Tudor Evans OBE, Councillor Mark Lowry, Councillor Tom Briars Delve, Councillor Sally Cresswell
Lead Officer	Anthony Payne, Strategic Director for Place / David Haley, Strategic Director for Children's Services
Enabling Plans	Net Zero Action Plan, Green Infrastructure Delivery Plan, Plymouth's Plan for Economic growth, Plymouth SEND Strategy, Child Poverty Action Plan.
Relevant Scrutiny Panel	Growth and Infrastructure / Education and Children's Social Care Overview and Scrutiny Committee

Progress Update

Green Action Plan

A draft Green Skills Action Plan has been developed and shared with the Employment and Skills Board for feedback It has also been shared internally with Economic Development and the Net Zero Delivery Team. The plan for Green jobs has been integrated into the Economic strategy update. A Green Skills Coordinator joined the skills team in December (funding through SPF Year 2 until 1 March 2024). Her current priorities are:

- mapping and understanding the demand for green jobs in city
- engagement with local providers to map current green skills and training provision and completing a gap analysis.
- engaging local people to enter into the green skills sector through training and/ or employment
- develop a training directory, materials and website content to promote career/ job/skills and training opportunities in the green economy/ net zero economy

Special Educational Needs and Disability

Work is progressing to address the concerns raised in the June 2023 Local Area Inspection undertaken jointly by the Care Quality Commission and Ofsted. The inspection found provision and outcomes for children and young people with special educational needs and/or disabilities (SEND) in Plymouth needs to rapidly improve. Areas identified as needing improvement include the early identification of young children’s needs and transitional planning in social care.

A number of actions have already been carried out. This has included ensuring social care teams have thorough and robust oversight of the small number of children with Education, Health and Care Plans (EHCP) living in residential accommodation outside of Plymouth. A review of children and young people who receive respite care and short breaks is also underway, to ensure families are being fully supported.

A children’s version of the plan has been co-produced and circulated by Youth Ascends. Work is well under way to agree and publish ordinarily available provision and the graduated approach to underpin and bring consistency to the work of mainstream schools for children with SEND. This will be published and launched in the Summer term. A conference for headteachers and SENCo’s welcomed the graduated approach, advice on relationship based approaches in schools and looks forward to a training plan being implemented.

Green investment, jobs, skills and better education

School Attendance, Mobility and Inclusion

In partnership with schools, there is coordinated work across schools going to address attendance, pupil mobility and strengthen the inclusive approach of Plymouth secondary schools. Improving inclusion and attendance, and reducing mobility will all help improve achievement. Work on these areas is being taken forward by all Children's Services and the collaboration of school leaders, including multi-academy trust CEOs.

Investing in Net Zero

The City Council is highly proactive in identifying and realising opportunities for net zero investments, both corporately in support of the drive to be a net zero organisation by 2030, and at a city-level, working with the Plymouth Net Zero Partnership. This includes, for example, renewable energy schemes such as that now in operation at Theatre Royal car park, retrofit of corporate estate, working with the Plymouth Energy Community to retrofit housing for residents in fuel poverty, and Connect Plymouth with over 500 Beryl Bikes now in operation. Additionally, Plymouth has been incorporated into the Government's Advanced Zoning Programme to accelerate the roll out of heat networks to decarbonise heat in the city, drawing in significant investment.

To date we have successfully secured over £111m of grant funding for a range of net zero infrastructure and sustainable transport projects, delivering a total investment of over £212m. We are also using the planning process to good effect, securing over £5m for carbon offset and net zero funding from the s106 and Community Infrastructure Levy process, and are actively working on a range of innovative solutions to bringing funding to Plymouth, including local offsetting options that anyone will be able to invest in. We are developing local solutions which organisations can invest in to support their own net zero commitments. This includes the development of a Blue and Green Carbon Fund, linked to Habitat Banking and working with the Net Zero Partnership on a housing retrofit offer for carbon offsetting. Alongside these investments, we have introduced a climate impact assessment tool to help mainstream net zero considerations into the consideration of future investments and project delivery.

The work of the Council was recognised at COP28 in December 2023, when we were awarded with a Green Solutions Awards Grand Prize and also Sustainable Infrastructure Grand Prize for our approach to district heating and cooling.

Shared Prosperity Funding

We have issued 4 contracts to provide business support covering start up advice, business support, social enterprise and net zero. We are working on a community call and hope to be able to announce funding in the next 4 months, but two calls have been awarded to Nudge and Four Greens Community Trust. Funding has been allocated to a consortium of Destination Plymouth, Plymouth Waterfront Partnership and the City Centre Company to help market the City and improve the image.

Green Jobs

We launched an inward investment fact sheet and a targeted event has been delivered on offshore wind with the University. Funding has been allocated for clean shore power for the ice-cream vans on the Hoe. Work is underway on a feasibility study to expand Cattewater capacity.

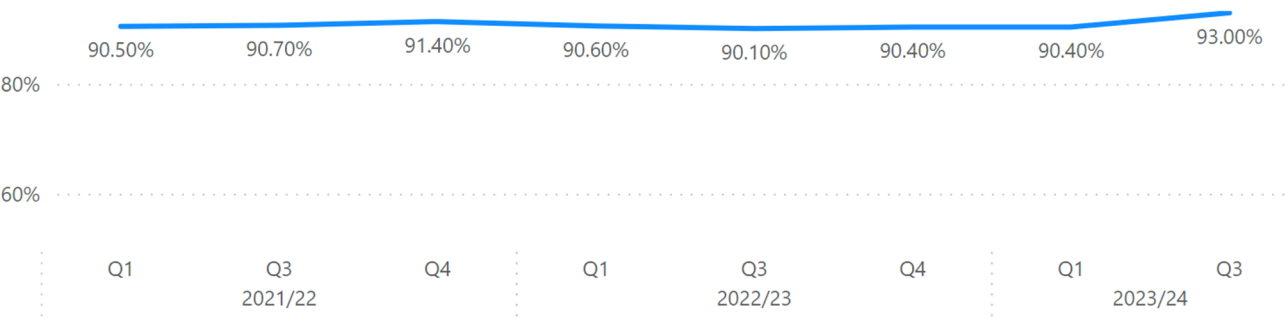
Devonport and Innovation

The Leader and officers are currently in discussions with partners to consider how to ensure Plymouth benefits from the scale of the investment going into the Naval Base and in particular benefits from the 10% social value in MOD contracts. Further updates will be provided in future reports. Both the Regulatory pioneer fund project to look at the regulation around autonomous vessels and the sub sea Smart Sound project have formally started and signed contracts.

New Direct development

The Council has submitted business cases to secure funding for building new business units at Language and Oceansgate.

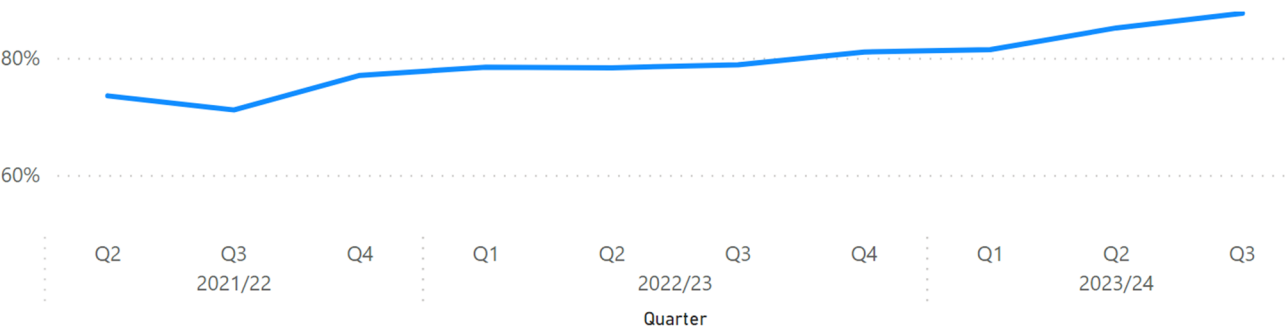
Young people aged 16-17 in education, employment or training



This is a quarterly measure which shows the percentage of young people aged 16 to 18 in academic years 12 to 14 who are going to, or remaining in, education, employment or training (EET).

Between Q1 and Q3 2023/23 there has been a 3% increase to the numbers of young people going to / remaining in EET.

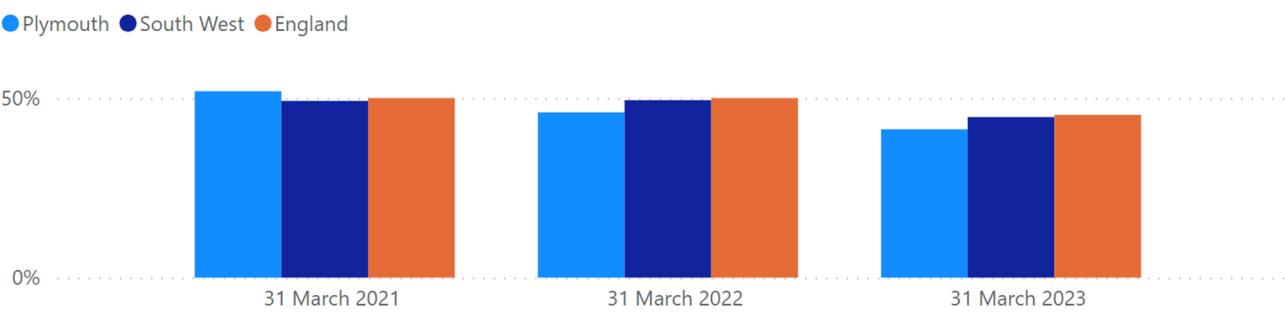
Pupils attending Plymouth schools judged as good or better by Ofsted



The Office for Standards in Education, Children's Services and Skills (Ofsted) inspect services providing education and skills for learners of all ages. Ofsted's role is to make sure that organisations providing education, training and care services in England do so to a high standard for children and students. There are four overall judgements: 'outstanding', 'good', 'requires improvement' and 'inadequate'. The aspiration in Plymouth is that all pupils attend a school that receives a minimum judgement of 'good' in their overall effectiveness.

Since Q1 2023/24 this measure has been on an upward trend with the number of Children attending a good school increasing by 6%.

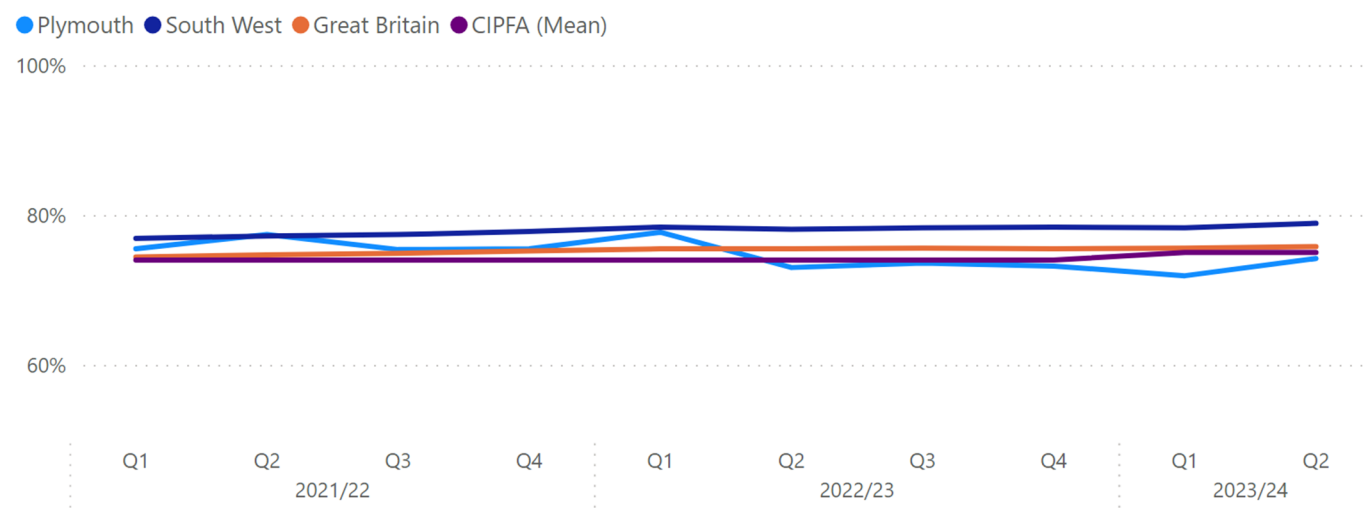
KS4 pupils achieving 5+ in English and Maths



Key Stage 4 is the phase of education attended by 14 to 16 year olds and leads to GCSE examinations. GCSEs are awarded a grade level between 1 and 9, with a strong pass (C+) being graded at a 5+ and the previous 'A' grade being graded at a level 7.

At year end of 2021 Plymouth was slightly outperforming the south west and national average. Since then performance has dropped back below those comparators and shows a decline of c. 10%.

Employment Rate

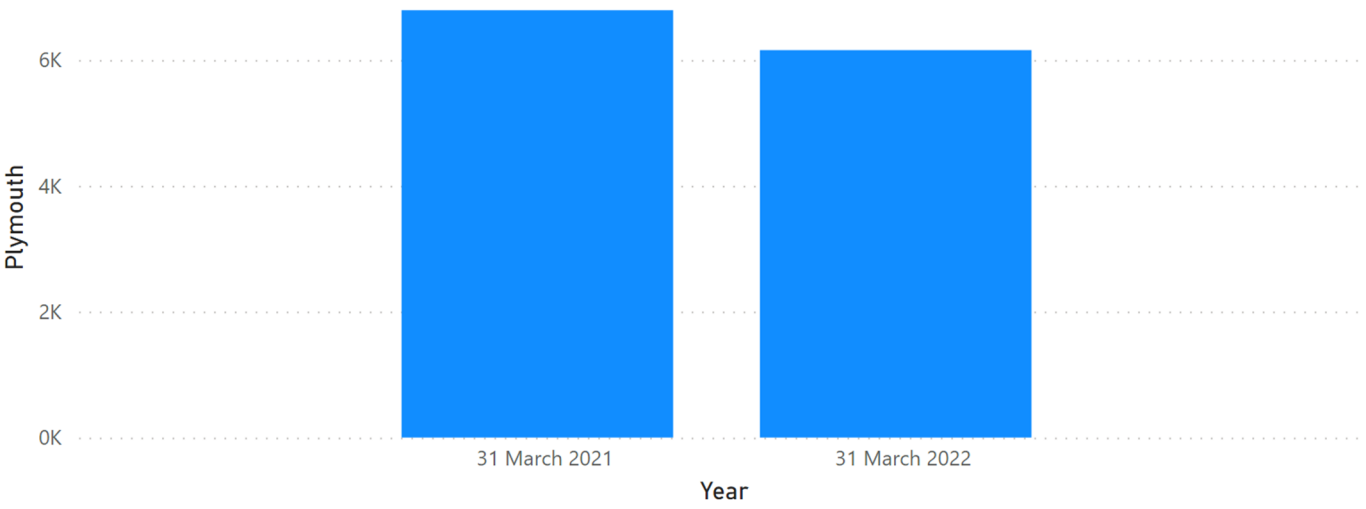


This measure is record anyone aged 16-64 years who did some paid work in the reference period, whether as an employee or self-employed; had a job that they were temporarily away from; on government-supported training and employment programmes; or were doing some unpaid family work.

The employment rate reduced significantly reduced in the early part of 2022/23. Despite a slight rise the rate dropped again from September 2022.

There has been a recovery in the rate of employment from the second quarter bringing it into line with the Council's CIPFA family group.

Corporate scope 1 and scope 2 CO2e emissions (tonnes CO2e)



This annual measure records the combined amount of scope 1 and scope 2 CO2 emissions produced by Plymouth City Council. Scope 1 includes all direct emissions from the activities of an organisation or under their control, including fuel combustion on site such as gas boilers, fleet vehicles and air-conditioning leaks. Scope 2 includes indirect emissions from any electricity, heat and steam purchased and used by the organisation. Emissions are created during the production of the energy and eventually used by the organisation.

Between 2021 and 2022 the Council reduced its overall carbon emissions by c. 600 tonnes.

Lead Cabinet Members

Councillor Mary Aspinall, Councillor Jemima Laing, Councillor Mark Lowry

Lead Officer

Gary Walbridge, Interim Strategic Director for People / Ruth Harrell, Director of Public Health

Enabling Plans

Plymouth Local Care Partnership System Plan, Thrive Plymouth, Community Mental Health Framework, One Devon Partnership Interim Integrated Care Strategy and Child Poverty Action Plan

Relevant Scrutiny Panel

Growth and Infrastructure / Education and Children's Social Care Overview and Scrutiny Committee

Progress Update

Dental Taskforce

Plymouth City Council has established a Dental Taskforce to address this and other dental access issues. The Dental Taskforce brings together key stakeholders, local MPs and NHS leaders from across the city to discuss what can be done to improve dental provision in Plymouth and chaired by Councillor Mary Aspinall.

The City Centre Dental Education Practice

The Peninsula Dental Social Enterprise (PDSE) C.I.C. is the teaching 'arm' of the Peninsula Dental School. PDSE is planning to establish a 14-chair multidisciplinary dental clinic in the City Centre. It will offer service, training and career opportunities. It will provide urgent care (minimum 3,500 appointments per annum), routine access (two dentists, four days per week), minor oral surgery (five days per week), and dental foundation training (four days per week). As well as this, the facility will provide speciality training in minor oral surgery, training opportunities for local dental professionals, and dental nurse training (there is currently a national shortage). This facility will be open all year round, five days per week from 9:00AM to 5:00PM and is likely to open in Autumn 2024. PDSE has not sought any capital but will invest a minimum £4 million of its own cash into the project. NHS support for this initiative has been sought in the past but has not been forthcoming. The Dental Taskforce is supporting this initiative and is encouraging NHS Devon ICB (the new commissioner of NHS dental services) to do likewise.

The Expression of Interest process

In direct response to the challenges highlighted at the Dental Taskforce meetings, NHS Devon ICB is putting in place a fast-paced expression of interest (EoI) process. This follows a meeting of all Plymouth NHS dental providers at the start of September 2023. The ICB intends to offer a flexible commissioning scheme across Devon to enable access to patient groups who have not had the opportunity of regular attendance at NHS dental services. The ICB is also seeking to support more vulnerable patient groups where there are clear health inequalities. The ICB is seeking expressions of interest to provide stabilisation treatment to patients with an immediate dental problem, with the aim of stabilising patients' oral health and reducing their chances of requiring urgent treatment within the following 12 months. Oral health stabilisation may also support patients to secure an ongoing place at a dental practice. Interested parties (NHS dental providers) will be invited to respond to this process (in the coming weeks) confirming the amount of activity their practice may be able to deliver and evidence to support compliance with the eligibility criteria. Services will be expected to be able to mobilise very early in the New Year (of 2024).

Progress Update

The Schools’ Offer

NHS dental appointments are now being to children at Whiteleigh Primary School and Laira Green Primary School. As part of a pilot, dental appointments are being offered by PDSE to all students in key stages one and two, with children remaining patients up until the age of 16. The scheme is now being expanded to include the following schools: High Street Primary, Victoria Road Primary, Mount Wise Primary, and Knowle Primary schools. Prioritisation of schools is based on measures of need, including proportion of free school meal eligibility and deprivation. It should be noted however that this is not new investment by PDSE, it is instead a re-focussing of their existing investment on a more targeted basis.

The Letter to the Secretary of State

One of the actions from the September Dental Taskforce meeting was that a letter should be drafted and sent to the Health Secretary asking for (1) more flexibility in the rebasing of High Street NHS dental contracts and (2) permission to implement local initiatives ‘at risk’ in the current financial year in advance of local underspend being formally available (in Autumn 2024). This letter would be signed by the Chair of the Task Force and the local MPs.

The three Priorities

At the November meeting of taskforce its was agreed that a set of priorities that would form the basis of any public facing work that the Dental Taskforce carries out. This was agreed by the other members of the Dental Taskforce. One of the actions from that meeting was therefore to review the draft priorities suggested with a view to the final set being agreed by mid-December. These have been agreed as follows

- Deliver a new dental facility in the City Centre run by the Dental School and aligned to the oral health needs in the city.
- Provide additional funding to Plymouth City Council to enable it to enhance the oral health improvement (prevention) offer available in the city.
- Use some of Plymouth’s annual NHS dental underspend to commission new services for high priority groups and those who don’t have access to an NHS dentist.

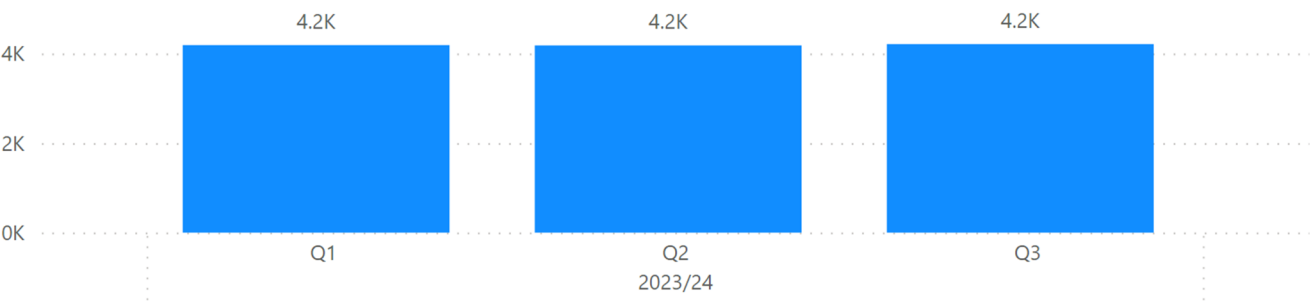
Pharmacy

Pharmacy services play a vital role in supporting local communities across the United Kingdom. They provide a critical role in access to health and care, delivering medication management and health promotions among many other services. In Plymouth, there is a planned further reduction in service by some providers, in addition to the cuts already made in recent years. Councillor Aspinall has written to the Minister for Primary Care and Public Health, to urge her to intervene and ensure these vital local services remain open for public use

Caring Plymouth

The Council has set up a partnership called "**Caring Plymouth**" which is working on behalf of care sector employers to connect people to skills training and jobs. A city-wide recruitment campaign will be launched to highlight the job opportunities within the care sector.

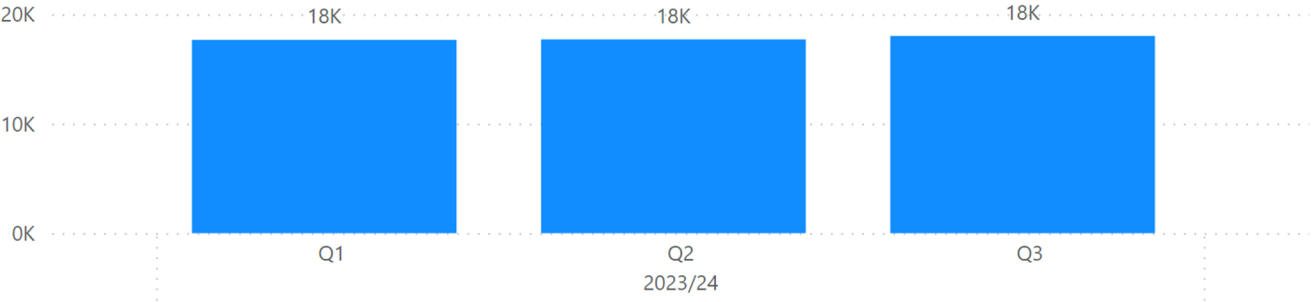
Number of children (<16 years) on the NHS dental waiting list



This measure records the number of young people in Plymouth on Dental waiting lists. The Data provided on a quarterly basis by the South West Collaborative Commissioning Hub Dental Team.

Despite a reduction of eight to the waiting list between Q1 and Q2, there has been an increase of 30 to the waiting list at Q3.

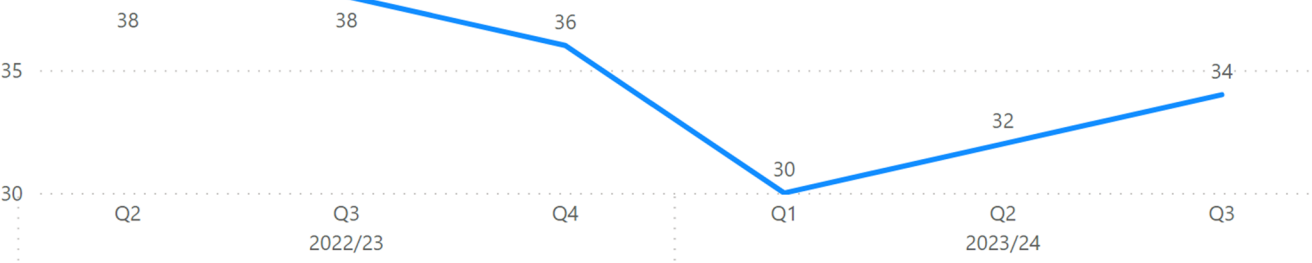
Number of adults (>16 years) on the NHS dental waiting list



This measure records the number of adults in Plymouth on Dental waiting lists. The Data provided on a quarterly basis by the South West Collaborative Commissioning Hub Dental Team.

There was an increase of 47 to the waiting list between Q1 and Q2 and the trend continues into Q3 with a further 315 added to the waiting list.

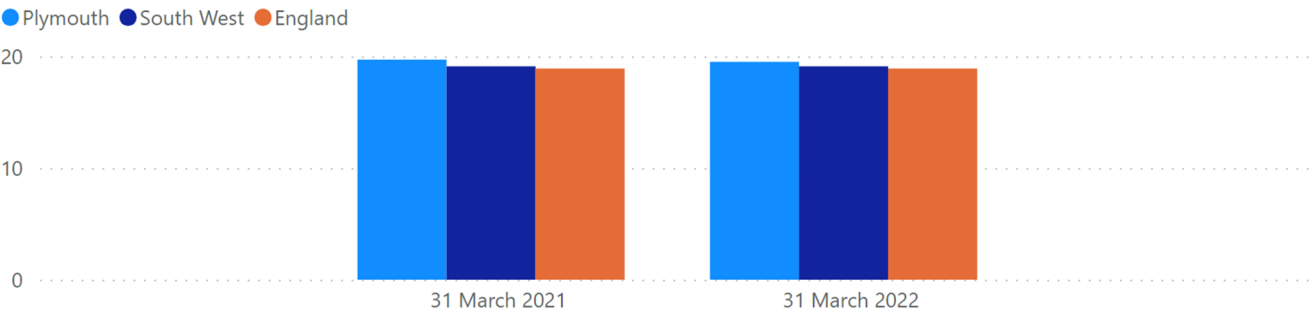
Number of No Criteria to Reside patients at an acute setting (daily average during the quarter)



This data is taken from the Integrated Commissioning operational pressures data book, published internally daily by NHS Devon. It counts the number of people within an acute health setting (UHP) where the person has a delayed discharge that meets the no criteria to reside definition

Performance around delays at UHP are much improved. During December 2023 the daily average number of delays of more than 24 hours was 24, compared to 38 in November.

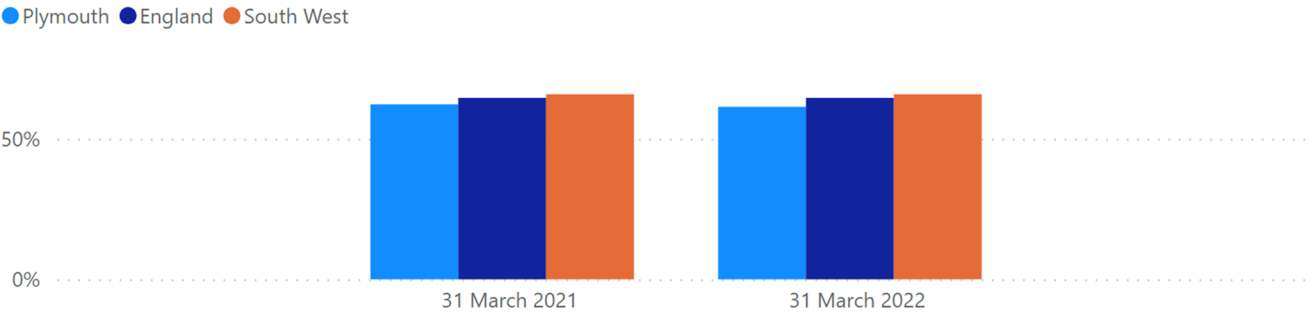
Social care-related quality of life impact of Adult Social Care services



Overall quality of life score for people in receipt of Adult Social Care services, measure is a score calculated using responses to a group of questions within the statutory annual user survey.

Plymouth consistently out performs both the South West and England average, based on 2022 data.

Proportion of people who use services who find it easy to find information about services



Measure from the statutory annual survey of Adult Social Care users that measures how easy it is for users to find and access information about Adult Social Care services.

Plymouth is currently slightly behind both the South West and England average, based on 2022 data.

GP access - patient satisfaction with appointments offered



Data is from the annual national GP Patient Survey, based on responses to the question: Were you satisfied with the appointment (or appointments) you were offered? The percentage is based on an average of scores by Primary Care Networks covering the Plymouth City Council area. National benchmarking available via the GP Patient Survey.

Between 2022 and 2023 this indicator has reduced by one percentage point.

Lead Cabinet Members	Councillor Jemima Laing, Councillor Mary Aspinall
Lead Officer	Gary Walbridge, Interim Strategic Director for People / Ruth Harrell, Director of Public Health / David Haley, Strategic Director for Children's Services
Enabling Plans	Safer Plymouth Plan, Plymouth Safeguarding Adults Partnership Plan, Plymouth Safeguarding Children's Partnership Plan and PSCP Plan on a Page 2022 - 2023 and Child Poverty Action Plan
Relevant Scrutiny Panel	Health and Adult Social Care / Education and Children's Social Care Overview and Scrutiny Committee

Progress Update

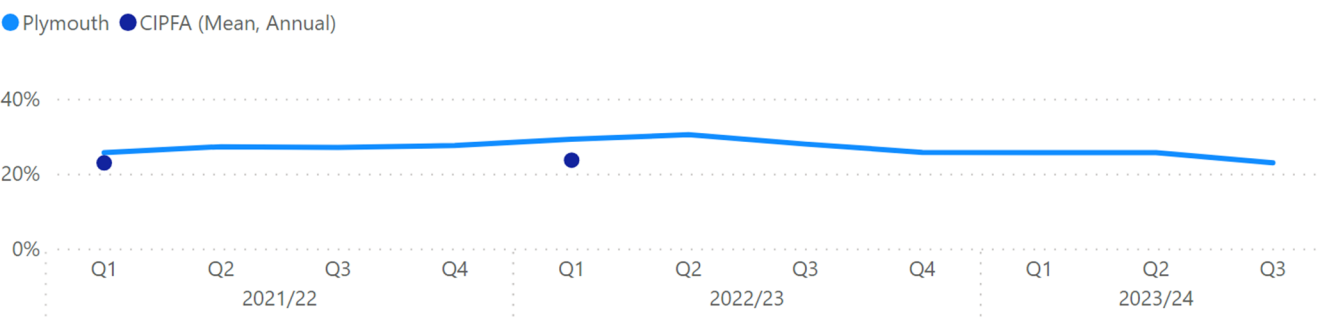
Repeat child protection plans within a child's lifetime (rolling 12 months)

Children made the subject of a child protection within a child's lifetime over a rolling 12 months for Q3 was 22.9%. This is at a level lower than the last four year-end positions. During the last 12 months, 61 children/young people have started repeated Child Protection Plans (within their lifetime), this is an improvement on the 103 reported for the reporting year of 2021/22 and four less than our published figure for 2022/23 (reported at 65). The current percentage is lower than the statistical neighbour and the England averages. Improvements to practice, increased effectiveness of management oversight is expected to continue to reduce repeat child protection plans.

Children in care (rate per 10,000)

On 31 December 2023, there were 523 children/young people in care. This is a net increase of 23 children/young people compared to the published figure for 2022/23 and 33 children/young people more than the published figure of 490 for 2021/22. The current rate per 10,000 for Plymouth is 100.7 which is above the statistical neighbour average of 94.5 (2021/22) and above the National Average of 70.0 (2021/22). The 2022/23 National and statistical neighbour rates of children/young people who are in care is yet to be published.

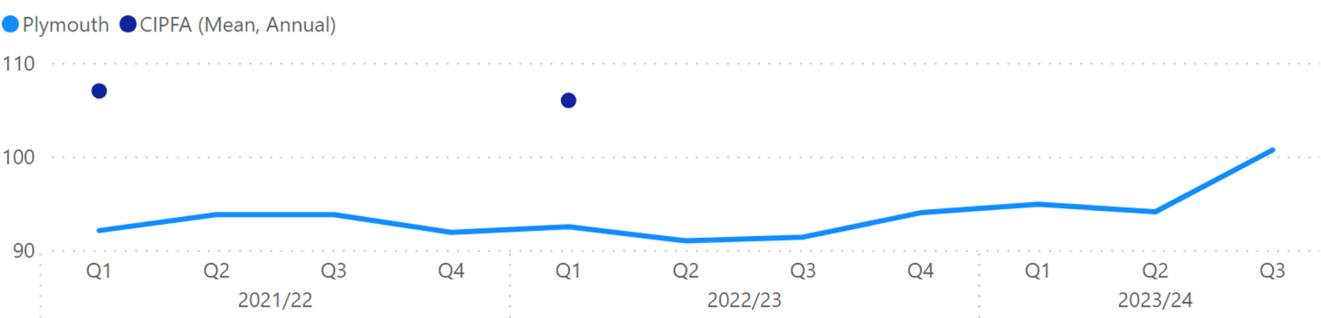
Repeat child protection plans within a child’s lifetime (rolling 12 months)



The percentage of children starting a Child Protection Plan who have previously been on a Child Protection Plan. The current Plan may be for the same or different reasons and there might be a significant time lapse between Child Protection Plans.

The number of repeat plans has fallen by 2% over the last quarter.

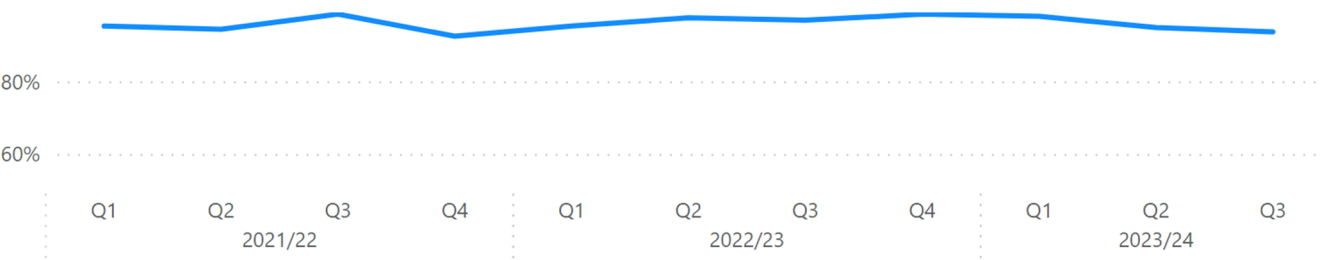
Children in care (rate per 10,000)



If a child/young person is made the subject of a care order, we have legal responsibility for them. We count a child as a 'child in care' if they get accommodation for a period of more than 24 hours, are subject to a care order, are accommodated under section 20 of the 1989 Children’s Act or are subject to a placement order (adoption). To enable comparison against other authorities, we report the number as a rate per 10,000 children within our authority’s population.

Whilst the number of Children in Care has increased in the last quarter it remains below the CIPFA comparator (mean, annual) measure in 2022.

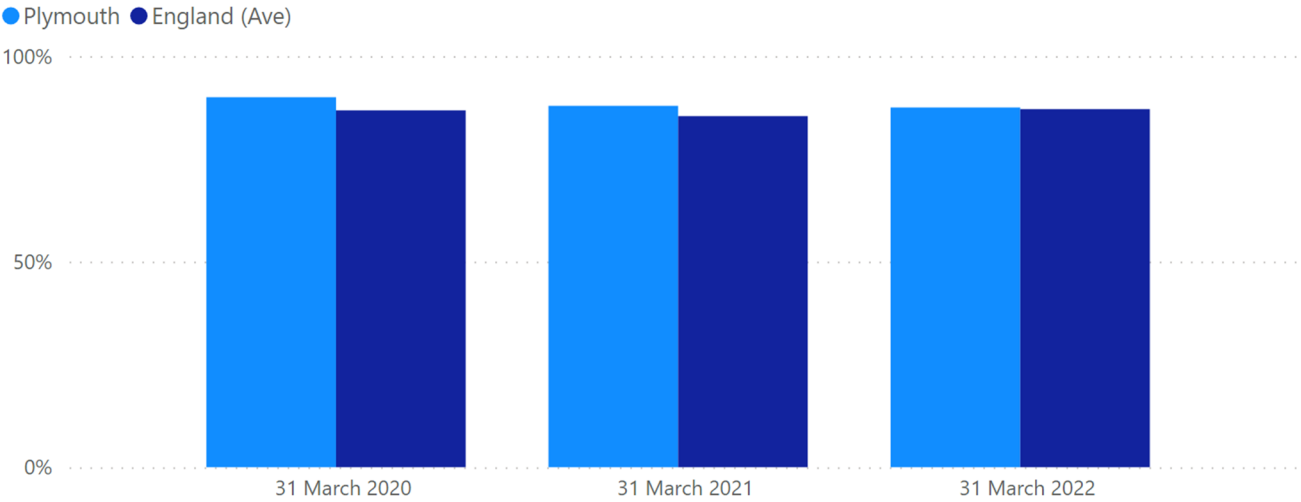
Percentage of closed adult safeguarding enquiries where the desired outcomes have been fully or partially achieved



The percentage of safeguarding enquiries in which, at the point of completion, the individual affected or individual’s representative’s desired outcomes have been fully or partially achieved.

This position has worsened over the last quarter by 1.2%.

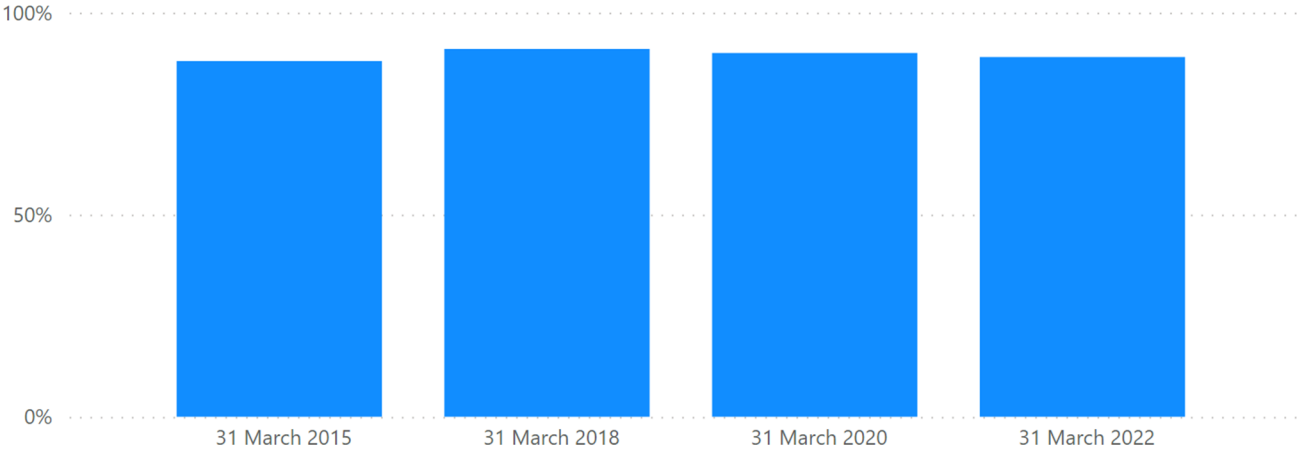
Adult Social Care service users who feel safe and secure



The proportion of people who use Adult Social Care (ASC) services who say that those services make them feel safe and secure, as measured using the annual Statutory ASC Survey.

Since 2020, the measure has seen a drop of around 2%.

Residents who feel safe (during the day)



The percentage of Plymouth City Survey respondents who feel fairly safe or very safe when outside in their local area during the day.

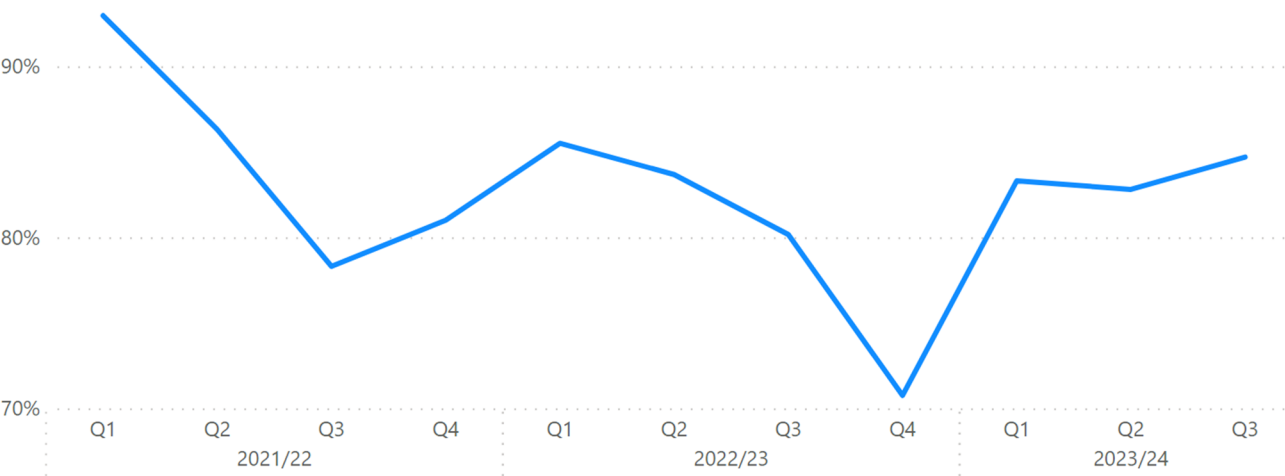
These results of from the City Survey, the portfolio holder is currently reviewing the approach to the next survey.



Doing this by

Doing this by - Providing Quality Public Services

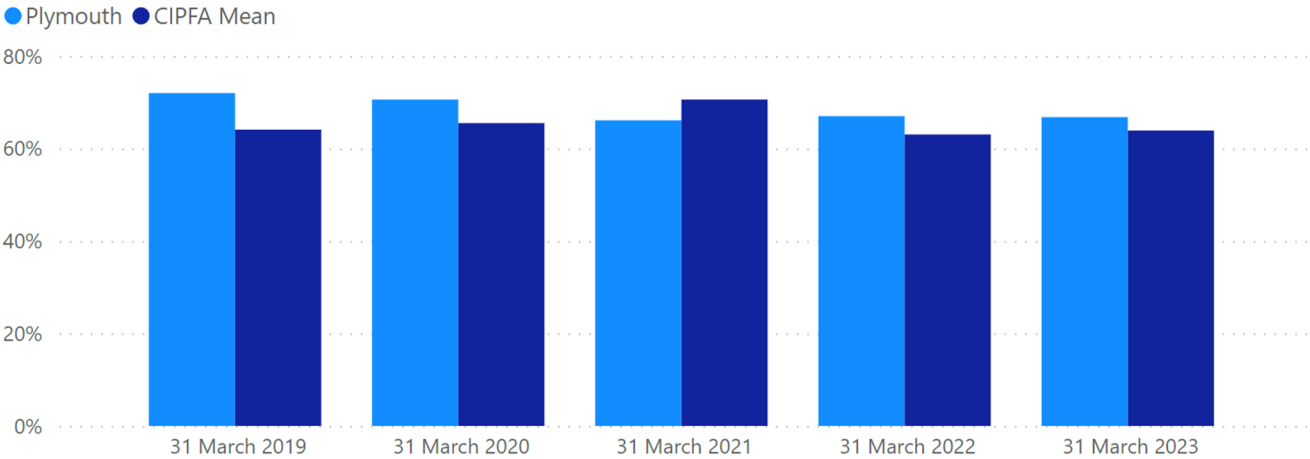
Stage one complaints resolved within timeframe



This measure records the percentage of stage one customer complaints resolved within the period that are resolved within the timeframe of 10 working days.

Despite a downward trend at the end of 2022/23, performance has now improved with a 2% increase in resolution within time frame in the last quarter.

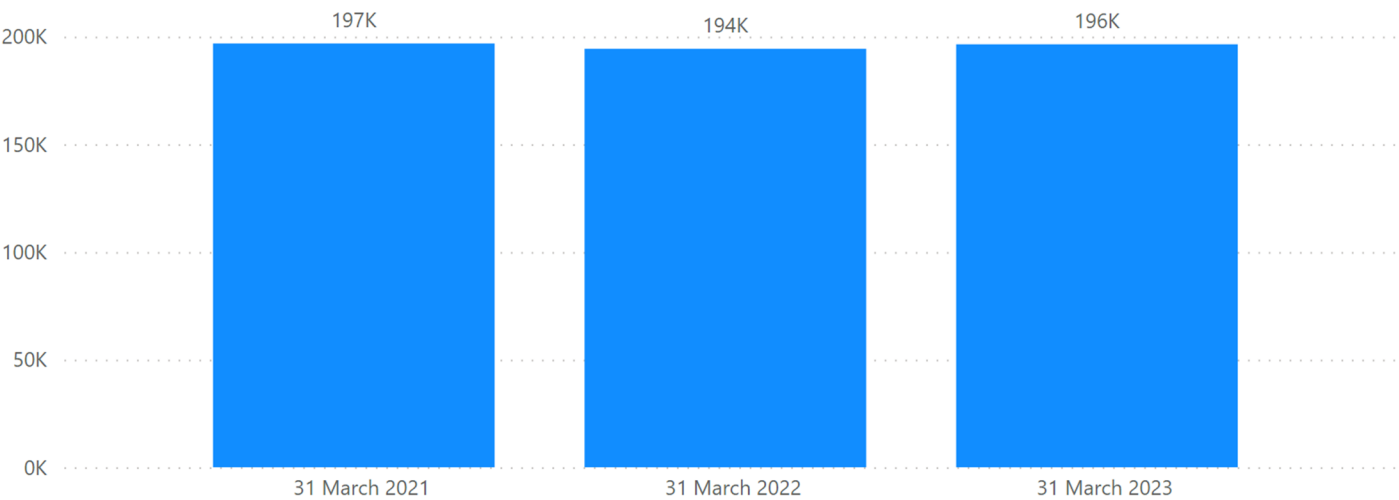
Percentage of people who receive social care who are satisfied



This is a measure from the statutory annual survey of Adult Social Care users that measures how satisfied users are with the services they receive.

Plymouth outperformed its CIPFA comparator group in 2022/23 by 2%.

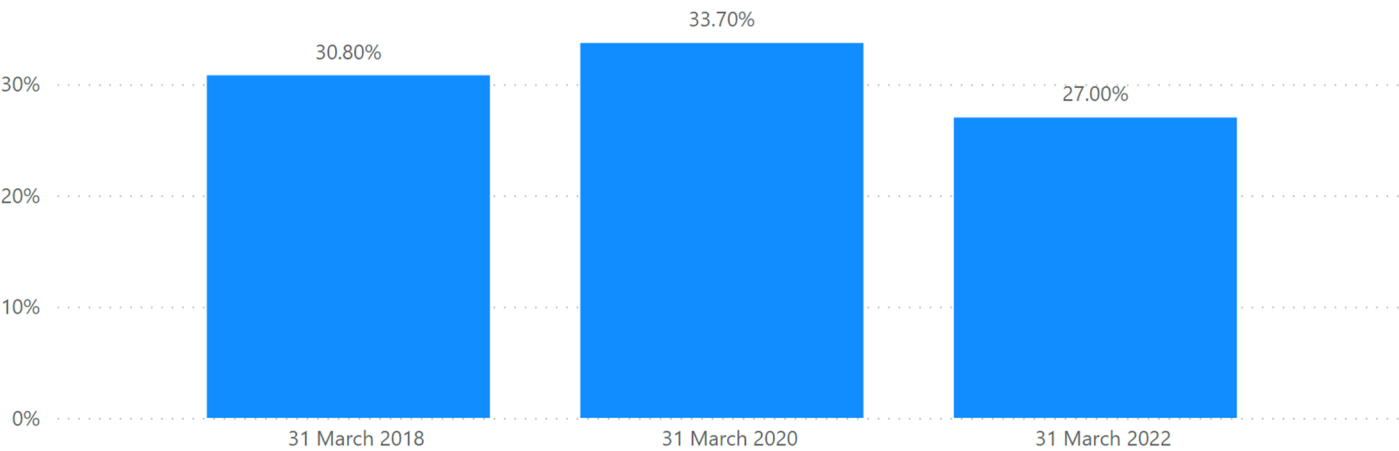
Number of adults registered to vote in local elections



This measure records the number of adults (aged 18+ years) who are eligible to vote who are registered to vote in the local elections.

In the region of 2,000 voters were added to the register between 2022/23.

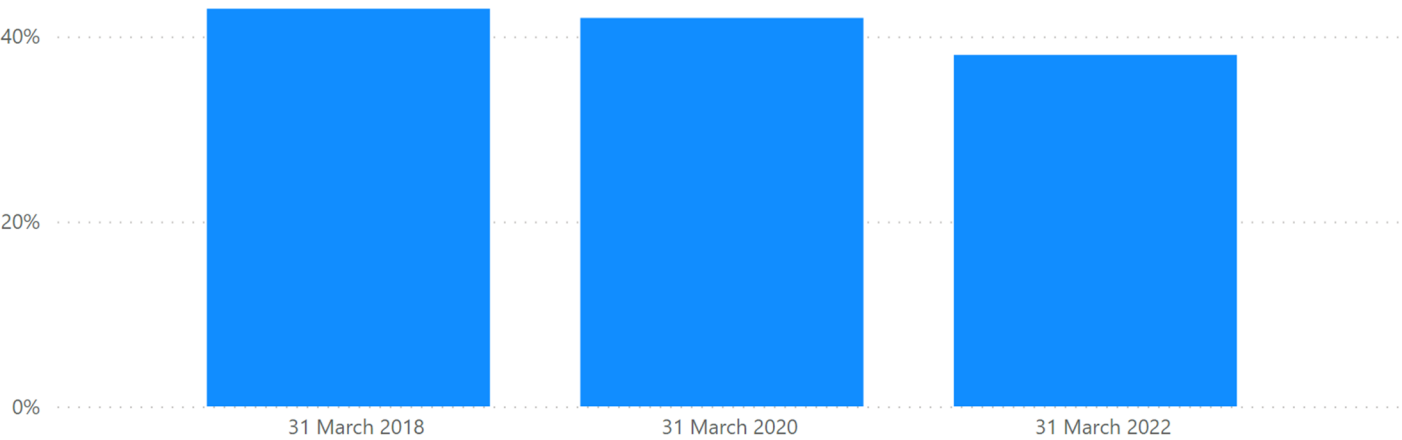
Residents who know how to get involved in local decisions



The percentage of Plymouth City Survey respondents who volunteer or help out in the city, which includes formal volunteering (e.g. for a charity or community group) or informal helping out (e.g. a neighbour).

This measure, along with others from the City Survey, are under review by the portfolio holder.

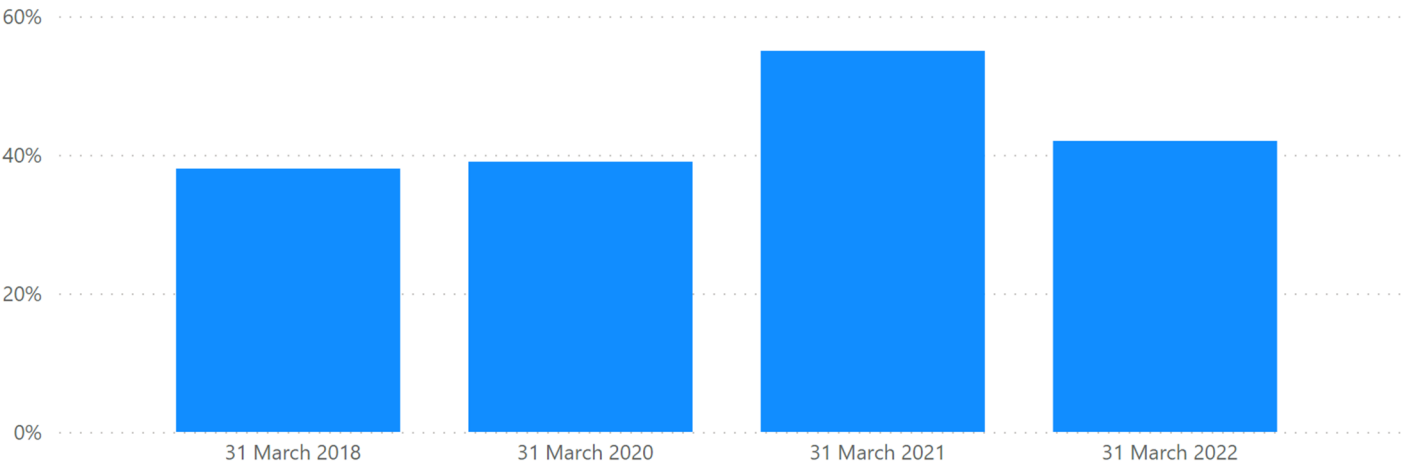
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This measure, along with others from the City Survey, is under review by the portfolio holder.

Residents who think people from different backgrounds get on well

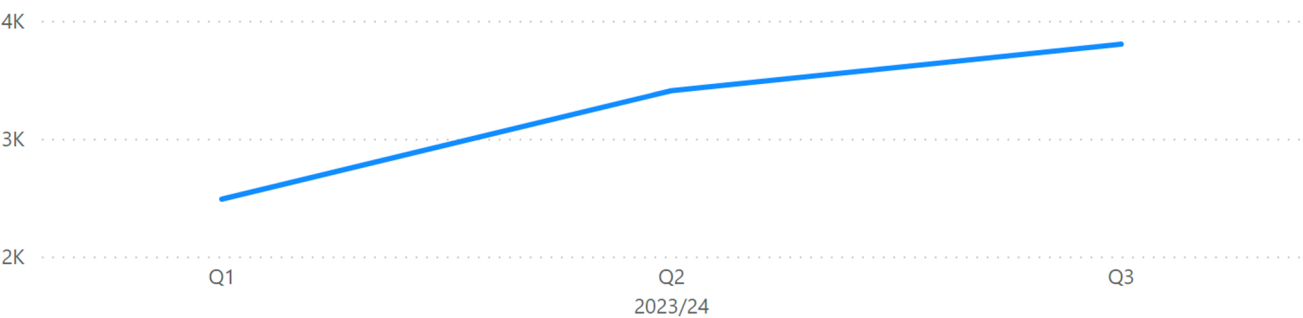


The percentage of Plymouth City Survey respondents who agreed with the statement 'my local area is a place where people from different backgrounds get on well together'. This is a measure of community cohesion.

This measure, along with others from the City Survey, is under review by the portfolio holder.

Doing this by - Focusing on Prevention and Early Intervention

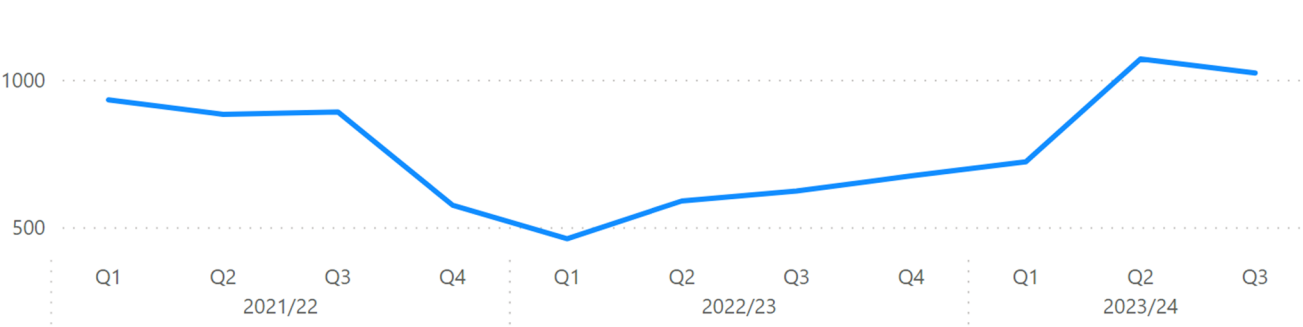
Number of Multi Agency Safeguarding Hub (MASH) contacts received



Where there are concerns about a child, our partner agencies and the public (e.g. family members) can contact the Multi Agency Safeguarding Hub. These initial concerns are recorded as a contact on our case management system. This measure gives the number of contacts that have been received in the quarter.

There has been an increase of 400 contacts in the last reporting period.

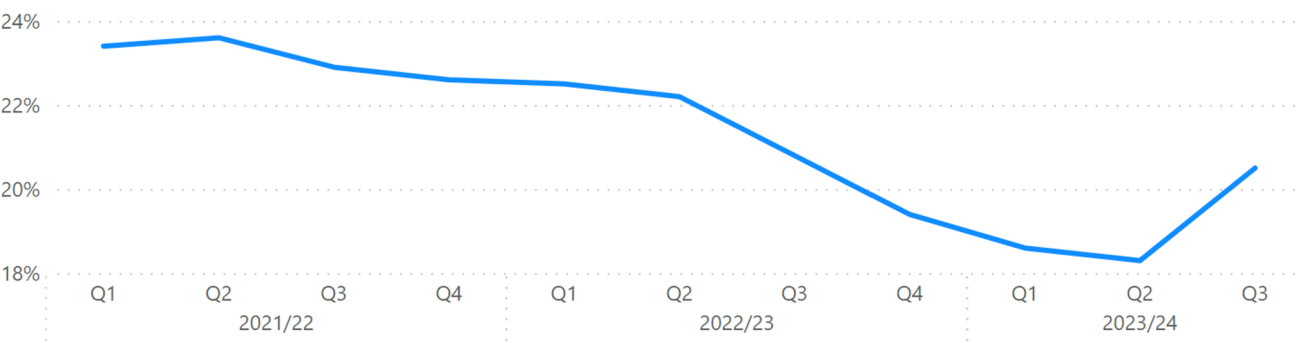
Number of MASH referrals received



Where concerns about a child have been raised to the Children, Young People and Families Service, once the initial contact has been screened by our multi agency hub, if appropriate, referrals will be accepted.

In the last reporting quarter referrals have reduced by 48.

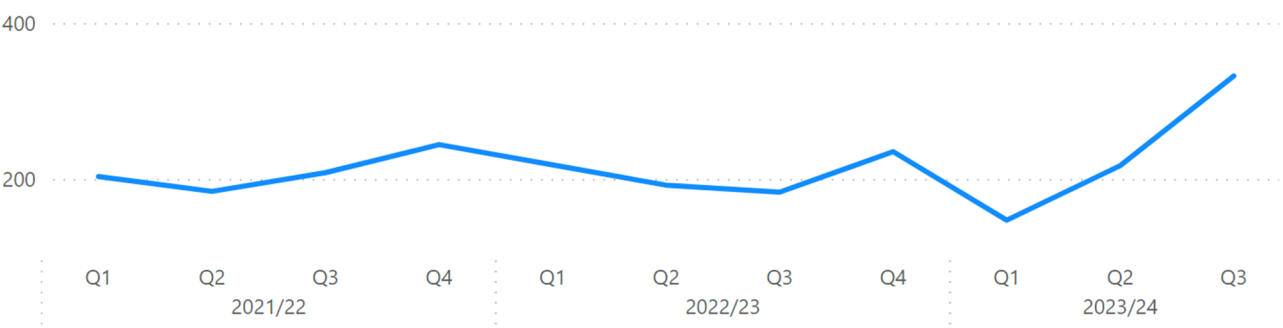
Repeat MASH referrals to Children's Social Care (rolling 12 months)



The percentage of referrals to Children's Social Care within the financial year where there has been a referral within the previous 12 months for the same child.

In the last reporting quarter repeat referrals have increase by 2.2%.

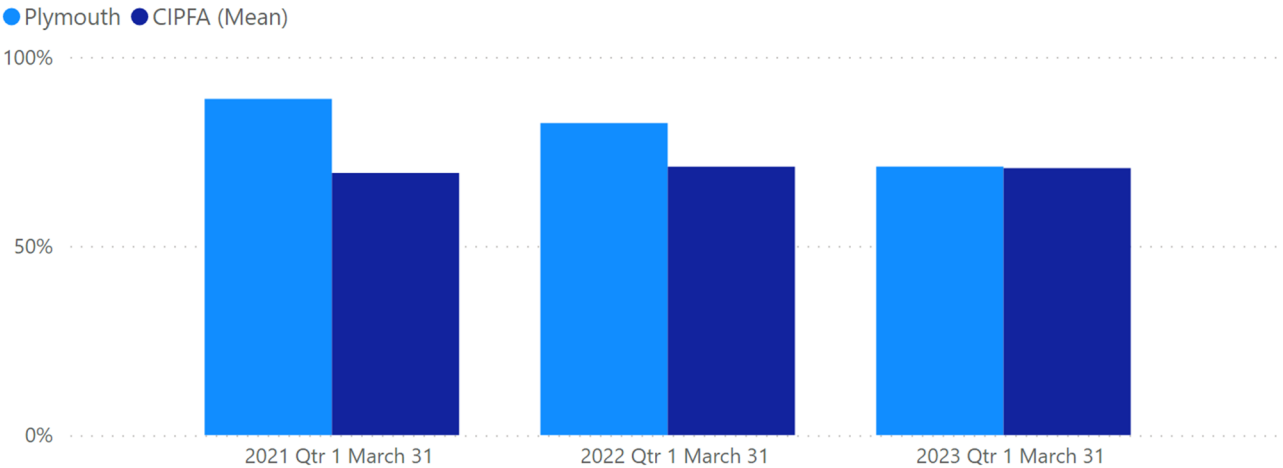
Number of households prevented from becoming homeless or relieved of homelessness



This measure records the number of households prevented from becoming homeless or relieved of homelessness by the Council.

332 households were prevented from becoming homeless in the last reporting period, an increase of 115 on the last quarter.

Proportion of people who received short term service, where sequel was either no ongoing support or support of a lower level



The Council provides short term services aim to re-able people and promote their independence. This measure which is calculated using statutory returns provides evidence of a good outcome of maximising independence and delaying/preventing further care needs.

The last reported data is from the end of the 2022/23 year and shows that Plymouth is in line with its CIPFA comparator group.

Doing this by - Focusing on Prevention and Early Intervention

Percentage of people accessing the Stop Smoking Service who have quit

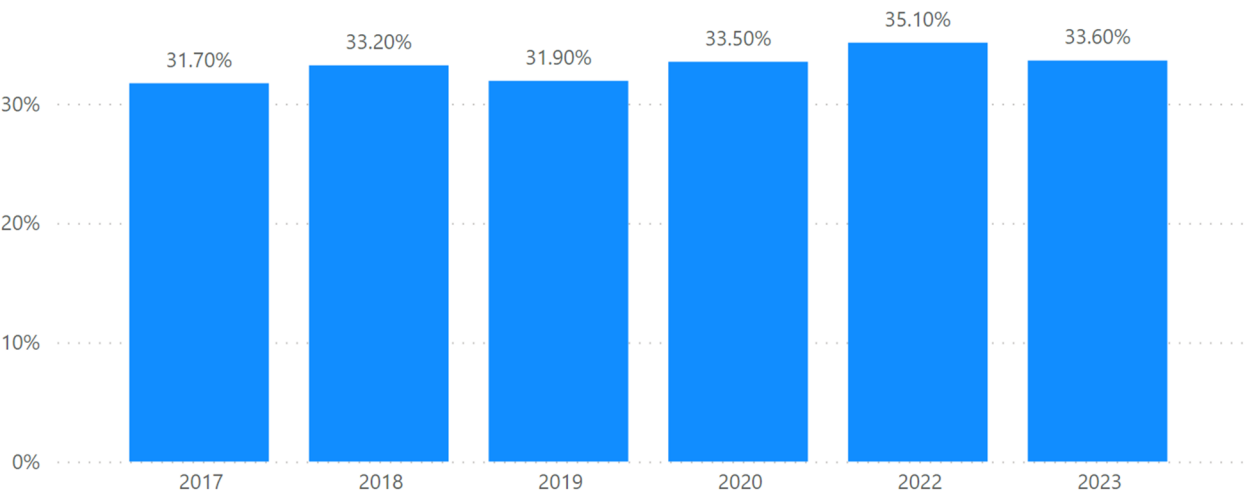


This measure records the number of people who engage with the Stop Smoking Service and set a quit date, with successful quit attempts measured at four weeks.

Data is reported one quarter in arrears. Between Q1 and Q2 23/24 the number of successful quit attempts has plateaued at 48%.

Our Public Health Team recently established a referral pathway from the Mobile Lung Health Check programme, currently located in Plymouth and including all people registered with GP as smoking tobacco and expect this to increase numbers of referrals into our specialist service.

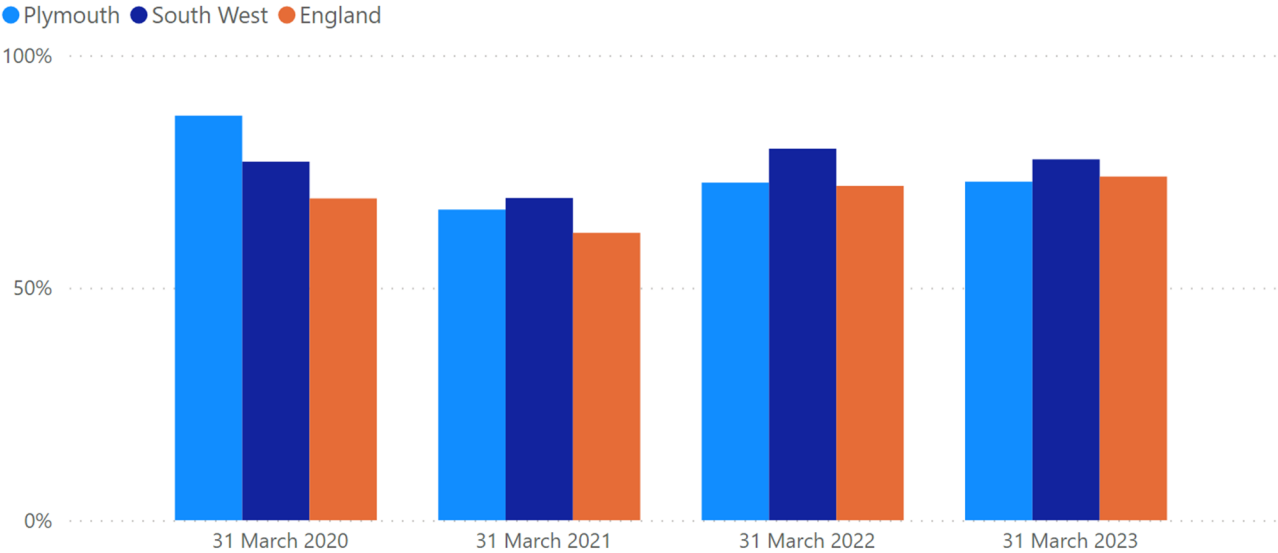
Excess weight in 10-11 year olds



This measure records the prevalence of excess weight (including obesity) among children in Year 6 (aged 10 to 11 years old), collected as part of the National Child Measurement Programme (NCMP) in schools.

Between 2022 and 2023 the prevalence reduced by 2.5%.

Percentage of two year olds benefiting from Funded Early Education



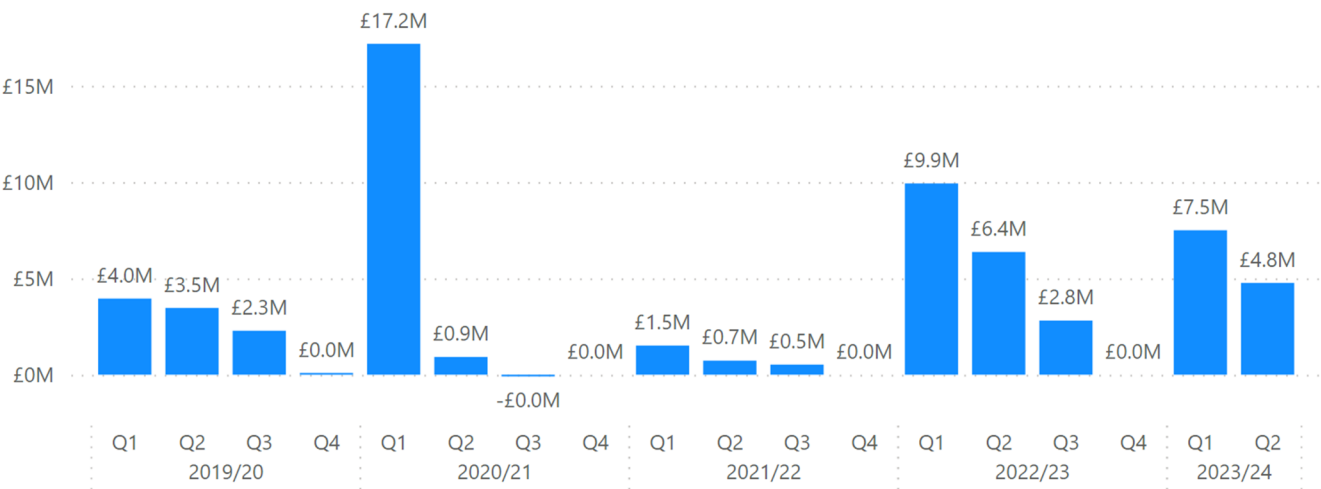
This measure records the proportion of 2 year olds benefiting from funded early education.

From September 2013, the entitlement to 15 hours of funded early education per week for 38 weeks of the year was extended to specified two year olds in vulnerable families or who are looked after by the local authority.

The measure has been at 72% since the end of 2021/22, below both the South West and England average.

Doing this by - Spending Money Wisely

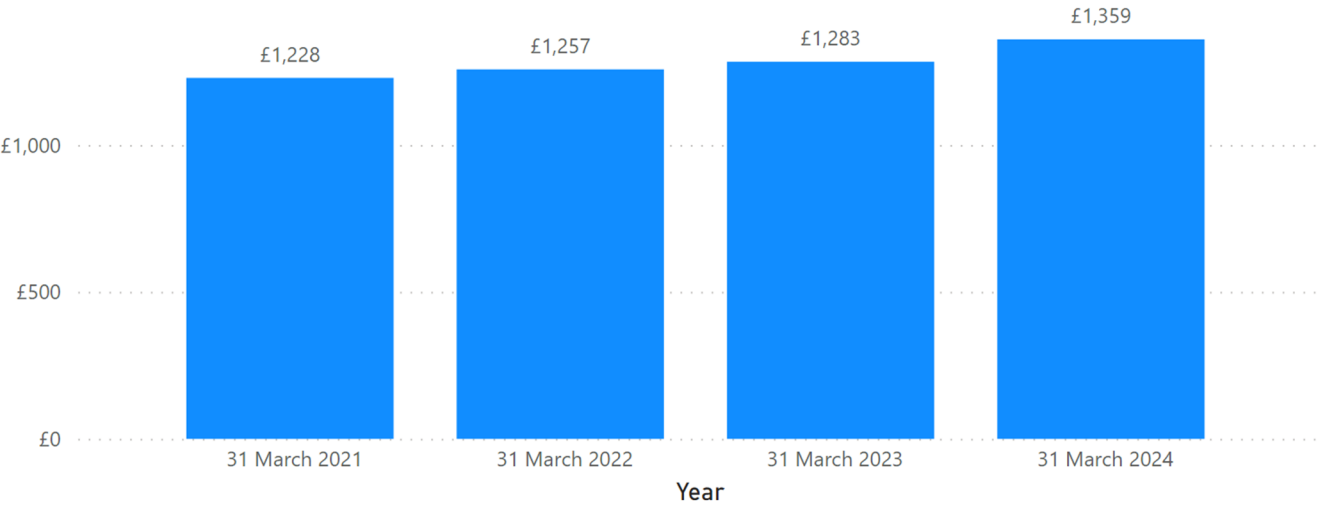
Forecast spend against budget (£million)



This measure records the projected balance remaining against the Council's overall budget at the end of the financial year, updated monthly.

In the last reported quarter forecast overspend reduced by £2.7million.

Average council tax revenue per dwelling



This measure records the average Council Tax charge per dwelling in the City.

Council tax dwelling is calculated as the total council tax payable in an area divided by the total number of chargeable dwellings in the area.

Doing this by - Empowering and Engaging Our Staff

Progress Update

Plymouth City Council provides a transparent and fair approach to rewarding our employees through our pay, terms and conditions and benefits. Over the course of quarter three the Pay Policy Statement for 2024/25 was prepared for Cabinet and Council Approval.

Plymouth City Council continues to adopt the principles of the Real (previously Foundation) Living Wage, with the lowest paid worker (excluding apprentices) earning £23,151 per FTE (£12.00 per hour) from 1 April 2024, an increase of 41 pence per hour from the current lowest pay scale of £11.59 per hour.

The ratio between the lowest paid (£23,151) and highest paid (£173,828) employee will be 1:7.5 from 1 April 2024 (pay award pending), which is a reduction on last year (1:7.99) and a continued reduction from 2012 when the ratio was 1:14.

The average number of working days lost due to sickness per full-time equivalent (FTE) employee at Plymouth City Council, calculated as a rolling 12 month average, excluding schools. Sickness data includes days lost due to physical and mental ill health, as well as injuries. Over the last reporting quarter the figure has increased by one working day.

Our new Service Director for Human Resources and Organisational Development joined the Council in November. Over the past few years Chris Squire's work has included children's social care improvement, workforce strategies, leadership development, apprenticeships, culture, and leadership to the people side of the Somerset unitary programme. Chris will take the lead role in the refresh of the **People Strategy (2020-24)** and will make reports to the relevant scrutiny committee on progress.

On refresh of the People Strategy key performance indicators will be developed and included in future iterations of the performance report.

Doing this by - Being a strong voice for Plymouth

Our public affairs activity remains focused on the priority areas for the council and city, and we continue to engage with ministers and senior civil servants on a range of issues that are important to Plymouth. In particular, this has focused on levelling up and developing relationships with government departments and agencies such as the Department for Levelling Up, Housing and Communities and Homes England to drive forward the next stage of Plymouth's regeneration.

October – On the 18 September 2023 the City Council debated and agreed a number of Motions on Notice which resulted in the following correspondence to Ministers:

- The Leader wrote to the Parliamentary Under-Secretary of State (Minister for Children, Families and Wellbeing) to raise concerns about nursery provision and the financial viability of the early years and childcare sector in Plymouth. A response was received from the Minister on the 20 November 2023.
- The Leader wrote to the then Minister of State (Department for Science, Research and Innovation) and the then Minister of State (Department of Health and Social Care, to consider increased funding for Motor Neurone Disease (MND) research, linked with a campaign to raise awareness of the impact of this devastating decision. The Leader also wrote to the then Minister of State Department for Work and Pensions to ask that the government considers providing more targeted energy support for households affected by MND.
- The Leader wrote to the Secretary of State for Levelling Up, Housing and Communities to request that English local authorities have the option to hold council meetings remotely in order to encourage greater democratic participation.
- The Director of Public Health wrote to the then Parliamentary Under Secretary of State (Minister for Primary Care and Public Health) on the impact of vaping on young people and to ask that the government's response to the consultation around vaping in young people is published rapidly and the recommended measures implemented swiftly.

November – The Minister for Levelling Up, wrote to the Leader to provisionally award the Council up to £19,946,417 for the Plymouth and South Devon Freeport – Accelerating Plymouth's Waterfront Regeneration, following the Council's bid to the Levelling Up Fund Round 3.

- The Leader has also written to the Interim Chief Executive and Chief Finance Officer, NHS Devon setting out concerns regarding the long-standing issue of Fair Shares for Plymouth from the Devon NHS system. A response was received in December explaining the planned trajectory for achieving weighted capitation over the next four years across Devon.
- Furthermore, the Leader wrote to the Secretary of State for Levelling Up, Housing and Communities, the Chancellor of the Exchequer, and the Secretary of State for Work and Pensions to ask them to consider raising the Local Housing Allowance (LHA) by an amount equal to or above comparable year on year increases that match the Consumer Price Index level. A response was received from the Minister for Disabled People, Health and Work in December and referenced the Chancellor's announcement in the Autumn Statement confirming the uprating of the LHA rates to the 30th percentile of local market rents.
- Notable visits to the city in November included the Shadow Minister for Children and Early Years who met with Councillor Cresswell, Cabinet Member for Education, Skills and Apprenticeships to discuss support for care leavers in the city. The Deputy Director for Youth and Skills at the DWP also visited Skills Launchpad Plymouth to see the work being delivered to support young people into training and work.

Contd.

December – The Leader wrote to the recently appointed Minister of State (Minister for Science, Research and Innovation) to extend an invitation to visit the city and to see first-hand some of the cutting-edge work that is taking place in Plymouth around innovation in the marine and maritime sectors. The Leader also wrote to the recently appointed Secretary of State for Health and Social Care with an invitation to visit to discuss the challenges faced in health and social care and how we are working to address them in Plymouth.

In addition, the Leader has also written to the Shadow Secretary of State for Education and the Shadow Secretary of State for Health and Social Care inviting them to visit Plymouth.

Councillor Briars-Delve, Cabinet Member for Environment & Climate Change wrote to the Parliamentary Under Secretary of State (Minister for Water and Rural) regarding food waste recycling. The letter asked for clarity as to whether the new burdens funding for food waste allocated to local authorities would cover costs associated with introducing electric refuse collection vehicles and associated charging infrastructure.

Councillor Penberthy, Cabinet Member for Housing, Cooperative Development and Communities, wrote to the Chancellor of the Exchequer to express disappointment that the Government has no plans to continue the Household Support Fund beyond the 31 March 2024 and that there are no plans to replace it with a longer-term comparable alternative.

The Leader also received a response from the Minister for the School System and Student Finance further to correspondence in September regarding reinforced autoclaved aerated concrete (RAAC) in Plymouth. The response outlined that there were no confirmed or suspected cases of RAAC in Plymouth and provided a link to the full list of schools affected.

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