

# Public Document Pack



**BARRY KEEL**  
Chief Executive  
Floor 1 - Civic Centre  
Plymouth  
PL1 2AA

[www.plymouth.gov.uk/democracy](http://www.plymouth.gov.uk/democracy)

Date: 28/05/10 Telephone Enquiries 01752 304867 Fax 01752 304819  
Please ask for Nicola Kirby, Senior Democratic Support Officer (Cabinet) e-mail [nicola.kirby@plymouth.gov.uk](mailto:nicola.kirby@plymouth.gov.uk)

## **CABINET – TO FOLLOW DOCUMENT JOINT FINANCE AND PERFORMANCE REPORT**

**DATE: TUESDAY 8 JUNE 2010**  
**TIME: 2.00 PM**  
**PLACE: WARSPITE ROOM, COUNCIL HOUSE**

### **Members –**

Councillor Mrs Pengelly, Chair  
Councillor Fry, Vice Chair  
Councillors Bowyer, Brookshaw, Jordan, Michael Leaves, Sam Leaves, Monahan, Mrs Watkins and Wigans

**BARRY KEEL**  
CHIEF EXECUTIVE

## **CABINET**

### **CABINET MEMBERS: COUNCILLORS BOWYER AND SAM LEAVES**

#### **9. JOINT FINANCE AND PERFORMANCE REPORT (Pages 1 - 86)**

CMT Lead Officers: Director for Corporate Support and Assistant Chief Executive

## CITY OF PLYMOUTH

**Subject:** Joint Finance and Performance Report  
**Committee:** Cabinet  
**Date:** 8 June 2010  
**Cabinet Member:** Councillor Bowyer and Councillor Sam Leaves  
**CMT Member:** CMT  
**Author:** Sandra Wilson (Corporate Finance and Accountancy Manager) and Patrick Hartop (Performance Officer)  
**Contact:** Tel: (01752) (30)4942  
e-mail: sandra.wilson@plymouth.gov.uk  
**Ref:** Acct/SW  
**Part:** I

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**Executive Summary:**

This report outlines the provisional performance monitoring and finance position of the Council as at 31 March 2010 with the key messages summarised below:

**Performance**

As per previous bi-monthly reports, this report includes a score card for each Directorate showing performance against the Corporate Improvement priorities, although the performance data presented in some areas may not be the final position for the year as information/evidence is still being collected and verified in a number of areas. A final performance outturn report will be published at the end of June.

**Revenue**

The draft outturn position for the year is net spend of £197.954m with a net adverse variation against the approved budget for the year of £1.428m which represents a variance of 0.73% when compared to the Council's approved budget. This changes to a surplus of (£1.515m) or a variance of (0.77%) when the one-off exceptional income for the year is included. As is normal practice, this report now proposes a number of adjustments to the financial accounts following the final financial health review always undertaken by the Section 151 Officer at the end of the year. Decisions made as part of this report will feed into the Council's annual Statement of Accounts which is subject to external audit.

**Capital**

The Council achieved spend of £93.442m against the revised capital programme of £99.822m, which equates to 93.61%. The last monitoring report indicated that based on historical trends final spend for the year would be £95.800m. A sum of £1.221m will be transferred to revenue to meet accounting standards on capital expenditure, and a corresponding reduction in revenue contributions for the year made to ensure there is no impact on the revenue budget.

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**Corporate Plan 2010-2013:**

Monitoring of the Council's performance and financial position during the year is fundamentally linked to delivering the corporate improvement priorities within Council's corporate plan.

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**Implications for Medium Term Financial Plan and Resource Implications:  
Including finance, human, IT and land**

Into the medium and longer term the Council is facing significant pressures due to the national economic situation, the Local Government funding settlement and local demand led pressures. Indications from the new Government are that there will be a further squeeze on resources available.

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**Other Implications: e.g. Section 17 Community Safety, Health and Safety, Risk Management, Equalities Impact Assessment, etc.**

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

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**Recommendations & Reasons for recommended action:**

A number of recommendations have been made throughout the report in response to specific monitoring information. The recommendations are:

1. Cabinet note the provisional outturn position for the year.
2. The Section 151 Officer recommended adjustments to reserves and provisions be approved as follows:
  - An increase in the insurance provision of £0.559m, £0.312m to be met from the insurance reserve and a top up of £0.247m from revenue;
  - A increase in the sundry bad debt provision of £0.352m;
  - Removal of the Sect 117 provision of (£0.347m);
  - A transfer to the commuted maintenance reserve of £0.150m.
3. Cabinet approve that the £0.197m remaining in the Carefirst budget be carried forward to 2010/11 to support the project in 2010/11.
4. The departmental carry forwards of £0.078m, as previously approved by Cabinet, be formally ratified now the final position for the year is known.
5. Cabinet approve the carry forward of the Seaside Town Grant of £0.200m, to be used for local initiatives as outlined in the report.
6. No departmental budget overspends be carried forward in 2009/10.

7. Cabinet note the adjusted surplus for the year of £0.638m and a transfer to the Waste Balancing Fund of £0.400m and Pensions Fund £0.238m is approved.
8. Cabinet note the draft capital outturn for the year of £92.221m, after allowing for the transfer of expenditure totalling £1.221m to revenue.
9. The financing requirement of £92.221m be noted and Cabinet approve the borrowing requirement of £32.497m 2009/10.
10. Cabinet note the provisional outturn on the HRA for the year.
11. Cabinet note the position on the Treasury Management activities for the year and that a full report on the Council's performance against its borrowing and investment strategies, including the statutory performance indicators will be presented to Audit Committee on 28 June 2010.
12. Cabinet note the position regarding the Icelandic Banks.
13. Cabinet members are requested to note the process to claim performance reward grant and agree the proposed allocation of the grant on behalf of Plymouth City Council as the Accountable Body.
14. Corporate reporting of performance and finance moves to a quarterly basis for financial year 2010/11, bringing the reporting process in line with reporting of the LSP.

**Alternative options considered and reasons for recommended action:**

None- requirement to report back to Cabinet on the Council's financial and performance management for the year

**Background papers:**

- Plymouth City Council Corporate Plan 2009-12 (including 14x Corporate Improvement Priorities), updated 3 March 2010
- 2009/10 Budget Papers – presented to Full Council 2 March 2009
- Plymouth City Council Medium Term Financial Strategy – revised March 2009
- Audit Commission Use of Resources Key Lines of Enquiry (available on the audit commission website)
- Joint Finance and Performance report to Cabinet 14 July 2009, 15 September 2009, 10 November 2009, 19 January 2010 and 16 March 2010
- Council's budget report to Cabinet 10 February 2010 and Council 3 March 2010

**Sign off:**

Fin	MCCorp F910003	Leg/ Dem& Gov	TH00 03	HR	n/a	Corp Prop	n/a	IT	n/a	Strat Proc	n/a
Originating SMT Member: Malcolm Coe											

**Plymouth City Council**  
**Finance and Performance Monitoring – 2009/10**  
**Provisional figures for the year ended 31 March 2010**

**1. Introduction**

- 1.1 This report reviews the Council's performance for the year ended 31 March 2010 and is written in the context of the Medium Term Financial Strategy (MTFS).
- 1.2 The Budget report 2010/11 (Appendix A budget robustness) outlined a number of financial risks that the Council potentially faces over the short to medium term. It is therefore appropriate that as part of reporting the final position for the year further consideration is now given to future levels of the Working Balance and reserves and, as is normal practice at this time of year, the Director of Corporate Support, as the Council's Section 151 Officer, is recommending a number of adjustments to provisions and reserves within the report.
- 1.3 The financial information being presented today reflects the Council's management structure as at 31 March 2010 and shows the actual expenditure and income for the year by Directorates. The Council is required to produce its annual Statement of Accounts, which includes the balance sheet position, in accordance with the Annual Code of Practice on Local Authority Accounting. As such there are a number of both presentational and accounting entries that need to be made to the figures now reported. This work is currently ongoing and the formal Statement of Accounts will be presented to Audit Committee for approval on 28 June 2010. The external auditor is required to audit the accounts by 30 September – the statutory deadline for publication.
- 1.4 It should also be noted that the performance data presented in this report does not represent final outturn figures for 2009/10 as information/evidence is still being collected and verified in a number of areas. A final performance outturn report will be published at the end of June.
- 1.5 Officers are also working to produce a formal Annual Report for publication which will outline the Council's performance and include the summary financial statements.
- 1.6 Cabinet have received bi-monthly integrated performance and finance reports during the year. This report outlines proposals to revise the reporting frequency to a quarterly basis during 2010/11.

1.7 This report includes the following information and Appendices:

Section A – Executive Summary

- Performance Position
- Revenue Position
- Income Summary
- Medium Term Financial Forecast – Revenue
- Capital Programme 2009/10
- Medium Term Capital Programme

Section B – Directorate reports

- Children’s Services
- Community Services
- Development
- Corporate Support
- Chief Executive
- Corporate items

Section C - Housing Revenue Account

Section D - Treasury Management

Section E- LAA

Section F – Concluding Remarks









Appendices:

- Appendix 1 Graphs- General Fund revenue monitoring comparison 2008/09 and 2009/10
- Appendix 2 Final revenue position for the year
- Appendix 3 Trading Accounts
- Appendix 4 Reserves
- Appendix 5 Working Balance and Earmarked Reserves- results of benchmarking exercise
- Appendix 6 Provisions
- Appendix 7 Capital Expenditure and Financing
- Appendix 8 Housing Revenue Account
- Appendix 9 LAA Stretch Targets

## Section A – Executive Summary

### 2. Performance Position

- 2.1 A performance and programme summary is provided for each Corporate Improvement Priority (CIP) in a scorecard format along with budget variances for each Department. As with the previous year a small number of key indicators and milestones will be the focus of respective reports. However, where emerging issues arise these need to be fed into successive reports when required. The narrative within the scorecard is intended to provide a high level overview of each CIP with a focus on explaining corrective action where required. Detailed information will continue to be reported on eperform, our performance management system. The scorecards use a RAG (red, amber, green) traffic light system to indicate current performance. The table below summarises the RAG rating rules.

Milestones – lowest performing milestone within a CIP			
	All milestones on schedule		A minimum of one milestone is reported as a risk
	a minimum of one milestone is reported as an issue		No information to report
Measures – an average of all measures that sit within this CIP			
	Indicators on track		the <b>AVERAGE</b> of all indicators is up to 15% off target
	The <b>AVERAGE</b> of all indicators is more than 15% off target		No information to report

Key performance and programme messages emerging from the departmental scorecards include:

#### 2.2 CIP 1 Improving Customer Services

Stage 1 Complaints Handling is currently below target. This will be tackled as part of the transformation agenda which will require a corporate approach to complaints handling

#### 2.3 CIP 3: Helping people to live independently

There are 7% more users accessing community based care and 6% less users in permanent care homes. The milestones around Personal Budgets and Direct Payments have been met. There are 655 direct payment users at the end of February 2010, 160 or 32% more than on 31 March 2009. 390 personal budget users were issued during 2009-10, up from zero in 2008/09.

#### 2.4 CIP 4: Reducing inequalities between communities

Preparations are underway for Locality working, which is due to start in June 2010, including training for Locality Teams and Neighbourhood Liaison Officers, and arrangements for refreshed PACT (Partners and Communities Together) meetings, to replace Area Committees. Benefit and tax credit take-up of £6.546m significantly exceeds the £4m target following the start of a new contract for delivery of financial advice to the public.



**2.5 CIP 5: Providing better and more affordable housing**

335 new affordable homes have been built, significantly exceeding the target of 226. Almost £40m of Homes and Communities Agency Investment has been secured to support current and future affordable housing development programme of over 850 affordable homes.

**2.6 CIP 7: Keeping children safe**

Focus has been retained on monitoring and improving initial and core assessments for looked after children. Placement meetings have been introduced to manage workloads and improve the stability of placements of children in foster care.

**2.7 CIP 8: Improving skills and educational achievement**

The number of young people who are not in education, employment or training (NEET) has improved despite the difficult regional and national position.

The 2009 academic results for children in care show a significant improvement on 2008, however achieving the 2009/10 stretch targets remains challenging.

**2.8 CIP 10: Disposal of waste and increasing recycling**

The recycling indicator has under performed this period and is unlikely to meet its end of year target. This has had an impact on the percentage of municipal waste landfilled which also remains below target for the year.

**2.9 CIP 14: Improving value for money**

The value for money indicator remains challenging and the efficiencies that have been identified to date remain slightly below target. Further work is being developed by the Head of Value for Money and Efficiencies and the Head of Capital and Assets to drive the wider efficiency agenda.

### 3. Revenue Position

- 3.1 Table 1, below, provides a summary of the Council's overall revenue expenditure, and compares the draft outturn with the latest approved budget.

**Table 1**

<b>Fund</b>	<b>Latest Approved Budget £000</b>	<b>Draft Outturn position for year £000</b>	<b>Budget Variation for year £000</b>	<b>% variation</b>
<b>General Fund</b>	196,525	195,011	(1,515)	(0.77%)
<b>Trading Accounts</b>	(2,357)	(2,075)	282	11.96%
<b>HRA*</b>	41	26	(14)	34.14%

\*net deficit for year- adjusted for part year impact following stock transfer  
NB Brackets ( ) reflect a favourable variation

- 3.2 The trading accounts fall within the Community Services and Development and Regeneration Directorates, and the Departmental business reports contain further details on the trading position for the year. A summary of all the trading accounts is provided at Appendix 3.
- 3.3 Further details on the Housing Revenue Account (HRA) are given in Section C of the report, and Appendix 8.

#### **General Fund**

- 3.4 The draft outturn position for the financial year 2009/10 is shown in Table 2 below. The draft outturn indicates a net adverse variation for the year of £1.428m or 0.73% across the departments. Previous monitoring reports have identified that there was likely to be an overspend for the year and Managers have been working to reduce spend wherever possible, resulting in an improvement across departments from that previously forecast of (£1.718m).
- 3.5 The Council has maintained a focus over recent years to build, and retain adequate working balances and improve our overall Use of Resources assessment. With this in mind, Cabinet approved in March that any final end of year overspend would be funded through the use of the one-off items of income, such as the Fleming VAT reimbursements and LABGI monies. This will result in an overall surplus for the year of (£1.515m). The table shows the movement across Departments.

Table 2

Department	Latest Approved Budget £000	Draft Outturn £000	Variation £000	Variation %	Change in Period £000
Children's Services	51,322	53,178	1,856	3.6%	297
Community Services	102,294	104,179	1,885	1.8%	540
Development & Regeneration Services	16,614	16,391	(223)	(1.3%)	(607)
Corporate Support	34,775	33,800	(975)	(2.8%)	(836)
Chief Executive	2,694	2,444	(250)	(10.5%)	(186)
Corporate Items	(11,172)	(12,037)	(865)	(7.7%)	(926)
<b>Sub Total</b>	<b>196,525</b>	<b>197,953</b>	<b>1,428</b>	<b>0.73%</b>	<b>(1,718)</b>
Less exceptional/one off items					
LABGI	0	(229)	(229)		0
Fleming VAT refunds	0	(2,144)	(2,144)		0
Planning and Housing Delivery grant	0	(370)	(370)		4
Seaside Towns Funding Grant	0	(200)	(200)		(200)
<b>Adjusted Total for year</b>	<b>196,525</b>	<b>195,010</b>	<b>(1,515)</b>	<b>(0.77%)</b>	<b>(1,914)</b>

3.6 The Outturn position assumes a transfer to working balance of £0.128m in line with the approved 2009/10 budget. The individual Directors reports in section B outline in detail the reasons for the variations on their budgets with the main issues summarised below:

#### 3.6.1 Children's Services: Overspend £1.856m

The key reason for the net overspend in Children's Services relates to the increased demand arising from the safeguarding of children in a variety of services, including the number of children in care, the additional transport costs, and increased needs of disabled children supported in the integrated disability service. There have been a number of compensating savings from across the department to help reduce the net overspend.

#### 3.6.2 Community Services: Overspend £1.885m

The safeguarding of vulnerable adults has led to a net overspend in Adult Social Care of £2.325m due to the increased volumes and complex needs of clients. There have also been increased operational costs within the refuse and street scene services due to vehicle and fuel costs. A range of savings have been made from across the department to help reduce the overall level of the overspend and there has been a reduction in the level of landfill tax payable due to falling waste tonnages.

3.6.3 Development & Regeneration: Underspend (£0.223m)

The significant cost pressures previously reported arising from car-parking commitments and loss of income from other areas affected by the economic situation have been more than compensated by the favourable variations in concessionary fares, fee income relating to Sutton Harbour and Strategic Housing.

It should also be noted that the authority has received a further (£0.370m) additional Housing and Planning Delivery grant which has been shown separately in this report as one- off income for the year.

3.6.4 Corporate Support: Underspend (£0.975m)

The favourable position within Corporate Support is mainly due to the impact of the Housing Benefit and Council Tax Benefit Subsidy Claim for 2009/10 which is completed at the year end. The claim totalled approximately £100m and produced a favourable variation of (£0.512m). The claim is subject to external audit and any further variations will be reported in 2010/11.

Other favourable variations have arisen with Revenues and Benefits through saving on salaries (£0.302m), Legal services in respect of Children's Court Costs and through the secondment of staff to support major projects Human Resources identified a saving of (£0.262m).

3.6.5 Chief Executive: Underspend (£0.250m)

The underspend in the Chief executives department is mainly due to savings on the cost of distributing Plymouth People, originally intended to be used for the website content management system, and slippage on the interactive mapping project. As resources cannot be carried forward this will put a pressure on the 2010/11 departmental budget.

3.6.6 Corporate Items: Underspend (£0.865m)

The favourable variation is mainly attributable to the pay award in 2009/10 being lower than originally assumed in the budget and savings in utility costs across the Council both of which have been returned to the 'corporate pot', offset by variations in the treasury management budget and the part year effect of the stock transfer on the Council's General Fund budgets.

**2009/10 Financial Health Review**

3.7 The budget variation targets of no more than 1% overspend or 2% underspend remain in place for 2009/10. Whilst all departments with the exception of Development and Regeneration exceeded the financial management targets, the overall Departmental position at 0.73% overspend remains within the tolerance levels approved by Cabinet. The graphs at Appendix 1 track the movement during the year both overall and by each Directorate and this is reported to Cabinet in each finance and performance monitoring report.

- 3.8 The Council's financial management was externally assessed during 2009 as part of Grant Thornton's Use of Resources (UoR) review. The Council was awarded a level 3 for managing finances and the following paragraphs represent an extract from the Grant Thornton report:

"Overall, we have assessed the Council as having sound arrangements in place across all areas, with particularly strong performance in the 'managing finances' theme. We found good practice in many areas and, looking forward, the Council is in a strong position to build upon these to secure an improved assessment once sustainable outcomes can be demonstrated across all of the Council's activities.

The scores achieved by Plymouth City Council are fairly strong when compared to the assessments of Councils nationally and reflects positively on the progress being made by the Council in both improving its underlying arrangements as well as delivering sustainable outcomes that meet the needs of the local community. The Council's strong performance needs to be considered against the backdrop of the new assessment criteria which has been designed to be more demanding, with an emphasis on demonstrating improved service delivery outcomes, rather than simply robust arrangements and improved outputs, which allowed councils to achieve higher assessment ratings in the past."

- 3.9 As part of consideration of the outturn position, and before officially 'closing the accounts', it is necessary to review the Council's overall financial health position, looking not only at the outturn position for the year, but reviewing the adequacy of reserves and provisions in the light of pressures identified over the short to medium term. Decisions made feed into the Council's statutory Statement of Accounts which is subject to external audit.
- 3.10 The Medium Term Financial Strategy (MTFS) outlines the very strong possibility of a reduction in the underlying government grant allocation and a freeze on council tax increases in future years. This needs to be considered in the context of the significant pressures faced by the Council in the short to medium term including:
- Waste disposal costs
  - Reduced income through economic downturn
  - Reduced return from Council investments
  - Demographic growth in elderly residents and clients with complex needs
  - Increasing number of children in care
  - Pensions
  - Building Schools for the Future (BSF)
  - Residual costs housing stock transfer
- 3.11 The level of the Council's Working Balance is also key in addressing unknown pressures and liabilities.
- 3.12 As an integral part of the financial health review, the Director for Corporate Support and Corporate Management Team (CMT) are requesting approval of the following:

a. Review of provisions

In order to ensure the accounts comply with statutory guidance the following adjustments to provisions are recommended:

- Insurance provision- as at 31 March 2010, there is an estimated shortfall in the provision to meet potential liabilities of £0.559m. It is recommended that transfer of £0.312m is made from the insurance reserve with an additional revenue contribution of £0.247m to bring the provision up to the required level.
- Bad Debt provision – total debt (over 30 days) outstanding at 31 March 2010 was £2.094m. Based on a detailed review of the debt it is recommended that the bad debt provision should be increased by £0.352m to give a total provision of £1.353m. This should be viewed in the light of the reduction of (£0.838m) applied at the end of 2008/09.
- Section 117- Under Section 117 of the Mental Health Act 1983, Social Services authorities are required to provide aftercare services for any person who has been discharged from compulsory detention in hospital until they are satisfied that the person no longer needs such services. Many authorities (including Plymouth), charged such clients for accommodation up until 2000 when the Department of Health issued guidelines advising authorities to stop charging. A provision was established, based on early legal advice, to cover potential claims arising for restitution from those people who were provided with services under s117 and charged for accommodation. The Council has since repaid a sum of £0.549m. The last payment was made in February 2009. It is now considered unlikely that any further claims will be received and it is recommended that this provision be removed in line with action taken in other authorities. This will return (£0.347m) to the revenue account.

b. Commuted Maintenance

Over the years monies have been paid to the Council by Developers and the Plymouth Development Corporation (PDC) (a disbanded government agency) to meet ongoing maintenance liabilities resulting from various improvement works across the City for an initial period of time, normally 10 years. Unspent monies remain subject to clawback by the contributor. The reserve is currently showing a nil balance, and it is recommended that a sum of £0.150m should be transferred to the reserve as at 31 March 2010.

c. Carefirst development

A virement of £0.425m representing the unallocated contingency provision for 2009/10 was approved to support the Carefirst development as part of the last monitoring report. Spend against this budget at the end of the year totaled £0.228m. This project spans a number of years and it is recommended that the balance of £0.197m be carried forward to 2010/11.

d. Budget carry forwards

In line with current approved policy, the following budget carry forwards were approved by Cabinet as part of the September monitoring report, subject to corporate health adjustments required as part of the year end process and it is recommended that these be formally ratified now the end of year position is known:

<b>Directorate</b>	£000
Corporate Support	66
Chief Executives	<u>12</u>
<b>Total carry forwards</b>	<u><b>78</b></u>

Although the policy also allows for the carry forward of budget overspends, given the pressures facing both Children's Services and Community Services in 2010/11 CMT recommend that there should be no carry forward of departmental overspend for 2009/10.

e. Seaside Town Grant

A grant for £0.200m was received at the end of March 2010 under a new Government initiative. It is proposed this is carried forward to 2010 to be used to support the worklessness agenda, assess and promote economic opportunity, support the further development and roll out of activity which promotes place management, promotion of Plymouth as a destination and possibly World Cup support with regards economic opportunities that Host status brings. Furthermore, it relates directly to the creation of 7,000 new jobs identified in the Local Economic Strategy within the tourism sector and the CAA 'issues to think about' report relating to a lack of coherence for the Visitor Economy. It will also lever in significant match funding from the BID.

- 3.13 Approval of all the above would leave a surplus for the year of (£0.638m) as shown below:

	£000	£000
Net Surplus (as per Table 2)		(1,515)
Transfers to/from provisions:		
Insurance provision	247	
Bad Debt Provision	352	
Section 117	<u>(347)</u>	252
Transfers to Reserves:		
Commuted Maintenance		150
Budget carry forwards:		
Care First	197	
Previously approved departmental budget underspends	78	
Seaside Town Grant	200	<u>475</u>
<b>Adjusted surplus for year</b>		<b><u>(638)</u></b>

- 3.14 Cabinet have previously approved that the net surplus for the year, after any corporate health adjustments, should be transferred to the following reserves:

- Waste Balancing Fund
- Pensions

The Corporate Management Team therefore recommend that the surplus of (£0.638m) should be allocated as follows:

	£000
Waste Balancing Fund	400
Pensions Reserve	<u>238</u>
	<b><u>638</u></b>

- 3.15 A revised position for the year, assuming all of the above were to be approved, is shown at Appendix 2.

### **Reserves and Provisions at 31 March 2010**

- 3.16 Working Balance

Approval of the actions outlined above would give a Working Balance at 31 March 2010 of £11.517m. Transfers to and from the Working Balance during the year were as follows:



	£000
Working Balance at start of year	11,739
Budgeted contribution to Working Balance 2009/10	128
	<hr/> 11,867
Less: Budgeted/approved transfers from Working Balance 2009/10	(350)
Working Balance prior to year end adjustments	<hr/> 11,517
Revised outturn position 2009/10 (para 3.13)	638
	<hr/>
Less transfer to Reserves (para 3.14)	<b>(638)</b>
	<hr/>
<b>Working Balance at 31 March 10</b>	<b>11,517</b>

A working balance of £11.517m equates to approximately 5.7% of the net revenue budget for 2010/11 and remains in line with the Medium Term Financial Strategy (MTFS) which is to maintain a Working Balance of at least 5%.

### 3.17 Earmarked Reserves

- 3.17.1 In addition to the Working Balance, the Council maintains a number of reserves which may be required for statutory purposes or set up voluntarily to earmark resources for future spending plans. Assuming the corporate health adjustments outlined above are approved, the Council's earmarked reserves will stand at £20.751m at 31 March 2010, although they are expected to fall to £13.666m by 31 March 2011. This figure is subject to change as the final statement of accounts is produced over the next few weeks but any changes should be minimal. Appendix 4 shows the provisional movement in the reserves over the year, together with the main purpose of the reserve.
- 3.17.2 Council Officers have undertaken a benchmarking exercise to compare the Council's earmarked reserves (and Working Balance) to other similar authorities. Whilst levels of earmarked reserves will vary across authorities depending on individual policy initiatives, the Council's level of total reserves as a % of net revenue budget are less than the average balances of our near neighbour and other Unitary authorities. The results are shown in graphical form at Appendix 5.

### 3.18 Schools Balances

At the end of the year there was a total of £6.435m unspent monies against schools' delegated budgets, plus £1.874m in standards fund grants giving a total balance of £8.309m. The equivalent sum at 31 March 2009 was £9.151m. The main reasons why schools hold balances are: anticipation of future budget pressures usually arising from pupil number variations; to fund specific projects such as building works and IT; and to provide for the balance of Government grants paid during the financial year (April–March) which cover expenditure occurring across the academic year (September – August).

A capping policy is in place to enable balances in excess of the allowable proportion to be clawed back and potentially redistributed/used for other schools related purposes. The allowable proportion is 8% of delegated budget for Primary and Special Schools and 5% for Secondary Schools, which reflects national guidelines. Schools complete a proforma confirming their reasons for their balance and the position is reported to the Schools Forum during June.

### 3.19 Provisions

The Council has a number of budget provisions set up to meet known liabilities. The balance on the provisions at year end together with movement in the year is outlined in Appendix 6. The main provisions relate to the insurance fund and various bad debt provisions.

### 3.20 Contingent Liabilities

In addition to the specific reserves and provisions outlined above, there are a number of areas that may result in a financial liability to the Council but which cannot be quantified both in terms of costs and timing with any certainty. In the main these relate to legal claims against the Council or guarantees given by the Council to its subsidiaries and associates. The Council is required to disclose all contingent liabilities in a note in the Statutory Statement of Accounts. The main contingent liabilities currently reported are:

- Municipal Mutual Insurance Ltd- Scheme of Arrangement- the company experienced trading difficulties and is working towards a 'solvent run off' until all outstanding claims settled, but there is a potential clawback arrangement if the company becomes insolvent, whereby the creditors would be required to pay a proportion of the claims paid. These claims totalled £1.287m at 31 March 09.
- PLUSS Organisation Ltd – the Council has guaranteed payments into the pensions fund for transferred employees, has also provided a loan of £0.235m and jointly agreed a bank overdraft facility with Torbay and Devon County Council.
- Section 117 refunds- the Council discloses a potential contingent liability in respect of claims for reimbursement from self funders, although the last claim submitted was in 2003.
- Single status equal pay claims- the Council has a number of claims currently subject to a tribunal hearing. However depending on the ruling of the tribunal, it is possible that further claims may be submitted.
- Civic centre – a contingent liability disclosed whilst the future of the building remains subject to uncertainty.
- Connexions (Careers South West) – the Council has guaranteed to meet an element of pension liabilities should the organisation be wound up.
- Contaminated land – potential liability for clean up costs especially if land transferred to developers.
- Treasury Management – Investment Risk

**Recommendations:**

1. Cabinet note the provisional Outturn Position for the year.
2. The Section 151 Officer recommended adjustments to reserves and provisions be approved as follows:
  - An increase in the insurance provision of £0.559m, £0.312m to be met from the insurance reserve and a top up of £0.247m from revenue;
  - A increase in the sundry bad debt provision of £0.352m;
  - Removal of the Sect117 provision of (£0.347m);
  - A transfer to the commuted maintenance reserve of £0.150m.
3. Cabinet approve that the £0.197m remaining in the Carefirst budget be carried forward to 2010/11 to support the project in 2010/11.
4. The departmental carry forwards of £0.078m, as previously approved by Cabinet, be formally ratified now the outturn position for the year is known.
5. Cabinet approve the carry forward of the Seaside Town Grant of £0.200m, to be used for local initiatives as outlined in the report.
6. No departmental budget overspends be carried forward in 2009/10.
7. Cabinet note the adjusted surplus for the year of £0.638m and a transfer to the Waste Balancing Fund of £0.400m and Pensions Fund £0.238m is approved.

**4. Medium Term Financial Forecast**

- 4.1 The future of Local Government funding is uncertain with the expectation of significant spending reductions over several years. The revised Medium Term Financial Strategy (MTFS), being presented to Cabinet at this meeting, presents a financial context regarding the scale of this challenge.
- 4.2 We are used to getting in the region of a £6m year on year increase in revenue funding, to fund pay increases, general inflation costs, and the ever increasing demands on our services. Every 1% Council Tax rise represents just under £1m at £950k, and a 1% drop in Formula Grant represents approximately £1.06m. For 2010/11, we will receive a 2.5% increase in our formula grant, and Council has approved a Council Tax increase of 2.89%. However, our resource assumptions through to 2012/13 reflect expected formula grant reductions for 2011/12 and 2012/13 which is unprecedented in terms of local authority funding to date. Early indications from the new Government suggest a Council Tax freeze will be encouraged.

- 4.3 As well as reduced income, the economy has brought further pressure on the Council due to the increased demand from areas such as Housing Benefits. We have to manage the pressures of increased numbers of children looked after, whilst managing the demographic growth and the demands of investing in services for our older people. As people live longer, so the demand on Council resources increases. We must also keep a watching brief on the massive shortfall in our pension funding. These pressures will be kept under review and reported as part of the joint monitoring reports.
- 4.4 A possible scenario of reduced revenue resources combined with a 'no change' approach on current spend plans could result in a revenue funding gap of £11.8m in 2011/12 rising to £29.8m in 2013/14.
- 4.5 In response to this, the Corporate Management Team is working with the Cabinet to develop a transformational change programme that fundamentally challenges the organisation's culture, structure and approach to service delivery. This change programme, which will include proposals for 'invest to save' will be finalised, progressed and reported on throughout 2010/11.

## 5. Income Summary

Table 3

Type of debt	Actual % 2007/08	Actual % 2008/09	AE Quartile	Budgeted income 2009/10*	Target % 2009/10	Year end Position 2009/10
Council Tax	92.5%	94.2%	4	£91.018m	96.0%	95.2%
NNDR	97.6%	96.7%	2	£79.666m	97.0%	96.0%
Housing Rents	97.3%	96.4%	4	£40.274m	98.5%	N/A <sup>§</sup>
Sundry Debt <sup>^</sup>	85.9%	86.9%	n/a	£60.000m#	92.5%	88.00%
<i>Commercial Rent (general fund)</i>	<i>n/a</i>	<i>80.8%</i>	<i>n/a</i>	<i>£5.000m#</i>	<i>92.5%</i>	<i>85.0%</i>
<i>Trade Waste</i>	<i>n/a</i>	<i>87.5%</i>	<i>n/a</i>	<i>£1.200m#</i>	<i>94.0%</i>	<i>92.0%</i>
<i>Adult Residential Care</i>	<i>n/a</i>	<i>90.3%</i>	<i>n/a</i>	<i>£9.000m#</i>	<i>93.0%</i>	<i>92.0%</i>

\* At the start of the financial year. The total amount collectable can go up and down during the year

# Sundry debt fluctuates during the year but figures shown are an average per annum for a rolling 12 month period

§ No longer reported due to the transfer of responsibility to PCH following the transfer of Housing Stock during 2009/10

<sup>^</sup>All general fund sundry debt including the key areas (key areas are analysed and are shown in italics)

## 5.1 Local Taxation

### Council Tax –Target 96.0%

- In year collection (Apr–Mar 10) was 95.2%. £86.2m collected against £90.5m raised. The collection rate is slightly in excess of the forecast rate of 95.0% previously reported but 0.8% less than the original target.

### NNDR - Target 97.0%

- In year collection (Apr–Mar 10) was 96%. £74.7m collected against £77.8m raised. The collection rate was 0.7% less than the forecast rate of 96.7% previously reported and 1% less than the original target.

## 5.2 Sundry Debt collection – Target 92.5%

- The collection rate for all relevant debt is 88% compared to 87% for the same period last year. Although an increase of 1% for the comparable period it is 4.5% less than the original target and 3.5% less than the previous forecast of 91.5%. It should be noted that the amount of debt collected within 30 days improved by 5% and there was a 0.6% increase in the level of debt raised.
- In year collection (Apr 09-Mar 10) is 85%. £36.8m collected against £43.3m raised
- >30 days shows collection of 96%. £35m collected against £36.3m raised

### **Key areas**

#### 5.2.1 Adult residential and non residential care - Target 93.0%

- The collection rate for all relevant debt is 92% (1% below the original target and in line with the previous forecast) compared to 90% for the same period last year
- In year collection (Apr 09-Mar 10) is 92%. £10.2m collected against £11.1m raised
- >30 days shows collection of 95%. £9.7m collected against £10.2m raised

#### 5.2.2 Commercial Rent - Target 92.5%

- The collection rate for all relevant debt is 85% compared to 81% for the same period last year. This is 3% less than the previous forecast and 7.2% less than the original target
- In year collection (Apr 09-Mar 10) is 86%. £4.6m collected against £5.4m raised
- >30 days shows collection of 98%. £4m collected against £4.1m raised

5.2.3 Trade Waste - Target 94.0%

- The collection rate for all relevant debt is 92% compared to 87% for the same period last year which is a significant improvement but 2% lower than the original and latest forecast target of 94%
- In year collection (Apr 09–Mar 10) is 83%. £1m collected against £1.2m raised
- >30 days shows a collection of 99%. £0.993m collected against £1m raised

6. **Capital Outturn****Capital Expenditure**

- 6.1 The Council achieved capital spend of £93.442m for the year compared to a revised programme of £99.822m which equates to 93.61%, a significant improvement on previous years. A summary of the outturn position across each Directorate is shown in table 4 below. A more detailed summary, including the proposed financing of the programme, is attached at Appendix 7 with reasons for the variances outlined within the Directors reports.
- 6.2 Although the revised programme for the year was £99.822m, previous reports had indicated that it was unlikely this level of spend would be achieved in year and the last report to Cabinet in March 2010 considered a more realistic estimate for the year was £95.8m.

**Table 4**

Directorates	Budget Report Jan 10 £000	Movement in period			Draft Outturn £000
		New Approvals £000	Further reprofiling/ slippage £000	Other virements & Variations £000	
Corporate Support	10,242	28	(320)	(733)	9,217
Chief Executives	0	0	0	0	0
Development	21,187	325	(2,666)	(699)	18,147
Children's Services	53,771	0	(3,848)	265	50,188
Community Services	6,631	121	208	369	7,329
Housing Revenue Account	7,991	0	0	570	8,561
<b>Total</b>	<b>99,822</b>	<b>474</b>	<b>(6,626)</b>	<b>(228)</b>	<b>93,442</b>
Less Transfer to revenue (see 6.4 below)					<b>(1,221)</b>
<b>Adjusted total for year</b>					<b>92,221</b>

- 6.3 The corporate support draft outturn includes a sum of £7.166m using the approved capitalisation directions as follows:

	£000
Redundancy	1,466
Potential losses Icelandic banks	<u>5,700</u>
	<b><u>7,166</u></b>

- 6.4 Strict criteria is applied to expenditure that may be classified as capital and met from capital resources. In the past Officers have been 'flexible' in applying this definition in some areas, classifying such spend as a 'deferred charge'. However, the SORP for 2008 removed the category of 'deferred charge' and replaced this with a new definition 'revenue expenditure funded from capital under statute'. During the initial work to produce the Council's statutory balance sheet for 2009/10 accounts, Officers have again identified areas where expenditure does not meet this criteria and as such this expenditure will need to be removed from the capital programme and shown within the Council's revenue budget. However in order to ensure this does not increase the pressure on revenue outturn as shown above, Officers will make an equivalent adjustment to revenue contributions to capital or adjust via the transfer of capital grants to revenue subject to grant conditions.

- 6.5 During the period January to March 2010 the Capital Delivery Board gave approval to the following schemes:

	£000
Devonport Guildhall	28
Transport Asset Management Planning	56
Cumberland Gardens	11
Devonport Park	89
Devonport Street Lights	69
Richmond Walk	10
Disabled Facilities	90
Tracker in fleet vehicles	24
Brickfields Astroturf	<u>97</u>
<b>Total</b>	<b><u>474</u></b>

These approvals were funded largely from grant with a small contribution for from revenue.

#### **Recommendations:**

8. Cabinet note the draft capital outturn for the year of £92.221m, after allowing for the transfer of expenditure totalling £1.221m to revenue.

#### **Capital Financing**

- 6.6 The total amount required to be financed in 2009/10 is £92.221m.

6.7 Accounting for Provision for Credit Liabilities

As in previous years capital receipts will be set aside to replenish the PCL account and these will be substituted by unsupported borrowing to ensure there is no overall impact on the programme. The transfer in 2009/10 will be £0.638m the final amount required to fully restore the PCL by the required £34.4m.

6.8 Table 5 below shows the final financing position after allowing for these corporate adjustments:

**Table 5**

<b>Method of Financing</b>	<b>£000</b>
Supported Borrowing (SCP)	15,519
Supported Borrowing (SPE)	2,515
Unsupported Borrowing	13,831
Unsupported Borrowing in lieu of capital receipts -Repayment of Provision for Credit Liabilities (PCL)	638
<b>Total Borrowing</b>	<b>32,497</b>
Capital Receipts	5,641
Grants	45,228
Contributions (inc funds)	1,918
Section 106	594
Direct Revenue Financing (including MRA)	6,343
<b>Sub-Total</b>	<b>59,724</b>
<b>Total Capital Financing</b>	<b>92,221</b>

The capital programme for 2009/10 has been fully financed.

6.9 Capital Receipts position

The capital receipts position at the end of the year is as follows:

6.9.1 General receipts

	£000
Capital Receipts b/f from 2008/09	5,376
Capital Receipts received in 2009/10	<u>3,160</u>
Capital Receipts available for year	8,536
Receipts required to finance the programme 2009/10	<u>6,279</u>
<b>Receipts to be carried forward to future years</b>	<b><u>2,257</u></b>

**These receipts will be required to fund schemes already included in the medium term capital strategy and are not available for new schemes**



6.9.2 Set aside receipts

In addition the following receipts were received in year but are currently ring fenced for future policy initiatives yet to be agreed:

	£000
Citybus	18,755
VAT shelter	121
RTB following stock transfer	<u>226</u>
	<b><u>19,102</u></b>

**Recommendations:**

9. The financing requirement of £92.221m be noted and Cabinet approve the borrowing requirement of £32.497m 2009/10.

**7. Medium Term Capital Programme**

- 7.1 The Council has reviewed and updated its five year capital programme considering the current economic climate, accounting for future risks around government capital allocations and achievability of capital receipts. We still have an ambitious and significant investment programme in physical assets and local infrastructure. Targeted capital investment will help contribute towards achieving corporate priorities and/or generate on-going revenue savings. Our planned capital spend up to the end of March 2015 is £275m
- 7.2 We maintain the principle that capital schemes are only approved into the programme where specific funding has been clearly identified and supported by business cases. Thereby, the capital investment programme, at any set point in time, will evidence 100% funding allocation against approved schemes. Capital investment is prioritised to ensure that outcomes are maximised against the council's 14 Corporate Improvement Priorities.
- 7.3 Due to the current economic climate, the council continues to challenge the affordability of its five year capital programme for the period 2010/11 to 2014/15. There remains significant volatility around future capital grant funding and income generation through capital receipts. The recent announcements by the new government in particular may see the withdrawal of Government grants.
- 7.4 The revised programme for the period 2009/10 to 2014/15 of **£275m** was approved by Full Council on 1 March 2010 as follows:

Table 6

	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Total £000
Children's Services	53,770	34,641	17,391	15,052	-	-	120,854
Community & Neighbourhood	6,630	29,237	13,242	271	-	-	49,380
Development & Regeneration	21,189	28,939	13,549	6,221	6,535	7,656	84,089
Corporate Support/items	10,241	500	1,000	500	500	-	12,741
Housing Rev Account	7,991	0	0	0	0	0	7,991
	99,821*	93,317	45,182	22,044	7,035	7,656	275,055

**\*The programme and spend profile will be updated for the 2009/10 outturn position over the next few weeks.**

7.5 The expected funding of the programme is as follows:

	£000
• Capital Grants	132,896
• Supported Borrowing	52,767
• Unsupported Borrowing	38,844
• Capital Receipts	30,359
• Section 106	8,991
• Revenue & Funds	6,758
• Contributions	4,440

7.6 We remain committed to a significant capital investment programme despite the current economic climate. The Council, engaging with partners in major regeneration of the City, will not only contribute towards delivering improvement priorities, but will also help to sustain much needed work opportunities in the local area (for example, the construction industry).

7.7 Significant schemes programmed to be delivered by 2014 include:

- £37.5m on a state of the art new college at Estover;
- £14.2m on improving Schools in the Southern Way Federation;
- £8.6m for a new School at Efford;
- £6m on the modernisation of Mill Ford special School;
- £22m on improving transportation Plymouth (Local Transport Plan);
- £60m on improving transport access in Eastern side of the City Centre;
- £3.2m on regenerating the West End;
- £3.88m on bringing Devonport People's Park 'back to life';
- £46.5m on the Life Centre – the biggest investment in leisure facilities in Plymouth for many years.

- 7.8 In addition to the approved capital programme, we continue to develop our Building Schools for the Future submission which will generate additional investment of approximately £70m into five secondary Schools. We are also developing our long term waste disposal solution with Torbay and Devon County Councils, building a multi million pound waste to energy plant.

## **SECTION B- DEPARTMENTAL BUSINESS REPORTS:**

Key budget and CIP variations for each department are reported in scorecard format. Where there is a risk in relation to achieving either performance indicators, key CIP milestones and/or budget out-turn within agreed tolerance levels, 'Amber' or 'Red' tags have been displayed.

### **8. Children's Services**

#### **8.1 Corporate Improvement Priorities:**

The Children's Services department leads on the following Corporate Improvement Priorities:

- Keeping Children Safe (CIP 7)
- Improving skills and educational attainment (CIP 8)
- Developing high quality places to learn in (CIP 9).

#### **8.2 Progress against priorities**

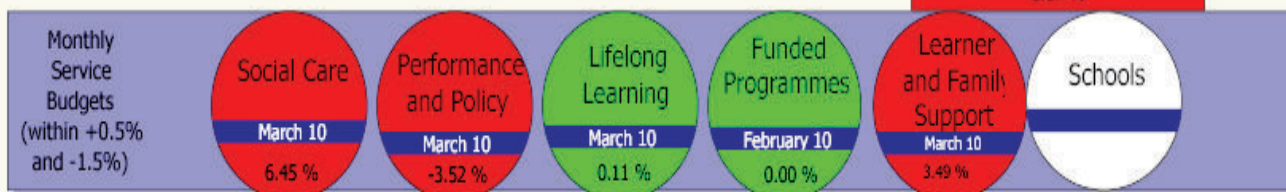
The following strategy map outlines the current position against each CIP.

## Children & Young People's Services CIP Progress and Management Report

Children's Services  
Monthly Revenue Budget

March 10

3.67 %



Monthly Service Budgets (within +0.5% and -1.5%)

### CIP 7. Keeping children safe

Measures



Milestones



Initial (IAs) and Core Assessment (CAs) are continuing to be monitored on a weekly basis. The placement stability indicator remains challenging with increasing demand for placements. Placement stability meetings were introduced into practice last year and are being fully embedded. Our recruitment strategy with a large recruitment campaign for Foster Carers have seen a large number of enquiries/responses and we anticipate over this year will impact positively on placement stability. There is a substantially higher number of children with a child protection plan but plans have not drifted. After achieving our target in 2008/9 and bettering the Nat. Avg. by 2.3% the first 6 months of 2009/10 has seen this trend continue. We expect to confidently meet targets at year end. Budget pressures are being experienced particularly with regard to staff resources. As work demands increase there is a need for more qualified social workers and experienced managers.

### CIP 8. Improving skills and educational achievement

Measures



Milestones



Performance improvements have been made in both Foundation Stage and KS4. There has also been improvements to narrow gaps in attainment between those pupils entitled to free school meals and those who are not. The latest data for academic year 2008-9 shows that we exceeded our target for NI 72. For NI 92, we narrowed the achievement gap by over 2%, although we were just short of our target but significantly better than the national average. We are very ambitious in our narrowing the gap work, and are receiving national recognition at conferences for our improving performance in the Foundation Stage. Validated results from 2009 show significant improvements in the education attainment of children in care, borne out from individualised support to children with more than 50% achieving the target level. It is important to note that the very small size of cohort means that year on year comparisons should be treated with caution. Progression rates at KS2 are in-line with the national averages in English and 1% behind the national average in maths. Despite poorer results for KS2 this year they are not a major concern. Attainment at L5 did improve significantly and the comparisons with the national averages are mixed. Our performance is 1% below the national average in English, and 2% below in maths, but 3% above the national average in science. This area of work remains an ongoing priority and we are looking to make further gains this year.

The number of young people aged 16-18 who are not in education, employment or training is 6.9% This has been achieved against a difficult regional and national position. Early indications are that there has been a significant rise in the post 16 staying on rate. Plymouth continues to experience a declining labour market with the lowest current stock of vacancies for any local authority area in the region. Meetings have been held to manage responses to the recession between Connexions and specific employer groups and agencies

### CIP 9. Developing high quality places to learn in

Measures



Milestones



The past year has seen considerable progress on improving school environments and indeed on widening the use of these improved environments for the community. The new and refurbished buildings are setting the benchmark for children and young people in the city and changing the attitudes of communities. Projects in the pipeline will continue the positive perception to this CIP however the scale of the improvement needed continues to be well ahead of investment available and this is set to get harder in the current economic climate. Plymouth's Initial project is in the BSF Programme. A further £63m will allow significant investment to be made into secondary provision including a new school for the SW of the city. There is a buoyant atmosphere despite the long term pessimistic views about the effects that a reduction in public spending will bring.

### 8.3 Revenue Budget Monitoring - £1.856m overspend, 3.62% of Net Budget

The key reasons for the Department's overspend are:

- (a) Policy and Performance – (£0.121m) underspend, (3.45%) of Net Budget

The action plans were fully achieved through management action taken to maximise use of grants (e.g. Think Family, Early Years, Contact point etc) and identify efficiency savings. Other (£108m) further net savings have also been achieved in excess of the delivery plans.

Other savings also include –

(£0.037m) reduction in LSCB contributions and further (£0.023m) Training Income, (£0.012m) staff cost adjustment.

Pressures arising within Policy and Performance include;-

£0.030m relating to the cost of the joint appointment arrangement with the Primary Care Trust (50% contribution towards the Assistant Director for Health post and his personal assistant) this was not included in the budget.

£0.029m overspend in the complaints team budget.

- (b) Learner and Family Support – £0.304m overspend, 3.37% of net budget

£0.601m overspend due to an increase in demand on Transport within the Pupil Access Service due to more Early Years placements requiring 1:1 escorts, more children in Mainstream who had previously attended Special Schools and a higher number of children with greater needs.

£0.152m overspends in Integrated Disability Service due to increased Direct Payments and a £0.011m in Community Psychology Service due to increased water and cleaning charges.

The overspends have been partly offset by underspends within Learner and Family support Management of (£0.221m) employee savings in excess of target and (£0.133m) by curtailing expenditure on projects. (£0.092m) underspend was achieved in Catering

- (c) Lifelong Learning – (£0.015m) underspend, (0.11%) of net budget.

Overspends against budget occurred in Central Costs £0.133m and increased utility costs within the Youth Service of £0.036m.

Offsetting underspends were lower clawback of LSC funding than expected (£0.071m), use of Early Years grant against salary costs (£0.057m and curtailment of education specialist expense in Secondary strategies (£0.029m) and grants expenditure within the Youth Service (0.028m)

- (d) Social Care – £1.658m overspend, 6.44% of net budget

Employee budgets within Social Care have under spent by (£0.457m) .

In-House Fostering Service is currently finalising the implementation of 'Payment For Skills' fostering rates in line with consultation, this has resulted in a net (£0.178m) saving within the Fostering Service.

Pressures in the 16+ Service (Care Leavers) have reduced the underspend at year end by £0.025m to (£0.100m). This can be attributed to increased demand for placements and their support costs of £0.016m including transport and personal allowances together with increased employee expenses £0.009m.

The Adoption Service is showing an underspend of (£0.128m) due to increased savings of (£0.036m) since month 10 , as a direct result of increased sales of adoption placements and the reduction in regular financial assistance by providing wrap around packages for permanency placements where appropriate..

Continuous pressure within the Children in Care Service has resulted in an overspend of £2.297m this is made up of two parts, the first being the un-achieved action plans of £1.162 and the second £1.135m due to a significant rise in the number of Independent Sector Placements throughout the financial year . There are now 433 placements within Children in Care which is an increase of 56 since the published number of 377 in April 2009. This has also impinged on the cost of our legal agents which have overspent by £0.177m. The council has no control over placements ordered by the court system which have significant financial implications, this is particularly noticeable within our Parent & Child Residential and Community Assessments currently £0.290m overspent which have been offset by a reduction in our court ordered criminal and welfare secure placements of (£0.270m). Consultancy costs of £0.032m were required to prepare for the Ofsted inspections.

There are other (£0.05m) minor variations savings mainly variation in the Children and Adolescent Mental Health Service for Section 28BB costs.

#### **8.4 Achievement of Action Plans**

£3.540m of action plans were set within the 2009/10 revenue budget for Children's Services. At year end, Action Plans totalling £2.378m were achieved. The action plan of (£1.162m) relating to the reshaping of care provision for individual children and young people has not been achieved due to the level of safeguarding issues during the year. Action plans for 2010/11 will continue to be monitored closely.

## 8.5 Dedicated Schools Grant (DSG)

The Council receives funding for Schools through the Dedicated Schools Grant. The grant funds expenditure either directly through the Individual Schools Budget (ISB) or incurred by the Council on behalf of schools. Any over or underspends on the DSG are carried forward. The distribution of the ISB element of the grant is in accordance with the schools funding formula and the overall DSG has to be approved by the Schools Forum. The schools budget for 2009/10 was set using the figure of £140.487m (estimated DSG of £140.137m + £0.350m brought forward from 2010/11 budget). The final DSG was announced as £140.166m, providing an additional £0.029m and Schools Forum agreed that this would be used to reduce the commitment for 2010/11 by adjusting the £0.350 brought forward from 2010/11 to £0.321m.

The overspend against the approved budget was £1.275m due principally to higher teacher redundancy and maternity costs of £0.905m, higher number of placements at independent specialist schools £0.240m and higher special education needs in schools of £0.269m. This was partly off set by the restructure of the Ethnic Minority Achievement Service saving (£0.200m).

The resulting carried forward negative balance to 2010/11 is (£1.452) after applying the positive balance brought forward from 2008/09 of £0.144m

### Schools Financial Position

At year end the schools total balances for all sources of funding was £6.435m although the balances from the proportion attributed to individual schools budget share (from DSG) was £5.898m, as follows:

**Table 7**

<b>School Sector</b>	<b>£000</b>
Nursery	49
Primary	2,876
Secondary	2,560
Special	413
<b>Total</b>	<b>5,898</b>

Schools Forum have agreed to the principle that a robust challenge on the use of the schools balances will be completed. In addition to these balances, Schools Standards Fund of £1.874m will also be carried forward and is also subject to review to ensure best use.

## 8.6 Department Medium Term Forecasts

The approved budget for the department for 2010/11 is £52.459m.

The Council is facing significant budget pressures over the short to medium term, compounded by a possible cut in government resources and a freeze on Council tax levels. The new Government will shortly commence its Comprehensive Spending Review which will determine the level of resources to Government Departments and Local Authorities from 2011/12.



The key issues facing this department over the medium term will be delivering a Value for Money (VFM) service throughout the department, especially within the demand led Social Care division and progressing the challenging Building Schools for the Future (BSF) transformational change programme.

## 8.7 Capital Programme – Final Outturn

8.7.1 The final expenditure for 2009/10 is £50.188m, which represents 96% of the original budget. The latest approved budget for children's services, as agreed by Council in March 2010, was £53.771m. Movement on the programme over the final months of the year are summarised in table 8, with more details given below.

**Table 8**

	Original Budget 2009/10	Latest Approved Budget	New Approved Schemes	Re-profiling	Virements	Other Variations	Outturn
	£ 000	£ 000	£000	£000	£000	£000	£ 000
<b>Children's Services</b>	52,057	53,771		(3,848)	(40)	305	50,188

8.7.2 The major variations (over £0.100m) are as follows:

<b>£000</b>	<b>Slippage/Profile Changes</b>
(122)	Southern Way (Beechwood School). Under spend against projected cash flow. Project completion remains on target.
(203)	Montpelier School. Under spend against projected cash flow. Project completion remains on target.
(514)	Children's Centre programme delayed due to extended planning and design period, also due to lease complications.
(589)	Early Year grant to private providers. Delay in distribution of grants to private providers due to extended appraisal and allocation process. Grant funding carried forward to 2010/11.
(204)	Extended Schools Programme. Delay in extended schools linked to Children's Centres delivery and individual projects now planned for 2010/11
(159)	14-19 Diplomas. Delay in completion of various schools / partnership projects. Reasons include further development due amended delivery requirements as diploma courses develop.
(146)	Children's Play Programme (Tothill Park) Delay due to extended consultation period. Lottery funding carried forward.
(1,048)	Schools Devolved Carry forward (incl Harnessing Technology). Higher than estimated level of carried forward grant in schools devolved funding. Reported reasons include planned works for Easter period (which fall in 2010/11), schools saving to support larger projects and their ability to plan and use 40% advance of grant from DCSF in the 22009/10 period.
(863)	Other re-profiling under £0.100m

£000	Other Variations
(155)	Ernesettle and Shakespeare Schools - Savings achieved in final settlement negotiations with contractor.
163	Additional works at Wood View Campus, supported from PFI credits.
176	Additional contributions supporting schools devolved capital projects (all schools)
119	Additional contributions supporting schools Harnessing Technology capital projects (all schools)
2	Other Variations

## 8.8 Sure Start

Table 9

	Budget					Expenditure		
	Initial Grant Allocation 2009/10	Amounts b/f from 2008/09	Total Available Grant Allocation 2009/10	Approved c/f into 2010/11	Latest Budget	Grant Expenditure as at 31/01/10	2009/10 Outturn	Spend %age of Forecast
	£000	£000	£000	£000	£000	£000	£000	%
<b>Sure Start Revenue</b>	7,638	0	7,638	0	7,638	4,922	7,638	64%
<b>Sure Start Capital</b>	1,610	614	2,224	(1,328)	896	480	896	53%
<b>Total</b>	<b>9,248</b>	<b>614</b>	<b>9,862</b>	<b>(1,328)</b>	<b>8,534</b>	<b>5,402</b>	<b>8,534</b>	<b>63%</b>

### 8.8.1 Sure Start Revenue

No variations

### 8.8.2 Sure Start Capital

The confirmed allocations of Sure Start capital grant for 2008-11, were incorporated within the approved programme. Due to delays in design, lease and survey information, it has been agreed with DCSF that grant expenditure will be reprogrammed to 2010/11.

Early Years surveys have now been completed and prioritised grants to providers are being finalised. In addition, phase 3 Children's Centre projects have now been agreed in principle and allocations made. Detailed design work for priority projects is underway and it is anticipated that most projects will start on site during spring 2010. Plans and progress have been discussed with Together for Children (TfC) and are currently within their required timescales for delivery.

All unspent Capital funds from the 2009/10 allocation will be carried forward to 2010/11 without the requirement for further DCSF approval.

## **9. Community Services**

### **9.1 Corporate Improvement Priorities:**

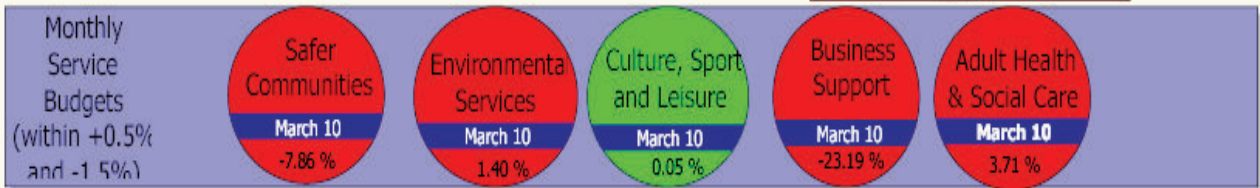
The Community Services department is leading on the following Corporate Improvement Priorities.

- Helping people to live independently (CIP 3)
- Reducing inequalities between communities (CIP 4)
- Providing more and better cultural and leisure opportunities (CIP 6)
- Disposing of waste and increasing recycling (CIP 10)

### **9.2 Progress against priorities**

The following Scorecard outlines progress against each CIP overall.

**Community Services  
CIP Progress and Management Report**



CIP 3. Helping people to live independently Measures  Milestones 

Following our mid-year performance review and subsequent monthly monitoring reports we have continued to focus on our assessments, reviews and work with carers. There continues to be a shift in the balance of these users supported at home to those in residential and nursing care across all ages and client groups. There are 7% more users accessing community based care and 6% less users in permanent care homes. The milestones around Personal Budgets and Direct Payments have been met. There are 655 direct payment users at the end of February 2010, 160 or 32% more than on 31 March 2009. 390 personal budget users were issued during 2009-10, up from zero in 2008/09.

The budget has continued to be under considerable pressure. Our management action plans have however, reduced the size of the overspend with the outturn position being £2.325 million. A Programme Board is now in place to maintain the progress of the in-year delivery plans.

Social Care staff have now co-located with healthcare staff in Plympton and Plymstock as part of plans for staff to work more closely together to improve outcomes for people receiving support from health and social care staff.

CIP 4. Reducing inequalities between Communities Measures  Milestones 

The unexpected rejection of our bid for £1.4m of funding to build a Gypsy site at Efford Warren, is a significant problem. Discussions are taking place with the Homes & Communities agency to explore this.

Preparations are underway for Locality working, which is due to start in June 2010, including training for Locality Teams and Neighbourhood Liaison Officers, and arrangements for refreshed PACT (Partners and Communities Together) meetings, to replace Area Committees.

Benefit and tax credit take-up of £6.546m significantly exceeds the £4m target following the start of a new contract for delivery of financial advice to the public.

The Financial inclusion action plan will be published in April 2010 following recommendations made by the Overview and Scrutiny Management Board.

Community Cohesion and equalities work is on schedule.

**Community Services**  
**CIP Progress and Management Report Cont'd**

CIP 6. Providing more and better culture and leisure activities

Measures  Milestones 

The majority of milestones have been completed or are on schedule. Construction has commenced on the Life Centre & the pool in the north of the City is nearing completion. The LAA indicator for physical activity is on schedule to meet its target and draw down the reward grant. Action plans have been developed and implementation around the cultural strategy has started. The Olympic Games, Mount Edgecumbe, & a number of new targeted activities and improvements have also been completed.

The Joshua Reynolds exhibition was extremely successful with over 10,000 visitors and attracted much national & regional publicity. Unfortunately the Museum Chartermark was not achieved and we are currently awaiting feedback.

Work is continuing with the Records Office & Plympton Library Scheme. Mount Edgecumbe governance arrangements have been delayed due to the new Cornwall Council formation, however discussion between legal officers from both authorities has now commenced. PCC has identified external support to verify revised future business plans for the Theatre Royal & Arts Council. Work was due for completion by the end of 2008/09 financial year, however due to a restructure of senior managers at the Advisory Council for Education (SW) it will now be July 2010. These are all expected to be resolved within the next six months.

CIP 10. Disposal of waste and increasing recycling

Measures  Milestones 

The procurement of the "Waste to Energy Plant" is on target and the Partnership expect to appoint a preferred bidder in Jan/Feb 2011 and a final contract sign off is anticipated for June 2011.

The Materials Recycling Facility (MRF) upgrade works is on track for November 2010 as per the revised timetable. This does not affect the current operational service delivery as the existing plant is able to process/cope with current recycling tonnages.

The roll out of the extension of the garden waste service commenced in May 2010.

Refuse collection performance has improved significantly over the last 12 months and the number of missed bins is well below target. Results of the interim Place Survey 2009 puts refuse collection as the public's highest satisfaction with the council's services (72%).

As anticipated, both waste landfill and recycling indicators did not meet their end of year targets.

### 9.3 Departmental Outturn position is £1.868m overspend (1.83% of budget)

The main outturn position relates to pressures in Adult Social Care, a reduction in previously reported forecast savings in Environmental Services offset by further savings in Service Strategy & Regulation (Business Support) & Safer Communities.

**The main variations from the budget within the service areas are: -**

- (a) **Adult Social Care** – £2.325m net overspend. The volume of clients and complexity of clients needs have continued to increase steadily during the year across a range of client groups resulting in additional pressures of approximately £3.450m; this has been managed down to £2.325m at year end.

The key variations are:

- **Residential and Nursing Care (£0.069m)**
- in house and short stay services £0.943m – increased placements and lower levels of income contributions
- Long stay services (£2.072m) – overall decrease in placements
- Loss of chargeable income £1.060m – due to changes to continuing healthcare and joint packages
- **Community Based Services £2.474m**
- Increased spend on direct payments £1.671m – increase in 744 recipients of direct payments including carers
- Spot and Block Domiciliary Care, net £0.252m – increased activity
- Supported Living £0.711m – increased activity, primarily within Learning Disability clients transferring out of long stay
- Community Equipment £0.360m – reduced level of income from the PCT
- Non-Residential Income £0.221m – reduction in income
- Day Care and other spend (£0.741m) staffing savings and reductions on contracts as clients move to direct payments

In year actions have achieved results in a number of areas, however, new and increased pressures, have led to the current overspend position. The strategy of Clients moving from traditional care to care that gives more independence will continue and in time this will help achieve a more sustainable service provision.

Adult Social Care performance has significantly improved in the last year. At the same time the service continues to address a range of legislative and other agendas that are driving wider transformation.

- (b) **Culture, Sport and Leisure** – £0.005m net overspend due to trading deficits at Brickfields, Mayflower Centre and Mount Edgcumbe.

The deficit position projected at Brickfields of £0.103m is a result of higher net operational and activity costs. These issues have been addressed and continue to be monitored during 2010/11.

At Mount Edgumbe higher staffing costs have been incurred during the initial set up of the new and enhanced catering/retail activity and unforeseen work to the sewerage infrastructure also had to be completed.

- (c) **Environmental Services** –£0.348m net overspend due to increased vehicle costs in the refuse and street scene operations and a reduction in Trade Waste income. Public Protection Services staffing costs have been reduced and planned grounds work has been phased for 2010/11 whilst there has been an increase in course income earned. The Parks Service have continued to prioritise budget to areas of need and have managed operations to deliver on budget. A reduction in the tonnage of landfill over the year, combined with other activities have resulted in £0.824m savings in the Waste Disposal service.
- (d) **Safer Communities** – (£0.129m) net underspend due to further vacancy savings and savings within equality commissioning.
- (e) **Service Strategy and Regulation (Business Support)** – (£0.682m) net underspend due mainly to vacancy savings, associated staffing costs and training.

#### 9.4 Achievement of Action Plans

A delivery plan was agreed as part of the 2009/10 revenue budget for Community Services. A significant number of the actions within the delivery plan impact on Adult Social Care and in year action has resulted in reducing the forecast overspend. The Adult Social Care programme board, chaired by the Director, is up and running and this will ensure that transformation, performance, improved client outcomes, alignment with partners; cost reduction and financial risks are all managed and co-ordinated effectively during 2010/11.

#### 9.5 Departmental Medium Term Forecasts

The approved budget for the department for 2010/11 is £112.723m.

The Council is facing significant budget pressures over the short to medium term, compounded by a possible cut in government resources and a freeze on Council tax levels. The new Government will shortly commence its Comprehensive Spending Review which will determine the level of resources to Government Departments and local authorities from 2011/12.

The key issues facing this department over the medium term will be the integration agenda and the transformation of adult social care services against the backdrop of demographic growth in the elderly population and addressing the increasingly complex needs of some client groups. Addressing the future operational challenges for waste disposal and collection and improving recycling will also be a significant challenge.

## 9.6 Capital Spend / Programme

9.6.1 The final expenditure for 2009/10 is £7.329m, which represents 74% of the original budget. The latest approved budget for Community & Neighbourhood services, as agreed by Council in March 2010, was £6.632m. Movement on the programme over the final months of the year are summarised in table 10, with more details given below.

**Table 10**

Service	Original Budget 2009/10	Latest Approved Budget	New Approved Schemes	Re-profiling	Virements	Other Variations	Outturn
	£000	£000	£000	£000	£000	£000	£000
Environmental Services	427	736	24	(54)	0	(51)	655
Leisure Culture & Sport	9,339	5,320	97	441	0	419	6,277
Adult Health & Social care	166	576	0	(180)	0	1	397
<b>TOTAL</b>	<b>9,932</b>	<b>6,632</b>	<b>121</b>	<b>208</b>	<b>0</b>	<b>369</b>	<b>7,329</b>

9.6.2 The major variations (over £0.100m) are as follows:

### £000 Slippage/Profile Changes

454	Life Centre expenditure ahead of schedule to maximise usage of Sport England grant.
(131)	Mental Health grant expenditure
(116)	Other re-profiling on various schemes under £100k

### £000 Other Variations

552	St Aubyn's Church / Devonport Library additional spend
(139)	Life Centre
(44)	Other Variations

## 9.7 Life Centre progress into 2010/11

The additional expenditure on the Life Centre in 2009/10 is due to detailed cashflow forecasts not being revised until after the contractor was appointed at the end of January 2010. The project managers have worked alongside the contractor team to maximise the eligible Sport England grant expenditure prior to the 31 March 2010 deadline. This will not affect the overall project costs for the scheme or timescale and the project remains on target to be completed in Autumn 2011.



## **10. Development & Regeneration**

### **10.1 Corporate Improvement Priorities:**

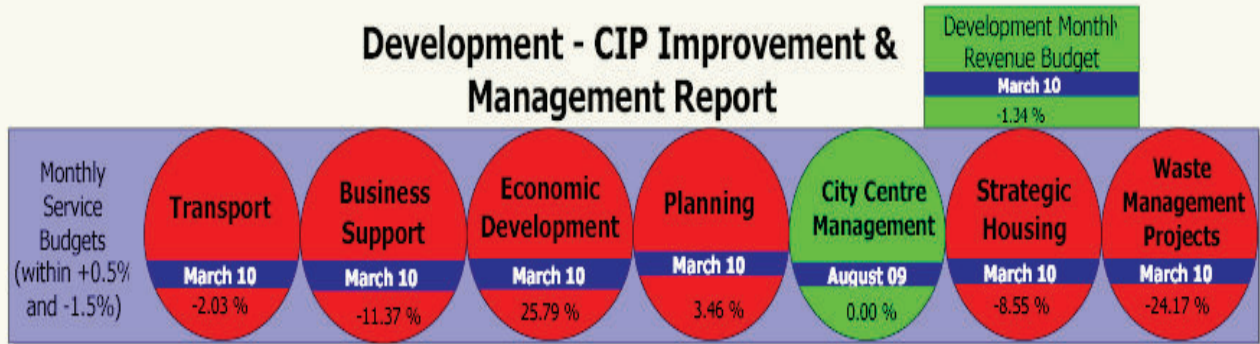
The Development Department is leading on the following three Corporate Improvement Priorities:

- Providing better and more affordable housing (CIP 5)
- Improving access across the City ( CIP 11)
- Delivering sustainable growth ( CIP12 )

### **10.2 Progress against priorities**

The following Strategy Map outlines progress against each CIP overall.

## Development - CIP Improvement & Management Report



### CIP 5. Providing better and more affordable housing



During 2009/10 we have enabled the completion of 335 new affordable homes in the City, significantly exceeding our LAA NI 155 target of 226. We also secured almost £40m of Homes and Communities Agency Investment to support our current and future affordable housing development programme of over 850 affordable homes.

The target to establish a Local Housing Company will remain a key milestone in CIP5 in 2010/11, subject to agreed LIP priorities. We are reviewing our plans to develop an operational Local Housing Company and agree it as a funding priority in the Local Investment Plan. Despite the lack of progress, this has not had an adverse impact on our ability to exceed our affordable housing targets.

The Home Energy Team has exceeded both our targets for; Number of energy efficiency measures - 2,263 completed against a target of 1,982; Lifetime carbon dioxide savings - 29,793 tonnes against a target of 21,000. We will also achieve our LAA NI 187 targets for improving the average energy SAP rating of private sector homes.

During 2009/10 our Housing Advice Service has helped 110 clients who were owner occupiers with problems associated with mortgage arrears and threats of repossession, with only one actual Mortgage Rescue has been signed and sealed. Stock transfer was successfully completed as Plymouth Community Homes officially took over Plymouth City Council's housing stock on 20 November 2009, this will secure over £250m of investment to tackle standards in housing for the 15,000 households who were former Council Tenants.

### CIP 11. Improving access across the city



The majority of milestones within CIP 11 have been achieved during the year. There has been some slippage on initiatives that have required wider engagement and sign off, but these are now progressing and will be completed during 2010/2011. The service has delivered the publication of the Strategic Cycle network; the first draft of the Corporate travel Plan; and secured funding from Sustans for a new cycle link to Leigham School, with development of a cycle link to St Judes programmed for delivery in May 2010.

Whilst bus satisfaction levels are low, the survey is carried out triennially and is not scheduled again until this coming year when it is hoped that the higher satisfaction levels can be achieved.

### CIP 12. Delivering sustainable growth



This final bi-monthly report for this financial year sees 15 projects completed, including work to support the LSP and the City Development Company. Completing the planning market recovery action plan as well as continued implementation of planning permissions, has helped to maintain development activity and momentum within the city.

The background work for the Northern Corridor major scheme bid is also complete, but the bid for the Eastern Corridor still has some work outstanding and so has only been achieved in part.

Much of the work on delivering growth programmes has been achieved. The single conversation has resulted in the production and now Cabinet agreement of the Plymouth Local Investment Plan. The Plymouth Development Tariff has been implemented and links between the Delivery and Infrastructure frameworks are now in place, with discussions around European, national and regional funding are still ongoing.

LDF work is ongoing. The City Centre and University Area Action Plan is close to being adopted. Other LDF work has had to be reprogrammed because of the 2010/2011 budget review, albeit it was not due for completion until 2011 – 2013 anyway.

All of the regional work is also complete, such as supporting the leader's forum and regional partnerships as well as considering the boundary review issues and lobbying for improvements to the Regional Spatial Strategy.

Only 3 projects have not been achieved, one of which is the improvements to Central Park which has been reprogrammed into the Business Plan for 2010-2011 and the other two relate to Sub Regional Governance arrangements which are very close to being agreed.

### 10.3 Development under-spend of (£0.223m)

Variations against service headings are:

- (a) Planning Services resulted in an outturn over-spend of £0.050m. Please note that the additional (£0.370m) Housing and Planning Delivery Grant has been reported corporately.
- (b) Transport & Highways produced a net under-spend of (£0.251m) at outturn. The general fund favourable balance of (£0.811m) includes an adverse variation of £0.150m from employee costs offset, in the main, by favourable variations of (£0.515m) from concessionary fares and (£0.329m) on LTP2 revenue spend. The Car Park trading account adverse balance is £0.560m.
- (c) Economic Development has an outturn over-spend of £0.540m mainly due to a reduction in income from recessionary related items including a loss in Commercial rent, and a reduced income from our Prudential investment. A £0.399m loss is from rent reviews, void properties and rent rebates etc, £0.123m from reduced external interest received from the Prudential deal due to the investment held at a low yield, £0.138m from contributions unable to be transferred from the City Market reserves due to a reduced surplus at the City Market. An additional (£0.213m) of fee income has arisen from Sutton Harbour following the sale of their land at the Plymouth Airport. There are further adverse variations totaling £0.093m.
- (d) Strategic Housing outturn position is an under spend of (£0.297m). This is due to a combination of one off staffing savings (vacancies, maternity, superannuation), lower than budgeted support service recharges at year end, PCH SLA income and additional grant income, especially in the FIP budget area. There are also some savings around premises and office costs. Strategic Housing previously reported a (£0.195m) full year under spend.

In 2009/10 Strategic Housing was allocated £0.100m from the CIP reserves but not spent during the year due to unavoidable factors. The funding will be required in 2010/11 for ongoing work and a request for a similar level of funding will be made in 2010/11 through the normal process.

- (e) Waste Management Project Team had an outturn under-spend of (£0.197m). This is mainly due to charging appropriate salary related costs to capital and a reduction in the use of consultancy budgets.
- (f) Director of Development & Business Support had an outturn under-spend of (£0.068m) due to savings on staffing, supplies and services and other smaller variations.

### 10.4 Achievement of Action Plans

£3.155m of action plans were set within the 2009/10 revenue budget for Development. The majority of action plans related to restructuring of services and reductions in staffing. The action plans were either met as initially planned or alternative savings achieved.

## 10.5 Departmental Medium Term Forecasts

The approved budget for the department for 2010/11 is £16.192m .

The Council is facing significant budget pressures over the short to medium term, compounded by a possible cut in government resources and a freeze on Council tax levels. The new Government will shortly commence its Comprehensive Spending Review which will determine the level of resources to Government Departments and local authorities from 2011/12.

The key issues facing this department over the medium term are:

The department in its current format has been in existence for 12 months. Historically, the department has provided a range of front-line services including; planning, building control, CCTV, parking control, tenancy management and also delivered a strong enabling function through the creation of robust and high quality strategic frameworks in areas of planning, housing, transport and economic development. These need to continue to be provided. A key objective of the department is to drive forward the delivery of growth and regeneration across the city, against a back-drop of reducing resources and reduced funding in support of the delivery of projects. Key issues facing the department are ensuring that the front-line and enabling functions are maintained and that greater emphasis is placed on the support for medium and longer-term delivery. Working with the corporate centre, options for the development of potential new delivery vehicles to support the city's regeneration and growth agenda will need to be examined. The further development of a Local Investment Plan will need to be pursued ensuring that limited public resources can be brought together wherever appropriate to support growth and finally create opportunities to promote skills development in support of the city's growth sectors to provide the basis for the development of a higher skilled and higher waged economy.

## 10.6 Development Trading Accounts

The provisional outturn on the Development trading accounts is as follows:

**Table 11**

	<b>Latest Approved Budget</b>	<b>Provisional Outturn 2009/10</b>	<b>Variance</b>
	£000	£000	£000
Off Street Parking	(1,125)	(860)	265
On Street Parking	(1,349)	(1,202)	147
Street Trading	0	0	0
City Market	138	108	(30)
<b>Total</b>	<b>(2,336)</b>	<b>(1,954)</b>	<b>382</b>

### City Market

The City Market has a favourable outturn variation of (£30k). This is due to £101k of reduced commercial rent from stalls, a (£46k) favourable variation on NNDR and (£40k) favourable on electricity (£45k) other favourable variations.

Off Street Parking

There is an adverse outturn variation of £265k on the Off Street parking account. This is made up of adverse variations including £156k of savings not being achieved, £117k corporate income permits, £78k reduction in PCN income expected, £105k of reduced Pay & Display income and £150k for new ticket machines. These are offset by favourable variations that include (£84k) re employee costs, (£209k) of savings from repairs and maintenance and a further (£48k) of other savings.

On Street Parking

There is an adverse outturn variation of £147k on the On Street parking account. This is made up of £183k of PCN income not expected to be achieved, £61k of adverse employee variations, (£48k) of additional P&D income and other favourable variations totaling (£49k).

**10.7 Capital Spend / Programme**

10.7.1 The final expenditure for 2009/10 was £18.147m, which represents 87% of the original budget. The latest approved budget for Development, as agreed by Council in March 2010, was £21.187m. Movement on the programme over the final months of the year are summarised in table 12, with more details given below.

**Table 12**

Service	Original Budget 2009/10	Latest Approved Budget	New Approved Schemes	Re-profiling	Virements	Other Variations	Outturn
	£000	£000	£000	£000	£000	£000	£000
Local Transport Plan	5,482	6,176		(648)	(149)	(470)	4,909
Transport – major projects	3,968	5,501	56	(422)	149	(193)	5,091
Development projects	1,739	1,980	179	(348)	0	38	1,849
Waste	4,926	3,024	0	(463)	0	(15)	2,546
Commercial developments	1,554	1,036	0	(35)	0	(95)	906
Strategic Housing	3,307	3,307	90	(730)	40	(4)	2,703
Other	0	163	0	(20)	0	0	143
<b>TOTAL</b>	<b>20,976</b>	<b>21,187</b>	<b>325</b>	<b>(2666)</b>	<b>40</b>	<b>(739)</b>	<b>18,147</b>

10.7.2 The major variations (over £0.100m) are as follows:

<b>£000</b>	<b>Slippage/Profile Changes</b>
(226)	East End works funded from New Growth Point grant planned for March 2010 actually undertaken in April – May 2010
(194)	Section 106 funded transport works for 8 projects delayed into 2010, as result of Local transport Plan workload prioritisation.
(186)	West End additionally executed works were identified in the post construction stage 3 safety audit which delayed the original programme. This project is funded from New Growth Point grant.
(302)	Delay in specific supported borrowing funded works at the George Junction (A386), as result of ongoing negotiations regarding land compensation.
(463)	Slippage in contractor’s timetable of contracted capping works at Chelson Meadow, and weather impact on works delivery.
(326)	Significant reprofiling of Lottery funded works, as a result of planning & tendering delays, and unexpected in house changes to Project Management regulations
(735)	Slippage in Strategic Housing programme to help balance Public Sector and Disabled Grant facility pressures, and a significant demand in Disabled Facilities grants as reported to C.M.T in January 2010.
(230)	Other reprofiling on various schemes under £100k
<b>£000</b>	<b>Other Variations</b>
(143)	East End arising from reprofiling of East End works in the budget profile for the March – May 2010 period .
(251)	Underutilisation of Local Transport Plan Single Capital Pot (supported borrowing) £147k
(349)	Other variations on various schemes under £100k

## **11. Corporate Support**

### **11.1 Corporate Improvement Priorities:**

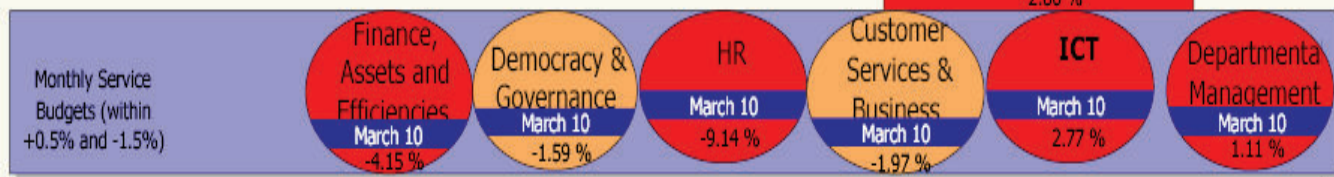
The Corporate Support department is leading on the following Corporate Improvement Priorities.

- Improving Customer Care (CIP 1)
- Supporting Staff to Perform Better (CIP 13)
- Providing better Value for Money (CIP 14)

### **11.2 Progress against priorities**

The following Scorecard outlines progress against each CIP overall.

## Corporate Support CIP Progress and Management Report

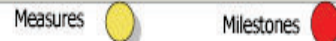


### CIP 1. Improving Customer Service



Work continues on involving customers in focus groups to help improve the service that we offer and provide our customers. Key areas identified for improvement are: layout and signage in reception; staff appearance in reception; improve the relevance and appropriateness of services delivered to customers with a disability. Work is ongoing to procure a new telephony system and work continues to test a prototype single CRM system. Both are on track for an early Autumn implementation. We are working with Registrars and Devon partners to launch a tell us once service - part of a central government initiative. All is on track to implement by end of Summer 2010. A staff recognition scheme is still desired, but is now part of corporate HR initiatives. In addition ensuring all our services are e-enabled and available on a revamped website is critical, has been agreed by CMT and is on track to implement by March 2011. Many customer service initiatives, customer charter, are on hold - pending scheduling as part of the major corporate transformation plan to take us through the next 2-5 years. A corporate approach is required for our approach to complaints, This is agreed in principle and needs to be scheduled into our workplan once the transformation agenda is agreed by CMT and Cabinet. Work is on-going to merge CIPs 1 and 2 into a combined, more efficient CIP that reflects all initiatives that involve our customers in improving our services.

### CIP 13. Supporting Council staff to perform better



Negotiations are continuing with Trade Unions to finalise changes to the Single Status Terms and Conditions.

Currently reviewing the potential use of InfoPath forms in conjunction with Manager On Line and considering the potential impact to the MOL project timelines.

### CIP 14. Improving value for money



The Accommodation Strategy presented to Corporate Management Team in November was agreed in principle. Exact details for implementation are being presented in May 2010 for consideration. The Floor 5 pilot has provided evidence to inform the wider implementation of the strategy.

In October, when the NI 179 submission was input Into CLG's data hub, we were very conservative with the VFM figures that were submitted. We have revised our forecasts and have been able to add several large areas of additional efficiencies . We are now much closer to our cumulative 3-year target of £27.0m and are currently submitting our forecast to external audit for independent verification. The recent appointment of the VFM Programme Manager will continue to improve our Governance in the collation and assessment of efficiency savings.

We continue to raise the increased awareness of VFM and efficiency throughout the Council and recently commissioned the start of the Procure to Pay (P2P) project, part of which will be the rollout of a Centralised Buyer programme.

The Council's Carbon Reduction Commitment has confirmed the potential financial liabilities to be incurred from 2010 onwards (approx £360k per annum). Several carbon saving initiatives funded via the SALIX initiative are underway which will help reduce our carbon footprint and limit the level of financial penalties.

**11.3 Corporate Support – Under spend of (£0.975m) (-2.80%)**

- (a) The outturn variation in Finance, Assets and Efficiencies was an under spend of (£0.685m).

Finance (including finance, assets & efficiencies management and support) resulted in an over spend of £0.181m arising mainly from delays in implementing the finance service restructure. Final appointments will be made in June 2010 generating significant savings in 2010/11 and beyond.

Audit services resulted in an under spend of (£0.076m) due mainly to a reduction in on external audit fees of through more effective co-ordination of external grants.

Capital & Assets had an overspend of £0.143m. This was mainly as a result of Civic Centre canopy works, consultancy fees, (net of English Heritage funding), regarding options appraisal for the future of the Civic Centre and Ballard House premises costs.

- (b) VFM & Efficiencies resulted an under spend of (£0.933m) made up as follows:

Income Maximisation & Payments had an under spend of (£0.018m) arising mainly from salary variations and bank charges.

Procurement resulted in an under spend of (£0.033m). Previously reported pressures in Print and Documents Services, (PADS), were more than offset by favourable variations on the Ricoh contract and additional income from ad-hoc work.

The largest variation was in Revenues and Benefits with an under spend of (£1.062m). (£0.512m) of this relates to variations on the housing benefits subsidy claim. The overall claim is approximately £100m, with the impact on the council's revenue budget not confirmed until the claim was finalised in May 2010. We have also generated efficiency savings in staffing budgets through closer working between revenues and benefits and customer services staff building upon on the 'lean systems' project. Despite an increase in benefit caseload throughout the year, we were able to absorb the additional work within existing budgets, hence saving the extra admin subsidy that we received of (£0.179m net)

VFM & Efficiencies management and support had an overspend of £0.180m due to the CIP14 spend now being met from revenue and the 09/10 allocation being carried forward to 10/11.

- (c) The Democracy and Governance area is showing an under spend of (£0.092m) made up of:

Legal services resulted in an under spend of (£0.193m). This comprised mainly of savings from the Coroner service, increased legal fee income and lower than anticipated spend on children's court costs.



Democracy – overspend of £0.013m. An under spend on the City election budget was utilised towards meeting the cost of previously identified pressures within Democratic support and the Register Office service.

Democratic & Governance management and support had an overspend of £0.094m due mostly to staff advertising and salary costs following the senior management restructure.

- (d) The ICT service brought in an end of year overspend of £0.178m. Financial projections have remained consistent for this service with the overspend due to an end of year adjustment to reverse capitalised spend on project officer costs back into revenue.
- (e) The Customer Services and Business Transformation Service underspent by (£0.045m) due to recharges for the reception function at Windsor House being lower than anticipated and savings from increased staff turnover and training budget.
- (f) Human Resources underspent by (£0.332m). The main factor was the secondment of staff throughout the year to support the development of major projects such as the Life Centre. In addition, there were savings from the union convenors arising from the housing stock transfer and a significant level of vacancy savings.

#### **11.4 Achievement of Action Plans**

£2.696m of new action plans were set within the 2009/10 revenue budget for Corporate Support. The action plans were either met as initially planned or alternative savings achieved.

#### **11.5 Departmental Medium Term Forecasts**

The approved budget for the department for 2010/11 is £32.832m.

The Council is facing significant budget pressures over the short to medium term, compounded by a possible cut in government resources and a freeze on Council tax levels. The new Government will shortly commence its Comprehensive Spending Review which will determine the level of resources to Government Departments and local authorities from 2011/12.

The key issue for corporate support is the need to reduce support services budgets whilst maintaining and improving the service provided. The department has some challenging value for money targets to achieve in 2010/11 and beyond. Delivery plans focus on a much better 'joining up' of support services as well as more efficient and effective use of core systems.

The development, and implementation, of the accommodation strategy, commencing in 2010/11, will be a core strand to drive efficiency savings by changing the way in which we deliver support services through flexible office space and joined up ICT investment, HR and financial strategies.

## 11.6 Capital Spend / Programme

11.6.1 The final expenditure for 2009/10 is £9.217m, which represents 446% of the original budget. The latest approved budget for Development, as agreed by Council in March 2010, was £10.242m. Movement on the programme over the final months of the year are summarised in table 13, with more details given below.

**Table 13**

Service	Original Budget 2009/10	Latest Approved Budget	New Approved Schemes	Re-profiling	Virements	Other Variations	Outturn
	£000	£000	£000	£000	£000	£000	£000
IT	700	1,087	0	(214)	0	(111)	762
Corporate Real Estate	1,365	1,352	28	(106)	0	14	1,288
Legal	0	3	0	0	0	(2)	1
Capitalisation Directions	0	7,800	0	0	0	(634)	7,166
<b>TOTAL</b>	<b>2,065</b>	<b>10,242</b>	<b>28</b>	<b>(320)</b>	<b>0</b>	<b>(733)</b>	<b>9,217</b>

11.6.2 The major variations (over £0.100m) are as follows:

**£000**

**Slippage/Profile Changes**

(214)

I.T - Due to resource constraints and the amount of work required to support Stock Transfer, some aspects of projects were not completed. Work should now be undertaken in 10/11.

(106)

Various Corporate Real Estate project reprofiling, each of less than £100k, including projects to improve Windsor House and Stonehouse Town Wall

**£000**

**Other Variations**

(110)

IT salary costs of staff supporting major developments were charged to revenue

(634)

Final redundancy strain costs less than approved Capitalisation Direction not utilised

## 12. Chief Executive

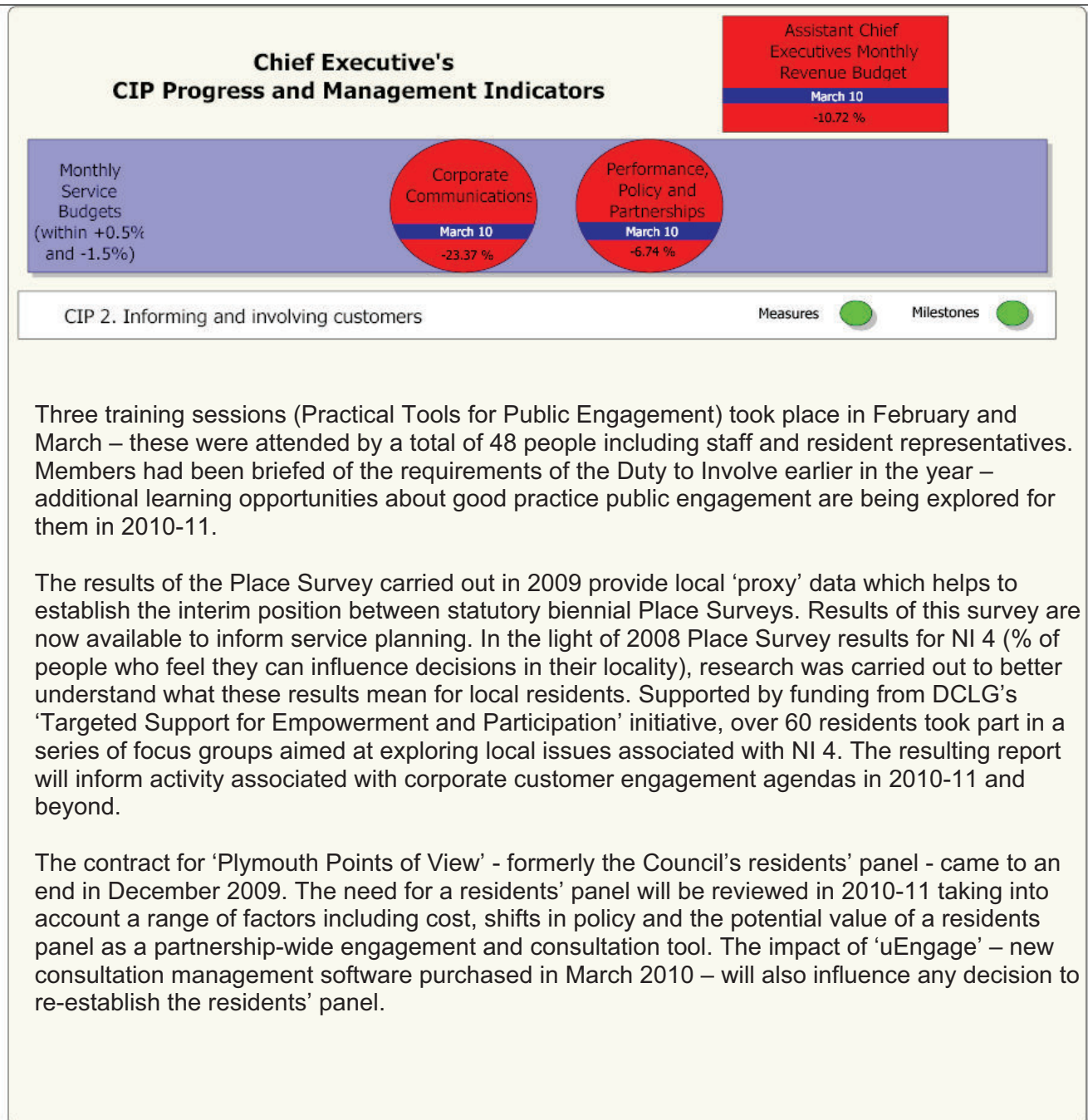
### 12.1 Corporate Improvement Priorities:

The Chief Executive's department is leading on the following Corporate Improvement Priorities.

- Informing and Involving Customers (CIP 2)

### 12.2 Progress against priorities

The following Scorecard outlines progress against each CIP overall:



### **12.3 Revenue Budget Monitoring – under spend of (£0.255m)**

The Chief Executive Department's outturn position shows an under spend of (£0.255m) which is an increase of (£0.191m) from the January position. This is mainly due to savings on the cost of distributing Plymouth People of (£0.130m) and slippage on the interactive mapping project of (£0.050m). As resources cannot be carried forward this will put a pressure on the 2010/11 budgets. Funding is also required to replace the website content management system in 2010/11.

Further savings have arisen from the senior management restructure (£0.037m) and by utilising the crowded places grant, savings of (£0.035m) have been returned in Civil Protection unit.

### **12.4 Achievement of Action Plans**

The department had action plans totalling £0.505m within the 2009/10 revenue budget, which were achieved in full.

### **12.5 Departmental Medium Term Forecasts**

The approved budget for the department for 2010/11 is £1.830m .

The Council is facing significant budget pressures over the short to medium term, compounded by a possible cut in government resources and a freeze on Council tax levels. The new Government will shortly commence its Comprehensive Spending Review which will determine the level of resources to Government Departments and local authorities from 2011/12.

The key issues facing this department over the medium term are delivering the interactive mapping project and an upgrade to the website content management system.

The Assistant Chief Executive, together with the Assistant Director for Human Resources is also leading on a major review of administrative support across the Council.

## **13. Corporate Items & Cross-Cutting Issues**

### **13.1 Corporate Items - Revenue Budget Monitoring – underspend (£0.865m)**

The final position on the corporate items budget was an underspend of (£0.865m), an improvement of (£0.926m) since the last report. A summary of the main variations for the year is outlined below:

	£000
Pay Award	(1,054)
Energy contracts	(484)
Enhanced superannuation	(13)
Area Based Grant	(107)
City Bus dividend	116
Revenue cost of stock transfer	362
Carefirst project	(197)
Support Service recharges	(84)
Other variances	(87)
Capital Financing	<u>683</u>
	<b>(865)</b>

In the main the variations in the period have arisen from slippage on the Carefirst project and the part year residual costs of stock transfer being less than originally forecast.

(a) Capital Financing Budget – adverse variation £0.683m

In accordance with the Code of Practice on Treasury Management the Council is required to formally report on its Treasury Management activities for the year, providing information on the progress and outcomes against the Treasury Management Strategy. This report will be presented to Audit Committee on 28 June 2010. A summary of the treasury management activity for the year, including more detail on the implications for the revenue account, is given in section D of this report.

(b) Area Based Grant

The Council received a total of £14.727m Area Based Grant for the year a favourable variation of (£0.106m). Departments will usually receive notification of a new grant award from the relevant Government department, and whilst the grant may be issued for a specific initiative and there may therefore be an expectation by the Government Department that it is used to deliver specified outcomes, ABG remains a general unringfenced grant and the Council is free to determine how this should be used. In line with the policy agreed by CMT during budget setting 2009/10, all ABG awards in respect of 'new' grants are not allocated to departments but form part of the overall general resource pot for the Council.

(c) Citybus Dividend

The Citybus dividend payable to the Council in respect of 2008/09 financial year was £0.084m less than budget. There was also a reduction in the debenture interest receivable reflecting the repayment of the debenture loan upon sale of the Company.

(d) Carefirst Project

Following on from Cabinet on 9 February, arrangements for the introduction and updating of Carefirst across the Council were reviewed and the Project Board has been meeting fortnightly to tighten controls and focus on the delivery of the project. The project has continued to address wider service transformation and improvements, behaviours and cultures within services. This will enable us to fully utilise the system and get the maximum benefits.

Work in Children's Services has continued, with CRB, security and access improvements being implemented to ensure safeguarding is not compromised. Work to plan the implementation within Adult Social Care now commences over the summer.

Provision of £0.400m was made available in the 2010/11 and 2011/12 budgets and approval was given to vire the balance on the contingency of £0.425m to the project, of this £0.197m has been requested as a carry forward into 2010/11 (this being the result of the need to phase recruitment to posts)

(e) Stock Transfer

The previous report identified an estimated part year impact following the stock transfer of £0.817m. The final costs for 2009/10 were significantly lower at £0.362m.

### **13.2 Further Corporate Health Adjustments**

As part of the end of year financial health review, a number of adjustments are proposed to the Council's accounts. These invariably are cross cutting and are shown against the Corporate Items budget for reporting purposes. The proposals total a net (£1.237m) and are outlined in Section A of the report.

### **13.3 Partnerships- New Deal for Communities (NDC)**

13.3.1 The NDC grant allocation for the year was £7.621m. Although there are a small number of claims to be finalised, it is anticipated that the grant will be spent in full. Details of the projects supported during the year will be made available in the Council's published Statement of Accounts in September following the completion and submission of the 'Statement of Grant usage' to the external auditor.

13.3.2 The programme is now entering its final year. Cabinet have received and approved in principle the succession plan for DRCP and the necessary paperwork has been submitted to DCLG, who have undertaken their initial assessment of the proposals and queries and questions raised as a result are currently being addressed. However the Council's approval remains subject to the following conditions which are yet to be addressed, and whilst Officers of both the Council and DRCP have met to discuss a way forward, conditions 1, and 2 in particular still remain to be fully resolved.

1. Completion of financial checks to include Neighbourhood Manager costs, Devonport Community Land and Leisure Trusts and their asset bases.
2. Discussion and agreement to the letter of intent between DRCP and the City Council.
3. The approval of Communities & Local Government of the Devonport Community Land Trust Governance arrangements.
4. Completion of the review into the future use of Parkside by the Director for Corporate Support.
5. Subject to agreement that we will be engaged in the discussion between DRCP and DCLG during the period end of October 2009 to April 2010.

13.3.3 Funding for the programme in 2010/11 has been confirmed as £3.643m. Providing this is spent in full during the year, the full funding of £48m would have been drawn down over the 10 year programme. DRCP Board receive regular reports of outcomes against targets and a full report of the programme's achievements over the 10 year period will be brought to Cabinet as part of the programme closure process.

13.3.4 In addition to the Government grant funding, the Council holds a sum of £1.164m in revenue reserve and £0.327m in capital resources on behalf of the DRCP Board, reflecting a local solution applied in 2007/08 whereby DRCP met elements of the Council's spend in Devonport from NDC grant in order to maximise the grant drawdown in that year. This money remains ringfenced to support projects in the Devonport area and approved by the Board and must also be spent in full by 31 March 2011.

## Section C – Housing Revenue Account

### 14. HRA – Revenue Budget

- 14.1 The draft outturn position on the HRA is a deficit for the year of £0.026m, although this may be subject to change as part of the final subsidy certification process. The Working Balance at 31 March 2010 is £2.016m. The draft HRA is attached at Appendix 8.
- 14.2 Officers have now received formal Secretary of State consent to transfer the retained properties of the SHIP Hostel and Raglan Court to the Council's General Fund. The next step will be to seek formal consent to close the HRA.
- 14.3 In order to ensure closure of the HRA can be achieved during 2010/11 and thus the release of the HRA Working Balance for the benefit of the General Fund as early as possible, it is now necessary to formally transfer or appropriate the remaining land and non housing dwellings from the HRA to the General Fund. Whilst this does not require Secretary of State approval, much of the land is 'open space' and will need to be advertised as a change of use from 'Housing' to 'open space' in the local press. This will be progressed over the next few weeks.
- 14.4 The final subsidy claim will be submitted in September 2010 and, subject to the auditors being satisfied that the claim is correct, formal closure can be sought from the Secretary of State. Once received, any balances on the HRA could then transfer to the General Fund.

### 15 HRA Capital Programme

- 15.1 The latest approved capital programme for the year was £7.991m which was based on an apportionment of HRA ringfenced capital resources available up to transfer date. At the end of the year, actual spend totalled £8.561m, which includes a sum of £0.900m transferred to PCH to meet outstanding liabilities at Devonport. Additional funding resources of £0.160m have been identified and a contribution towards the remaining shortfall is being sought from Plymouth Community Homes (PCH).

#### Recommendations:

10. Cabinet note the provisional outturn on the HRA for the year.



## Section D – Treasury Management

### 16. Treasury Management Activity

- 16.1 The Council is required to formally report on its Treasury Management activities for the year, providing information on the progress and outcomes against the Treasury Management Strategy. This report will be presented to Audit Committee on 28 June 2010. However, Treasury Management activity forms an integral part of the Council's budget and this section summarises the main financial implications for the year.
- 16.2 The Council's borrowings and investments at the end of March 2010 are shown below. In accordance with the Council's treasury management strategy, Council Officers actively pursued options to reduce its level of investments through reducing loans wherever feasible. At 31 March 2010, the Council's investments had reduced from £213.800m at 31 March 2009 to £153.051m and its borrowings from £370.383m to £266.559m.
- 16.3 The Council received investment interest of £5.353m and paid out £11.507m in interest against borrowings during the year as shown in the table below. Despite the low investment rates on offer during the year, the Council still managed to achieve a net favourable variance of £0.724m against its treasury management activities, due in part to actively managing down the longer-dated debt portfolio replacing any borrowing requirement with low interest rate short term borrowing. This allowed for increased investment income from cash flow and longer-dated deposits out to one year.

**Table 14**

	<b>2009/10 Budget £000</b>	<b>2009/10 Outturn £000</b>	<b>Variance £000</b>
External Interest payments	11,909	11,507	(402)
External Interest received	(5,031)	(5,353)	(322)
<b>Net Interest payable for year</b>	<b>6,878</b>	<b>6,154</b>	<b>(724)</b>

**Borrowing**

16.4 The Council's loans at 31 March 2010 were:

	<b>Principal O/S £000</b>	<b>Average Rate %</b>
PWLB (Public Works Loan Board)	28,889	5.8084
Market Loans	130,000	4.4202
Bonds	83	3.5574
Temporary Loans	73,650	0.3685
<b>Total Borrowing:</b>	<b>232,622</b>	<b>3.3095</b>
<b>Add Devon Debt @ 31/03/10</b>	<b>33,937</b>	<b>5.2395</b>
<b>Total Loan Debt 31/03/10</b>	<b>266,559</b>	<b>3.5552</b>
PFI	33,156	
<b>Total Debt 31/03/10</b>	<b>299,715</b>	

16.5 The SORP 2009 has introduced changes to the accounting for PFI schemes, and now requires qualifying schemes to be included within the Council's balance sheet. The Council is however required to set up a matching long term liability reflecting the outstanding payments to the provider over the term of the contract. This liability is seen as a credit arrangement and increases the Council's total debt. And must be taken into account within the statutory borrowing limits. The Council has one PFI scheme, the contract with Pyramid to build and run the schools at Woodview campus and Riverside.

16.6 The borrowing limits for 2009/10, originally approved by Council in March 2009, as updated for the inclusion of the PFI scheme in March 2010, were as follows:

- Authorised limits           £495m
- Operational Boundary     £465m

16.7 The maximum borrowing outstanding in the period 1 February 2010 to 31 March 2010 was £300.716m on 25 March 2010 (including £33.156m for the PFI scheme). This was within both the authorised limit and the operational boundary.

16.8 At the end of March 2010 the Council’s actual borrowing stood at £266.559m. This included additional short-term loans taken during February and March deposited in call accounts to allow for available funds to cover the possible repayment of the pre LGR debt, administered by Devon County Council, during 2010-11. Following the Stock transfer, the Department of Communities and Local Government (DCLG) repaid the HRA proportion of the Council’s Public Works Loan Board debt totalling £91.37m, together with an early redemption premium of £25.94m which has led to a significant reduction in the Council’s debt. Whilst the reduction in debt is a positive step, the Council’s revised debt portfolio has a significant proportion of market loans which we will look to address over time. Overall there has been a reduction in borrowing of £103.824m since the 1 April 2009 reflecting the Council’s policy to reduce debt.

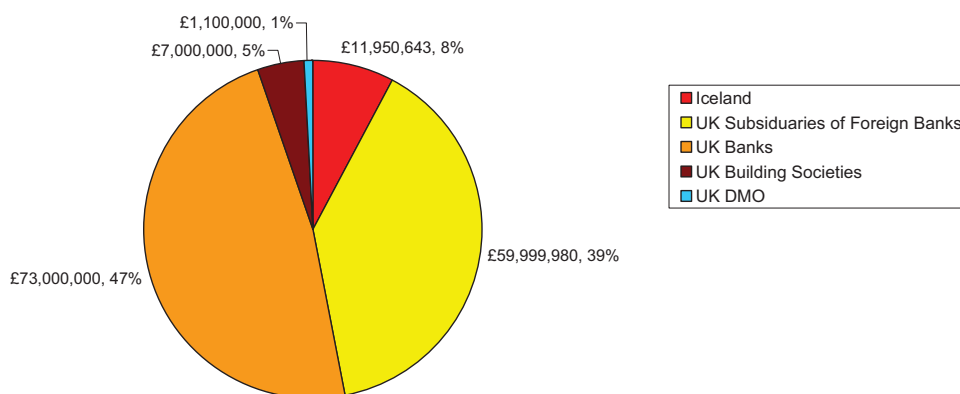
16.9 Overall Debt Performance for the year

The average interest rate on the debt has reduced over the course of the year from 3.7901% to 3.3095%. This rate reflects the position at the end of each financial year (i.e. at 31 March for 2009 and 2010). The reduction in rates is due to the repayment of PWLB loans replaced with considerably lower rate short-term temporary borrowing and any additional borrowing requirement in the year also taken in short-term borrowing. Loan transactions were taken at various times throughout the year at various rates and, taking all transactions in the year, the overall average borrowing rate for 2009/10 was 4.31% compared with a rate of 4.51% for 2008/09.

**Investments**

16.10 At 31 March the Council’s investments stood at £153.051m. This has increased from £135.386m at 31 January as due to additional short-term borrowing taken during February/March in preparation for the repayment of the Devon Debt as outlined above. The pie chart below analysis the investments by country/sector.

**PCC DEPOSITS BY COUNTRY AT 31st MARCH 2010 - Total Deposits  
£153,050,623.26**



16.11 In March 2010 the Council received an additional payment of £195,265.05 from the administrators of Heritable Bank made up of principal of £185,792.22 and interest of £9,472.83. This reduced the principal outstanding on our Heritable Bank deposits to £1,950,643.26 and the overall Icelandic deposits to £11,950,643.26.

16.12 Investments are made short term to cover cash flow and liquidity requirements and longer term to maximise and guarantee future income. There were no longer term deposits taken during February/March.

16.13 Overall Investment performance for the year

During 2009/10 the Council invested for a range of periods from overnight to 364 days, dependent on the Council’s cash flows, Officer’s interest rate view and the interest rates on offer and the economic climate. The Council’s treasury management officers work to a benchmark rate of return, the 7 day London Interbank Bid (LIBID) rate – which is the rate which can be achieved on the London interbank market for cash deposits of 7 days and is regarded as the standard benchmark. The 7 day rate is calculated on a daily basis and averaged for the year. Table 15 below compares the average return achieved by the in-house team with the benchmark. An average rate of 1.3% was achieved for new investments in the year against a budget of 1%.

**Table 15**

	Average Investment	Benchmark Rate %	Actual Return %
Internally Managed	£153.112m	0.45	3.4443

The table shows that the internal performance exceeded the benchmark for the year, despite the restricted investment counterparty list.

16.14 Icelandic Banks Update

The latest position on the recoveries of monies invested in the Icelandic banks is as follows:

16.14.1 Heritable Bank £3m

The Council received a further dividend of 6.19p in the £ in March 2010, bringing total dividends paid to date to 34.98%. The actual amount recovered to date is £1,049,400, plus interest of £53,503. Based on current projections from the administrators a total recovery of between 79% to 85% is expected with dividends continuing on a quarterly basis until September 2012. Previous reports had indicated a recovery of 80%.

16.14.2 Glitnir £6m

As previously reported, the winding up board for Glitnir have not accepted that local authority deposits have “priority status”. The Council has through the Director of Corporate Support and Assistant Director of Democracy and Governance instructed Bevan Brittan Solicitors (and through them Icelandic and English Counsel) to act for the authority in pursuing our claim through the Icelandic courts. Bevan Brittan, (through the auspices of the LGA) are also acting for other public bodies allowing us to avoid duplication and share costs. This process is expected to take some time with a final ruling on our priority status unlikely to be forthcoming until 2011. The anticipated recovery for priority status remains at 100% but falls to 29% for non-priority claims.

16.14.3 Landsbanki £4m

Unlike Glitnir, the winding up board for Landsbanki have agreed to the priority creditor status for local authorities but have received a number of objections to this decision from other creditors which will need to be resolved through the Icelandic courts. As with Glitnir, the Council has instructed Bevan Brittan Solicitors (and through them Icelandic and English Counsel) to act for the authority in pursuing our claim through the courts. The latest creditor reports indicate a recovery of 95% for priority claims and 38% for non-priority claims. No payments will be made until the litigation has been concluded, which is unlikely to be until 2011.

16.14.4 Capitalisation Directions

On 31 January the Council received confirmation that the Capitalisation Direction application for the potential Icelandic bank losses had been approved in the sum of £5.7m. Although the Council is not required to account for any losses in its accounts until 2010/11 it can use the Capitalisation Direction to bring the losses into its accounts during 2009/10. By taking this action, the Council would minimise the impact of any final loss by spreading the loss over a 20 year period. The Capitalisation Direction must be utilised by 31 March 2010. Cabinet have already approved the use of the Capitalisation Direction in 2009/10 subject to confirmation of the final amount determined as part of the closedown process.

16.14.5 Impairment Charge 2009/10

The situation with regard to the recovery of monies invested in Icelandic Banks continues to be subject to much uncertainty as outlined above. In order to produce the statutory accounts a decision must be taken on the basis on which to calculate the impairment loss and thus how much of the Capitalisation Direction will be utilised.

It is at this stage important to note that should any final loss be less than assumed in the calculation, the capitalisation entries can effectively be reversed in future years. However, should the situation result in a higher loss there can be no retrospective application of any unused amounts under the 2009 Direction and no guarantee that any further capitalisation application would be successful in future years.

The Director of Corporate Support is therefore recommending that the impairment loss from the Icelandic banks for financial year 2009/10 should be calculated on the following basis:

**Table 16**

Bank	Amount Invested	Recovery Basis	Recovery %	Impairment loss to be declared 2009/10
	<b>£000</b>			<b>£000</b>
Heritable	3,000	N/A	85	443
Glitnir	6,000	Non priority	29	4,514
Landsbanki	4,000	Priority	95	944
<b>Total</b>	<b>13,000</b>			<b>5,901</b>

The total impairment charge required to be taken into account in 2009/10 would therefore be £5.901m compared to the approved Capitalisation Direction of £5.7m and it is recommended that the shortfall of £0.201m be funded by a transfer from the Icelandic Bank Reserve account. The £5.7m utilised under the Direction will effectively be charged to the capital programme, and financed by unsupported borrowing over a period of 20 years. The revenue costs of the borrowing will be met initially from the balance remaining on the reserve account.

The impairment charge required for accounting purposes should in no way be taken to assume this will be the final outcome. The Council, working with the LGA and Bevan Brittan remain committed to maximising the recovery of our investments.

#### **REVENUE IMPLICATIONS OF TREASURY MANAGEMENT**

- 16.15 The expenditure arising from the Council's borrowing and lending accrues to the revenue accounts. This includes interest payable and receivable, the minimum revenue provision (for debt repayment), and premiums and discounts written out to revenue from previous debt rescheduling. A significant proportion of interest payable was recharged to the HRA up to the stock transfer date, whilst some of the interest receivable is passed onto specific accounts where this interest has accrued from the investment of surplus balances for these services. The balance (net cost) is met by the General Fund. Table 17 below shows the income and expenditure arising from these transactions in 2009/10.

- 16.16 The net cost of capital financing to the General Fund in 2009/10 increased by £0.683m from the 2009/10 budget due to an increase in MRP of £1.637m, reduced treasury management costs of £0.773m and other cost increases of £0.181m. The MRP is a statutory charge to revenue based on the Council's capital expenditure financed from borrowing. The reduced treasury management costs is due to, rescheduling undertaken, borrowing taken in short-term loans at very low interest rates and increased investment income resulting from deposits taken above budgeted rates and improvements in cash flow management. Additional MRP and interest payments resulted from PFI schemes however this was matched by grant funding.

### Summary of Capital Financing Costs 2009/10

Table 17

	2009/10 Budget £000	2009/10 Outturn £000	Variance £000
External Interest payments	11,909	11,507	(402)
Interest payable (PFI)	0	2,962	2,962
External Interest received	(5,031)	(5,353)	(322)
Recharged to HRA	(2,019)	(1,908)	111
Interest transferred to other accounts	400	187	(213)
Premiums / Discounts written out to Revenue	(183)	(189)	(6)
Debt Management Expenses	56	115	59
<b>Treasury Management Cost</b>	<b>5,132</b>	<b>7,321</b>	<b>2,189</b>
Minimum Revenue Provision	6,444	8,081	1,637
Minimum Revenue Provision (PFI)	0	566	566
Devon County Council Residual Debt Charges	3,354	3,229	(125)
Recharges for unsupported borrowing	(1,533)	(1,300)	233
Recovered from trading Accounts	(2,605)	(2,894)	(289)
PFI Grant	0	(3,528)	(3,528)
<b>Net Cost to General Fund</b>	<b>10,792</b>	<b>11,475</b>	<b>683</b>

#### Recommendations:

11. Cabinet note the position on the Treasury Management activities for the year and that a full report on the Council's performance against its borrowing and investment strategies, including the statutory performance indicators will be presented to Audit Committee on 28 June 2010.
12. Cabinet note the position regarding the Icelandic Banks

## Section E – Local Area Agreement LAA Stretch Targets

### 17. Background

- 17.1 The LAA includes a number of stretch targets, the achievement of which brings with it the ability to draw down performance reward grant. However whilst the targets are negotiated locally, many are required to reflect agreed national priorities and targets and the authority may have little control over the final target set and some of the targets would therefore always have been difficult to achieve. Plymouth's 12 stretch targets have reached the end of the 2007-10 agreement period and a claim will be submitted to Government later this year for the Performance Reward Grant (PRG) eligible to be claimed based upon our performance against them. Plymouth City Council prepares the claim and receives the grant on behalf of the Local Strategic Partnership (LSP).
- 17.2 The total PRG available is £7.4m. However, the actual level of PRG claimable will depend on the number of targets achieved. Each target is worth approximately £0.618m and each target is made up of a number of individual indicators with PRG available against each one. PRG begins to be drawn down on a pro-rata basis when at least 60% of the 'stretch' is achieved. The breakdown of individual targets, indicators and PRG available is set out in Appendix 9.
- 17.3 The latest assessment of performance is also set out in the table at Appendix 9. There remain a number of areas where data is still to be gathered and so the final out-turn position will not be known for a number of months (e.g. school attainment information will be available in the Autumn, data relating to drugs targets will be available towards the end of June, Active People Survey data will be available in December). However, it is possible to make reasonable estimates of the level of grant we will be likely to draw down and indeed, some targets can be confirmed immediately (figures shown in bold).
- 17.4 PRG is split 50% capital and 50% revenue and paid in two equal tranches - one following validation of final performance figures and one the following year. There may be delays in some payments if validation does not happen until later i.e. where there is a data lag.
- 17.5 Discussions with CIPFA Family Group authorities have shown that our estimated performance at 54% lies around the lower end of spectrum. The mean is projected to be in the 60-65% range.



## 18. Use of PRG

- 18.1 In terms of the potential available funds (subject to us staying on track with projected delivery and satisfactory audit etc) we are therefore predicting being able to draw down £0.900m revenue in 2010/11 and 2011/12 and a further £0.900m of capital in both 2010/11 and 2011/12. This is the latest position with regard to the level of available funds. We may indeed secure more and of course there is the ever present risk that we may get less. At this stage, it appears that apportioning under £2m for 2010/11 would appear to be the right approach in terms of balancing risk.
- 18.2 The key principle agreed by the LSP was that we should only be confirming funding immediately where our failure to do so would lead to the termination of a service or redundancies in an unplanned way. This of course is not providing an ongoing guarantee of funding but a recognition that we need to give this more time and opportunity for a planned withdrawal if this is the conclusion we reach.
- 18.3 Given where we are with key pieces of work across the city and the need to secure continued delivery in these areas, the Executive Group of the LSP has proposed the following allocation of the PRG we are predicting to claim:

**Table 18 -PRG Funding Proposals 2010/11**

Proposed area	Funding request	
	Year 1	Year 2
Third Sector Consortium Contract (option 1)	£238K	£251K
Partnership back office support	£220K	-
Domestic Abuse Services	£158K	-
Sexual Assault Referral Centre (SARC)	£170K	-
Urban Enterprise revenue match funding	£114K (up to £220K as funds allow)	-
<b>Sub-total revenue</b>	<b>£900K</b>	<b>£251K</b>
Urban Enterprise capital match funding	£875K	-
<b>Grand Total</b>	<b>£1.775m</b>	<b>£251K</b>

- 18.4 In addition to the above, it has been agreed that:
- we would seek to support the Urban Enterprise programme with revenue funding up to a maximum of £220K in 2010/11, depending on the availability of funding;
  - we review all agreed funding (as above) to see if some elements are capital thus allowing more revenue funds for Urban Enterprise, again up to the maximum of £220K in 2010/11;
  - a briefing document is prepared to enable us to commission the work to review all grant funding and partnership funding and support for 2011/12 onwards;

- we will need to revolve who bares the cash flow risk and management responsibility in relation to the above funding.

## 19 Fundamental Review

The LSP Executive has also agreed that more important than the specific allocation of funding is the growing understanding of the need to fundamentally review partnership funding and consider:

1. where it goes
2. who pays
3. the benefits we are delivering
4. how well we are meeting targets
5. the extent to which we are able to stop funding through PRG by mainstreaming activities or simply stop the activities.

### **Recommendations:**

13. Cabinet members are requested to note the process to claim performance reward grant and agree the proposed allocation of the grant on behalf of Plymouth City Council as the Accountable Body.

## SECTION F – CONCLUDING REMARKS

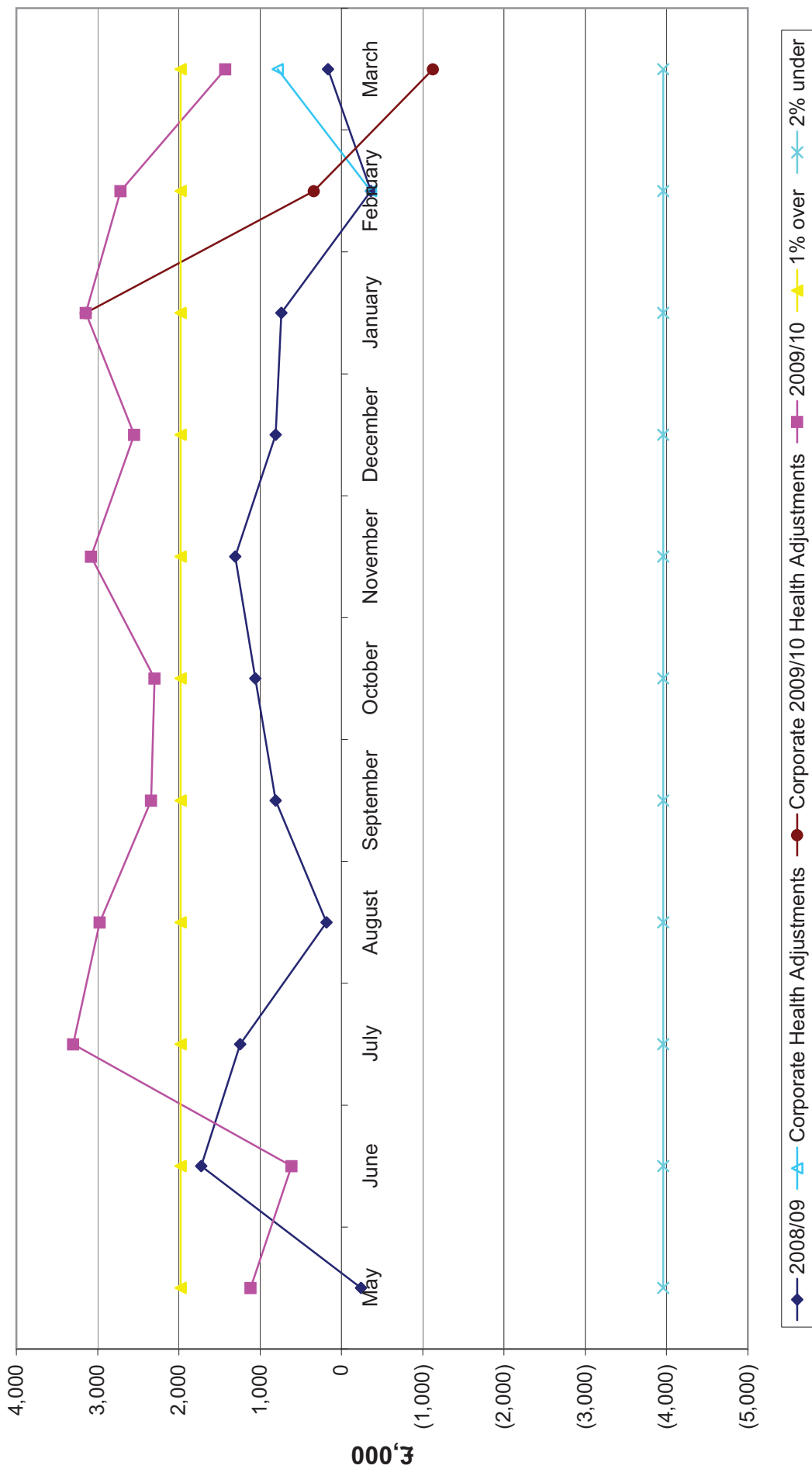
### 20 Conclusions

- 20.1 This report represents a review of the Council's performance for 2009/10. It has also considered the financial health of the Council looking at levels of reserves and provisions against the background of the Medium Term Financial Strategy.
- 20.2 The Council is facing a series of challenging issues into the medium term. The potential for immediate budget cuts leading into a new three year funding settlement for 2011/12 to 2013/14 with unprecedented reductions in resources forecast and a new national government with a new set of priorities combined with increasing pressure faced by the Council for demands on services will require the Council to have robust plans if it is to continue to improve.
- 20.3 In response to this, the Corporate Management Team is working with the Cabinet to develop a transformational change programme that fundamentally challenges the organisation's culture, structure and approach to service delivery. This change programme, which will include proposals for 'invest to save' will be finalised, progressed and reported on throughout 2010/11.
- 20.4 An improved corporate reporting process, focusing on a greater integration of performance and finance information, including partnership performance, is being developed by Officers. A return to quarterly reporting of joint finance and performance information is therefore being recommended, bringing the formal reporting into line with the reporting to the LSP. The formal joint reports will be supplemented by monthly scorecards to Corporate and Departmental Management teams demonstrating progress. The emphasis needs to be one of looking forward: updating the MTFF regularly as things change will ensure we are able to proactively plan for the future.

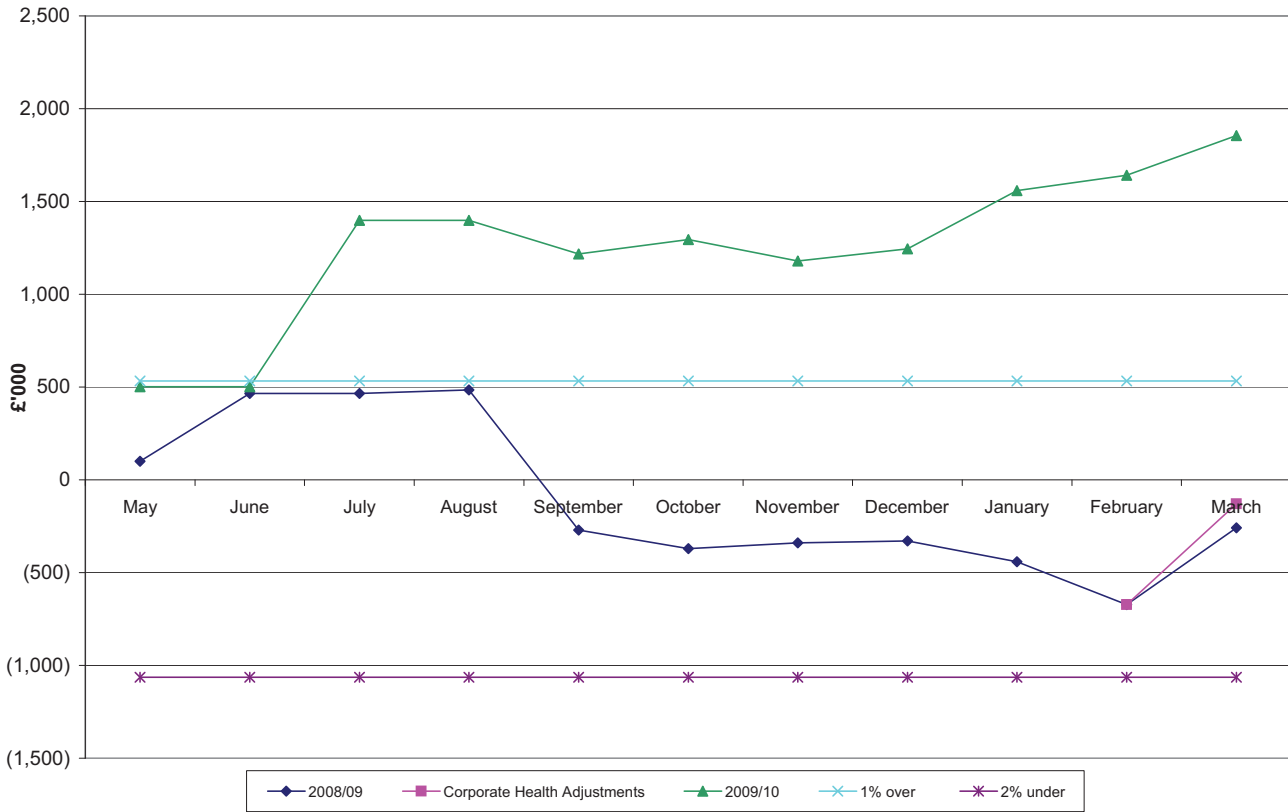
#### **Recommendations:**

14. Corporate reporting of performance and finance moves to a quarterly basis for financial year 2010/11, bringing the reporting process in line with reporting of the LSP.

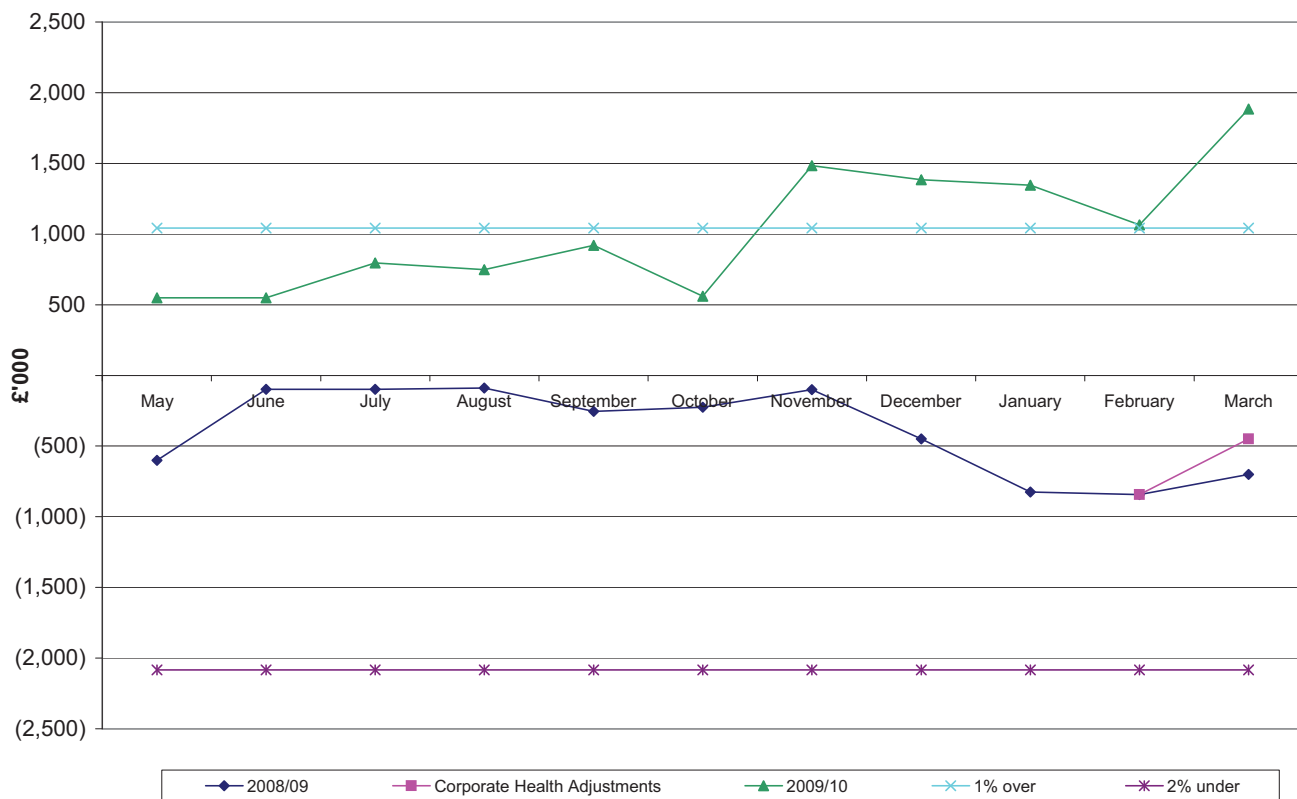
General Fund Monitoring Comparison 2008/09 & 2009/10



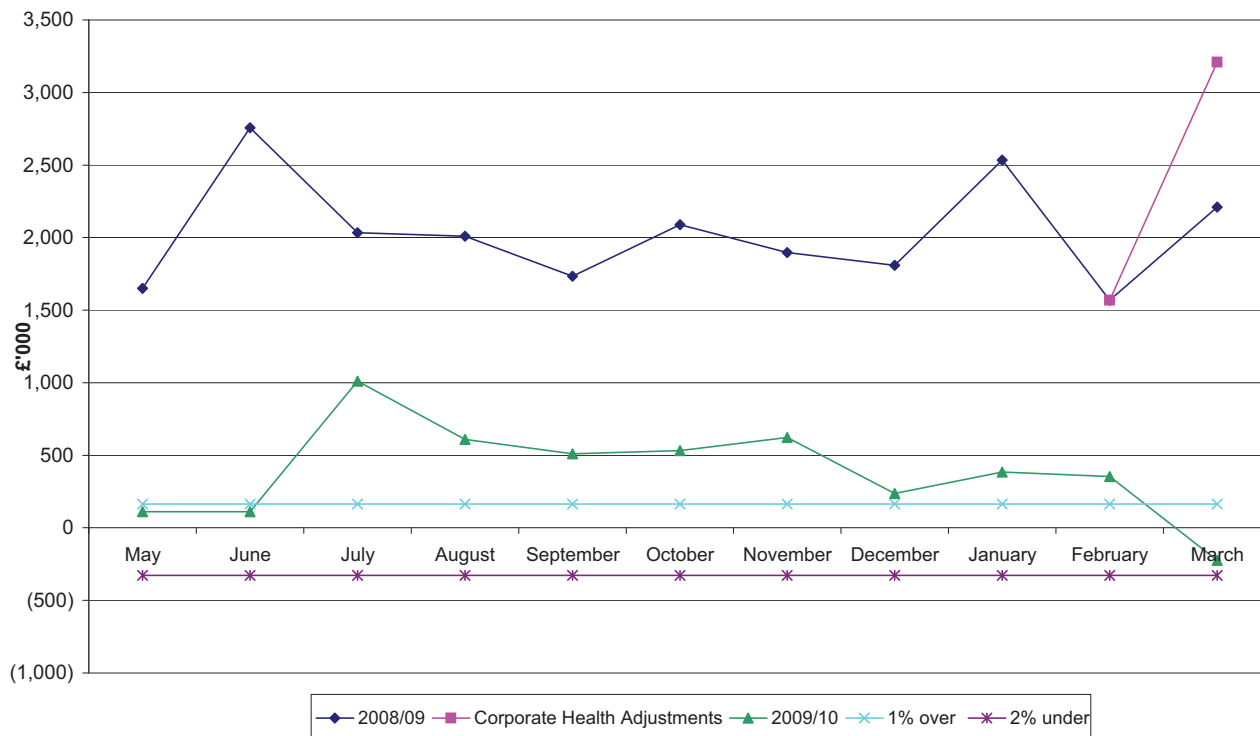
**Children's Services Monitoring Comparison 2008/09 & 2009/10**



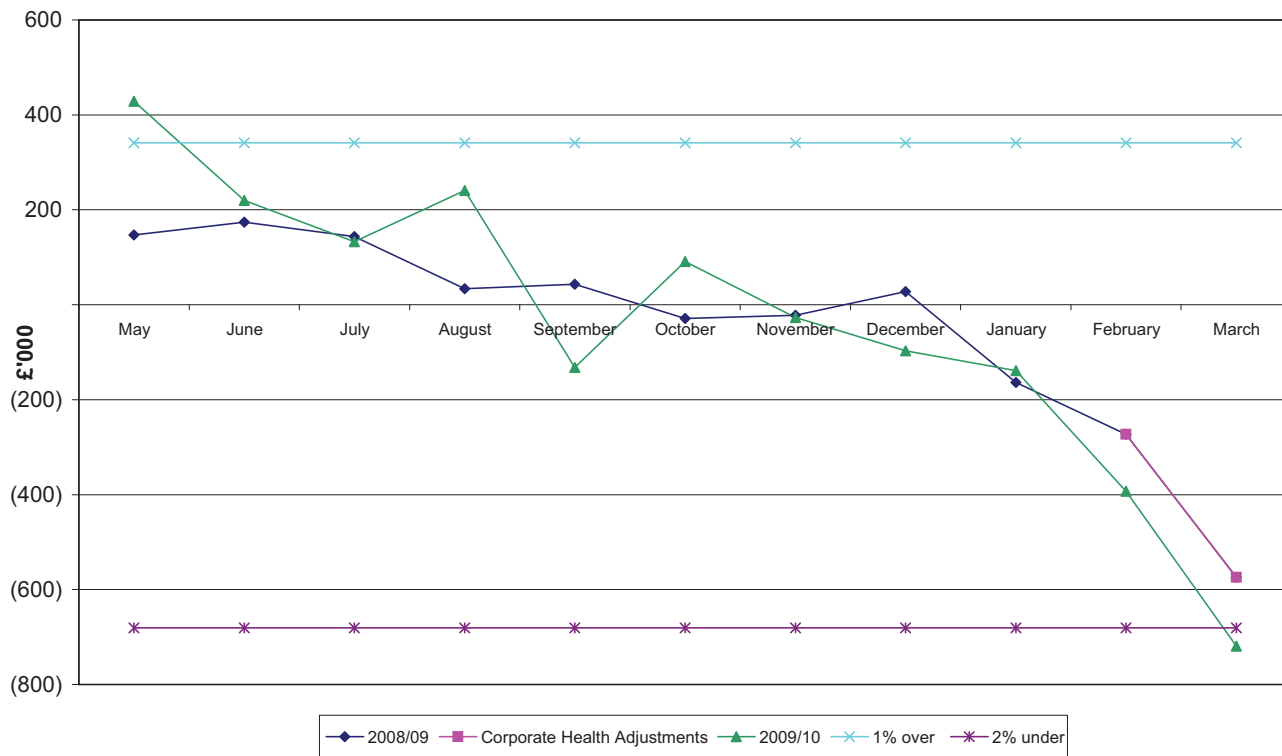
**Community Services Monitoring Comparison 2008/09 & 2009/10**



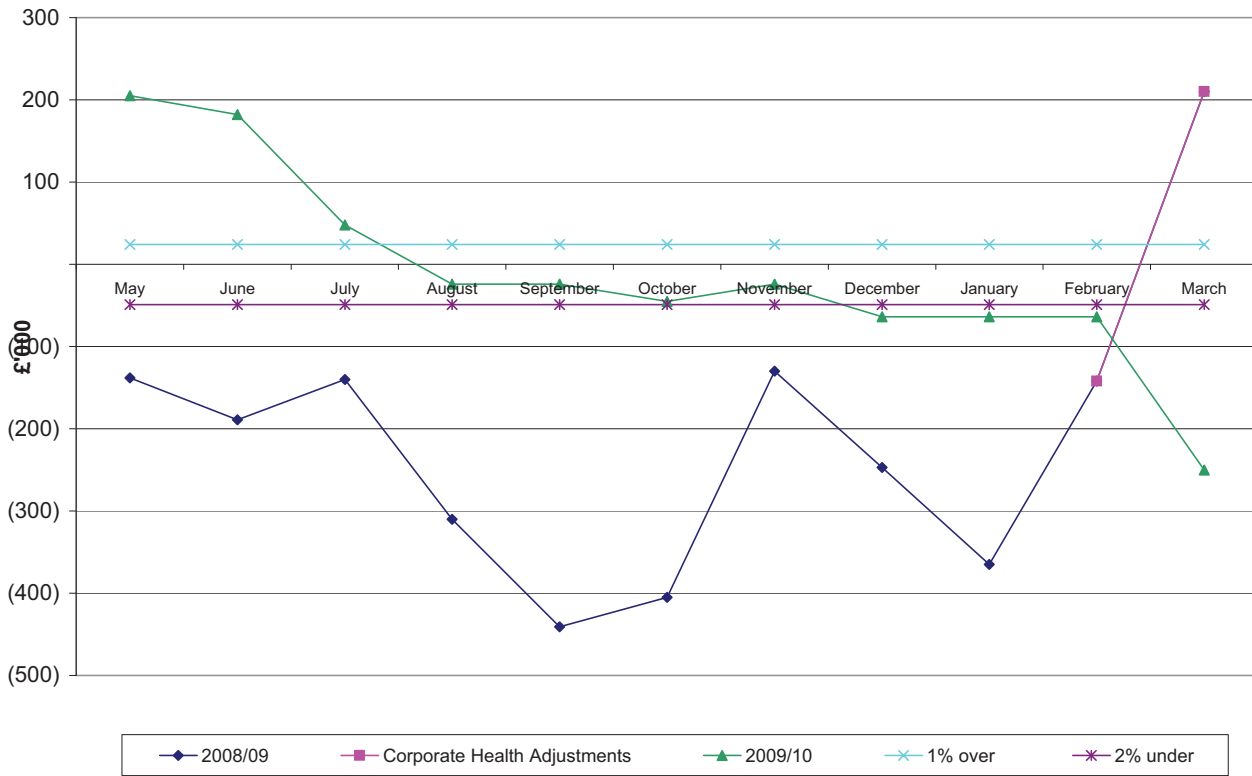
**Development Monitoring Comparison 2008/09 & 2009/10**



**Corporate Support Monitoring Comparison 2008/09 & 2009/10**



Chief Exec Monitoring Comparison 2008/09 & 2009/10



## 2009/10 GENERAL FUND REVENUE BUDGET MONITORING TO 31 MARCH 2010

	1	2	3	4	5	6	7	8
	Latest Approved Budget	Draft outturn	Variation for year prior to Corporate Health Adj	Corporate Health items - Transfers to/from Provisions	Corporate Health items - Transfers to/from Reserves	Carry Forwards for approval	Adjusted outturn Position	Adjusted variation/transfer to Working balance
	£000	£000	£000	£000	£000	£000	£000	£000
<b>GENERAL FUND BUDGETS</b>								
DIRECTOR FOR CHILDREN'S SERVICES	51,322	53,178	1,856				53,178	1,856
DIRECTOR FOR COMMUNITY SERVICES	102,294	104,179	1,885				104,179	1,885
DIRECTOR OF DEVELOPMENT	16,614	16,391	(223)				16,391	(223)
DIRECTOR FOR CORPORATE SUPPORT	34,775	34,056	(719)			66	34,122	(653)
CHIEF EXECUTIVE	2,694	2,444	(250)			12	2,456	(238)
CORPORATE ITEMS AND CAPITAL FINANCING	(11,172)	(12,293)	(1,121)	252	788	197	(11,056)	116
<b>TOTAL DEPARTMENTAL REVENUE BUDGET</b>	<b>196,525</b>	<b>197,953</b>	<b>1,428</b>	<b>252</b>	<b>788</b>	<b>275</b>	<b>199,270</b>	<b>2,743</b>
<b>EXCEPTIONAL ITEMS</b>								
LABGI		(229)	(229)				(229)	(229)
FLEMING VAT		(2,144)	(2,144)				(2,144)	(2,144)
SEASIDE TOWNS FUNDING		(200)	(200)			200	0	0
PLANNING AND DELIVERY GRANT		(370)	(370)				(370)	(370)
<b>ADJUSTED OUTTURN</b>	<b>196,525</b>	<b>195,010</b>	<b>(1,515)</b>	<b>252</b>	<b>788</b>	<b>475</b>	<b>196,527</b>	<b>(0)</b>



## TRADING ACCOUNT POSITION FOR YEAR ENDED 31 MARCH 2010

Activity	Original Estimates £000	Draft Outturn £000	Variation £000
<b>DEVELOPMENT</b>			
City Market	138	108	(30)
Off Street Parking	(1,125)	(860)	265
On Street Parking	(1,349)	(1,202)	147
Street Trading	0	0	0
<b>Development Trading Accounts</b>	<b>(2,336)</b>	<b>(1,954)</b>	<b>382</b>
<b>COMMUNITY SERVICES</b>			
Taxi Trade	(21)	(121)	(100)
<b>Community Services Trading Accounts</b>	<b>(21)</b>	<b>(121)</b>	<b>(100)</b>
<b>Total Trading</b>	<b>(2,357)</b>	<b>(2,075)</b>	<b>282</b>

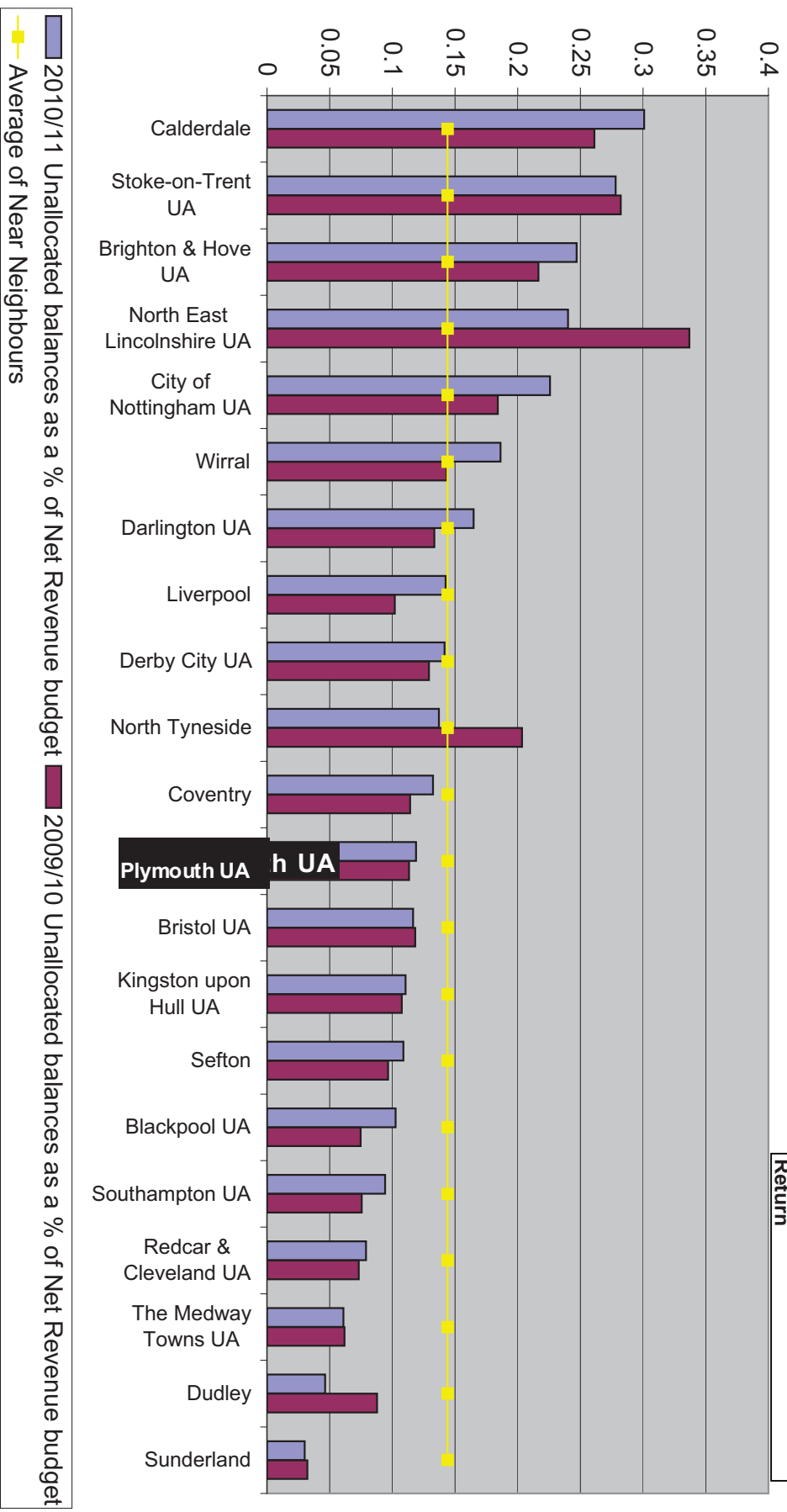
## Movement in Reserves 2009/10

	Balance as at 31/03/2009	Transfers to Reserves	Transfers from Reserves	Balance as at 31/03/2010	Purpose of reserve
	£'000	£'000	£'000	£'000	
Off Street Parking	0	(1,556)	1,556	0	Represents Accumulated trading surplus
On Street Parking	0	(1,202)	1,202	0	Represents Accumulated trading surplus
City Market	(0)	(78)	78	(0)	Represents Accumulated trading surplus
Commuted Maintenance	(931)	(986)	177	(1,740)	Contribution from developers /section 106 agreements to provide for future maintenance over a period of years
Education Carry Forwards	(3,207)	(1,915)	3,059	(2,063)	Schools ringfenced resources mainly from grants
Taxis	131	(121)	0	10	Represents Accumulated trading deficit - reserve needs to be returned to a surplus
Street Trading	(104)	(6)	(0)	(111)	Represents Accumulated trading surplus
Land Charges Development Fund	(54)	0	2	(52)	To fund improvements in the LLC service
Accommodation Reserve	(1,262)	(550)	0	(1,812)	To meet costs of repairs to Office Accommodation
Insurance Reserve	(1,429)	(112)	362	(1,179)	To meet any unforeseen/increased costs of insurance claims or works to minimise insurance risk
Carry Forwards	(1,756)	(576)	1,169	(1,163)	Reserve set up from end of year budget underspends to meet future Council priorities. This reserve will generally be utilised in full in the following year but may be supplemented as part of Closedown following assesment of future risks and budget pressures.
JE contingency	(2,100)	(52)	807	(1,345)	Utilised in 2010/11 budget to fund successful appeals
Pensions Fund	0	(238)	0	(238)	
Redundancies	(1,133)	0	551	(582)	To meet redundancies costs
DRCP	(1,145)	(91)	72	(1,164)	Reserve set aside to meet future expenditure in Devonport, in lieu of grant funding in 2007/08, and fund DNM post
CIP	(3,836)	(200)	1,738	(2,298)	Fund to be used to support the CIP's
Stock Transfer	(735)	0	735	(0)	This reserve is used to support the costs incurred in preparing for potential stock transfer
Capital Reserve	(975)	0	0	(975)	To be used to support the capital programme and potential shortfall in capital receipts
Waste Balancing Reserve	(750)	(750)	0	(1,500)	Reserve set up to proactively provide and manage the future budget shortfall when the waste PFI scheme becomes operational.
PFI reserve	(1,801)	(345)	0	(2,146)	PFI credits received in advance
Job Evaluation/Equal Pay	(350)	0	0	(350)	To support the ongoing JE appeals process for which there will be project costs incurred in 09/10 as well as potentially increased revenue costs if the total salary bill outweighs the funding that has been allowed
Commercial rents sinking fund	0	(73)	0	(73)	RDA rents sinking fund Tamar House
Strategy for Change (BSF)	(250)	0	0	(250)	To support the cost of submitting our BSF bid continuing the priority of providing high quality learning environments
Iceland Bank	(281)	(54)	201	(134)	Allowance for investment losses of the money invested in the Icelandic banks
Urban Enterprise Fund	(1,000)	0	633	(367)	Match funding to ensure that Plymouth gains access to the European funding available to the region to support Urban Enterprise
Other Reserves	(663)	(828)	272	(1,218)	All reserves have been reviewed and confirmed as required to meet specific policy commitments
<b>Sub Total</b>	<b>(23,631)</b>	<b>(9,733)</b>	<b>12,613</b>	<b>(20,751)</b>	
<b>Working Balance</b>	<b>(11,739)</b>	<b>(128)</b>	<b>350</b>	<b>(11,517)</b>	General Balance available to meet unforeseen expenditure. This balance represents 6% of net revenue expenditure and is in line with Unitary Council averages
<b>Total Balances</b>	<b>(35,370)</b>	<b>(9,861)</b>	<b>12,963</b>	<b>(32,268)</b>	

() Means favourable

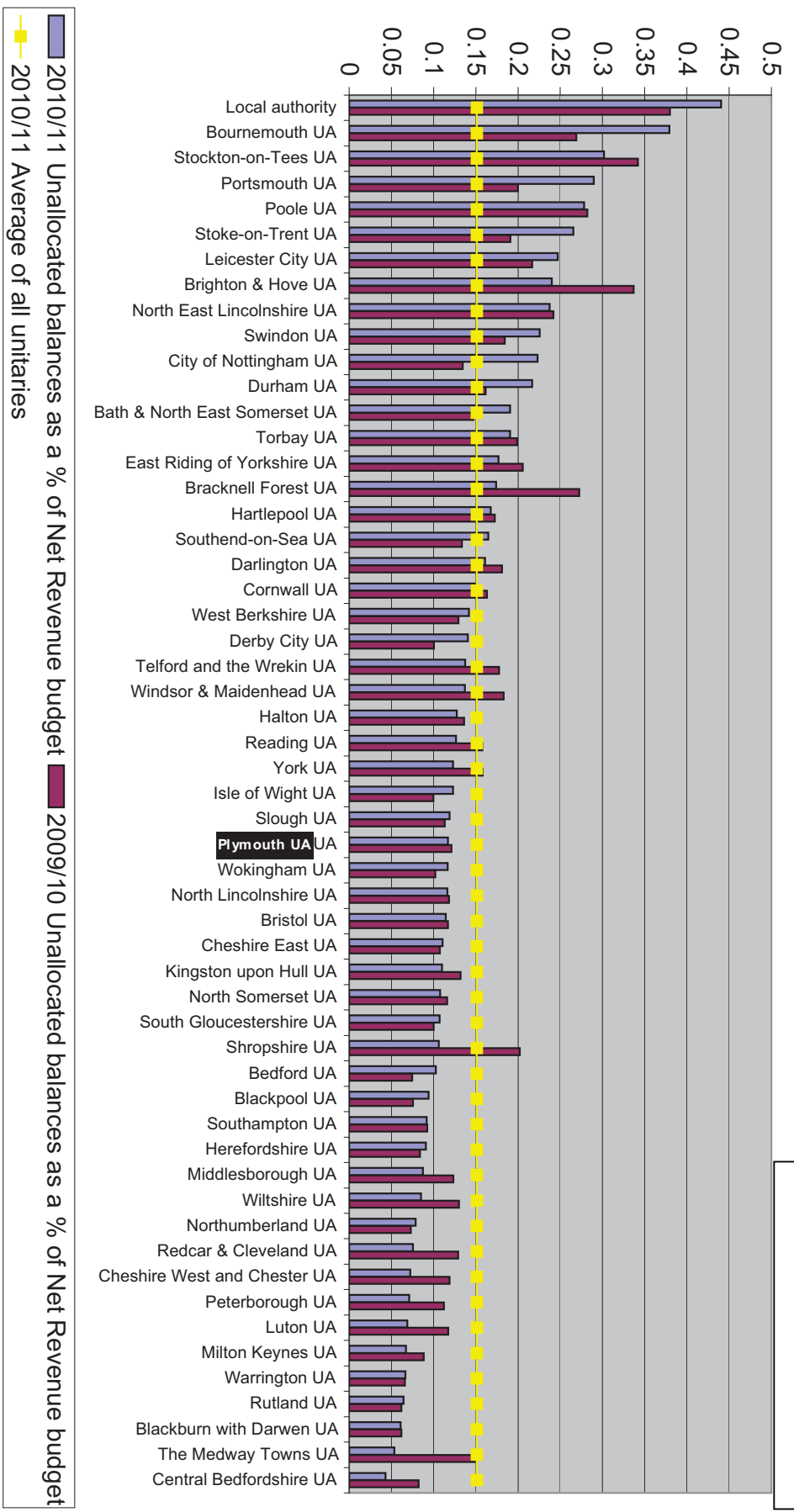
### Total Balances as % of Net Revenue Budget- Near Neighbours

Figures taken from BR1 Return



### Total Balances as % of Net Revenue Budget - All Unitaries

Figures taken from BR1 Return



## Movement in Provisions 2009/10

Provision	Restated Balance at 31/03/09	Provisions made in year	Provisions used in year	Balance at 31/03/10
	£000	£000	£000	£000
Insurance Fund	(5,579)	(2,744)	2,232	(6,091)
JE Backdated Pay increase	(300)	(437)	737	0
Backdated Equal pay claims*	(3,330)	0	0	(3,330)
S117 Refunds <sup>#</sup>	(347)	0	347	0
Liability for BMW Landfill Usage	0	(1,438)		(1,438)
Provision for Repayment of Grant	(337)	0	10	(327)
Plymouth Pavilions	(80)	0	80	0
HRA Gas Servicing Ex-Gratia Payments	(1,786)	0	781	(1,005)
Other Provisions	(78)	(64)	126	(16)
<b>Total General Provisions</b>	<b>(11,837)</b>	<b>(4,683)</b>	<b>4,313</b>	<b>(12,207)</b>
<b>Total Provisions For Bad Debts</b>	<b>(14,078)</b>	<b>(1,073)</b>	<b>1,844</b>	<b>(13,307)</b>

**\* Back dated equal pay claims**

Please note this provision is made up of two separate elements:

1. Claims submitted prior to 31 March 2008- provision funded from Capitalisation Direction- balance £1.480m
2. Claims submitted from 1 April 2008- charged to accounts in accordance with statutory accounting requirements but backed out via Regulations to a (negative) back dated equal pay Reserve Account -£1.850m. The actual costs of equal pay claims are not required to be charged to the revenue account until actual payments are made.

**# Section 117 Refunds**

Provision no longer required, and written back to revenue in 2009/10.

**SUMMARY CAPITAL PROGRAMME - Final Outturn**

	Budget						Financing						
	Original Budget 2009/10	Latest Approved Budget	New Approved Schemes	Re-profiling	Virements	Other Variations	Outturn	Capital Receipts	Unsupported Borrowing	Supported Borrowing	Grants, Contribution & Section 106	Revenue & Funds	Total Financing
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Children's Services</b>	52,057	53,771		(3,848)	(40)	305	50,188	2,662	5,511	11,852	29,307	856	50,188
<b>Community &amp; Neighbourhood Development &amp; Regeneration</b>	9,932	6,631	121	208		369	7,328	1,791	757		4,669	112	7,329
<b>Corporate Support</b>	20,932	21,187	325	(2,666)	40	(739)	18,147	201	2,021	4,100	11,700	125	18,147
<b>HRA</b>	2,065	10,242	28	(320)		(733)	9,217	1,466	5,705		1,873	173	9,217
	7,222	7,991				570	8,561	160		2,076	332	5,992	8,561
<b>Total</b>	<b>92,208</b>	<b>99,822</b>	<b>474</b>	<b>(6,626)</b>	<b>0</b>	<b>(228)</b>	<b>93,441</b>	<b>6,279</b>	<b>13,994</b>	<b>18,028</b>	<b>47,881</b>	<b>7,259</b>	<b>93,442</b>
<b>Corporate adjustments Transferred to Revenue PCL adjustment</b>							(1,221)	(638)	(164)		(142)	(915)	(1,221)
<b>Adjusted programme/Financing</b>	<b>92,208</b>	<b>99,822</b>	<b>474</b>	<b>(6,626)</b>	<b>0</b>	<b>(228)</b>	<b>92,220</b>	<b>5,641</b>	<b>14,469</b>	<b>18,028</b>	<b>47,739</b>	<b>6,343</b>	<b>92,220</b>

## Capital Outturn Summary 2009/10

Directorate	Service	Sub Programme	Latest Approved Budget	New Approved Schemes	Re-profiling	Virements	Other Variations	Outturn
Children's Services	Strategic Programmes	BSF	13,917,527	-	32,640	-	9,200	13,959,367
		Children's Social Care	100,000	-	(45,652)	-	(0)	54,348
		Localities	-	-	-	-	-	-
		Other Non School	-	-	-	-	-	-
		PFI	-	-	-	-	-	-
		Primary Capital Programme	2,733,412	-	-	137,037	137,037	2,870,449
		Special Education and Inclusion	20,533,716	-	(486,939)	137,269	(155,565)	20,028,481
			(4,843)	-	769	1,867	0	(2,207)
			-	-	-	-	-	-
			-	-	-	-	-	-
	Focused Work	14-19 Diplomas and International Baccalaureate	2,183,990	-	(159,048)	6,232	17,151	2,048,325
		Access	75,000	-	(48,580)	2,231	-	28,651
		Adult and Community Learning	23,988	-	-	(23,988)	-	-
		Extended Schools	250,809	-	(214,990)	69,788	(22,488)	83,119
		ICT in Schools	702,241	-	(34,648)	(12,488)	(68)	655,037
		Safeguarding	208,525	-	(84,500)	241	(3,454)	120,812
		School Meals	788,269	-	(85,214)	49,237	16,042	768,334
		Section 106 Projects	9,062	-	4,924	-	2,049	16,035
		SEN and Inclusion	915,733	-	(194,872)	(4,856)	31,607	747,612
		Sustainability, Carbon Reduction and Spend to Save	752,640	-	(13,906)	4,405	-	743,139
Tuition Service	-	-	-	-	-	-		
Youth Service	210,882	-	-	-	(27,696)	183,186		
Children's Social Care	-	-	180,649	-	(39,852)	(398)	140,400	
Devolved Capital	Nursery	92,488	-	(75,533)	(1,288)	(0)	15,666	
	Other	231,173	-	(108,322)	(23)	3	122,831	
	Primary	1,199,267	-	(358,212)	(72,475)	(94,693)	673,887	
	Secondary	829,141	-	(296,016)	(1,337)	231,566	763,354	
	Special	170,242	-	(127,291)	(11,806)	40,000	71,145	
Devolved Capital Projects	Nursery	-	-	-	-	-	-	
	Other	-	-	-	-	-	-	
	Primary	724,978	-	(111)	(124,215)	(13,889)	586,764	
	Secondary	287,109	-	-	(1,628)	-	285,481	
Special	-	-	(1,548)	(1,099)	11,235	8,588		
Condition Works	-	-	-	-	-	-		
School Condition Projects	1,494,085	-	(40,338)	20,318	18,342	1,492,407		
Other Programmes	Big Lottery, PE and Sport	590,805	-	(154,045)	(69,473)	(10,000)	357,287	
	Other Items	194,100	-	-	(189,173)	(1,101)	3,826	
School Development Works	Primary Development	1,020,000	-	(39,281)	2,034	1	982,754	
	Secondary Development	1,002,522	-	(80,555)	1,404	(19,284)	904,087	
	Special School Development	135,026	-	-	955	28,153	164,134	
School Harnessing Technology / ICT	Nursery	1,317	-	-	1,288	872	3,477	
	Other	2,091	-	(1,116)	-	-	975	
	Primary	456,248	-	(41,464)	75,396	36,710	526,890	
Secondary	301,348	-	(24,856)	107,624	68,282	452,398		

Directorate	Service	Sub Programme	Latest Approved						
			Budget	New Approved Schemes	Re-profiling	Virements	Other Variations	Outturn	
Children's Services	School Harnessing Technology / ICT	Special	44,734	-	(16,377)	15,797	12,782	56,936	
	Surestart, Early Years and Childcare	Children's Centres Early Years	-	-	-	-	-	-	
<b>Children's Services Total</b>			<b>53,770,515</b>	<b>-</b>	<b>(3,847,833)</b>	<b>(40,000)</b>	<b>305,428</b>	<b>50,188,111</b>	



Directorate	Service	Sub Programme	Latest Approved Budget	New Approved Schemes	Re-profiling	Virements	Other Variations	Outturn	
Community & Neighbourhood	Environmental Services	Environmental & Regulatory Parks	151,377	-	-	-	-	-	
		Vehicle Purchases	584,361	23,800	(53,484)	(162)	1,189	152,404	
			-	-	-	-	(52,609)	502,068	
	Culture, Sport & Leisure	Leisure Pools	1,026,560	-	-	-	-	(5,271)	1,021,289
		Libraries	829,396	-	-	-	-	556,499	1,385,895
		Life Centre Programme/Central Park	3,096,173	96,852	454,385	-	(131,933)	3,515,477	
		Mount Edgcumbe	307,011	-	(12,915)	-	-	294,096	
		Museums	60,407	-	-	-	29	60,436	
	Adult Health & Social Care	Other Leisure	-	-	-	-	-	-	-
		Community Care	546,500	-	(171,613)	-	702	375,589	
		Drug Users in Treatment Programmes	29,898	-	(8,185)	-	-	21,713	
	<b>Community &amp; Neighbourhood Total</b>			<b>6,631,683</b>	<b>120,652</b>	<b>208,026</b>	<b>-</b>	<b>368,605</b>	<b>7,328,966</b>

Directorate	Service	Sub Programme	Latest Approved Budget	New Approved Schemes	Re-profiling	Virements	Other Variations	Outturn	
Development & Regenera	Local Transport Plan	Capital Maintenance	1,356,150	-	-	(88,475)	(98,288)	1,169,387	
		Demand Management	793,061	-	-	295,945	(95,346)	993,660	
		Developer Contribution	-	-	-	-	-	-	-
		Dft settlement not yet allocated	82,949	-	-	229,335	(312,284)	-	-
		Northern Corridor - A386	735,843	-	(301,385)	-	4,534	438,992	
		Public Transport	2,112,310	-	(162,301)	(607,280)	(4,791)	1,337,938	
		Regeneration & Urban Renewal	-	-	-	-	1,852	1,852	
		Road Safety	202,726	-	(29,933)	(52,213)	630	121,210	
		Safety Camera Partnership	97,748	-	(37,405)	-	(18,748)	41,595	
		Walking & Cycling	794,943	-	(112,695)	74,188	48,048	804,484	
		A38 Junction Improvements	50,000	-	(8,072)	-	-	41,928	
		Eastern Corridor	2,523,629	-	(226,746)	148,500	(193,892)	2,251,491	
		Other	-	56,000	(534)	-	750	56,216	
		West End	2,927,625	-	(186,031)	-	-	2,741,594	
		Alleygates	22,060	-	(6,707)	-	(6,873)	8,480	
		Barbican Landing Stage	12,302	-	(6,527)	-	-	5,775	
		Cumberland Gardens	370,000	11,400	20,880	-	-	402,280	
		Devonport Heritage Trail	91,000	-	-	-	628	91,628	
		Devonport Street Lighting	372,954	68,673	-	-	(119)	441,506	
		Granby Green	54,095	-	(139)	-	-	53,957	
		North Stonehouse	-	-	-	-	-	-	
		Plymouth Gateway	-	-	-	-	-	-	
		Stonehouse Regeneration	182,410	10,000	(30,000)	-	48,455	210,865	
Planning	163,576	-	(20,507)	-	254	143,323			
Recycling	-	-	-	-	-	-			
Waste	3,023,749	-	(462,563)	-	(15,227)	2,545,958			
Commercial Developments	1,036,150	-	(35,169)	-	(95,227)	905,754			
Disabled Adaptations	-	-	-	-	-	-			
HECA Programme Private Sector	417,717	-	(119,577)	-	-	298,140			
Misc Schemes	100,000	-	(85,750)	-	-	14,250			
Partnership & Affordable Housing	294,103	-	(72,237)	-	-	221,866			
Private Sector Grants	2,179,880	90,009	(455,850)	-	-	1,814,039			
Private Sector Regeneration	315,663	-	(1,210)	40,000	-	354,453			
Devonport Park	874,731	88,727	(325,638)	-	(3,498)	634,322			
<b>Development Projects</b>									
<b>Development &amp; Regeneration Total</b>			<b>21,187,373</b>	<b>324,809</b>	<b>(2,666,094)</b>	<b>40,000</b>	<b>(739,145)</b>	<b>18,146,944</b>	

Directorate	Service	Sub Programme	Latest Approved Budget	New Approved Schemes	Re-profiling	Virements	Other Variations	Outturn	
Corporate Support	Corporate Items	-	-	-	-	-	-	-	
	Finance	Capitalisation Invest to Save	7,800,000	-	-	-	(633,977)	7,166,023	
	Finance	Finance	-	-	-	-	-	-	
	Human Resources	Human Resources	-	-	-	-	-	-	
	Information Systems	Information Systems	1,087,495	-	(213,932)	-	(111,049)	762,514	
	Legal Services	Legal Services	2,497	-	-	-	(1,647)	850	
	Performance & Policy	Performance & Policy	-	-	-	-	-	-	
	Policy & Planning	Policy & Planning	-	-	-	-	-	-	
	Property & Economic Development	Corporate Real Estate	1,351,696	28,354	(106,177)	-	13,988	1,287,860	
	Revenue & Benefits	Legal Services Revenue & Benefits	-	-	-	-	-	-	
	Strategic Procurement	Strategic Procurement	-	-	-	-	-	-	
	<b>Corporate Support Total</b>			<b>10,241,688</b>	<b>28,354</b>	<b>(320,109)</b>	<b>-</b>	<b>(732,685)</b>	<b>9,217,247</b>

Directorate	Service	Sub Programme	Latest Approved Budget	New Approved Schemes	Re-profiling	Virements	Other Variations	Outturn
HRA	Housing Revenue Account		-	-	-	-	-	-
		Decency Standards	4,750,583	-	-	(1,021,000)	336,253	4,065,836
		Devonport	1,322,870	-	-	-	(100,304)	1,222,566
		Disabled Adaptations	401,413	-	-	-	102,366	503,779
		HRA Capitalised Salaries	520,034	-	-	-	64,457	584,491
		Major Repairs	995,918	-	-	1,021,000	166,997	2,183,915
<b>HRA Total</b>			<b>7,990,818</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>569,769</b>	<b>8,560,587</b>
<b>Grand Total</b>			<b>99,822,077</b>	<b>473,815</b>	<b>(6,626,009)</b>	<b>-</b>	<b>(228,028)</b>	<b>93,441,854</b>

## Housing Revenue Account year ended 31 March 2009

HRA	Latest Approved Budget	Apportioned to 20 November 2009	Draft Outturn	Variation
<b>INCOME</b>	£000	£000	£000	£000
Rents - Dwellings	(42,472)	(26,647)	(26,121)	526
Rents - Other	(2,479)	(1,557)	(1,545)	12
Charges for Services & Facilities	(2,677)	(1,680)	(1,608)	71
Interest Receivable	(254)	(157)	(153)	4
Subsidy	2,326	1,458	743	(715)
<b>TOTAL INCOME</b>	<b>(45,556)</b>	<b>(28,582)</b>	<b>(28,684)</b>	<b>(102)</b>
<b>EXPENDITURE</b>				
Repairs - HRA	16,174	10,148	10,826	679
Repairs - Building (surplus)/Deficit	(550)	(345)	(691)	(346)
Management - General	9,403	5,900	6,451	551
Management - Special	4,730	2,967	2,975	8
Management - Contingency	900	565	0	(565)
RCCO	0	0	0	
Capital Charges	13,805	8,661	8,406	(255)
Rent Rebates - Transfer to GF	760	477	543	67
Provision for bad debts	400	251	201	(50)
<b>TOTAL EXPENDITURE</b>	<b>45,622</b>	<b>28,623</b>	<b>28,710</b>	<b>87</b>
(Surplus)/Deficit	66	41	26	(14)
<b>SUMMARY OF BALANCES</b>				
Final (Surplus)/Deficit	66	41	26	
HRA Working Balance at Start of Year	(2,042)	(2,042)	(2,042)	
<b>Working Balance at year end</b>	<b>(1,976)</b>	<b>(2,001)</b>	<b>(2,016)</b>	<b>(14)</b>

## LAA Stretch Targets

Appendix 9

Stretch Target	Indicator	Assessment	PRG Available	PRG Likely
<b>1. Improve the life-chances of looked after children</b>	Long term stability of children looked after (2.5 years) (PAF B71)		£117,000	£0
	Employment, education and training for care leavers (PAF A4)		£80,000	£80,000
	Stability of placements (PAF A1)		£117,000	£0
	Employment, Education and Training for care leavers at 16 (local from OC2 return)		£80,000	£80,000
	Final warnings/reprimands and convictions of Children Looked After (local from OC2 return)		£24,000	£0
	Percentage of 11 year olds achieving level four in English at Key Stage Two (local from OC2 return)		£55,000	£0
	Percentage of 11 year olds achieving level four in Maths at Key Stage Two (local from OC2 return)		£43,000	£0
	Percentage of 16 year old looked after children achieving 5 or more GCSEs grade A*-G		£98,000	£0
<b>2. Reduce the under 18 conception rate</b>	Teenage pregnancy rate (conceptions to women aged less than 18 years per 1,000 women aged 15-17 years inclusive)		£618,000	£0
<b>3. Reduce re-offending rates</b>	Number of convictions recorded by the police for all PPOs (Prolific and Other Priority Offenders) on the PPO scheme at 31 <sup>st</sup> March 2007 (Cohort 1)		£556,000	£556,000
	Number of convictions recorded by the police for all PPOs joining the PPO scheme between 1 <sup>st</sup> April 2007 and 31 <sup>st</sup> March 2008 (Cohort 2)		£61,000	£61,000
<b>4. Reduce violent crime</b>	Number of incidents of BCS Category Wounding		£618,000	£618,000
<b>5. Reduce the harm caused by domestic violence</b>	Number of Domestic Violence Incidents recorded by Devon and Cornwall Constabulary		£247,000	£0
	Percentage of Domestic Violence crimes resulting in a Brought to Justice Outcome (BTJO).		£370,000	£370,000
<b>6. Reduce the harm caused by illegal drugs</b>	Number of people entering drug treatment		£185,000	£0
	Percentage of people entering drug treatment that are retained in treatment for at least 12 weeks		£432,000	£432,000
<b>7. Improve the health of young children</b>	Prevalence of obesity in year 6 (11year olds)		£309,000	£0
	Percentage of women breastfeeding at 6-8 weeks post partum.		£154,000	£154,000
	Percentage of schools achieving Healthy Schools Status		£154,000	£146,300
<b>8. Decrease the harm</b>	Number of young people (19-25), referred from criminal justice and		£185,000	£185,000

## LAA Stretch Targets

Appendix 9

Stretch Target	Indicator	Assessment	PRG Available	PRG Likely
<b>caused by alcohol in young people</b>	hospital settings, who are given brief interventions for alcohol misuse related to violent crime and / or hospital admission / attendance			
	Number of young people (19-25), referred from criminal justice and hospital settings, who complete at least 6 weeks of structured extended brief intervention and/or treatment for alcohol misuse related to violent crime and unplanned hospital admission / attendance		£247,000	£0
	Rate of Alcohol specific hospital admissions for those over 16 years old per 100,000– ICD 10 codes – E244, F10, G312, G621, G721, 1426, K292, K70, T510, T511, X45	<b>TBC</b>	£92,000	£TBC
	Rate of Assault related admissions in the 16-30 year old age group per 100,000– ICD 10 codes – X93-X99, Y01-Y09.	<b>TBC</b>	£92,000	£TBC
<b>9. Decrease the year on year rise in obesity levels</b>	Increase the percentage of adult population participating in 30 minutes of moderate physical activity three or more times per week		£618,000	£618,000
<b>10. Reduce the gap in premature mortality rates</b>	The number of pregnant women referred to NHS stop smoking services who have quit smoking at 4 weeks.		£309,000	£0
	Increase the number of people, living in the most deprived areas (bottom third neighbourhoods), who have quit smoking at 4 weeks after attending NHS stop smoking services		£309,000	£0
<b>11. Improve the quality of life and independence of older people</b>	Absolute reduction in emergency bed days, recorded by Plymouth PCT for over 75's in LDP quarterly returns.		£618,000	£0
<b>12. Increase employment and reduce the impacts of poverty and ill-health</b>	Number of people on an incapacity benefit (i) for 2 years or more living in the Plymouth LAA area helped by Plymouth Works Partnership (ii) into sustained employment (iii) as measured by Individual tracking of participants and outcomes through the partnership		£556,000	£556,000
	Number of people claiming incapacity benefit (i) in the Plymouth LAA area who have a care plan with the Plymouth Mental Health team who are supported by the Plymouth Works Partnership (ii) into sustainable employment (iii) as measured by individual tracking of		£61,000	£61,000

## LAA Stretch Targets

Appendix 9

Stretch Target	Indicator	Assessment	PRG Available	PRG Likely
	participants and outcomes through the partnership.			
		Total	£7,405,000	£3,917,300