

Public Document Pack



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OVERVIEW AND SCRUTINY MANAGEMENT BOARD

DATE: MONDAY 15 FEBRUARY 2010, CONTINUED ON WEDNESDAY 17 FEBRUARY 2010

TIME: 9.30AM (15 AND 17 FEBRUARY)

PLACE: COUNCIL HOUSE (NEXT TO THE CIVIC CENTRE)

Committee Members –

Councillor James, Chair

Councillor Mrs Watkins, Vice Chair

Councillors Coker, Fox, Purnell, Roberts, Thompson, Viney and Wildy

Co-opted Representative –

Mr D Fletcher (Chamber of Commerce)

Mr T Lyddon, Diocesan Representative

Mr P Willis, Parent Governor Representative

Substitutes–:

Named substitutes from the Panels may act as a substitute member provided that they do not have a personal and prejudicial interest in the matter under review.

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

Members and Officers are requested to sign the attendance list at the meeting.

BARRY KEEL
CHIEF EXECUTIVE

OVERVIEW AND SCRUTINY MANAGEMENT BOARD

PART I (PUBLIC AGENDA)

AGENDA

1. APOLOGIES AND SUBSTITUTIONS

To receive apologies for non-attendance submitted by Overview and Scrutiny Management Board Members and to note the attendance of substitutes in accordance with the Constitution.

2. DECLARATIONS OF INTEREST

Members will be asked to make any declarations of interest in respect of items on this agenda.

3. CHAIR'S URGENT BUSINESS

To receive reports on business which, in the opinion of the Chair, should be brought forward for urgent consideration.

4. BUDGET 2010/11:

- | | | |
|----|---|-------------------|
| 4a | Timetable for 15 and 17 February 2010 | (Pages 1 - 2) |
| 4b | Overview of draft Corporate Plan and Budget Papers | (Pages 3 - 4) |
| 4c | Draft Corporate Plan 2010-2013 | (Pages 5 - 44) |
| 4d | Overview and Update of People, ICT and Accommodation Strategies | (Pages 45 - 52) |
| 4e | Corporate Asset Management Plan | (Pages 53 - 100) |
| 4f | Treasury Management Strategy Statement and Investment Strategy | (Pages 101 - 142) |
| 4g | 2010/2011 Budget (Revenue and Capital) | (Pages 143 - 200) |

5. EXEMPT BUSINESS

To consider passing a resolution under Section 100A (4) of the Local Government Act 1972 to exclude the press and public from the meeting for the following item(s) of business on the grounds that it (they) involve(s) the likely disclosure of exempt information as defined in paragraph(s) ... of Part 1 of Schedule 12A of the Act, as amended by the Freedom of Information Act 2000.

PART II (PRIVATE MEETING)

AGENDA

MEMBERS OF THE PUBLIC TO NOTE

that under the law, the Overview and Scrutiny Management Board is entitled to consider certain items in private. Members of the public will be asked to leave the meeting when such items are discussed.

NIL.

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Overview & Scrutiny Management Board

Scrutiny of the 2010/11 Budget and Corporate Plan - February 2010

Day 1 – Monday 15 February

9.30 - 9.45	Budget and Corporate Plan Aims and Objectives	Giles Perritt / Paul Chapman
9.45 – 10.30	<p>Challenge of the overview: Broad outline of:</p> <p>a. City Vision (<i>pages 8-12</i>); b. Corporate improvement priorities (<i>pages 24-33</i>); c. Revenue and capital spending plans to deliver priorities (<i>Pages 147-161</i>). <i>(no more than 15 minute presentation followed by up to 30 minutes Q&A)</i></p>	Leader Assistant Chief Executive Director for Corporate Support
10.30 – 10.45	Break	
10.45 - 12.30 First 10 mins.	<p>Corporate Support / Chief Executives: (CIPs 1,2,13 and 14)</p> <p>a. Cabinet Member(s) outline of priorities and challenges / links with corporate plan; b. Benchmarking and key performance measures (<i>pages 159-161, 18,24,25,32,33</i>); c. Revenue Budget and Delivery Plans (<i>pages 191,192</i>); d. Capital programme – links to priorities (<i>pages 148-151,160,194</i>); e. Capital programme - governance arrangements & overall affordability (<i>163-179</i>); f. ICT + Accommodation + People Strategies update; (<i>pages 45-52,19-20</i>) g. Key partnerships</p>	Councillor Bowyer Councillor Ricketts Director for Corp. Support Assistant Chief Executive Assistant Directors Kay Fice (Finance Client Manager) CIP Leads
12.30 – 1.15	Lunch	
1.15 – 2.00	Corporate Support/Chief Executive's recommendations / further info requests. Identification of cross-cutting issues to raise with other Directorates.	O & S Management Board
2.00 – 3.30 First 20 mins.	<p>Community Services challenge: (CIPs 3,4,6 and 10)</p> <p>a. Cabinet Member(s) outline of priorities and challenges / links with corporate plan; b. Benchmarking & key performance measures (<i>pages 154-156,18,25-27,29</i>); c. Revenue Budget and Delivery Plans (<i>page 188,189</i>) d. Capital programme – links to priorities (<i>pages 156,194</i>); e. Key partnerships.</p>	Councillor Brookshaw Councillor Jordan Councillor Dr Salter Councillor Michael Leaves Director for Community Services Assistant Directors Simon Arthurs (Finance Client Manager) CIP Leads
3.30 – 3.45	Break	
3.45 – 4.30	Community Services recommendations / further information requests. Identification of cross-cutting issues to c/f to day 2.	O & S Management Board

Day 2 – Wednesday 17 February

9.30 - 10.00	Preparation / identification of key issues to raise.	O & S Management Board
10.00 -11.30 First 5 mins.	<p>Children’s Services challenge: (CIPs 7,8 and 9)</p> <p>a. Cabinet Member(s) outline of priorities and challenges / links with corporate plan;</p> <p>b. Benchmarking & key performance measures (<i>pages 151-154, 18,27-29</i>);</p> <p>c. Revenue Budget and Delivery Plans (<i>page 187</i>);</p> <p>d. Capital programme – links to priorities (<i>pages 153, 194</i>);</p> <p>e. Key partnerships</p>	Councillor Monahan Bronwen Lacey Assistant Directors Kay Fice (Finance Client Manager) CIP Leads
11.30 -11.45	Break	
11.45 – 1.15 First 15 mins.	<p>Development department challenge: (CIPs 5, 10, 11 and 12)</p> <p>a. Cabinet Member(s) outline of priorities and challenges / links with corporate plan;</p> <p>b. Benchmarking & key performance measures (<i>pages 156-159, 18,29-31</i>);</p> <p>c. Revenue Budget and Delivery Plans (<i>page 190</i>);</p> <p>d. Capital programme – links to priorities (<i>pages 158,194</i>);</p> <p>e. Key partnerships</p>	Councillor Fry Councillor Michael Leaves Councillor Wigens Director for Development and Regeneration. Assistant Directors Liz McDonald (Finance Client Manager) CIP Leads
1.15 - 2.00	Lunch	
2.00 - 2.45	Recommendations re: Children’s Services and Development. Identification of cross-cutting issues / further information requests.	O & S Management Board
2.45 - 3.15	Preparation for wrap-up / overview challenge. Check that questions asked at the beginning have been addressed.	O & S Management Board
3.15 - 3.30	Break	
3.30 - 4.30	<p>Wrap-up overview challenge: Were the departmental messages consistent with the direction set out within the corporate plan, and other key strategies?</p>	Leader Councillor Bowyer Chief Executive Director for Corp. Support Assistant Chief Executive
4.30 - 5.00	Finalise recommendations / report & clarify what happens next?	O & S Management Board

Report for Overview and Scrutiny Management Board

15 and 17 February 2010

1. Introduction

- 1.1 The purpose of this report is to provide an overview on the pack of papers that will be presented and scrutinised by the Overview and Scrutiny Management Board on 15 and 17 February 2010.
- 1.2 We continue to develop and build on the success of previous year's Corporate Plan and Budget Scrutiny process, providing a suite of strategic documents that outline priorities for Improvement and Resource allocations.

2. The Documents

- 2.1 The primary document that describes the Council's Strategic direction and Corporate Improvement Priorities (CIP) is **the Corporate Plan**. 2010/11 is the third year of focussing on our 14 identified CIPs.
- 2.2 When we adopted the Corporate Plan, in its existing format in 2008/09, we stated the need for sustained focus and effort on the CIPs, over at least a three year period. We will fundamentally review and challenge improvement priorities for the next three year period in the 2011/12 Corporate Plan.
- 2.3.1 All other documents presented to Scrutiny support and underpin the delivery of the Corporate Plan. In brief they are:
 - **Revenue and Capital Budgets 2010/11.** Due to the inter-linkage between our revenue allocations and our capital investment plans, this year we have combined all budget information into one integrated report. The budget is set within the context of our Medium Term Financial Strategy which is updated annually in March following the confirmation of Council Tax levels. The Revenue and Capital report provides an overview of the funding challenges and pressures faced by the Council, progress made and success in 2009/10, departmental commentaries, funding allocations and Delivery Plans that need to be enacted in order to deliver a robust, balanced budget.

(contd over)

- **Update on ICT, HR and Accommodation Strategies.** The Support Services Overview and Scrutiny Panel has, over the last few months, scrutinised progress made in relation to each of these strategies. In order to optimise our use of resources, we need to continue to integrate the delivery of these strategies. This report provides a brief overview of progress made to date in line with priorities and milestones set in CIP 13, Supporting staff to work better and CIP 14, Providing better value for money.
- **Treasury Management Strategy.** Since the collapse of the Icelandic banking institutions, the Council has radically revised its strategic approach to Treasury Management. We now minimise the risk of our investments, (with significantly lower returns), and offset the revenue impact of this through proactively reducing our debt profile. This strategy has been revised and updated for 2010/11 in consultation with our Treasury Management Advisors, Arling Close, and following input from elected members at an externally facilitated Treasury Management workshop.
- **Asset Management Plan.** The Asset Management Plan provides strategic direction, objectives and targets for managing our asset base. We continue to strive to improve the quality of our buildings through asset disposal and re-investment (within the constraints of the current economic climate) and allocating extra resources to pro-active maintenance budgets.

3. Summary

- 3.1 All papers presented for the 2010/11 Scrutiny process are inter-linked and are all focussed on continuing to improve the services that we provide to local residents and improving the efficiency of how the Council operates.

Malcolm Coe
Assistant Director Finance, Assets and Efficiencies
February 2010

CITY OF PLYMOUTH

Subject: Draft Corporate Plan 2010-2013

Committee: Cabinet
O & S Management Board

Date: 9 February 2010
15 & 17 February 2010

Cabinet Member: The Leader, supported by Councillor Ricketts and Councillor Bowyer

CMT Member: Assistant Chief Executive, supported by Director for Corporate Support.

Authors: Peter Honeywell, Policy, Performance and Partnerships

Contact: Tel: (01752) 305603
e-mail: peter.honeywell@plymouth.gov.uk

Ref:

Part: I (one)

Executive Summary:

The council's vision is to be excellent by 2012 as part of its contribution towards the vision for the city described in the Sustainable Community Strategy.

The corporate improvement priorities set out in the attached draft Corporate Plan are those topics on which the council must focus in order to make the most progress towards both the vision for the city and for the organisation.

Listed below is a suite of documents that work together setting out the intended strategic approach to the deployment of physical, natural, financial and human resources to ensure delivery on those priorities, improve performance and meet customer expectations.

- The draft Corporate Plan 2010-2013 (as part of this report)
- Updates of the People, ICT and Accommodation Strategies (presented as a separate agenda item)
- The Asset Management Plan (presented as a separate agenda item)
- The 2010/11 Budget (Revenue and Capital) Report (presented as a separate agenda item)
- The Treasury Management Strategy Statement (presented as a separate agenda item)

These documents are being presented to Cabinet as part of the same overall agenda as collectively they provide a view of what the Council plans to do to meet its objectives and how it will deploy its resources in support of these goals.

More detailed actions to support the corporate and city goals will be embedded into business plans across the organisation and in plans from the partnership theme groups.

Corporate Plan 2010-2013

The draft Corporate Plan is a three-year plan updated on an annual basis. This is the third year of the current three year cycle. Attached is the revised Plan for 2010-2011, which builds on the previous year and sets out continued activity to deliver on the priorities first set out in the 2008-11 plan. The plan also sets out the intent to review and potentially revise the structure of the plan next year at the outset of the next three year cycle.

Implications for Integrated Revenue and Budget Report and Resource Implications: Including finance, human, IT and land

The draft Corporate Plan 2010-2013 sets out the vision for the Council and states the corporate improvement priorities, including outline plans for how these will be delivered within available resources.

Decision makers should have regard for the agreed priorities and strategies when making any future decisions about the allocation of financial, physical and human resources.

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

Risks, health and safety and inequalities have been actively considered in developing the corporate improvement priorities and supporting strategies. Where issues have been identified the documents and any supporting action plans set out how they will be addressed.

Recommendations & Reasons for recommended action:

It is recommended that cabinet:

- Endorse the integrated strategic approach to delivering on priorities that is set out here.
- Commend the draft Corporate Plan to full council for adoption subject to minor amendments and editorial changes being delegated to the Chief Executive and the relevant portfolio holder.
- When subsequently considering adoption of the related reports and strategies to do so in the context of this aligned framework.

Alternative options considered and reasons for recommended action:

The Corporate Plan sets out the strategic direction the Council will take for the next 3 years. It highlights those areas where we still need to make step change in our performance. It also sets the context for the Council's budget, therefore it is not feasible to consider the option of not producing a Corporate Plan.

Background papers:

- Updates to the People, ICT and Accommodation Strategies
- Asset Management Plan
- 2010/2011 Budget (Revenue and Capital)
- Treasury Management Strategy Statement
- Corporate Plan 2009-2012.
- Securing the Future for Generations Ahead (Sustainable Community Strategy 2007-20)
- Existing Medium Term Financial Strategy
- Audit Commission: use of resources key lines of enquiry. <http://www.audit-commission.gov.uk/useofresources/downloads/UoR2009OverallApproach.pdf>
- Audit Commission: Corporate Area Assessment - joint inspectorate proposals for consultation (summer 2008.) <http://www.audit-commission.gov.uk/caa/downloads/CAAConsultation08.pdf>

Sign off:

Head of Fin	DN Corpf 900013	Head of Leg	DVS 1098.	Head of HR		Head of AM		Head of IT		Head of Strat Proc	
Originating SMT Member: Giles Perritt, Head of Policy, Performance and Partnerships											

Corporate Plan 2010-2011

DRAFT

Striving for excellence



Our shared vision



Our council's ambition

To be an excellent council by 2012

Corporate Plan 2010/13

Published by Plymouth City Council
March 2010

Contact:
Policy, Performance, Partnerships
Plymouth City Council
Civic Centre
Plymouth PL1 2AA
Tel: 01752 305546

Foreword

Purpose

The Corporate Plan helps us make sense of our often complex world. It focuses on:

- The strategic direction of the council over the next three years
- An assessment of current performance and future challenges
- A rolling three-year programme of corporate improvement priorities
- The council's contribution to achieving the shared vision for the city
- How we will organise ourselves to achieve our ambitions
- How we will hold ourselves to account

It sets the context for the council's 2010/11 and future budgets and the more detailed business plans to improve services and provide value for money. It is about ensuring we are fit for purpose and focused on our residents and customers.

The Corporate Plan is part of our three-year business planning cycle. This is the third year of the current cycle, next year the plan will be more fundamentally reviewed to lay out the direction for the next three year cycle.

It is also in part an annual report as well as a look to the future. It is not just another document. Its importance lies in how we think about it and use it.

1 In December we learnt that Plymouth would be part of England's World Cup bid for 2018. If that bid is successful it will provide a real fillip to our ambitious vision for the city. That vision is what is most distinct about Plymouth and we need to market it more strongly. We have an opportunity to make a real step change in the living standards and quality of life of people living in this city and make it the dynamo of the far South West.

2 December was a good month, as we also learnt that the city had received a very favourable Comprehensive Area Assessment, with a 'green flag' for the quality of our work protecting people during civil emergencies and managing sensitive situations. At the same time, the council was classed as performing 'well', scoring 3 out of 4 for our overall performance. Taken together these judgements compared us favourably with other unitary and county council areas. That is an excellent achievement and the result of many years hard work. We can all feel proud.

3 Last year also saw our Adult Social Care services classed as performing well across all the seven outcome areas assessed; a considerable improvement for us. At the same time, the bar is being raised in many areas, nowhere more so than in children's social care following the Baby P case, and we face a challenging inspection of our Safeguarding and Looked After Children's Services in the months to come.

4 We need to improve people's perceptions of some of our services and of the council as a whole. Although some of our survey and customer feedback data is good, our Place Survey results for the city were, with some exceptions, poor overall. We must address this issue more strongly than we have in the past.

5 As well as responding to our customers, we also have a place shaping role to play. This not only involves achieving our vision for the city and our growth projections, but also how we help shape behaviour in areas like waste minimisation, carbon reduction and anti-social behaviour. We want a sustainable city where people feel safe and have a high quality of life.

6 Whilst our auditors found that budgets are well managed and finances healthy, the biggest challenge over the next few years is likely to be a financial one, given the national situation around the public finances following the global banking crisis. We'll need to work smarter and also plan and share resources better on an area and regional basis, if we are to deliver the services people need and achieve our ambitious vision for the city.

CONTENT

Overview

Where are we now?

Where do we want to be?

How do we get there?

How will we know we are getting there?

APPENDIX

1 Corporate Improvement Priorities

2 Local Area Agreement

3 How we were assessed

4 Key Place Survey results

5 Democratic governance structure

6 Key strategies/plans

7 Council service structure

Vivien Pengelly
Leader of the Council

Barry Keel
Chief Executive

Overview of our business

Our vision involves increasing the population of the city and surrounding area by 100,000 and the creation of 42,000 new jobs between 2006 and 2026.

It means opening up the waterfront, renovating the harbour areas, delivering area action plans; as well as, 13,000 sq metres of office space per annum and 172,000 sq metres of new retail space by 2021; plus creating 100 new hectares of local nature reserves and 32,000 new homes

It involves achieving this growth in a sustainable way and reducing our carbon emissions

It means reducing health and other inequalities, so that all can share and contribute to the growing quality of life and opportunities in the city

Our vision for the city

7 We say many times that we want Plymouth to become “one of Europe’s finest, most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone”. We do though need to be clear about what this means and market the city better. We want Plymouth to be a city people choose to come to; one that increasingly becomes the economic hub of the far south west.

8 That means making the most of our distinct natural setting between Plymouth Sound, Mt Edgecumbe, the Tamar and Plym rivers and Dartmoor. Our natural environment is a big selling point. Our vision is inspired by the Mackay view that the city should grow in width to the east and in height to exploit its waterfront setting. It means selling Plymouth as a city that is clean, green and sustainable; a city that increasingly attracts high tech and clean industries.

9 Our vision involves growing the city’s population to achieve the critical mass to provide the range of amenities needed to become a regional hub. Attracting more visitors, developing our cultural and retail offer and making the place more vibrant. It means responding to what will be a growing and changing population, as new workers and visitors arrive, in an inclusive and welcoming way.

10 It means building on our strengths and developing a series of interlocking and sustainable communities where there is strong resident engagement. Ensuring that there are high quality access networks across the city to leisure, work, health and other amenities. Improving the major gateways to our city like the ferry terminal, rail and bus stations and our major road corridors.

11 It involves building new learning centres that are central to and support the regeneration of our communities. A city campus approach to learning that enhances choice and is focused on skills for the future, with a University centred on enterprise. It is about co-locating services like health and social care, so they are more accessible and bringing services together better at the locality level.

12 It means developing jobs in our six growth areas of advanced engineering, business services, creative industries, marine industries, medical and health care and tourism and leisure. Having a vibrant city centre of regional significance and a second centre for the growing high tech and medical sciences quarter to the north of the city at Derriford. It involves getting the most from the 12 miles of open waterfront that runs from Jennycliff near Mount Batten to Devonport. Exploiting and enhancing our green amenities like the Hoe, Central Park and Stonehouse Creek. Improving the city centre with initiatives like Drake’s Circus and the west end development that will link to the regeneration of Millbay.

13 It involves rejuvenating areas like Devonport and North Prospect. Ensuring our housing stock is decent and our waste effectively recycled. Providing a safe and healthy environment for our residents and visitors. Building a Life Centre that will provide local and nationally significant sports facilities. Having a thriving voluntary and community sector.

14 It is a vision of a city that is about water, hills and greenery; one where the focus is on creativity and a high quality of life whether you are growing up, of working age or retired. A beautiful, vibrant city. We all have a part to play in creating it.

Our vision for our customers

15 We want our customers to be at the centre of everything we do. We aim to make our services easy for customers to access and easy to get quick answers to their issues. We will have a thorough understanding of our customers’ differing needs and services will be customised and continually improved to meet those needs wherever possible. All customers will have a choice of how to access

We are a diverse and complex business

Daily we help around 3,500 older people to live in the community, support the education of 40,000 children and fund 4,220 nursery places

Weekly we pay out £1.5m in benefits, collect bins from 117,000 households, respond to 600 housing advice requests and undertake 30 food hygiene inspections

Yearly we dispose of 127,500 tons of domestic and bulky waste, process 2,000 planning applications, issues over 1,315,000 books from our libraries and cut 6m square metres of grass

This is just some of what we do

services, in order that they can choose the way that best suits their needs and preferences, as far as is practicable. Our customers will know the standard of service they can expect from us and what we expect from them in return. Services will be provided seamlessly through the council and with partner agencies. We will use customer feedback and engagement to improve the design and delivery of our services and our customers will have the opportunity to influence how we prioritise and deploy our resources. Communication with customers will be two-way, enabling us to inform, listen, learn and act on what we have been told.

Place shaping as well as responding

16 Whilst we want to meet customer demands, in some areas we also have to try and shape people's behaviour or take a lead in developing innovative new ideas to move our vision for the city forward. This requires taking risks and really explaining our case. We will need to do more of this in the years to come. Our engagement in the World Cup bid is an example of us as a city setting the agenda. The harsh financial climate ahead means we may have to do more to manage demand for some services and it gives added urgency to influencing behaviour around minimising waste, recycling and reducing costly carbon emissions. This place shaping role is helped by the fact that we are a democratically accountable organisation and gives the council a particular responsibility to lead and also scrutinise.

One Place and Total Place

17 The Audit Commission has called its CAA site 'One Place' as the focus of the inspection is on an area as a whole and the public services and partnerships within it. 'Total Place' is an improvement initiative that seeks to look at the amount of public expenditure spent in an area across agencies, whether local or national, and how that money can be used in a more innovative way to improve service delivery and increase efficiency. This focus on the area, one from an inspection and one from a delivery perspective, is particularly topical at a time when there will be increased pressure on public services. It means we need to do more to ensure we deliver services effectively through co-location of staff, more locality working to bring services closer to people and more common processes so that we cut down the bureaucratic inter-face with the public. People want easy points of entry, duplication kept to a minimum, getting problems solved in one go and, where they have multiple needs, having those dealt with as efficiently as possible. The further development of our city based partnerships, like the Children and Young People's Trust, City Development Company and that between adult health and social care, will become even more important. We will also be working with national and regional partners such as the Homes and Communities Agency and the Regional Development Agency to promote growth, enable regeneration and support job creation. The problems we face are often difficult ones, like reducing people's fear of crime or helping children who face serious disadvantages fulfil their potential. Effective work nearly always involves working across services and with partners.

Delivering services daily

18 Whilst pursuing a vision and looking at new and more efficient ways to engage with our customers across agencies, we have to deliver services on a daily basis. We are a diverse and complex business. We offer over 300 distinct services to our residents and the public, involving thousands of products and activities. To do this we employ over 14,000 people in a variety of occupations. Across the authority we are responsible for the implementation of a huge amount of national legislation and regulation. Our relationships with our customers are not simple ones. Some people choose one of our services on a fairly competitive basis, such as borrowing a library book or visiting a museum. Others may have a legal relationship with us, such as a family where a child is under a care order, or a food outlet owner who needs to comply with hygiene regulations. Our customers are also the recipients of uniform city-wide service like refuse collection and street cleaning. Whilst the Corporate Plan focuses on areas where we need to improve, we must not forget the huge amount of work that goes on under business as usual.

Being inclusive and sustainable

19 Being inclusive is a critical ingredient of our vision, central to our partnership objectives and core to our business as a council. We want to narrow the gap between our communities and see our increasing diversity as a strength for the city.

20 Sustainability and the benefits of a low carbon economy are also at the core of our business. Plymouth has one of the lowest carbon footprints in the UK and we want to keep it that way. As a council we plan to reduce our carbon emissions by 20% by 2013 and support a citywide Low Carbon Network that will help local businesses and our public sector partners to do the same.

Having clear messages for all

21 Some of our priorities for improvement will mean more to some staff than others, simply because it is in an area that they are most involved in. But there will be some issues where we all need to do our bit. Ensuring we are all customer focused and sensitive to diverse needs, whether we work in an outward facing or support service, is an example of this. Another is providing value for money by all of us looking at how we can be more efficient, reduce processes or stop doing things in our service area. A third is behaving in a sustainable way so we don't, for example, waste natural resources. These are areas where we need to send clear messages across the organisation and constantly reinforce them.

SOME KEY AREAS OF COUNCIL BUSINESS

Children and Young People

- Delivery of Every Child Matters agenda
- Development of the Children and Young People's Trust
- Support to 97 schools
- Children in Care
- Family support, rapid response
- Safeguarding
- Adoption & Fostering
- Youth Offending
- Children with disabilities
- Behaviour support
- Emotional well-being

- Young carers
- School meals and transport
- Early years
- Play
- Schools' building programme
- 14 to 19 yrs city-campus
- Children's centres
- Extended schools
- Adult learning
- Education attainment and standards
- Children and young people's participation in service review/design

Development and Regeneration

- Land and property
- Business and investment
- Building control
- Public rights of way
- Road safety
- Licensing
- Street lighting and road maintenance
- Car parking
- Planning
- Regeneration
- Traffic wardens
- Economic development
- Housing strategy

- Asset management
- The Pannier Market
- Private sector housing support
- Empty homes initiatives
- Anti-social behaviour
- Housing allocation, advice, homelessness prevention
- Neighbourhood regeneration
- Building Cleaning/Security
- Affordable Housing

Community Services

- Adult social care – older people; learning, physical, and sensory disabilities and mental health
- Equipment and adaptations
- Direct payments
- Carer support
- Day centres
- Residential/respite care
- Supporting people
- Social inclusion and community cohesion
- Community safety
- Personalised services
- Culture, arts, events
- Libraries and museums

- Sports facilities/play areas
- Tourism and visitor
- Cemeteries
- Port Health
- Litter, graffiti, fly tipping
- Trading standards
- Park maintenance
- Dog Wardens/Pest Control
- Garage Services
- Allotments
- Street cleaning
- Pollution
- Food safety
- Refuse collection
- Waste disposal/recycling

Corporate Support Services

- ICT support for back office and customer contact
- Strategic procurement - contracts, purchases
- Customer services – contact centre
- Housing and council tax benefits
- Council tax collection
- Financial management, and strategy
- Asset Management

- Human resources – e.g. advice, payroll, health and safety
- Births, deaths and marriages
- Democratic support
- Elections
- Lord Mayor's office
- Legal support – e.g. contracts, commissioning, safeguarding
- Risk management

Chief Executive's Unit

- Civil protection and emergency planning
- Communications

- Local Strategic Partnership support
- Corporate policies and performance systems

■ Amey runs highways operations ■ Housing stock is now run through Plymouth Community Homes ■ City Bus is now run by Go Ahead

Where are we now?

Overview

22 We continue to do well in many areas and adjust delivery arrangements to meet changing demands. The stock transfer of our council homes was successfully completed with Plymouth Community Homes and this will release the necessary funds to improve the levels of housing decency and support neighbourhood regeneration in some of our most disadvantaged areas. We have sold City Bus to Go Ahead, which will allow for greater future investment in bus infrastructure and service, reducing the age of the fleet and providing low floor access. We have been through a major re-zoning exercise to improve refuse collection services and are now reaping the benefits of that with missed bin numbers as low as they have ever been. Our educational services and those for adults with dependent needs perform well. We have the fillip of being part of the World Cup bid and our Local Development Framework and regeneration initiatives continue to perform strongly.

23 We have made further improvements in our inter-face with customers. We probably have all the strategies in place that we need, both within the council and across the partnership. Our financial position is sound and following the collective agreement on the outcomes of job evaluation we are well placed to continue our workforce development. We also continue to work through historic grievances and claims under Equal Pay legislation. Whilst our inspections have tended to be highly favourable, some of our customer feedback has not been as positive, particularly through the Place Survey.

Comprehensive Area Assessment/inspection

24 We did very well under the new CAA process. We were given a very positive narrative for our performance as a city and partnership, particularly on community safety, cleanliness and public satisfaction with Plymouth as a place to live. We were awarded a green flag - green flags are given for exceptional performance or innovation - for our work on protecting people during civil emergencies

and managing sensitive situations. These included the post Exeter bombing situation, Southway explosion and Little Teds nursery. These were all marked by strong partnership working at an operational level, to go with the strong partnership approach at the strategic level. We also very nearly received a second green flag for work around community safety, particularly domestic violence. Although we received no red flags covering areas of significant concern, our performance around health inequalities and against some key health indicators like teenage pregnancy, childhood obesity and smoking was a particular concern. Other areas to think about covered the state of private sector housing, marketing the city, the city's major gateways and narrowing the gap generally. These are the areas we will now need to give additional focus to.

25 We were classed as performing well as a council in the judgment that assessed our management of performance and use of resources; while we were seen as performing well across all seven areas of the Adult Social Care assessment. The bar has been raised in children social care following the Baby P case and, having had a recent short unannounced inspection of 'contact, referral and assessment', we face a challenging full inspection of Safeguarding and Looked After Children's service some time this year. As part of our preparation we are undertaking a self assessment of our services. This will not only help us get ready for Ofsted, but also enable us all to get a better picture across the Children's Trust of how we are doing and where we need to improve. We are treating this inspection as an opportunity to see how we can raise our game even further. Taken together our council and city CAA judgements compared favourably with other unitary and county council areas.

The Place Survey and other customer data

26 Our Place Survey results were disappointing, as they were for councils across the country. Our survey was also conducted during the period of waste re-zoning, though we cannot use that to ignore the low levels of some of the results. We did particularly badly on overall satisfaction with the council, where only 30 per cent of respondents were satisfied, compared to 45 per cent for other unitary councils. On the other hand, 79 per cent of people in Plymouth were satisfied with their local area, which was 3.5 percentage points above the unitary area average. Only 20% of people felt the council provided value for money, whereas 43% did not; while activities for teenagers emerged as the main overall concern. Specific services tend to score higher than the council as a whole, with parks and

Making services more responsive in 2009/10

- Quality monitoring now in place for telephony and face to face operations
- Implementation of Govmetric satisfaction software across customer services that includes Mosaic customer profiling, equalities and avoidable contact reportability
- LEAN project in revenues and benefits resulting in reduced end to end handling times for change of address notifications and new benefit claims
- Expansion of customer relations management software into waste services and transport and highways
- Working with Highbury Trust on improved signage

open spaces (67%), libraries (62%), waste collection (65%) examples of this; though sports and leisure facilities only scored 35%, while satisfaction with cleanliness was at 47%. Typically services users tend to be more satisfied than those who do not use a service, but then we need to know why that is. In some cases we have satisfaction levels like museums/galleries (51%) and theatres/concert halls (60%) that are significantly higher than the respective national figures of 41% and 43%; whereas though waste collection scored higher than these services locally, we were 13 percentage points below the national average.

27 The Place Survey will be taking place bi-annually. It is only one source of information for us. We have other customer data to draw on, as well as information about the actual performance of services. The Tellus Survey, for example, shows a higher level of satisfaction among children and young people. Results last year showed that 80% of children and young people thought that their local area was a very or fairly good place to live in. Better parks and play areas (48%), cleaner streets and less litter (47%) and better activities for children and young people (42%) would make their area an even better place to live in. However, children and young people did not feel that their views were listened to in decisions about the local area, with 24% feeling that their views weren't listened to at all. We need to use the Place Survey in conjunction with other data more than we have done in the past to inform our delivery and priority setting, but on the basis of a strong analytic understanding. For instance, concern about crime, though falling, still remains a major worry, whilst actual crime has fallen. Traffic congestion is also a major concern, though actual congestion is not as pronounced as in other major conurbations. Our understanding of a whole basket of data enables us to make judgments about the kind of responses we need to be making and the priority we should afford them.

Performance indicators

28 Our performance is better in most areas with 64% of indicators in 2008/9 showing an improvement, though 32% show a decline against 2007/08 data. We are a member of a national benchmarking club and this shows 47% of our indicators in the bottom half of the performance distribution and 53% in the top half. Adult social care continues to perform strongly, increasing the number of people who are supported to live independently and have choice in the services they receive. We achieved our LAA target of Incapacity Benefit claimants of 2 years or more helped into sustainable employment, while benefits and tax credit take up exceeds target. Our combined recycling and composting indicator remains challenging and narrowly missed its annual target due

a significant downturn in the recycling market, which had a knock on effect on the landfill target which also missed its target. Most recently, we had the best ever Early Years Foundation Stage and Key Stage 4 results and improved performance of Looked After Children achieving level 4 at Key stage 2 in English and Maths. Performance continues to improve in narrowing the gap in achievement between children from disadvantaged backgrounds and their peers.

Some awards in 2009/10

- Plymouth named by government as a national 'rough sleepers' champion' because of our pioneering work to help the homeless - one of 15 champions regarded as leading the field in this area
- Streets in our city centre were awarded a five-star rating in the 2009 Clean Britain Awards - one of only 12 cities across the country to gain the top five-star grade in the awards.
- Record number of city businesses (89%) voted 'yes' on renewal of the city centre's Business Improvement District (BID), the highest of any major city – giving go-ahead to take forward a plan to deliver £10m investment in the city centre over the next 5 years.
- Gold award in the large city category South West in Bloom awards and 22 Neighbourhood Awards, 7 given an 'outstanding achievement' rating; silver gilt award at the national Britain in Bloom awards
- Second prestigious green flag award for parks this year. The Hoe first received one a couple of years ago and now Freedom Field has been given the accolade. The flag is for providing a welcoming, safe, well-maintained and inspiring green space, with a strong sense of community involvement
- The museum gained a Visitor Attraction Quality Assured Status which looked at the presentation and layout of the galleries, the website and promotional materials, the way staff handle enquiries and the welcome that they give visitors.
- The Adelaide Park Home Zone was shortlisted in the 'town regeneration' category. The project has won the Home Zone section of the Local Government News Street design awards, and has changed the feel of the neighbourhood, creating space, a play area, installing granite surfaces, street lights, planters and making it easier for people to walk around.
- The planning process section of the Royal Town Planning Institute awards. The judges were glowing with their praise about how they have developed handled the Local Dev Framework.
- Plymstock Library/The Orchard won a National Affordable Homes Ownership Award for Best Contribution to Neighbourhoods and Communities. The scheme, developed in partnership with Spectrum Housing, has 12 shared ownership apartments and 15 affordable rented homes – with apartments for people with disabilities.
- Named the best organisation with 50 or more employees in 2009 South West C+ Carbon Positive Award Scheme - reducing size of our carbon footprint by an impressive 35,000 tonnes in less than a year, with efforts to encourage other organisations to follow our example in cutting emissions also recognised
- Brook Green Centre for Learning built using the latest sustainable building principles and materials is now in the running the Project of the Year Award in the South West Built Environment Awards.
- Wood View Learning Community campus was highly commended in the 2009 British Council for School Environments awards for best practice in the design and construction of schools.

Some key achievements from the CIP Programme in 2009/10

1 Improving customer service

- Customer Service Excellence accreditation achieved
- Successful bid to be the regional lead for the DCLG "getting it right, righting the wrongs" initiative.
- Significant reduction in number of complaints going to the Ombudsman.
- Improved engagement with customers with a disability to enhance appropriateness of service provision.

2 Informing and Involving residents

- 'You Said, We Did' pilot campaign carried out in September and similar messages used to promote Corporate Priority setting in November (Drake Circus, Area Ctees etc.)
- Publication of the Place Survey 2008 results which help us review and develop services
- Publication of 'How we Consult with you', Plymouth's Statement of Community Involvement and Compact Code of Practice, which sets standards for consultation with residents for the council and our partners
- Engagement and consultation values were built into the corporate competency framework ensuring that all staff become aware of good practice in terms of gathering feedback from the public and using it to develop services.

3 Helping people to live independently

- Self Direct Support process has been designed and is being implemented across all care groups: over 200 people now have been offered a personal budget and more people now have a Direct Payment
- Transformation awareness training for our staff and independent social care providers has been completed
- More people are now living independently, in their own homes including the establishment of 6 independent living flats for people with a Learning Disability
- Commissioned new information advice and advocacy services for older people and those with sensory impairment

4 Reducing inequalities between communities

- Advice work in response to recession, helped people get over £6m in previously unclaimed benefits and tax credit
- Community Cohesion action plan agreed with LSP
- Planning permission secured for Efford Gypsy site and bid submitted for government grant
- Approach to Locality /Neighbourhood Working agreed with partners

5 Providing better and more affordable housing

- Successful stock transfer completed to Plymouth Community Homes
- Delivery of new affordable housing significantly exceeded our targets and secured investment to kick-start stalled sites
- Launched Hard to Treat pilot and Going Solar schemes to improve energy efficiency of private sector properties
- Package of funding and sites agreed to support the regeneration of North Prospect

6 Providing more and better culture and leisure activities

- Submitted successful bid with the Football Association to be one of the host cities of the FIFA World Cup in 2018 or 2022, dependent on England winning its bid to host the event
- Appointed building contractor for the Life Centre
- Introduced a specialist youth gym at Brickfields leisure centre
- Presented a major exhibition on Joshua Reynolds at the city museum
- In partnership, delivered a series of additional events at Mt Edgecumbe

7 Keeping children safe

- Multi Agency Hidden Harm Implementation Plan signed off and being delivered.
- Payment for Skills Fostering Programme implemented within timescales set with the aim of attracting carers with the necessary skills to provide quality care to the most vulnerable children.
- Reorganisation of family support services with a focus on safeguarding children.
- Development of career grades for social work and non social work qualified staff with professional development based on competencies in line with service requirements.

8 Improving skills and educational achievement

- Significant improvement in the number of children reaching a good level of attainment at age 5
- Test results for Children in Care highest they have ever been
- The number of secondary schools that have KS4 results above the floor target has increased sharply
- More pupils at age 11 achieved a level 5 in English, maths and science than ever before.

9 Developing high quality places to learn in

- Capital expenditure on learning settings at highest level since 1950/60s
- Opened 3 new schools, taking 6 old school buildings out of service. It has also been a year where the investment programme has achieved two new major contracts on site one of which being a second major community campus for the city
- Brokering of two major academies by partnering with significant but local lead sponsors; supporting the feasibility programme and planning for the delivery of these by September 2010
- Brought forward BSF funding for the city by having our 'Readiness to Deliver' proposals accepted into the BSF programme. This sets us on the course for the delivery of 1 new secondary school, 3 substantial remodelled secondary schools and one advanced ICT solution in a recently constructed school

10 Disposing of waste and increasing recycling

- Invitations to submit outline solutions successfully completed for the PFI project.
- Rezoning fully implemented leading to more effective collections
- Garden waste scheme extended to include a further 3,000 properties
- £2 million redevelopment of Chelson Meadow Household Waste and Recycling Centre successfully completed, making it more user friendly and easier for people to recycle large unwanted goods
- Indicators for customer satisfaction have been very positive with complaints low and compliments noticeably higher

11 Improving access across the city

- Adoption of the Strategic Cycle Network
- Revised Derriford Hospital Accessibility Action Plan ready for LSP adoption
- Public Transport Delivery Plan and Sustainable Schools Transport Strategy completed in draft format and awaiting internal sign off.
- Real Time Passenger Information successfully extended with 22 new sites along the Northern Corridor.
- The majority of Northern Corridor schemes are currently under way
- Draft interim Network Management Plan due for completion to inform the emerging LTP3

12 Delivering sustainable growth

- Delivered £563 Million of investment during 2009, with 1,004 homes completed, 98% on previously developed land.
- Completed Market Recovery Action Plan and put in place market recovery measures for 2010.
- Adopted Statement of Community Involvement and submitted City Centre Area Action Plan.
- Commenced intensive start up support for businesses in deprived areas.

13 Helping council staff to perform better

- Implementation Competency Framework
- Implementation E-Learning
- Development Role Profiles
- Completion JE Process and Appeals

14 Providing better value for money

- Progress against VFM targets – e.g. 3/4m out of planning and maintained and improved service
- Adoption of accommodation strategy and rolling it out
- Adoption of a number of investment to save projects to reduce our carbon footprint and generate financial savings
- Formation of one corporate support directorate with rationalisation of posts

Where do we want to be?

Our priorities for the partnership

29 It is now four years since we set out our vision for the city in the Sustainable Communities Strategy and the clock started ticking on some of our long term growth projections; while our LAA comes to an end in March 2011. With this in mind, our LSP Theme Groups have reflected on the outcomes they want by 2020 and are currently looking at the milestones they want to see delivered and the performance measures needed to track progress. This will then form a shared programme of activity to take us to 2020. This will have added significance if England hosts the World Cup and we have to provide the quality stadium, accommodation, transport access and other amenities required.

30 We want to continue to build on partnership working across the city; look at how we can give a higher profile to housing issues and the needs of older people; ensure we have the right mix of interests and skills within our partnership mechanisms and develop the relationship with the City Development Company and also the Children's Trust, as well as enhancing our regional role. Co-location of some services, locality working and the extent to which we might benefit from some shared back office support are other points of focus.

Our priorities for the council

31 This will be the third year of our rolling three year Corporate Improvement Priorities (CIP) programme. That programme, containing 14 CIPs, was designed to address those areas where we were either:

- Significantly under-performing
- Having to meet extensive new challenges
- Needing to perform better as a whole council

These are areas where we need to give additional corporate attention and support of some kind for a set period of time. This does not mean we neglect other service areas. They may well be as important to the council and local residents, but if they are performing well and able to deal with new challenges, they are not classed as corporate improvement priorities in this sense, but treated as business as usual. Not being on the list of corporate improvement priorities is, therefore, not a bad thing. Other priorities can be addressed at department and service level through business planning. As a large complex organisation we recognise that there will be many priorities at individual, team, service and partnership level, with many relating to our statutory responsibilities.

32 Over the last two years we have tried to refine our approach to programme management, the benefits we want to see from the CIPs and when they might be realised. We are keeping with our 14 CIPs for another year, with their focus revised as some activities have been completed or their operating context changed. The diagram below shows how the CIP programme links to both business as usual and the shared priorities we have with our partners like the police, health, business and third sectors. It also includes the most recent thinking on the key outcomes that the different theme groups want to see for 2020. The key drivers for our CIPs, the reasons why they are in the programme, are also listed below and the focus for each CIP in 2010/11 and beyond can be found in the appendix.

33 As well as delivering against our CIP outcomes, we want to use the third year to review the programme. This will involve looking at whether some CIPs have completed their work and can be returned to business as usual; whether others could be merged or refined and whether new areas of improvement need to be brought within scope. Last year we produced a needs analysis to support our thinking and this year we need to build on and improve that analysis, which can be a benefit to the wider partnership as well as the council.

Comprehensive Area Assessment – One Place	PLYMOUTH'S VISION BY 2020				Partnership governance and performance management	
	“One of Europe’s finest, most vibrant waterfront cities where an outstanding quality of life is enjoyed by everyone”					
	CITY WIDE PRIORITIES					
	A HEALTHY CITY	A WEALTHY CITY	A SAFE AND STRONG CITY	A WISE CITY		
<ul style="list-style-type: none"> ■ Health inequalities have reduced across the city ■ People are leading healthier lives than today ■ Mental health and well being has improved ■ There is better access to specified health services and take up has increased ■ Vulnerable and older people are leading more independent lives 	<ul style="list-style-type: none"> ■ There are 30,000 more jobs ■ There are higher value jobs –with their ‘gross value added’ increased from 90% to 120% of the national average ■ The number and diversity of sustainable businesses has increased ■ Growth achieved within proposed carbon reduction targets 	<ul style="list-style-type: none"> ■ Everyone feels safe and is safe in their communities ■ The city is clean and sustainable, consumption controlled, less waste produced and more recycling ■ All communities are truly empowered, valued and engaged 	<ul style="list-style-type: none"> ■ Culture (art, sport, leisure) is at the heart of everything, with an iconic focus on the city’s heritage ■ Plymouth is a distinctive and dynamic waterfront city of wide renown, with an unrivalled quality of life ■ It is a learning city where everyone gains new skills and knowledge throughout their lives 			
LOCAL STRATEGIC PARTNERSHIP AND LOCAL AREA AGREEMENT						
Council organisational assessment and inspections	COUNCIL CORPORATE PLAN (STEP CHANGE PRIORITY FOCUS)				Council governance and performance management	
	OUR CITY					
	<ul style="list-style-type: none"> ■ Helping people to live independently ■ Reducing inequalities between communities 	<ul style="list-style-type: none"> ■ Providing better and more affordable housing ■ Delivering sustainable growth ■ Improving access across the city 	<ul style="list-style-type: none"> ■ Keeping children safe ■ Disposal of waste and increasing recycling 	<ul style="list-style-type: none"> ■ Providing more and better culture and leisure activities ■ Improving skills and educational achievement ■ Developing high quality places to learn in 		
	OUR COUNCIL		OUR CUSTOMERS			
	<ul style="list-style-type: none"> ■ Supporting council staff to perform better 	<ul style="list-style-type: none"> ■ Improving value for money 	<ul style="list-style-type: none"> ■ Informing and involving customers 	<ul style="list-style-type: none"> ■ Improving customer service 		
	PEOPLE, ACCOMMODATION, ASSET, ICT AND FINANCIAL STRATEGIES					
	DEPARTMENT/SERVICE BUSINESS PLANS AND BUDGETS (BUSINESS AS USUAL – CONTINUOUS IMPROVEMENT)					
Customer expectations/behaviour, demographic change, legislation, economic climate						

Key drivers for our CIP Programme in 2010/11 and beyond

1 Improving customer service

- Place Survey findings show overall satisfaction with the council at 29.6%, ranking us 346 out of the 352 councils surveyed
- Overall the number of complaints has fallen, but satisfaction with complaints handling across the council is low at 30%
- Councils that communicate well with their public tend to have high satisfaction ratings. Our performance has been described by MORI as relatively weak. Feedback to customers has also been poor, with members escalating complaints as a result
- The handling of customer enquiries is inconsistent across the Council and only 30% of all incoming calls are handled by the Contact Centre

2 Informing and Involving residents

- Place Survey showed only 22.2% of residents said they felt they could influence decisions affecting their local area
- The Access to Services inspection and Equality Standard for Local Government (ESLG) Peer Assessment both challenged us to do more to involve residents, including vulnerable and disabled people, in service design and delivery and co-ordinate our engagement and consultation processes better,
- Delivering the duty to involve residents in decisions about their local area, and understanding the role of Members in this

3 Helping people to live independently

- The 2009 annual performance assessment in by the Care Quality Commission confirmed that Plymouth Adult Social Care is now performing "Well" both overall and on all 7 of the primary outcomes used as the basis for the assessment. Given the approaching period of budget pressures on the public sector, the challenge now is to maintain this performance whilst further improving VFM

4 Reducing inequalities between communities

- We are 'achieving' the Equality Framework for Local Government, but now need to drive improvements to get to the 'Excellence' level to support our wider ambitions for excellent service
- Our performance on Community Cohesion (bottom quartile of associated measure in LAA) needs improving
- Health Inequalities identified as a key area of under performance in our CAA
- Localities working linked to better community engagement is a key improvement to help address underperformance in customer satisfaction and the ability to influence things

5 Providing better and more affordable housing

- CAA highlighted the need to focus upon and tackle the quality of housing in the private sector.
- Continue to deliver on our affordable housing targets through developing public/private partnerships and regenerate key areas to meet both national government priorities and local needs.

6 Providing more and better culture/leisure activities

- Sports and leisure facilities poor with customer satisfaction low
- Despite above average levels of customer satisfaction the number of visitors to the museum from target communities are not high enough
- Libraries stock is outdated and may not be in the right locations, and overall levels of customer participation with libraries too low
- Total spend on the service is 27% below nearest neighbour comparators, additional investment required to support World Cup bid and British Arts Show if the city is to realise its cultural ambition.
- Marketing of the city as a visitor destination

7 Keeping children safe

- During the course of 2009 a number of high profile incidents, inspection findings and serious case reviews have ensured that safeguarding children remains an area requiring considerable focus for all councils.
- Plymouth has delivered significant improvements in this area over in the recent past and needs to build on this work and the findings from an unannounced inspection in the Autumn of 2009 in order to ensure it continues to meet the safety needs of children in the city

8 Improving skills and educational achievement

- Levels of achievement for children and young people in Plymouth have continued to increase. However there remain areas for further improvement, particularly in reducing the number of primary schools below floor targets at Key Stage 2 and increasing the number of students gaining 5 GCSE A* - Cs including English and Maths.
- The levels of aspiration in Plymouth are also generally too low.
- There is a significant imbalance in attainment between different parts of the city, which mirrors the health inequalities data; however. Whilst gaps in deprivation are generally narrowing at all key stages, there is still much to do, especially in supporting the health agenda

9 Developing high quality places to learn in

- Poor condition of our schools and need to fundamentally change life chances of children and young people by investing in them
- Opportunity to join up the delivery of public services, particularly in the most deprived parts of the city where integration is most needed
- Respond to demographic changes in primary/secondary age children and manage this, as well as implications of the growth agenda
- Earlier entry into the schools building programme, with submission to the DCSF of a Primary Capital Strategy for Change (PSfC) and a Secondary BSF Readiness to Deliver (RtD) expected to unlock substantial investment

10 Disposing of waste and increasing recycling

- Need to reduce waste to landfill to avoid substantial fines or purchase of landfill credits from other authorities
- Procure for long term a waste treatment facilities that will ensure landfill diversion targets are met
- Need to meet national targets for recycling and reduce the overall tonnage of waste land filled.

11 Improving access across the city

- Delivery of a fifteen year transport strategy through the third Local Transport Plan (LTP3) which will be developed during FY 10/11 and required to meet five key outcomes: Support economic growth; reduce carbon emissions/tackle climate change; promote equality of opportunity; contribute to better safety, security and health and improve quality of life
- Continued support for the delivery of the Northern and Eastern Corridor High Quality Public Transport (HQTP) major projects
- Ongoing support and input into the reduction of health inequalities through partnership working with health partners and direct delivery of infrastructure and education on active travel in the most deprived wards.
- Improved air quality, bus punctuality, increased active travel across the city

12 Delivering sustainable growth

- The vision for the city envisages population, housing and economic growth at a level which truly establishes Plymouth's role as a regional centre for the far South West. The recession has clearly had an impact on the level and speed of that growth in the last year. However initiatives such as the market recovery action plan have ensured continued developer interest
- Council has a key role to play in supporting these accelerated levels of growth by providing strategic leadership on place-making, effective and creative use of its statutory powers, provision and coordination of infrastructure and by the use of its own land and property assets

13 Helping council staff to perform better

- Building a high performance workforce to deliver our at a time of tight public funding and recession
- Continue to radically review council's shape, size and structure to deliver priority value for money services to customers.
- To maximise the performance of the workforce need to consider ways to build flexibility, skills, commitment and capacity, utilising improving technologies to modernise and streamline services
- Look for opportunities to build shared services and partnerships which deliver a complete package of services to customers.
- Need to act as a role model for other local employers, continue to identify and support interventions to reduce unemployment such as supporting the apprenticeship programme, diversity of its workforce to be more representative of the Local Community.

14 Providing better value for money

- Only 20 % of people felt council provided value for money
- Challenging public finance climate ahead
- Annual Use of Resources inspection
- Improve change synergy across people, IT and accommodation
- Sustainable development and climate change targets and savings
- Improve linkages between VFM, resource efficiency and changes in behavior that will deliver effective environmental management/long term sustainability

How do we get there?

Our vision for the organisation

34 Our organisation will change over the next few years. We have already seen the development of the Amey partnership, setting up of PCH, selling of City Bus, embedding of the Children's Trust and co-location of some social care and health services; while our Audit Service is now a shared one with Devon and Torbay. We are starting to see the move to locality working; the introduction of more flexible and remote working and a hot-desk approach; the roll out of a competency framework and more e-learning and e-management support. These trends will continue, driven by the need to reduce costs, conserve resources, meet changing customer expectations, realise the benefits of new technologies and improve efficiency.

35 This will change how we work and how we are managed. There will be more emphasis on self-direction and management of outcomes, high skill

Key components our vision for the council as a place to work

- Our staff will be focused on the customer, empowered to act and make decisions and be committed to continuous improvement
- Our staff will be listened to and feel confident that their experience and knowledge will be used to improve services and the working environment
- Our staff will be supported by an enabling management with a strong focus on coaching, guiding, motivating, involving and problem-solving
- People will be given the tools to do the job well and operate in often complex multi-disciplinary settings
- We will work from flexible settings, sometimes co-located, sometimes remotely
- There will be more movement around the council and across the partnership to tackle issues
- There will be clear leadership and sense of direction
- Innovation will be encouraged and we will take reasonable risks in pursuit of our vision for the city
- We will be a learning organisation
- Our staff will recognise the value and demands of operating within a democratically accountable body
- Our Members will value the knowledge and commitment of our staff.
- We will be a confident organisation; an employer of choice where people feel they can develop and realise their full potential

levels and resourcefulness; with more focus on shared services, co-locations and the efficient use of public and community assets. In some areas we will need to stop doing things to free up resources, particularly when they are not a priority for us or part of our statutory commitments. Change will be the name of the game if we are to become the modern, high performing organisation and partnership that befits a city with our level of ambition. A vision of what that future might look like is outlined opposite and it is important that we really drive it forward over the next three years.

Progress

36 A key to success is the effective alignment of our accommodation, people and ICT strategies. These approaches from a service basis now sit under one department. We introduced the strategies in our last Corporate Plan and their key areas of focus are again outlined here. Since then we have made progress across the strands and started to align their implementation, though more needs to be done.

37 During the year we completed the job evaluation appeals process and role profiles have been produced to support the newly developed competency framework, which will make a significant contribution to enhancing employee capability and flexibility. We have commenced work to integrate data from learning and development databases across the council and automate elements of the corporate training and events system. Learning solutions and training courses have been aligned to corporate priorities and E-Learning implemented.

38 We have physically opened up Floors 4, 5, 6 and 11 within the Civic Centre; piloted the open plan approach within finance on floor 5, with roaming profiles for hot-desking. We are reviewing feedback from this pilot to better understand how people work and their developmental needs. We are also researching flexible working strategies and how these operate in readiness for the implementation of the post 2012 phase of the accommodation strategy. Work has been undertaken to develop the business case for the Windsor House move and for the development of flexible working.

39 As we work towards a capability for staff to work remotely, the Netilla project has been

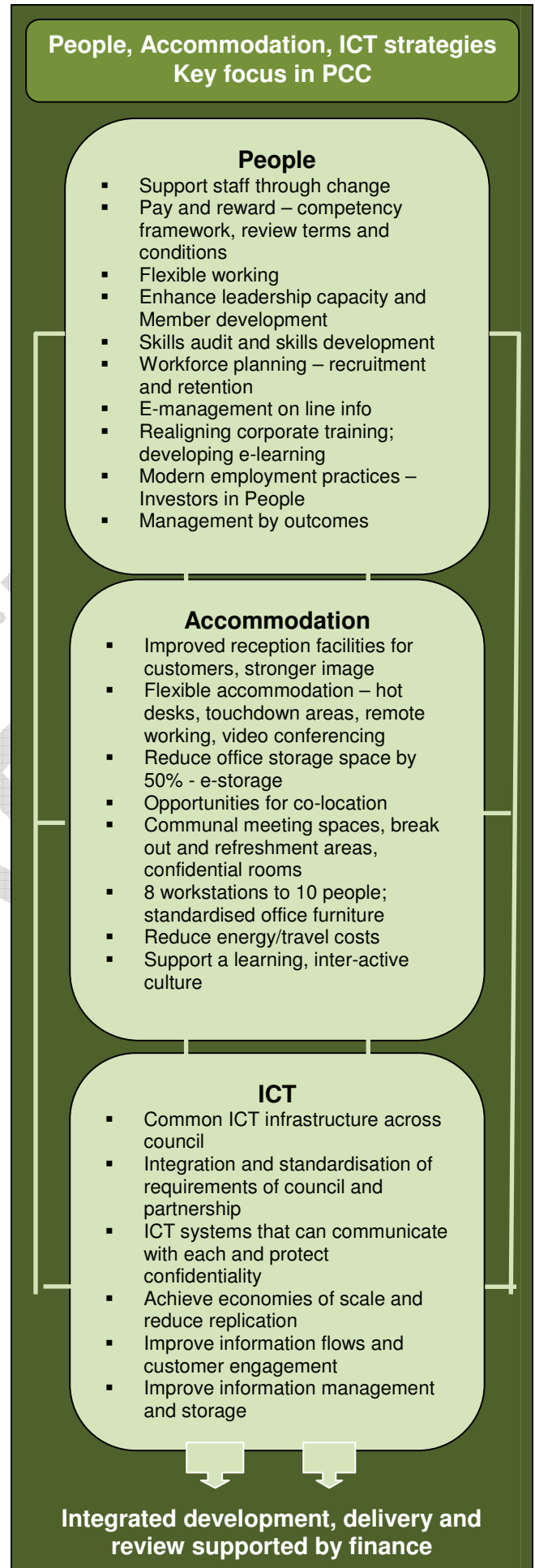
progressed alongside the single sign-on project to enable users to securely yet simply log on to the systems remotely. There still remains significant work that needs to be done to rationalise the data and to educate staff in the skills required to maintain data integrity and availability. We recognise that if more staff are to benefit from these developments then more work will be needed on delivering the necessary IT architecture required to support them. Work from the Civil Contingencies national project we lead is also being used to underpin our joint corporate strategies; while VSRA – 3G secure Government Connect will form the basis for our own corporate mobile working solution.

40 We are preparing for the roll out SAP Manager OnLine (MOL) via the portal. This will enable managers to access key information on their staff and undertake tasks like on-line management of sickness absence and appraisals. As part of this project an exercise has been undertaken to ensure the integrity of employment data and organisational structures held on HR SAP and the maintenance of this information across departments. The Knowledge Room is in the process of being developed to better engage both managers and employees in understanding organisational policies and processes.

Future developments and challenges

41 During the coming year we will focus particularly on embedding the competencies; reviewing terms and conditions in light of flexible working approaches; standardising processes and ‘de-duplicating’ applications, while training staff to make better use of what we have; rolling out the open plan and hot desk approach to other offices; making further improvements to our information systems and data integrity; and, undertaking another staff survey.

42 Key challenges will be around ensuring we manage this type of change well and fully engage staff and members, as well as prioritising for investment those areas most likely to give us efficiencies; keeping focused during what is likely to be a difficult financial period and engaging with our partners on these often complex issues to ensure maximum benefits.



Managing the budget, financial strategy and capital investment

Overview

43 Plymouth City Council, like everyone else, finds itself operating in the midst of a serious, unprecedented economic downturn.

The current economy is causing significant budget pressures, as we experience the impact of reduced income from our car parks reflecting reduced trading activity; there is a significant drop in income from commercial rent as businesses close and vacate premises. The downturn has also brought reduced interest rates and therefore reduced income for our treasury investments. Despite the testing financial climate we have made significant progress during 2009/10, with successes including significant improvements in waste collection; the sale of City Bus and the transfer of our housing stock, and their impacts on our future priorities. We have recently had confirmation of a successful World Cup 2018 Host City bid, which has the potential to bring increased interest and investment in our city.

Investing in the city

44 Our five year capital programme for 2010/11 to 2014/15 has had to be reduced from last year's five year plan. There is an impact on capital receipts as the sale proceeds of land and property has fallen due to the economic downturn, which has caused a marked decline

Some capital projects in £267m programme	
£121m on Children's Services including:	
Primary Schools programme	£24m
New Estover College	£35m
£75m on Development including:	
Local Transport Plan (LTP) Schemes	£36m
Strategic Waste Project	£11m
East End transport scheme	£21m
£81m on Leisure including:	
Life Centre	£46m
Swimming pool in north of city	£1m
New library for Devonport	£1m

in the value of land and property. We will still have a very significant capital programme of around £267m, but we have to be more strategic about which projects to focus on. We have now taken our first steps towards our Building Schools for the Future programme which will not only deliver a mixture of new and significant enhancements to five existing schools, but will be important building blocks in our vision for the city; likewise, the build of the Life Centre will generate significant benefits to the residents of Plymouth. Both projects are

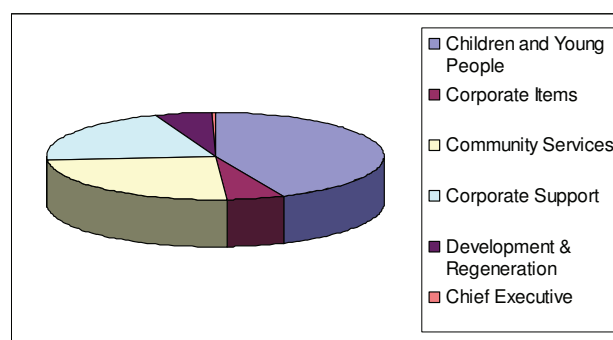
representative of the ambitions of the City Council, and the determination to press on with the regeneration and economic growth of the city

Where the Money Goes

45 As in previous years, while the council's revenue budget is increasing (from £197m 09/10 to £201m 10/11), the growth is insufficient to meet all the pressures. Extra resources are being allocated to frontline services, covering both national and local priority areas. We continue the drive to reduce spend in back office support functions and allocate resources to improving front line service delivery. Through careful prioritisation, we have allocated additional funding to Children's Social Care; Adult Social Care; Preparing for Building Schools for the Future; Revenue funding to enable the delivery of our capital investment programme; Maintaining the local economy / strategic regeneration; Strategic Housing activities; Providing free swimming in the City for under 16 year olds

46 Gross spending on services in the Council totals £626m, including 43 per cent (£272m) Children & Young People; 25 per cent (£156m) Community Services. A breakdown of the projected spending by departments is:

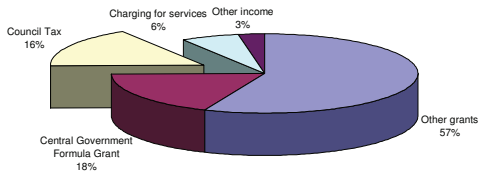
2010/11: Gross expenditure budget by Department (subject to review)



Where the money comes from

47 We receive income from a number of sources including Council Tax, a general Formula Grant and Government grants that pay for specific services, including schools and Housing and Council Tax Benefit. We also charge for some services, such as parking.

2010/11 Revenue Budget - Income Analysis



48 The estimates of expenditure and income take account of rising costs of specialist service areas, such as pupil transport, adult social care, energy prices, as well as the reallocation of resources in line with priorities.

Government Grant

48 The Government provides funding to the council through the Formula Grant to help pay for our services, based on a complex formula. The Formula Grant meets over half of the Council's budget requirement and has a big impact on the level of services we can provide without an excessive impact on the Council Tax. In 2010/11, the Council will receive an increase of 2.5% in its Formula Grant, value £106m. This was initially announced by the Government in December 2008, as part of the three-year financial settlement for local government.

Value for Money (VFM)

49 The Council has a good track record in delivering efficiency savings, working towards the Government's ambitious Value for Money (VFM) programme under the Comprehensive Spending Review (CSR) 07. The importance of VFM to the Council is reflected in the corporate improvement priority (CIP) 14 – Providing Better Value for Money. Departments set VFM targets and develop budget delivery plans taking into consideration high cost and/or low performing services as determined through benchmarking. Many of the Departmental budget delivery plans will generate the efficiencies that are required to achieve our cumulative target.

50 Each council is given a national target to achieve 4% in efficiency savings. To meet this target, Plymouth will need to find efficiencies totalling £24.5m cumulative by the end of 2010/11, of which we had identified £7.3m as at October 2009.

Council Tax and reserves

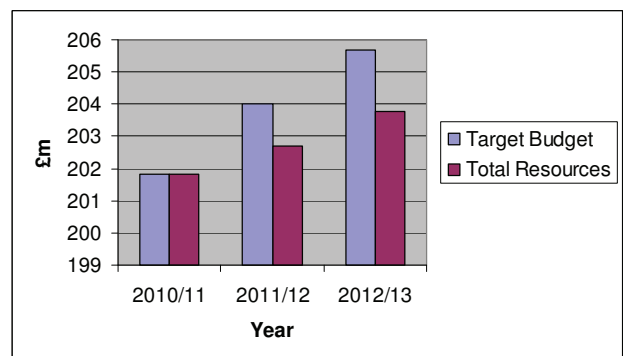
51 We levy the lowest average Council Tax in the region. With the financial environment constantly changing, reserves are an important part of our strategy to create long-term budgetary stability. They enable us to manage change without undue impact on the Council Tax and are a key element of strong financial standing and resilience in the face of risks. We have made steady progress building up our reserves in recent years and must continue to do so. Our working balance is projected to be just under £12m by the end of this year, so that we are now average for our size authority.

Medium Term Financial Strategy

52 We have a complex capital programme to manage. On the revenue side, whilst the Comprehensive Spending Review (CSR) gave us more than expected, it requires us to make 3% efficiency savings year on year.

51 Beyond 2010/11, there are issues that will influence our financial outlook. Our budgets remain, as ever, exposed to risks from the economic downturn, costs associated with disposing of our waste, demand-led spending and from volatile income sources, including parking and investments. A dominant issue in future years will be the impact of potentially lower settlements from the Government as the impact of the economy is likely to affect what we receive.

52 A forecast three-year target budget and resources tax projection is set out below with requirements in blue and revenue in claret. This will be reviewed regularly during 2010/11 and beyond.



How will we know we are getting there?

By making more of our information

53 We hold a lot of information across the council and our partnerships. This includes deprivation data, health indicators, ethnicity and disability profiles, customer satisfaction and service outputs. We are developing locality profiles and also school ones with data on health issues like obesity. Whilst this data is used to inform policy and planning and monitor performance, we need to embed it more deeply, enhance our analytic understanding of it, be clearer in its presentation and use it more dynamically

By being more disciplined in our approach

54 Across both the partnership and the council we need to do more through programme and project management disciplines to ensure we realise our goals in a timely and cost effective way. This will help us to be clear at the outset about the business case for key improvements and keep control of them as they develop. We have been improving our approach here, but must do more to embed this disciplined mind set whilst avoiding more bureaucracy.

By doing more with what we have

55 We already have systems in the organisation to support business planning and performance

management and have been gaining experience from using techniques like LEAN to improve our processes. We must promote these more. Our Overview and Scrutiny function will also be taking a stronger city-wide focus.

By being reflective and challenging

56 We have been described by the Audit Commission as self-aware and this will become more important to us as inspection becomes much lighter - save perhaps in those service areas where people are vulnerable. Improvements will have to be driven more from within and through the use of mechanisms like peer reviews. All our staff should be focused on continuous improvement and we should encourage critical friend challenge.

By getting the balance right

57 Far more emphasis needs to be put on helping people to perform well at the outset, rather than monitoring performance after the event. This means more time exploring different options, problem solving and working together to achieve our ambitions for our customers, our city and our council.

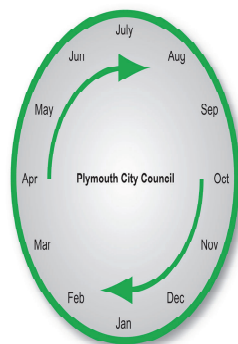
Consolidation

1st quarter: end of year reconciliation of accounts, performance outturn figures

Start/finish -

Preparation

4th quarter - approving corporate plan and budget, drawing up business plans ready for implementation on 1 April



Reflection

2nd quarter: review of performance, budget pressures and future challenges at corporate and service level to provide challenge, determine involve partners

Prioritisation

3rd quarter: confirmation and development of priorities, alignment with budgets and check against evaluation criteria

APPENDIX I Corporate Improvement Priorities Headline Templates

CIP I Improving customer service

Purpose: To support delivery of consistent, high quality accessible services to our customers, thereby improving customer satisfaction, and to transform all frontline council services into efficient customer focussed services, delivered in multiple ways so that our customers can choose how to interact with us

Key improvements	Key milestones/timing	Key performance measure
Improving complaints handling	<ul style="list-style-type: none"> ■ Implementation of new complaints process and system across all council services ■ Development and rollout of corporate complaints handling satisfaction surveys ■ Corporate roll out of 'You Said – We Did' scheme linked to complaints / comments ■ Review of complaints report to include qualitative reports on satisfaction and 'You Said – We Did' findings 	<ul style="list-style-type: none"> ■ Stage 1 complaints responded to within 10 days - 100% ■ Stage 2 complaints responded to within 25 days – 100% ■ Ombudsman complaints responded to within 28 days – 100% ■ Reduced cost to service and VFM cashable savings
Improve customer communication	<ul style="list-style-type: none"> ■ Develop and publish the PCC Access Strategy in conjunction with ICT ■ Publicise customer standards ■ Develop departmental customer standards ■ Ensure standards are implemented council wide – e.g. standard phone answering, letter signatures etc. ■ Promote and develop usage of customer data e.g. socioeconomic data for developing processes and marketing of services ■ Implement mystery shopping of services, with regular report to SMT/CMT ■ Promotion of a 'single voice' for Plymouth e.g. significant development of the PCC website to ensure it delivers a dynamic, functional customer focused service ■ Development of "Tell Us Once" for life events 	<ul style="list-style-type: none"> ■ Current satisfaction to be baselined and annual improvement of 5 percentage points to a target of 90% ■ Current performance to be baselined and quarterly performance targets to be set across all services ■ Achieve score within top quartile for SOCITM survey
Support other CIPs and service areas to address the points raised by the Place Survey and the feedback from children in the Tell Us survey	<ul style="list-style-type: none"> ■ Work in conjunction with the LSP to identify how issues raised on the Place and Tell Us surveys can be tackled jointly, e.g. antisocial behaviour with the Police ■ Use Customer insight in conjunction with Place and Tell Us Survey findings to identify areas for improvement. Use this data to help services ensure that they are including actions to address these issue on business plans 	<ul style="list-style-type: none"> ■ Achieve score within top quartile for place survey findings ■ Reduced cost to service and VFM cashable savings
First point of contact resolution	<ul style="list-style-type: none"> ■ Identification of services suitable for inclusion within Contact Centre and development of investment case to ensure a minimum of 50% all incoming calls are placed via the Contact Centre ■ Development and rollout of Corporate Customer Relations Management (CRM) solution ■ Development and rollout of replacement telephony platform ■ Scoping exercise with Vanguard to identify key areas for improvement to inform CIP year 3 improvement plan. ■ Development of one stop shop points in key locations i.e. Libraries ■ Roll out of community one stop shop events to promote key messages and engagement with hard to reach groups 	<ul style="list-style-type: none"> ■ Reduced cost to service and VFM cashable savings ■ 90% of users satisfied with service
Develop the workforce to provide excellent customer service	<ul style="list-style-type: none"> ■ Rollout of staff recognition / suggestion scheme ■ Continued development and roll out of Customer Care (to include transformation skills such as journey mapping, consultation and complaints training) ■ Ensure customer care element is included within all PCC role profiles in line with the competency framework ■ Promotion and roll out of CSE accreditation in conjunction with the CLG redress review pilot 	<ul style="list-style-type: none"> ■ Increase commitment to customer satisfaction from 57% to 70% ■ Increase the staff perception that the organisation is committed to external customer satisfaction

Sponsor: JP Sanders; CMT Lead: Adam Broome ; Cabinet Lead: Cllr Steve Ricketts

CIP 2 Informing and involving residents

Purpose: Improve residents' sense of influence over decisions affecting their local area.

Key improvements	Key milestones/timing	Key performance measure
Helping residents feel more involved in decision making	<ul style="list-style-type: none"> ■ Improve information available to residents about opportunities to get involved and have a say ■ Under new LSP governance arrangements, establish an NI4 action plan identifying partnership-wide responsibilities in relation to involving residents in decisions about their local area ■ Co-ordinate public engagement and consultation processes at neighbourhood level to support 'Localities' working model ■ Deliver training to increase staff and Member awareness of best practice engagement and consultation practice ■ Establish a central research function to improve analysis and use of information and data in support of service planning 	<ul style="list-style-type: none"> ■ % of people who feel they can influence decisions in their locality (NI4). Baseline: 22.2% (Place Survey 2008). Target: 26.9% ■ Up to 60 staff (and Members) trained

Sponsor: Giles Perritt; **CMT Lead:** Ian Gallin ; **Cabinet Lead:** Cllr Steve Ricketts

CIP 3 Helping people to live independently

Purpose: To maintain the improvement in performance of the Adult Social Care service and focus on improving value for money

Key improvements	Key milestones/timing	Key performance measure
Joint working with NHS	<ul style="list-style-type: none"> ■ Joint commissioning executive sign off joint commissioning strategy for dementia services – April 2010 ■ Agree priorities for joint investment in dementia services in Plymouth – June 2010 ■ Develop joint commissioning framework – Sept 2010 ■ Develop model for integration of Health and Social Care services – Sept 2010 	
Securing Delivery Plans	<ul style="list-style-type: none"> ■ Develop plans to modernise older people's service provision – June 2010 ■ Achieve completion of extra care scheme in Devonport – Jan 2011 ■ Develop plans to modernise Learning Disability service provision – June 2010 	
Putting People First	<ul style="list-style-type: none"> ■ Develop self Directed support and personal payments ■ Develop preventative and cost effective services (joint health and social care preventative strategies) ■ Develop effective partnerships with people using services, carers and other local residents 	<ul style="list-style-type: none"> ■ 30% of service users allocated a personal budget – April 2011 ■ 3% of overall budget cashable savings – April 2011 ■ 1 user led organisation is established - Dec2010

Sponsor: Pam Marsden; **CMT Lead:** Carole Burgoyne; **Cabinet Lead:** Cllr Dr David Salter

CIP 4 Reducing inequalities between communities

Purpose: Increase equality and community cohesion, reduce health inequalities and develop a city-wide approach to service delivery and community engagement based on Localities and Neighbourhoods

Key improvements	Key milestones/timing	Key performance measure
Promote equality in a way that addresses needs across age (younger and older), disability, faith/belief/ religion, gender, race and sexual orientation, so that people have similar life opportunities	<ul style="list-style-type: none"> Improvements made to LSP equalities structure and work progress and communicated amongst partners External assessment of the level of the Equality Framework for Local Government (EFLG) Achieve "Excellence" level of EFLG 	<ul style="list-style-type: none"> "Excellence" level of EFLG achieved
Develop community cohesion through integration and a shared sense of belonging amongst people of different backgrounds	<ul style="list-style-type: none"> Agree LSP community cohesion actions including targeted work in Localities with lowest levels of cohesion Establish calendar of diverse community events, which promote community cohesion on website Build Efford Gypsy site Identify the council's preferred locations for additional Gypsy and Traveller provision and agree delivery plans 	<ul style="list-style-type: none"> NI 1 - % of people who believe people from different backgrounds get on well together in their local area – baseline 69.9% (Place Survey 2008); target 74.6% (Place Survey 2010/11)
Deliver improved quality of life for residents by better engagement and improved coordination of services across Localities	<ul style="list-style-type: none"> Agree model for Locality working in partnership with LSP and start implementation 	<ul style="list-style-type: none"> Establish Locality Service Co-ordination Teams and Neighbourhood liaison officers Start implementation Review model
Reduce health inequalities by closing the gap between communities	<ul style="list-style-type: none"> Agree city-wide health inequalities action plan with LSP Deliver council actions in the plan 	

Sponsor: Pete Aley; CMT Lead: Carole Burgoyne; Cabinet Lead: Cllr Peter Brookshaw

CIP 5 Providing better and more affordable housing

Purpose: Improve the condition and energy efficiency of private sector homes and increase the supply and mix of affordable housing

Key improvements	Key milestones/timing	Key performance measure
Further improving the supply of decent homes in the city to support the growth agenda for Plymouth	<ul style="list-style-type: none"> Improving the condition of private sector housing through the removal of Category 1 hazards and inspections of Houses in Multiple Occupation Improve the energy efficiency of private sector homes 	<ul style="list-style-type: none"> 250 Category 1 hazards removed 175 inspections of Houses in Multiple Occupation Completion of Private Sector Stock Condition Survey 60 Empty Homes brought back into use NI 187; 4.8% reduction in the number of properties with a SAP energy rating of less than 36 (95 households) 2.0% increase in the number of properties with a SAP energy rating of more than 64 (116 households) Deliver 21,000 tonnes lifetime carbon dioxide savings as a result of Plymouth schemes 1,982 energy efficiency measures delivered
Increase the supply and mix of affordable housing through partnership working to help create balanced and sustainable communities and support the growth agenda	<ul style="list-style-type: none"> Maintain and achieve our LAA affordable housing target for 2010/11 Local Housing Company model to be identified as a priority for funding as part of the Local Investment Plan through the Single Conversation. 	<ul style="list-style-type: none"> NI 155; 2010/11 target of 237 new affordable homes completed Completion of first Local Investment Plan Local Housing Company model operational

Sponsor: Stuart Palmer ; CMT Lead: Anthony Payne ; Cabinet Lead: Cllr Ted Fry

CIP 6 Providing more and better culture and leisure activities

Purpose: To enhance the quality of life of Plymouth residents by widened and improved opportunities to participate in cultural and leisure activities.

Key improvements	Key milestones/timing	Key performance measure
Increase opportunities to participate in diverse cultural and sports activities	<ul style="list-style-type: none"> Increase the number of Plymouth residents taking part in 3 x 30 minutes physical activity per week and 1 x 30 minutes per week, as identified in the Active People Survey (LAA stretch targets) Develop an action plan for the city's contribution to the Olympic and Paralympic Games and the Cultural Olympiad leading up to 2012 Increase the levels of participation in Plymouth museums and libraries 	<ul style="list-style-type: none"> LAA target 4% increase Completion of action plan 3000 people attending Cultural Olympiad events 3% increase in book issues 3% increase in museum visitor numbers
Provide excellent cultural services to enhance the quality of life for people in the city	<ul style="list-style-type: none"> Open a new regional sport & leisure centre – the Life Centre – by Winter 2011 Tender for and appoint main contractor for sports facilities management Work with the relevant cultural agencies to find a solution for the city's archives Act on recommendations of the libraries' peer review 	<ul style="list-style-type: none"> Public opening of centre Award of contract Completion of options appraisal Adoption of the libraries' report & action plan
Use the cultural services to promote the city and its visitor economy	<ul style="list-style-type: none"> Stage the British Art Show in partnership with venues across the city by Autumn 2011 Support the Plymouth host city World Cup bid Work with partners to ensure effective marketing of the city as a visitor destination Position Mount Edgcumbe as one of the Southwest's leading visitor destinations 	<ul style="list-style-type: none"> 50,000 visitors to British Arts Show Successful feedback following FIFA visit Successful city-wide events programme Support publication of city's holiday guide 6% increase of paying visitors

Sponsor: James Coulton ; **CMT Lead:** Carole Burgoyne ; **Cabinet Lead:** Cllr Glenn Jordan

CIP 7 Keeping children safe

Purpose: Provide excellent safeguarding services for Plymouth

Key improvements	Key milestones/timing	Key performance measure
Professional and personal development for social care staff	<ul style="list-style-type: none"> Newly Qualified Social Workers continued professional development programme Embed workforce development programme for all social care staff 	<ul style="list-style-type: none"> Maintain 100% of staff receiving appraisals by Apr 2011
Systems support	<ul style="list-style-type: none"> Reconfigure CareFirst to improve usability and stability 	<ul style="list-style-type: none"> Final upgrade of CareFirst system improvements completed Apr 2012
Increased management capacity	<ul style="list-style-type: none"> Ongoing programme of recruitment of qualified staff to better manage caseload Develop existing staff to improve skills and experience to manage more complex cases 	<ul style="list-style-type: none"> Caseload per social worker reduced from around 30 to an average of around 18
Announced Inspection	<ul style="list-style-type: none"> Prepare for and manage the announced inspection Develop response plan to findings of announced inspection Complete the implementation of priority items from announced inspection findings 	

Sponsor: Mairead MacNeil ; **CMT Lead:** Bronwen Lacey ; **Cabinet Lead:** Cllr Grant Monahan

CIP 8 Improving skills and educational achievement

Purpose: Ensure every child has access to high quality education and skills and the city continues to improve the levels of attainment with more pupils making good progress, especially during key stages 2, 4 and 5.

Key improvements	Key milestones/timing	Key performance measure
Reduce the number of primary schools that fall below the floor target of 55% of pupils gaining a L4 in both English and maths	<ul style="list-style-type: none"> ■ Increase School Improvement Partner time to targeted schools, so that small step improvement plans are monitored more frequently ■ Introduce the Primary Priority Learning Local Authority (PLLA) initiative and work with regional partners to improve support to schools at risk of falling below floor targets ■ Run a Careers Related Learning programme for Y5 and Y6 pupils. 	<ul style="list-style-type: none"> ■ NI 76 currently 9 schools below floor – target to reduce by 30% to 6 schools
Raise aspirations and attainment especially in key stage 4, so pupils are better able to benefit from post school opportunities	<ul style="list-style-type: none"> ■ Agree robust Raising Attainment Plans with each 'national challenge' secondary school & monitor bi-monthly. ■ Targeted use of the Economic Disadvantage Subsidy to provide a range of motivating extended school activities. ■ Introduce a summer university programme of universal and targeted opportunities for young people aged 10-19 	<ul style="list-style-type: none"> ■ NI 75 5xA*-C including English and maths LA target 54%
Further narrow gaps in attainment by continuing to improve outcomes for children in care and other vulnerable groups	<ul style="list-style-type: none"> ■ Ensure Personal Education Plans improve focus and aspiration for CiC through close monitoring and challenge. ■ Increase 1:1 tuition programme for CiC ■ Use new software package to improve effectiveness of monitoring data especially for pupils outside the city. ■ Increase the range of intervention strategies to counter under achievement. ■ Provide a reliable software solution through ONE SYSTEM to handle in year admissions to secure secondary places for vulnerable pupils 	<ul style="list-style-type: none"> ■ LAA targets for CiC NI 101 21% 5xA*-C including English and maths, 70% 5xA*-G (stretch target), ■ KS2 L4+ in EN&MA 59%, NI 99 L4+ in EN 65% (Stretch), NI 100 L4+ in MA 65% (Stretch)
Improve the focus on narrowing health inequalities across the school improvement agenda	<ul style="list-style-type: none"> ■ Provide training for School Improvement Partners (SIPS) on health related outcomes (including sport) and see impact in school visit reports. ■ Ensure that targeted schools engage fully with the Healthy Schools Plus programme achieving accreditation 	<ul style="list-style-type: none"> ■ Lowering rates of obesity, teenage conception and mental health in schools taking part in the programme. Reductions in the health inequality gaps as a city. NI 51, NI 52, NI 56, (to be determined)
Reduce the numbers of young people who are Not in Education Employment or Training (NEET)	<ul style="list-style-type: none"> ■ Develop an employer engagement incentive scheme especially for small and medium enterprises, similar to other cities, as this has had a big impact on this outcome in other areas. ■ Develop a Raising the Participation Age strategy and increase the number of apprentices across the Council. ■ Promote a better understanding of the work that schools do in combating NEETs by the development of a local performance indicator 	<ul style="list-style-type: none"> ■ NI 116 NEET target. ■ Apprenticeship target for each Directorate to be established.

Sponsor: John Searson ; CMT Lead: Bronwen Lacey ; Cabinet Lead: Cllr Grant Monahan

CIP 9 Developing high quality places to learn in

Purpose: To improve the quality of the city's learning environments to enable children and young people to be motivated by high quality places that are appropriate for a changing 21st Century curriculum.

Key improvements	Key milestones/timing	Key performance measure
Successful development of Building School for the Future (BSF) programme	<ul style="list-style-type: none"> ■ Development of the transformation strategy, coordination of LA and school level change programme ■ Development of the Councils Strategy for Change for BSF ■ Development of Councils Outline Business case for BSF by 	
Deliver the building programme for 10/11 which will continue to bring on stream new schools that offer a transformed experience of learning for children, young people and the communities they serve	<ul style="list-style-type: none"> ■ Have Phase 3 Children's Centres on site ■ Have Estover Phase 1 complete ■ Have Estover Phase 2 complete ■ Have Estover Phase 3 complete ■ Have Beechwood complete ■ Have Safeguarding centre on site ■ Have High View completed ■ Have Mill Ford Community Special School on site 	
Developing Academies to transform the governance of two schools in the city - bringing in local and experienced sponsors to drive through a step change in the attainment and aspiration of children and young people	<ul style="list-style-type: none"> ■ Completion of feasibility stage ■ Cabinet adoption of funding agreement ■ Completion of implementation stage <p>Timings for milestones being negotiated as part of overall process in the three improvement areas identified</p>	

Sponsor: Gareth Simmons ; **CMT Lead:** Bronwen Lacey ; **Cabinet Lead:** Cllr Grant Monahan

CIP 10 Disposing of waste and increasing recycling

Purpose: To manage municipal waste more sustainably and cost-effectively by minimising waste, increasing recycling and reducing reliance on landfill, so that we minimise the risk of financial penalties from exceeding our biodegradable landfill allowances; and, ensure that waste infrastructure is adequate to support housing growth targets for 2016 and 2026

Key improvements	Key milestones/timing	Key performance measure
Secure long-term residual waste treatment facilities	<ul style="list-style-type: none"> ■ Final tenders June 10 ■ Selection of preferred bidder Aug 10 ■ Final contract sign off Oct 10 ■ Treatment facility operational in 2014 	Milestones met
Improve recycling and waste minimisation	<ul style="list-style-type: none"> ■ Implementation of 2nd expansion of garden waste scheme to a further 30,000 households. ■ Develop plans to increase recycling rates ■ Material recycling facility upgrade works 	<ul style="list-style-type: none"> ■ Implementation complete - recycling and composting rate (NII92) ■ Decision/ approval granted ■ Implementation starts April 2012 ■ Upgrade completeds

Sponsor: Jayne Donovan ; **CMT Lead:** Anthony Payne/Carole Burgoyne ; **Cabinet Lead:** Cllr Michael Leaves

CIP 11 Improving access across the city

Purpose: Further development of the integrating transport system to deliver convenient, inclusive and sustainable access to the city for visitors, residents and businesses and support the growth agenda

Key improvements	Key milestones/timing	Key performance measure
Delivery of transport strategy	<ul style="list-style-type: none"> ■ Setting of policy objectives for LTP3 ■ Sign up to transport policy and delivery programme, for inclusion in LTP3 by key partners in LSP - especially health, education and Chamber of Commerce ■ Complete development of Corporate Staff Travel Plan 	<ul style="list-style-type: none"> ■ Adoption of LTP3 and submission to DfT ■ Implementation of Corporate Staff Travel Plan
Secure major HQPT schemes for sustainable transport growth	<ul style="list-style-type: none"> ■ Completion of East End Community Infrastructure Fund scheme <ul style="list-style-type: none"> ■ Site Mobilisation: ■ Phase 1 Construction starts: (Gdynia Way) ■ Phase 2 Construction starts: (Embankment Lane/Heles Terrace) ■ Phase 3 Construction starts: (Embankment Lane Link Road) ■ Construction ends ■ Eastern Corridor Major scheme (ECMS) ■ Northern Corridor Major scheme (NCMS) 	<ul style="list-style-type: none"> ■ Submission of ECMS Business Case ■ Programme entry to Regional funding allocation secured. ■ Submission of NCMS business case ■ Programme entry to Regional Funding allocation
Contribute to reduction in health inequalities	<ul style="list-style-type: none"> ■ Implement Accessibility Action Plans targeted at most deprived neighbourhoods ■ improve access to public transport information ■ Implement education initiatives to encourage more active travel ■ Implement improved cycling infrastructure on target corridor ■ Work with PCT to develop an Travel and Accessibility Plan 	<ul style="list-style-type: none"> ■ NI 175 for Derriford Hospital 86% ■ NI 176 for Tamar Science Park 85% ■ Satisfaction with public transport information ■ Contribution to improved health index/ obesity target and 3*30 minute exercise targets tracked elsewhere ■ Cycle infrastructure implemented ■ Increase in number of sustainable and active journeys measured as cycle trips using an annualised index of trips at 7 key sites – index 100 in 2006 rising to 106 by 2011

Sponsor: Clive Perkins ; **CMT Lead:** Anthony Payne; **Cabinet Lead:** Cllr Kevin Wiggins

CIP 12 Delivering sustainable growth

Purpose: To fulfil Plymouth's full potential by creating the conditions for investment in new homes, jobs and infrastructure

Key improvements	Key milestones/timing	Key performance measure
Deliver Sustainable Communities	<ul style="list-style-type: none"> Complete programme of Local Development Plan documents to drive city growth (City Centre and University AAP; Derriford and Seaton AAP; East End AAP; Hoe AAP; Sustainable Neighbourhoods DPD and Urban Fringe DPD's) Proactively drive delivery of strategic development in the City Centre, Devonport, Millbay, Sherford and Plymstock Quarry, Derriford and Central Park. Implement market recovery measures. Deliver Local Economic Strategy – Develop action plans to drive economic performance in relation to priority sectors 	<ul style="list-style-type: none"> NI 154 (net additional homes provided) Site planning statements produced Adoption of all remaining AAP's Use Delivery database to focus delivery resources in the key regeneration areas. Priority given by officers to delivery of priority sites Action plans are developed and implemented.
Deliver Strategic Infrastructure	<ul style="list-style-type: none"> Implement the Infrastructure Delivery programme. Implement the Green Infrastructure Delivery Plan 	<ul style="list-style-type: none"> Publish the Strategic Infrastructure Scheme for Plymouth sub region and develop a programme which is aligned with the Capital Programme. Submit North Plymstock Countryside Park Bid. Agree masterplan. Initiate phased capital works Develop funding package for Derriford Community Park Roll out Stepping Stone to nature project
Maximise capacity and Resources	<ul style="list-style-type: none"> Publish Planning Services Business Improvement Plan, to include enhanced customer focused pre application procedures and validation measures and enhanced capacity through workforce development. Establish Programme Boards - Establish growth programme boards for the City Centre, the Waterfront, Eastern Corridor, Northern Corridor, Sustainable Neighbourhoods, Naval Base, Economy and Enterprise. Deliver coordinated investment programme which optimises external funding and secures best value from the Plymouth Development Tariff Market Plymouth in order to resource regional and national funding streams 	<ul style="list-style-type: none"> Planning Services Business Improvement Plan, establishes improved customer focus; Improved pre application and application targets; improved workforce skills Programme Boards established; project teams allocated; work streams commenced. Local Investment Plan published and implemented; enhanced programme management of Plymouth Development Tariff No. of funding streams secured.
Enhance Plymouth's strategic influence within the region	<ul style="list-style-type: none"> Continue to input into Regional Spatial Strategy Deliver effective sub regional partnership working through enhanced growth agenda governance framework. 	<ul style="list-style-type: none"> Publication of Regional Spatial Strategy with Plymouth as a key regeneration priority Sub regional governance arrangements agreed by Cabinet; Inaugural meeting held.
Delivering growth sustainably	<ul style="list-style-type: none"> Deliver low or zero carbon development Address natural resources management implications of growth agenda 	<ul style="list-style-type: none"> Development of programmes for delivery of low carbon CHP in the City Centre and Derriford, including an Energy Supply Company to distribute the power. Develop a strategy for managing the implications of the Flood and Water Management Bill and the Marine and Coastal Access Act.

Sponsor: Paul Barnard; **CMT Lead:** Anthony Payne ; **Cabinet Lead:** Cllr Ted Fry

CIP 13 Supporting council staff to perform better

Purpose: : Increase organisational effectiveness through identification and implementation of interventions in key strategic areas

Key improvements	Key milestones/timing	Key performance measure
Increased workforce productivity	<ul style="list-style-type: none"> Modernise the Council's terms and conditions of employment to ensure they support a modern, flexible and competitive organisation, allow for partnership/shared services and align to the Council's ICT and Accommodation strategies. Embed competencies and link appraisals ratings to incremental pay and recruitment processes Integrate standalone training database information into HR SAP to improve visibility of skills 	<ul style="list-style-type: none"> Implementation of revised single status terms and conditions Achieve CAA rating Level 4 for Use of Resources Reduction in days/cost of sickness absence Reduction in Agency, consultancy and overtime usage Reduction in levels of grievances and disciplinaries 100% appraisals completion rate Achieve CAA rating Level 4 for Use of Resources Reduced rates of dismissal of probationers and Improved satisfaction rates from probation feedback Reduction in cost of administration
Workforce with the right attitude and skills	<ul style="list-style-type: none"> Design, implement and embed Reward and Recognition Scheme that promotes innovation and customer service excellence in the workplace. Engage employees and conduct Staff Survey Target development opportunities for staff 	<ul style="list-style-type: none"> Improving levels of engagement, reflected in staff survey Improving Employee Performance tracked through analysis of appraisals information Demonstrable improvement in staff satisfaction. Skills and qualification data held on HR SAP for over 80% staff. Reduction in Agency, consultancy and overtime usage
Changing the shape of the organisation	<ul style="list-style-type: none"> Implement Talent Management Strategies and consider Succession Planning to protect the organisation's critical positions against vulnerability and provide progression opportunities to high performing staff. 	<ul style="list-style-type: none"> Reduced voluntary turnover of high performing staff Reduced workforce costs Improved satisfaction ratings in employee survey
Build strong leadership	<ul style="list-style-type: none"> Ensure the organisation's leaders and managers have access to the employment information they require to carry out their roles effectively. 	<ul style="list-style-type: none"> Achieve CAA rating Level 4 for Use of Resources
Better Workforce Integration with Partners	<ul style="list-style-type: none"> Ensure terms and conditions of employment align to accommodation strategy and are fit for purpose for staff working in shared services/partnership arrangements Embed business and workforce development plans and ensure alignment to partner arrangements and business strategies. 	<ul style="list-style-type: none"> Increasing levels of partnership opportunities identified Business Plans in place and Workforce Development Plans in place for departments

Sponsor: Eve Skuse; CMT Lead: Mark Grimley ; Cabinet Lead: Cllr Ian Bowyer

CIP 14 Providing better value for money

Purpose: Improve and embed sustainability and Value for Money (VFM) across the council and improve how we use our people, IT and accommodation to support the organisation's services and objectives

Key improvements	Key milestones/timing	Key performance measure
Improving efficiency and value for money across support services	<ul style="list-style-type: none"> Have a robust re-charging policy Sign up of CMT to an agreed VFM programme Implementation of the Accommodation Strategy to enable new or improved ways of working and achieve capital gains Implement Corporate Property database 	<ul style="list-style-type: none"> Successful analysis of current recharges with development of an agreed policy for recharging Achievement of financial and non-financial targets identified in VFM programme Compliance with timescales identified in Accommodation strategy To be in place and operational by end March 2011
Improving efficiency and value for money in frontline services	<ul style="list-style-type: none"> Establish governance arrangements, baselines, targets & timescales Establish capacity to drive improvements Establish resource to drive improvements 	<ul style="list-style-type: none"> Identification of 3 or 4 projects from delivery plans with agreed method of monitoring and communication of outcomes
Improving efficiency and value for money through the effective use of other council resource - thinking sustainably	<ul style="list-style-type: none"> Deliver the commitments made in PCC's Environment Policy 2009/2013 and its accompanying Delivery and Communications Plans. Delivery of the Council's adopted Carbon Management Plan 2008/2013. Deliver the commitments made in the adopted Climate Change Action Plan 2009/2011 and its accompanying Delivery and Communications Plans. Deliver the partnership commitments with particular emphasis on contributions to the NI 186 targets in the LAA. 	<ul style="list-style-type: none"> These are set out in detail in the three strategic documents listed in the Milestones.

Sponsor: Malcolm Coe; CMT Lead: Adam Broome ; Cabinet Lead: Cllr Ian Bowyer

APPENDIX 2 Local Area Agreement for 2008-11

LAA indicator	Base	2008/09	2009/10	2010/11	Lead
Local Indicator 1: Gap in life expectancy between the fifth of areas with the lowest life expectancy and the city as a whole	2.64 years (2004-2006 rolling average) (To be no more than)	2.64	2.64	2.64	NHS Plymouth
Local Indicator 2: No. of vulnerable people achieving independent living	66.27% (2007/8)	69%	72%	75%	Community Services
Local Indicator 3: % of women breastfeeding at 6-8 weeks post partum	31.4% (2005)	35.4%	37%	To be agreed at refresh 2009/10	NHS Plymouth
NI 56 Obesity among primary school age children in Year 6	15.4% (2006/7)	15.2%	15%	14.9%	NHS Plymouth
NI 112 Under 18 conception rate	46.5 (2007/8)	27.5	23.6	22.6	NHS Plymouth
Local Indicator 4: Substance misuse by young people	a) regular alcohol use 26% (2007/8) b) regular drug use 10% (2008/9)	a) 24% b) 9.5%	a) 22% b) 9.0%	a) 22% b) 8.5%	Children's Services
Local Indicator 5: % of adult population (16-74) participating in 30 minutes of moderate physical activity once a week	38.7%(2006)	39.7%	40.7%	41.7%	NHS Plymouth

APPENDIX 2 Local Area Agreement for 2008-11					
LAA indicator	Base	2008/09	2009/10	2010/11	Lead
Local Indicator 6: Increase in number of contacts with the primary care mental health service	5,886 (2007/8)	6,003 2% increase	6,183 3% increase	6,492 5% increase	NHS Plymouth
Local Indicator 7: Emotional Health and Well-being of Children and CAMHS	a) 15 at 31 Jan 08 b) 65% 2008/09	-	a) score – 14 b) 66%	a) score – 16 b) 68%	NHS Plymouth
NI 124 People with a long-term condition supported to be independent and in control of their condition	69% (2008)	-	73%	77%	Community Services
NI 130 Social Care clients receiving Self Directed Support (Direct Payments and Individual Budgets)	2.9% (2006/7)	5%	15.4%	36.2%	Community Services
NI 135 Carers receiving needs assessment or review and a specific carer's service, or advice and information	11.76% (2005/6) 15.4% (2006/7)	20%	24%	27%	Community Services
NI 136 People supported to live independently through social services (all ages)	2,581 (2007/8)	2,000/100,000	3,682/100,000	3,843/100,000	Community Services
NI 171 VAT registration rate	35.96 (3 year average)	37.47	39.5	41.0	Development
NI 172 VAT registered businesses in the area showing growth	14.84%	14.00%	14.1%	14.85%	Development
NI 151 Overall employment	72.40%	73%	74.1%	75.3%	Jobcentre Plus
NI 154 Net additional homes provided	1026 (2004-7 average)	1,000	1,000* *Subject to review	1,000* *Subject to review	Development
NI 155 Number of affordable homes delivered (gross)	173 (2007/8)	215	226	237	Development
NI 175 Access to services and facilities by public transport, walking, cycling (% of households with no car, within 30 mins travel time by public transport to Derriford Hospital)	86% (2007/8)	83.75%	85%	87%	Development
NI 175 Access to services and facilities by public transport, walking, cycling (% of non car-owning residents within 30 mins of Derriford Hospital/ Science park between 7 and 9 am.)	80% (2007/8)	80.25%	82%	85%	Development
Local Indicator 8: Achieve robust evidence of the impact of sustainable economic and housing growth on traffic and identify/implement a programme of measures to manage demand for travel	Programme of key milestones in PCC's Corporate Improvement Priorities 2008-11	Completion of programme up to Stage 3	Completion of programme up to Stage 6	Completion of programme up to Stage 9	Development
NI 186 Per capita CO2 emissions in the LA area	5.65 t CO ₂ per capita (2005)	Reduction 0%	Reduction 6.9%	Reduction 13.8%	Chief Executive's
NI 1 % of people who believe people from different backgrounds get on well together in their local area	69.9% (2009)	-	-	74.56%	Community Services

APPENDIX 2 Local Area Agreement for 2008-11					
LAA indicator	Base	2008/09	2009/10	2010/11	Lead
NI 4 % of people who feel they can influence decisions in their locality	22.0% (2009)	-	-	25.54%	Chief Executive's
Local Indicator 9: % of residents actively engaged and surveyed satisfied with their neighbourhood as place to live	Stonehouse & N. Prospect 57.5% (2006)	59.5%	61.5%	Pilots complete	Community Services
Local Indicator 10: Participation in regular volunteering	19.6% (2009)	-	-	23%	Plymouth Guild
NI 7 Environment for a thriving third sector*	14.2%(2009)	-	-	18.5%	Plymouth Guild
NI 140 Fair treatment by local services	68.2% (2009)	-	-	72.15%	Community Services
NI 60 Core assessments for children's social care carried out within 35 working days of their commencement	55% (2006/07)	75%	80%	82%	Children's Services
NI 64 Child protection plans lasting 2 years or more	7.7% (2006/07)	4%	3%	2%	Children's Services
Local Indicator 11 Children who have experienced bullying	33% (2007/08)	33%	30%	28%	Children's Services
NI 16 Serious Acquisitive crime rate	4,693 (2007/08) 18.92 per 1000 population	4,599 (-2%) 18.54 per 1000 population	4,507 (-2%) 18.16 per 1000 population	4,411 (-2%) 17.78 per 1000 population	Community Services
NI 18 Adult re-offending rates for those under probation supervision	10.2% (Predicted rate 2007/8)	-	-	9% Reduction of -1.74%	Devon/Cornwall Probation Service
NI 19 Rate of proven re-offending by young offenders	118 offences per 100 offenders (2005)	3% Target performance rate (per 100 offenders) 114	4% Target performance rate (per 100 offenders) 110	4% Target performance rate (per 100 offenders) 105	Children's Services
NI 26 Specialist support to victims of a serious sexual offence	Introduction of indicator deferred until 2009/10	Baseline to be established	To be agreed	To be agreed	Devon & Cornwall Constabulary
NI 20 Assault with injury crime rate	3,023 (2007/8) 12.18 per 1000 population	2,963 (-2%) 11.94 per 1000 population	2,453 (-19% on baseline) 9.78 per 1000 population	2,302 (-24% on baseline) 17.78 per 1000 population	Devon/Cornwall Constabulary
NI 32 Repeat incidents of domestic violence	28%	-	25%	20%	Community Services
NI 45 Young offenders in suitable education, employment or training	60.5% (2007/08)	65.9%	72.5%	79.1%	Children's Services
Local Indicator 12: Young offenders in suitable accommodation	92% (2006/07)	95%	95%	95%	Children's Services
Local Indicator 13: No. of criminal damage offences recorded by police	6,480 (April 2007 to March 2008)	-3.5% (6253)	-2% (6128)	-1.5% (6038)	Devon & Somerset Fire and Rescue
Local Indicator 14: Building resilience to violent extremism	Self-assessed at Level 2	-	-	Self-assessed at Level 3	Community Services
NI 21 Dealing with local concerns about anti-social behaviour and crime by local council and police	30.2% (2009)	-	-	33.88%	Community Services
NI 192 Household waste recycled and composted	26.86% (2006/7)	31 %	33%	36%	Community Services
NI 195a Improved street/ environmental cleanliness (combined litter & detritus)	12% (2007/08)	11%	10%	9%	Community Services

APPENDIX 2 Local Area Agreement for 2008-11					
LAA indicator	Base	2008/09	2009/10	2010/11	Lead
Local Indicator 15: No. of Plymouth's green spaces that achieve quality standards	1 Green Flag	-	2	4	Development
Local Indicator 16: Hectares of Local Nature Reserve designated	124	-	-	154	Development
Local Indicator 17: Successful implementation of Stock Transfer	Not applicable	-	See CIP 5	To be agreed at refresh	Corporate Support
NI 187 Tackling fuel poverty – people receiving income based benefits living in homes with a low energy efficiency rating	Poor SAP rating 8.25% Good SAP rating 24.25%	-	-	Poor SAP rating 7.87% Good SAP rating 24.61%	Development
NI 164 Working age population qualified to at least Level 3 or higher	42.63% (2006)	43.6%	44.6%	46%	Learning and Skills Council
NI 110 Young people's participation in positive activities	79.3% (2008/9)	-	81.1%	82.9%	Children's Services
Local Indicator 18: Persistent absence rate	7.3% (2007/8)	5.78%	TBC	TBC	Children's Services
Local Indicator 19: No. of young people achieving a level 3 by the age of 19	39% (2005/6)	45.5%	47%	49.5%	Children's Services
NI 117 16 to 18 year olds who are not in education, training or employment	6.8% (2006/7)	6.4%	6.1%	5.8%	Children's Services
Local Indicator 20: No. of visitors/participants recorded at specified activities over the period.	Not applicable – new events	-	28,500		Community Services

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Appendix 3: CAA - How we were assessed as a city

One green flag and no reds

LSP objective	Strengths	Issues to think about
Priorities and community aspirations	<ul style="list-style-type: none"> ■ Ambitious vision for Plymouth, self aware ■ Good public satisfaction with Plymouth as a place to live ■ LSP priorities appear to address local needs ■ Good understanding and focus on narrowing wealth gap ■ Co-ordination of consultation and engagement ■ Good links community strategy/ambitions of partners ■ Some good data sharing (but need more integration) ■ Mature approach to partnership working 	<ul style="list-style-type: none"> ■ Gap between most and least deprived neighborhoods not closing quickly enough ■ Focus on housing issues by LSP theme groups lack clarity ■ Some gaps in LSP membership e.g. Navy, Dockyard, private sector ■ Communication of achievement and managing expectations
Promoting community safety	<ul style="list-style-type: none"> ■ Recorded and detected crime is falling in Plymouth ■ CDRP and LSP working well to target areas of concern ■ Progress in tackling anti-social behaviour in hotspots ■ Responding well to Preventing Violent Extremism ■ High number of com safety/cohesion initiatives - Talents ■ Increasing capacity e.g. CDRP, neighbourhood wardens ■ Generally good operational arrangements re Fire/Rescue ■ More visible policing and increased levels of trust ■ Green flag area re emergencies 	<ul style="list-style-type: none"> ■ Slow progress in reducing serious assaults - but fewer numbers and there is a reduction in wounding ■ Increases in sexual offences, robbery, drug offences, forgery and fraud ■ Evaluation of value for money from public safety campaigns e.g. driving, alcohol, fraud etc ■ Issues from recent unannounced inspection of contact, referral and assessment arrangements for children in need/protection
Maintaining a clean and sustainable environment	<ul style="list-style-type: none"> ■ Much stronger focus in dealing with climate change ■ Understanding of environmental impact/carbon footprint ■ Community clear up days working well ■ External recognition – 5 stars, E in Bloom, EnCams etc ■ Reducing graffiti, fly tipping and fly posting ■ Overall standards for litter improving; recycling significantly increasing ■ Improving quality of parks, habitat, public space, air quality generally good ■ The future of waste services is more promising 	<ul style="list-style-type: none"> ■ Generally poor perceptions of gateways into city ■ Limited progress changing behaviour of people who litter ■ Partners/public need to understand the level of change needed to deliver more sustainable practices ■ Maximising support from partners to deal with environmental issues e.g. Navy, dockyard
Improving health and well-being	<ul style="list-style-type: none"> ■ Clear focus on the issues that affect people in Plymouth ■ Good match between LSP priorities and the PCT ■ Good progress in improving children's health ■ Some reduction in deprivation between 2004 and 2007 ■ Examples of good support to families through neighbourhood renewal schemes, Sure Start etc ■ Planning for and dealing with an aging population ■ Good work in increasing the reporting of domestic abuse and in giving support to families ■ More choice in adult social care services 	<ul style="list-style-type: none"> ■ Still have to big a difference in life expectancy between the best and worst wards and neighbourhoods ■ Health inequalities not being reduced quickly enough e.g. teenage pregnancy, young people and alcohol, smoking, breastfeeding, obese Year 6 children ■ Not able to show how the health for minority ethnic communities is being improved
Promoting inclusive communities	<ul style="list-style-type: none"> ■ More focused approach to community cohesion ■ Visible leadership in tackling issues e.g. travellers sites ■ Consultation with a wider number of groups including the Asylum and Refugee Forum, faith and belief groups ■ Good engagement with young people, support to Third sector ■ Strengthening locality working ■ Numbers on social housing waiting lists fallen but still high ■ Plymouth is currently at level 3 for ESLG ■ Services for older people are slowly getting better 	<ul style="list-style-type: none"> ■ Not enough homes meet national standards for quality and decency ■ BUT Stock transfer should provide more investment in former council housing stock ■ Clarity on measures of success for 'inclusive communities' ■ Residual public concerns over social cohesion and people's ability to influence decision making ■ Too many homeless people in temporary accommodation
Stimulating cultural and leisure activities	<ul style="list-style-type: none"> ■ Increasing overall participation in cultural activities ■ Good public satisfaction with museums and galleries, and with theatre and concert halls ■ Good links between culture and education ■ New culture strategy in place and good engagement with regional and national partners in its development ■ More children and older people participating in leisure ■ Improving access to sporting and cultural activities and facilities for the wider community ■ Ambitious plans for new facilities e.g. Life Centre 	<ul style="list-style-type: none"> ■ Clarity of Plymouth's appeal as a destination ■ Low satisfaction with sports and leisure facilities ■ Numbers of visits to libraries and museums are too low ■ Signposting within the city to culture and leisure locations is not visible enough ■ Relationships between tourist boards and websites – mixed messages and poor quality literature ■ Impact of new capacity on improving Plymouth's brand and widening its appeal to the wider community

Developing a prosperous economy

- Strategic approach by the LSP in dealing with recession
- Lots of initiatives that are getting more joined up
- Agencies are well prepared and have learnt from 1990s
- Idea of a single voice emerging for Plymouth
- Good match between college courses and business needs
- New facilities – incubation units, job centre on campus
- Good track record on affordable housing/empty homes
- Well regarded Local Development Framework

- Worklessness is increasing and its patterns are changing
- Mixed picture on average earnings and skills - the impact on the least affluent areas not consistently clear
- Overall condition of the housing stock in Plymouth is poor
- Analytical capacity and evaluation of impact
- Need to further develop a clear and distinct city identity
- Impact of any future public sector funding squeeze

Developing an effective transport system

- Good levels of satisfaction with public transport
- Improving public transport links with main areas of employment and with city centre
- Securing investment to fund improvements in the Eastern and Western corridor of Plymouth
- Clear progress in LTP1 objectives
- Future transport infrastructure has good prospects of being delivered on time
- Ferry investment; good links to more deprived areas
- Better value for money from car park sites

- Ability of ageing infrastructure to support the growth agenda – but catching up after years of underinvestment
- Slow progress with developing new cycling routes, but we recognise the geography of the city does not help
- Maximising the waterfront to stimulate access to tourism and creation of jobs
- Poor public perception of congestion and the state of road and pavements
- Some concerns from the elderly on the availability of free seats on buses

Raising educational attainment

- Well being of CYP is generally good
- Educational attainment improving and generally good or around average
- Good early years provision.
- Good progress on Building Schools for the Future
- Some gaps in attainment around inequalities being achieved but more to do
- Re-positioning and promoting the university of Plymouth
- Improvement in further education participation/capacity
- More multi use facilities and opportunities for adult learning
- Re-offending slightly worse but YO service works well
- Fostering and adoption good

- Closing the gap between high and low levels of educational attainment – still more to do
- High but reducing numbers of looked after children
- Below average performance relating to attainment levels for Looked After Children (LACs) – but we know why
- Mixed picture in attainment at Key Stage 1
- The city's infrastructure needs to keep up with the pace of development of the University

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APPENDIX 4 How we were assessed as a council

Overall a 3 star assessment

Improving our city - strengths

- Reducing waste, promoting recycling, understanding impact on environment
- Relatively safe place to live – residents satisfied as place to live
- Public transport effective/popular
- Large majority of children’s services good or better (Ofsted); large majority of indicators doing fine
- Service adequate (Ofsted) due to unannounced inspection of one area

Improving our city - strengths

- Leisure and cultural services getting better
- Making steady progress delivering LAA
- Adult Social Care good
- Services for older people getting better
- Improving way we deal with business – and recession
- Development projects to improve the city
- Addressing equalities across city – but low figure those who think people get on well

Improving our customers’ experience - strengths

- Good understanding of customer
- Good engaging community groups and at neighbourhood level
- Schools building programme and shared facilities with community groups/health
- Involving local communities to keep the place clean
- Access to council services getting easier
- Easier/quicker for people to receive benefit payments
- Recycling, car parks, library service being improved

Improving our council - strengths

- Leadership capacity/capability re future improvements
- Partnerships working well – particularly green flag areas
- Good progress with 14 corporate improvement priorities
- Performance management improved
- Staff well supported, internal communication good
- Steadily preparing for future financial climate
- When focuses on a problem deals with it and learns
- Risks understood
- Ambitious growth agenda

Issues to think about

- Reducing teenage pregnancy
- Improving quality of housing
- Promoting the city as cultural and tourist destination
- Satisfaction with council still low
- People think people from different backgrounds don’t always get on well
- And some people think they don’t have strong connections with their immediate neighbourhood – despite the success of many neighbourhood projects

Score

Managing performance	3 out of 4
Use of resources	2 out of 4
Managing finance	3 out of 4
Governing the business	2 out of 4
Managing resources	2 out of 4
Overall score – performance & U of R	3 out of 4

Use of resources - strengths

- Managing finances well
- Integrated financial and strategic planning processes
- Strategic approach to prioritising capital spend
- Allocating resources to priority areas
- £19.8m efficiencies in last 3 years
- Sickness absence, 6.4 days, matches best councils

Use of resources - strengths

- Understanding of costs & performance of key services
- Evidence of improved VFM – e.g. reducing expensive out-of-area placements
- Council Tax amongst lowest in country
- Good examples of co-location
- Environmental Policy & Carbon Management plan

Use of resources - strengths

- Good internal controls / internal audit
- Strong audit committee
- Effective, embedded risk management
- Progressing the Accommodation Strategy

Use of resources - challenge

- Challenging financial climate vs ambitious agenda.....
- Join up finance, assets, HR & ICT linked to priorities
- Ensure that resource allocations deliver outcomes
- Demonstrate outcomes from capital investment
- Progress with the Accommodation Strategy

Use of resources - challenge

- Strategic direction for co-location with partners
- Risk management and governance of partnerships
- Engagement and promotion of financial information
- Improve the quality of our data
- Deliver outcomes against Environmental Policy
- Demonstrate outcomes from Workforce Management

Use of resources - score

Use of Resources	Score
Theme 1 - Managing finances	3
1.1 Financial planning	3
1.2 Understanding costs	3
1.3 Financial reporting	2
Theme 2 - Governing the business	2
2.1 Commissioning and procurement	2
2.2 Use of data	2
2.3 Good governance	3
2.4 Internal control	3
Theme 3 - Other resources	2
3.1 Use of natural resources	2
3.2 Asset management	3
3.3 Workforce management	N/A

Adult Social Care Inspection

Overall we perform well

Areas of strength

- Performs 'well' across all seven outcome areas
- Clear progress with key priorities - faster change, improved service delivery
- Plans ambitious - based on needs analysis
- More people supported to live independently - strong emphasis on prevention
- More choice of alternative accommodation
- Council buys good services and rewards good providers.

Areas of strength

- People who use services and carers have increased opportunities to be involved in decision-making
- Performance management improving - Improvement Board
- Aids and small adaptations received quicker
- Budget management, MTFS - good.
- Increasing range of joint strategies – e.g. stroke care, dementia care, carers'
- Many more people have been able to get a direct payment
- Increasing day service focus on getting people into work
- Safeguarding performs well

Areas to think about

- Capacity to make changes a reality
- More formal partnerships with health - being explored
- Progress Putting People First agenda – in some areas
- Increase pace of change around personal budgets
- Ensure workforce fully prepared

Areas to think about

- Draft workforce strategy - not joint one agreed with partners
- Pace of major adaptations
- Comparative spend on mental health needs
- Into work approaches need to be route to paid employment
- Taking equalities issues forward/responsive to everyone

Unannounced inspection contact, referral and assessment – children's services

Areas of strength

- Rapid response team offers timely and effective support to children and families who have assessed needs
- Frontline staff in the advice and assessment service demonstrate commitment to both providing and improving services for children and their families

Areas of priority action

- Inter-agency thresholds for children in need not agreed – leading to inconsistent response, unacceptability high caseloads and detrimental impact on quality
- Management overview of individual casework inconsistent, resulting in drift in referral, assessment and planning processes
- Ensure criminal record bureau checks in place for staff working in contact centre who process initial child and family contacts

Our response to this inspection

- We have teams in place who are actions the recommendations in the inspection
- We will at some point be getting an announced inspection of Safeguarding and Looked After Children's services
- We are awaiting a date, as the finding from the unannounced inspect of contact, referral and assessment did not warrant an immediate inspection of Safeguarding/LAC

Children's services as a whole

- Large majority of children's services good or better (Ofsted)
- large majority of indicators doing fine
- Service adequate (Ofsted) due to unannounced inspection of one area

APPENDIX 5 Place Survey findings

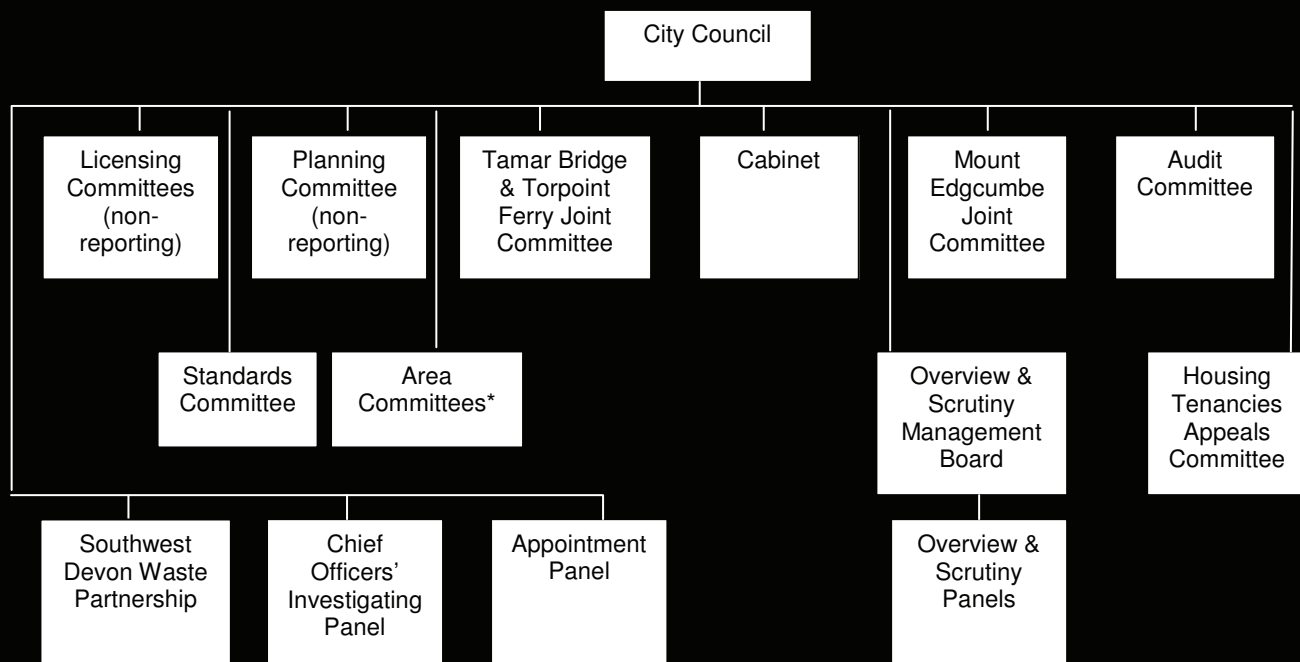
Plymouth's Place Survey results by comparison with the national unitary average

No	National Indicator	% down on nat. average	%Plymouth	% up on nat. average
NI1	% people who believe people from different backgrounds get on well together in local area	-4.7	69.6	
NI2	% of people who feel they belong to their neighbourhood	-3.7	52.6	
NI3	Civic participation in local area	-1.1	13.9	
NI4	% of people who feel they can influence decisions in locality	-8.2	22.2	
NI5	Overall satisfaction with local area area		79.0	+3.5
NI6	Participation in regular volunteering	-1.6	19.8	
NI17	Perceptions of anti-social behaviour	-1.9	22.6	
NI21	Dealing with local concerns about anti-social behaviour/ crime issues by local council/police		29.5	+2.5
NI22	Perceptions of parents taking responsibility for behaviour of their children in area		28.7	+0.9
NI23	Perceptions that people in area do not treat one another with respect/consideration	-4.5	31.6	
NI27	Understanding of local concerns about anti-social behaviour/crime issues by local council/police	-0.7	25.9	
NI37	Awareness of civil protection arrangements in local area		16.0	+1.5
NI41	Perceptions of drunk or rowdy behaviour as problem	-3.0	30.6	
NI42	Perceptions of drug use or drug dealing as problem	-6.4	29.2	
NI119	Self-reported measure of people's overall health/ wellbeing	-4.0	71.4	
NI138	Satisfaction with people over 65 with both home/ neighbourhood		82.6	+2.3
NI139	Extent to which older people receive support needed to live independently	-1.0	27.9	
I40	Fair treatment by local services	-1.7	67.2	

Plymouth's Place Survey results by comparison over time

No	National Indicator or former best value one	2003/04 %	2006/07 %	2008/09 %
NI1	NI1 % of people who believe people from different backgrounds get on well together in their local area	-	75	70
NI4	%of people who feel they can influence decisions in their locality	-	27	22
NI5	Overall satisfaction with the local area	-	77	79
NI23	Perceptions that people in the area do not treat one another with respect and consideration	-	44	32
NI41	Perceptions of drunk or rowdy behaviour as a problem	55	30	31
NI42	Perceptions of drug use or drug dealing as a problem	67	35	29
NI17	BV3 Overall satisfaction with council 49 47 30			
BV89	Satisfaction with cleanliness	50	57	47
BV90A	Waste collection	79	75	65
BV90B	Waste recycling (local facilities)	69	74	61
BV90C	Waste disposal (local tips)	85	81	70
BV103	Satisfaction with public transport information	55	56	50
BV104	Satisfaction with local bus services	64	62	62
BV119A	Sports/leisure facilities	57	48	35
BV119B	Libraries	65	68	62
BV119C	Museums/galleries	53	58	51
BV119D	Theatres/concert halls	70	65	60
BV119E	Parks and open spaces	76	69	67

Appendix 6: Council Democratic Structure 2010/11



CABINET MEMBERS 10/11

Leader - Cllr Mrs Vivien Pengelly

Deputy Leader & Planning, Strategic Housing and Economic Development - Cllr Ted Fry

Finance, Property, People and Governance - Cllr Ian Bowyer

Safer & Stronger Communities - Cllr Peter Brookshaw

Leisure, Culture and Sport - Cllr Glenn Jordan

Street Scene, Waste and Sustainability - Cllr Michael Leaves

Children and Young People - Cllr Grant Monahan

Adult Health and Social Care - Cllr Dr David Salter

Transport - Cllr Kevin Wiggins

Customer Services, Performance and Partnerships - Cllr Steve Ricketts

OVERVIEW & SCRUTINY CHAIRS 10/11

Overview and Scrutiny Management Board - Cllr David James

Adult Health and Social Care OS Panel - Cllr Joan Watkins

Growth and Prosperity OS Panel - Cllr David Viney

Customers and Communities OS Panel - Cllr Andy Fox

Children and Young People OS Panel – Cllr Pauline Purnell

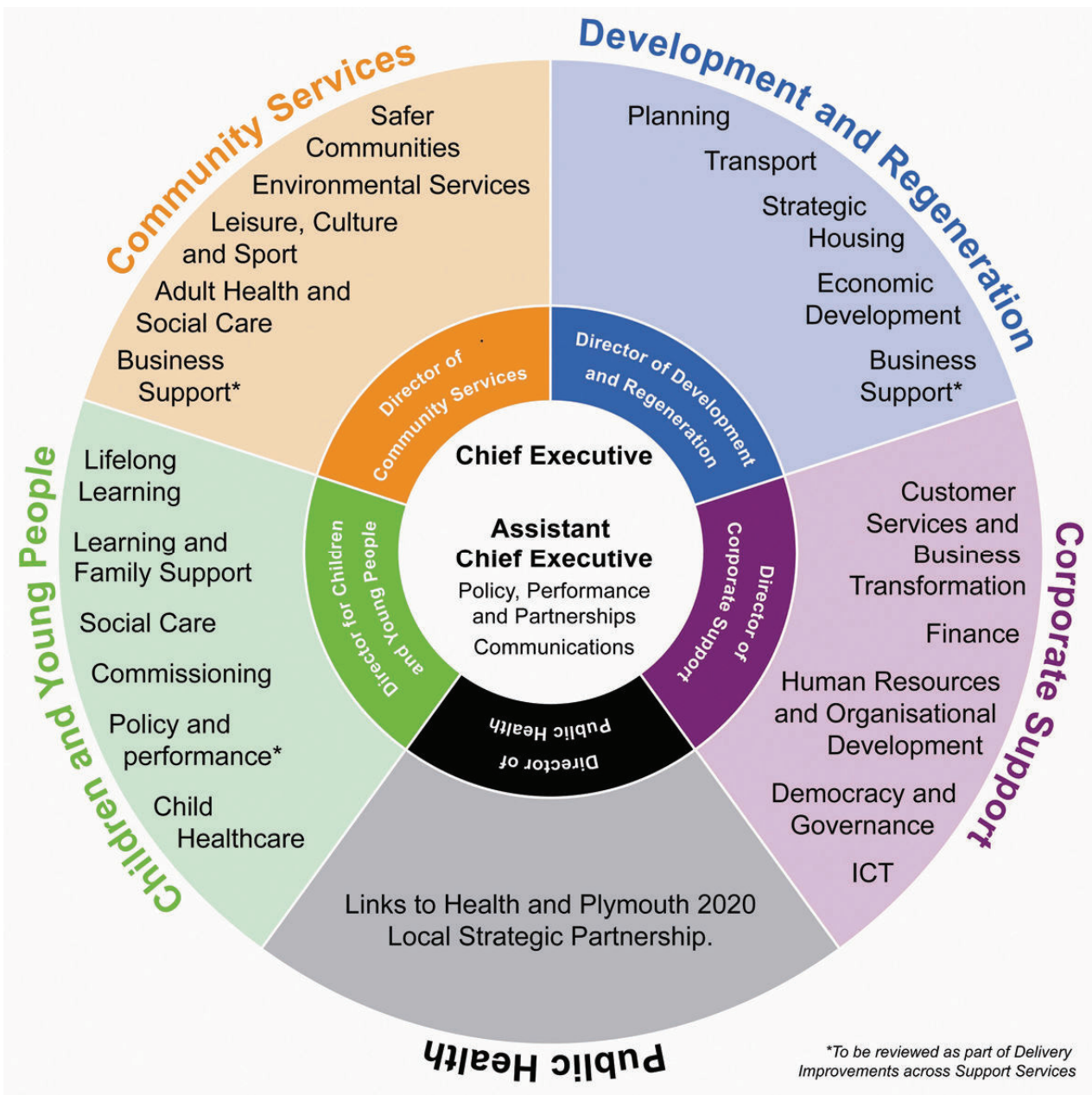
Support Services OS Panel - Cllr David James

Appendix 7: Key strategies

- People Strategy & Workforce Development Plan 2009-11
- Accommodation Strategy 2009
- ICT Strategy 2008-11
- Corporate Asset Management & Capital Strategy 2005-15
- Setting the 2010/11 Revenue Budget
- Medium Term Financial Strategy 2010-13
- Sustainable Community Strategy 2007-20
- Local Development Framework 2006-21
- Local Economic Strategy 2006-21
- Local Transport Plan 2006-11
- Sustainable Development Framework 2008-20
- Climate Change Strategy 2008-20
- Children & Young People's Plan 2008-11
- Strategy for Change – (Investment for Children) 2008
- Vital Spark – Cultural Strategy 2008-20
- All Our Futures – Older People's Strategy 2009-12
- Healthy Plymouth 2008-2020
- Third Sector Strategy 2008-11
- Housing Strategy 2008-11
- Supporting People Strategy 2005-10
- Waste Management Strategy 2007-30
- Financial Inclusion Strategy 2009-12
- Member Development Strategy 2009-10

*Subject to the approval of locality working, area committees may be replaced

Appendix 8: Council's new departmental structure



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CITY OF PLYMOUTH

Subject:	Overview and Update of People, ICT and Accommodation Strategies
Committee:	Cabinet / Overview and Scrutiny Management Board
Date:	9 February 2010 / 15 and 17 February 2010
Cabinet Member:	Councillors Bowyer and Ricketts
CMT Member:	Director for Corporate Support
Author:	Paul Chapman, Head of VFM and Efficiencies
Contact:	Tel:(01752) 304878 E mail:paul.chapman@plymouth.gov.uk
Ref:	PWC
Part:	I

Executive Summary:**The Vision for Plymouth City Council**

Our organisation will change over the next few years. We have already seen the development of the Amey partnership, setting up of PCH, selling of City Bus, embedding of the Children's Trust and co-location of some social care and health services; while our Audit Service is now a shared one with Devon and Torbay. We are starting to see the move to locality working; the introduction of more flexible and remote working using lean systems and a hot-desk approach; the roll-out of a competency framework and more e-learning and e-management support. These implementations will continue, driven by the need to improve services to customers, reduce costs, conserve resources, realise the benefits of new technologies and improve efficiency.

This will change how we work and how we are managed. There will be more emphasis on self-direction and management of outcomes, high skill levels and resourcefulness; with more focus on shared services, co-locations and the efficient use of public and community assets. In some areas we will need to stop doing things to free up resources, particularly when they are not a priority for us or part of our statutory commitments. Change will be the name of the game if we are to become the modern, high performing organisation and partnership that befits a city with our level of ambition.

Progress

A key to success is the effective alignment of our accommodation, people and ICT strategies. These approaches, from a service basis, now sit under one directorate. We introduced the strategies in the Corporate Plan for 2009/10 and their key areas of focus are again outlined here. Since then we have made progress across the strands and started to align their implementation, though more needs to be done.

During the year we completed the job evaluation appeals process and role profiles have been produced to support the newly developed competency framework, which will make a

significant contribution to enhancing employee capability and flexibility. We have commenced work to integrate data from learning and development databases across the council and automate elements of the corporate training and events system. Learning solutions and training courses have been aligned to corporate priorities and E-Learning implemented.

We have physically opened up Floors 4, 5, 6 and 11 within the Civic Centre; piloted the open plan approach within finance on floor 5, with roaming profiles for hot-desking. We are reviewing feedback from this pilot to better understand how people work and their developmental needs. We are also researching flexible working strategies and how these operate in readiness for the implementation of the post 2012 phase of the accommodation strategy.

Work has been undertaken to develop the business case for the Windsor House move and for the development of flexible working.

As we work towards a capability for staff to work remotely, the Netilla project has been progressed alongside the single sign-on project to enable users to securely yet simply log on to the systems remotely. There still remains significant work that needs to be done to rationalise the data and to educate staff in the skills required to maintain data integrity and availability. If more staff are to benefit from these developments then more work will be needed on delivering the necessary IT architecture required to support them. Work from the Civil Contingencies national project we lead is also being used to underpin our joint corporate strategies; while the VSRA – 3G secure Government Connect will form the basis for our own corporate mobile working solution.

We are preparing for the roll out of Manager Online via the portal. This will enable managers to access key information on their staff and undertake tasks like on-line management of sickness absence and appraisals. As part of this project an exercise has been undertaken to ensure the integrity of employment data and organisational structures held on HR SAP and the maintenance of this information across departments. The Knowledge Room is in the process of being developed to better engage both managers and employees in understanding organisational policies and processes.

Future developments and challenges

Over the coming year we will focus particularly on embedding the competencies; reviewing terms and conditions in light of flexible working approaches; standardising processes and 'de-duplicating' applications, while training staff to make better use of what we have; rolling out the open plan and hot desk approach to other offices; making further improvements to our information systems and data integrity; and, undertaking another staff survey.

Key challenges will be around ensuring we manage this type of change well and fully engage staff and members, as well as prioritising for investment those areas most likely to give us efficiencies; keeping focused during what is likely to be a difficult financial period and engaging with our partners on these often complex issues to ensure maximum benefits.

Corporate Plan 2009-2012

The executive summary is taken from the Corporate Plan to ensure a consistency of approach and complements the requirements of Corporate Improvement Priorities 13 and 14 – Supporting Council staff to perform better – and – Providing better value for money.

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

The attachments give the latest position statements regarding implementation of the People, ICT and Accommodation strategies which are referenced as background documents and are resourced as part of the Medium Term Financial Plan.

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

All implications were previously considered as part of the original background papers set out below.

Recommendations & Reasons for recommended action:

The report is provided for information to Members as a supplement to the 2010/11 Budget Report. Content to be noted by members.

Alternative options considered and reasons for recommended action:

Not applicable.

Background papers:

- Accommodation Strategy – June 2009
 - Information Communication Technology Strategy 2008-2011
 - People Strategy 2009 – 2011
-

Yearly position statement – key strategies			
Strategy	People	Contact	Eve Skuse
PROGRESS - Brief highlights of progress in the year - including how well key linkages are being made across ICT/People/ Accommodation strategies - and mention/explain any major delays:			
<p>The Job Evaluation Appeals Process has been completed and role profiles have been produced which support the newly developed competency framework.</p> <p>The Competency framework will make a significant contribution to building employee performance and capacity and flexibility in the Council which is critical for the future. Work will continue to improve employee performance and embed business planning and performance management</p> <p>Human Resources and Organisational Development (HROD) and ICT have commenced work to integrate data from Learning and Development databases across the Council and automate elements of the corporate training and events system.</p> <p>Learning and development solutions and training courses have been aligned to corporate priorities and E-Learning has been implemented. The HROD service is now considering other flexible and value for money approaches to the development of staff to maximise performance and capacity.</p> <p>Work has been jointly undertaken to develop the business case for the Windsor House move and for the development of the Flexible Working Strategy. HR is reviewing feedback from the Floor 5 hot desk pilot to better understand how people work and their developmental needs.</p> <p>HR is also currently researching the flexible working strategies and how these strategies operate in readiness for the implementation of the later phase of the accommodation strategy post 2012.</p> <p>Work has been undertaken to prepare to roll out SAP Manager Online via the portal. This will enable managers access to key information on their staff and to undertake some tasks including the on-line management sickness absence and appraisals which supports the self-service elements of the combined strategies.</p> <p>As part of this project an exercise has been undertaken to ensure the integrity of employment data and organisational structures held on HR SAP and interventions are in the process of being identified to ensure the maintenance of this information across departments.</p> <p>The Knowledge Room is in the process of being developed and this enable managers to easily locate and access the information they need and will better engage managers and employees in understanding organisational policies and processes.</p>			
FUTURE CHALLENGES - Any major revisions to the strategy for 2010-13, due to change in the financial climate or other factors			
<p>To support challenges including budget pressures and increasing customer expectations, the HROD Service will support the Council to</p> <ul style="list-style-type: none"> • Increase the capacity, flexibility and productivity of the workforce • Develop Effective Organisational Structures • Improve integrated working with partners and ensure flexible terms and conditions of employment that support partnerships and shared services • Workforce Skilled for now and the Future • Promote a diverse Workforce that reflects our Community • Engage the workforce in the Council goal to achieve excellence 			
COMING YEAR'S MAIN ACTIVITY			
Brief mention of major activity in the coming year		Any key dependencies or changes to budget 2010/11	
Embed behavioural competency framework			
Further develop range of development solutions			

Yearly position statement – key strategies			
Strategy	HR	Contact	Eve Skuse
Review organisational design and change management processes including redeployment and redundancy			
Further develop MSS and management information systems and continue to review integrity of data held including equality and skills information			
Implement Knowledge Room			
Review of flexible working strategies and terms and conditions			
Employee Survey			
LONGER-TERM - Any headline budget changes needed for 2011/12 and headline needs for 2012/13			
We will need to evaluate the impact of:- <ul style="list-style-type: none"> • The green agenda • Mobile and flexible working • Web strategy • Information management • Partnership Arrangements and Shared Services 			
Note: Whilst we want to flag up resources needs, we are also trying to reduce costs and increase efficiency and VFM, particularly given the tight climate ahead			

Yearly position statement – key strategies			
Strategy	Accommodation	Contact	Eve Skuse or Neville Cannon or Chris Trevitt
PROGRESS - Brief highlights of progress in the year - including how well key linkages are being made across ICT/People/ Accommodation strategies - and mention/explain any major delays:			
<p>CMT and Director lead (Adam Broome) has been appointed, as well as Member lead (Cllr Bowyer) with assistant (Cllr Sam Leaves).</p> <p>Floors 4, 5, 6 and 11 within Civic Centre have now been physically opened up as open plan work areas.</p> <p>Initial pilot on open plan working has been implemented on floor 5 of Civic Centre within finance. Users now have roaming profiles for hot desking implemented through ICT.</p> <p>Second open plan pilot is planned for floor 13 Civic Centre – due to commence February/March 2010</p>			
FUTURE CHALLENGES - Any major revisions to the strategy for 2010-13, due to change in the financial climate or other factors			
<p>A business case has now been prepared for implementation of the corporate accommodation strategy across the entire corporate office estate.</p> <p>Capital investment is required to enable full implementation of the strategy in order to achieve the full benefits identified in the strategy. Current capital pressures are being considered before approval and scope can be given through the budget approval process.</p>			
COMING YEAR'S MAIN ACTIVITY			
Brief mention of major activity in the coming year		Any key dependencies or changes to budget 2010/11	
Implementation of strategy involving Windsor House, Ballard House, Midland House and Civic Centre		Investment required from capital programme, inclusive of ICT investment for roaming profiles and telephony	
LONGER-TERM - Any headline budget changes needed for 2011/12 and headline needs for 2012/13			
ERDMS is required to be rolled out across the authority to fully realise the true benefits of the accommodation strategy. Additional resource will be required to deliver.			
Note: Whilst we want to flag up resources needs, we are also trying to reduce costs and increase efficiency and VFM, particularly given the tight climate ahead			

Yearly position statement – key strategies			
Strategy	ICT	Contact	Neville Cannon
PROGRESS - Brief highlights of progress in the year - including how well key linkages are being made across ICT/People/ Accommodation strategies - and mention/explain any major delays:			
<p>Work has been jointly undertaken to develop the business case for the Windsor House move and for the development of the Flexible Working Strategy. ICT has been involved with HR, Asset Management and the consultants on both projects.</p> <p>As a result ICT has delivered the Floor 5 hot desking pilot and lessons learned are being evaluated now ahead of extending the roll out to Floor 13. A number of issues have emerged and these need to have solutions designed if unsatisfactory work-a-rounds are to be avoided. This will require input from HR as we seek to better understand how people work and their developmental needs.</p> <p>ICT has also been working on the design of the second data centre to be located at Windsor House as this will be critical to facilitate to future accommodation plans for the Civic Centre as well as being critical in the provisioning of any corporate telephony upgrade.</p> <p>As we work towards a capability for staff to work remotely, the Netilla project has been progressed alongside the single sign-on project to enable users to securely yet simply log on to the systems necessary, remotely. There still remains significant work that needs to be done to rationalise the data and to educate staff in the skills required to maintain data integrity and availability if more staff are to access single records.</p> <p>Also work has been undertaken to prepare to roll out SAP Manager Self Service (MSS) via the portal. This will enable managers to undertake some tasks directly themselves and supports the self-service elements of the combined strategies. Underpinning this is the work to deliver the automated links between SAP HR and Active Directory (AD/HR). This is a key component to improving many of our processes involving staff and change.</p> <p>Further work being undertaken for the Civil Contingencies national project is also being used to underpin our joint corporate strategies. The VSRA – 3G secure Government Connect solution will form the basis for our own corporate mobile working solution.</p>			
FUTURE CHALLENGES - Any major revisions to the strategy for 2010-13, due to change in the financial climate or other factors			
<p>The request would be that during 2010/11 we invest in those areas that will better prepare us to deliver the efficiencies that will be needed for the future.</p> <p>The ICT strategy will not need to be rewritten significantly as it was for this purpose written as a high level strategy and supported by action plans which detail the specific technologies and projects introduced depending on the investment available. The availability of capital does not change our overall strategy, just our ability to pursue it at speed.</p> <p>Data and information management will remain a significant challenge as efficiencies will mean that less informed staff may be tasked with performing roles where local knowledge is less available. This will place a heavier burden on the IT systems being able to compensate by being easier to use. Corporate understanding will be needed by staff to improve the delivery of corporate and departmental goals.</p> <p>Business cases will be submitted as part of the invest to save process outlined in the capital programme with a particular focus on single sign on, Netilla, CRM and especially eDRMS.</p> <p>Design work is currently taking place with our local authority partners to extend the scope of the three strategy convergence. That's to say we are seeking common approaches and solution designs that allow for the flexibility for staff to work even wider a field and remain fully supported.</p>			
COMING YEAR'S MAIN ACTIVITY			
Brief mention of major activity in the coming year		Any key dependencies or changes to budget 2010/11	

Yearly position statement – key strategies	
Strategy	ICT
Contact	Neville Cannon
ICT requires a Microsoft Enterprise Agreement renewal to effectively deliver the joined up agenda including, OCS (unified comm's), Microsoft Dynamics (CRM) and Windows 7 upgrades.	Costs to be determined by the number of Users likely to be supported over the coming 3 years.
Corporate applications to be supported, Desktop strategy/ eDRMS/ CRM/ workflow	£ capital
Deploying MSS	
Consolidation of service desks delivering operational efficiencies	
Standardising processes and de-duplicating applications - driving consolidation to make savings	
Train staff to make better use of what we have.	
LONGER-TERM - Any headline budget changes needed for 2011/12 and headline needs for 2012/13	
We will need to evaluate the impact of:- <ul style="list-style-type: none"> • The green agenda • Mobile and flexible working • Web strategy • Information management • Respond to Govt's ICT strategy and imposed actions. 	
Note: Whilst we want to flag up resources needs, we are also trying to reduce costs and increase efficiency and VFM, particularly given the tight climate ahead	

Sign off:

Finance	MC0910 .016	Legal	DVS 1097	HR	ES	Corp prop	CJT/046/ 010210	IT	NC0 1/20 1001 02	Strategic Proc	PWC/0 01/010 210
Originating SMT Member: Paul Chapman											

CITY OF PLYMOUTH

Subject: Corporate Asset Management Plan

Committee: Cabinet
Overview & Scrutiny Management Board

Date: Cabinet - 9 February 2010
Overview & Scrutiny Management Board
- 15 & 17 February 2010

Cabinet Member: Councillor Bowyer

CMT Member: Director for Corporate Support

Author: Chris Trevitt

Contact: 5441

Ref: Part 1

Executive Summary:

The attached report is the City Council's update of the Asset Management Plan.

The Asset Management Plan timetable has been revised to the end of 2015 due to the effect of the current economic downturn. This will be reviewed during the next twelve months.

Asset Management is now part of the Capital & Assets Service formed in the autumn of 2009 and sits with the Finance, Assets and Efficiencies Department of the Corporate Support Directorate. This service is a key vehicle for assisting the organisation to deliver on the key corporate improvement priorities identified in the Corporate Plan 2010-2013. This plan demonstrates where we are now, what progress has been achieved to date and where we intend to be with the property estate by the end of 2015.

The Capital Programme and Capital Strategy is included as an appendix to the plan as this information now forms part of the separate budget report.

Corporate Plan 2009-2012:

The Asset Management Plan supports the Corporate Improvement Priorities identified enabling the Council to deliver an excellent service to the community. In addition it supports the City's 4 visionary goals as established through the Local Strategic Partnership.

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

The Asset Management Plan identifies how the maintenance backlog is being dealt with and the future strategy for rationalisation of the corporate property estate.

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

The Asset Management Plan deals with issues regarding accessibility, health & safety and equality in respect of the corporate building estate.

Recommendations & Reasons for recommended action:

It is recommended that the Asset Management Plan is approved.

Background papers:

Asset Management Plan February 2010 update.

Sign off:

Fi n	MC 0910 .017	Leg	LT 1095	HR	N/A	Corp Prop	CJT/045 /290110	IT	N/A	Strat Proc	N/A
Originating SMT Member:											

Corporate Asset Management Plan

2005-2015 (incorporating Capital Programme for 2010/11-2014/15)



A plan for making the best use of our assets to achieve our Corporate Objectives and support service delivery

Plymouth City Council

February 2010 Update



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5.0 How we will achieve our objectives	17
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APPENDICES

1	Capital Programme & Strategy 2010-2015
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SECTION 1

Corporate Asset Management Plan for 2005-2015 (February 2010 Update)

Responsible Officer – Chris Trevitt, Head of Capital and Assets

Telephone: 01752 305441

E-Mail: chris.trevitt@plymouth.gov.uk

This year's Asset Management Plan has been written as an update to our 2009 Plan.

The 2008 Plan remains the basis of our strategy for land, property and use of Capital. However, the current economic conditions, a reduction in resources and re-prioritisation against the Corporate Plan has meant that similarly to last year we are adjusting some of our key outcomes in order to recognise changes in time and current circumstances, whilst still aiming for the original overall outcome.

As 2010 is the mid-point of the 10 year plan issued in 2005, it is intended to carry out a wider review of the original aims, and objectives of the 2005 plan during the coming year with the intention to issue a revised plan at the end of the calendar year.

This review will take account of changing Council priorities and economic conditions and propose revised initiatives for the Councils property in response.

1. Introduction

The Plymouth 2020 local strategic partnership has a shared vision of making Plymouth “One of Europe’s finest, most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone” by 2020.

To achieve this shared vision the partners have agreed to focus their priorities around four themed areas aimed at making the city healthy, wealthy, safe and wise. The diagram below shows how the vision for the city is being delivered through theme groups and supported by the partnership.

Partners have their own visions and strategies that ultimately aim to deliver that shared vision for the city. Plymouth City Council’s vision is to deliver excellent local services to Plymouth residents and has set itself the goal of becoming an “excellent” authority by 2012.



Priorities for achieving excellence

The Council has identified 14 key priorities to help achieve excellence and the shared vision for the city. These are organised under the three themes of improving our customers' experience, improving our city and improving our Council. The priorities are:

Improving our Customers' experience

- Improving customer service
- Involving and informing customers

Improving our City

- Helping people to live independently
- Reducing inequalities between communities
- Providing better and more affordable housing
- Providing more culture and leisure activities
- Keeping children safe
- Improving skills and educational achievement
- Developing high quality places to learn in
- Disposing of waste and increasing recycling
- Improving ease of travel across the city
- Attracting jobs and investment

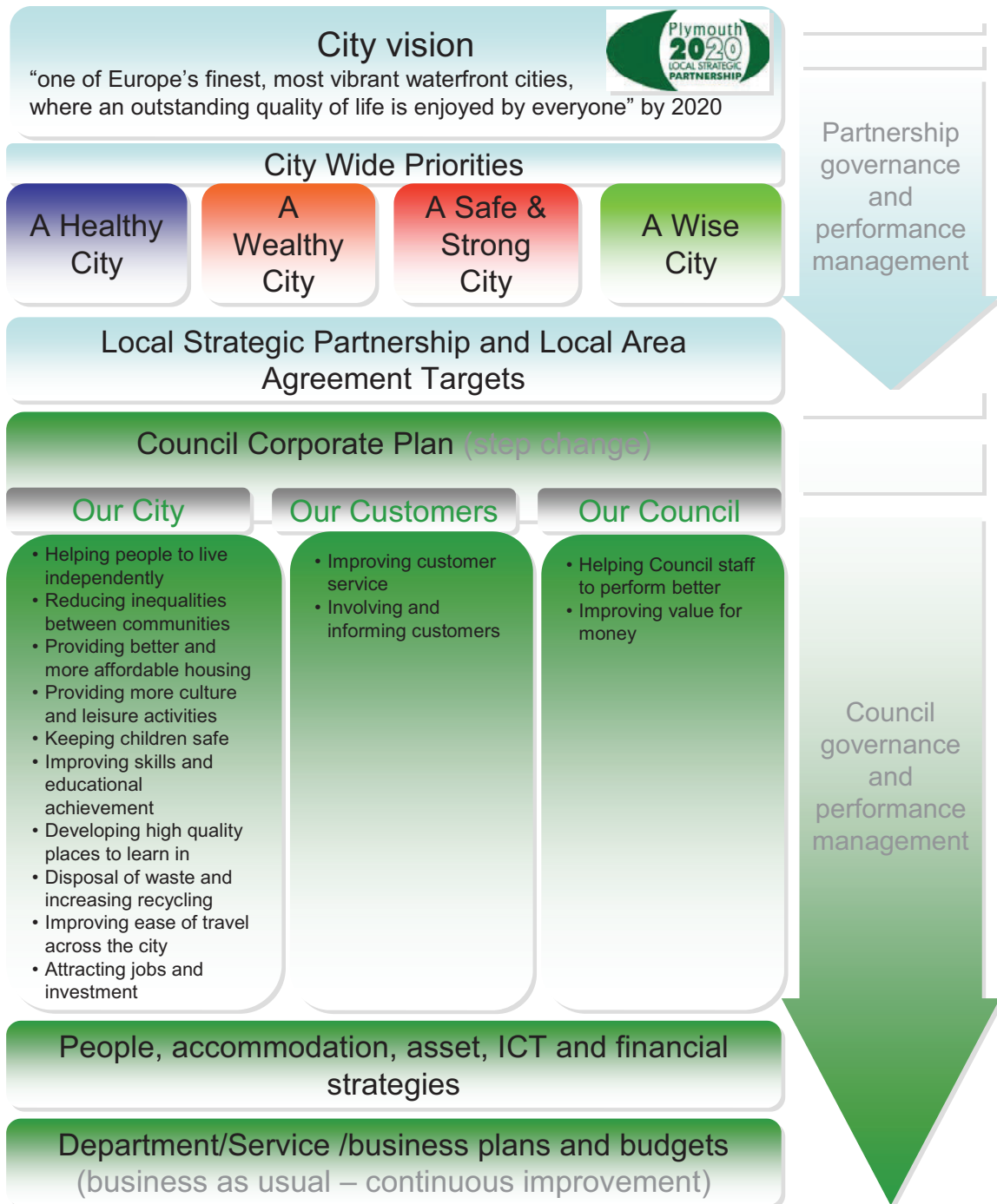
Improving our Council

- Helping Council staff to perform better
- Providing better value for money.

Focusing on achieving these priorities will enable the Council to achieve high levels of customer satisfaction and reach – and retain – a Comprehensive Area Assessment rating

of “excellent”. The Council’s planning and budget setting for financial year 2009/2010 and beyond has been developed on the basis of focusing on these priorities.

The diagram below illustrates the relationship between the city’s goals, the Council’s Corporate Improvement Priorities and the support required from the Asset Management Plan & Capital Strategy:



2.0 Vision for the Service

2.1 Corporate Asset Policy – Mission Statement

The key drivers for establishing a corporate asset policy are:

- Responsiveness to community needs and local development
- Realising surplus assets and maximising the value of those assets
- Alignment with Government efficiency programmes
- Relieving pressure on Council Tax

After salaries, the cost of occupying property is the next highest cost for the Council. Release of surplus assets not only generates a capital receipt to build reserves but also provides revenue savings through reduced energy, maintenance and facilities management costs.

2.2 Scope of this Plan - Objectives

This Corporate Asset Management Plan seeks to set out the broader strategy for the estate, in tackling the need to grasp the underlying issues and then manage the Estate to enhance its value by:

- Maximising capital value
- Maximising income from the Property Portfolio
- Releasing latent value in surplus property for reinvestment
- Rationalising poor performing assets and those which are a liability by targeting areas of high backlog maintenance and high management costs with no value added in achieving corporate objectives.
- Adhering to the maintenance strategy for prioritisation and expenditure of centralised revenue maintenance budgets.
- Ensuring cross - service opportunities are not missed.

- Ensuring facilities are in a condition appropriate to use and need, safe and compliant with legislation, suitable and sufficient for the services delivered.
- Gathering, maintaining and updating information on the size, value, condition, suitability and sufficiency of property holdings
- Emphasising the importance of facilities management in estate management

3.0 Current Property Portfolio

In 2008 we outlined the scope and state of our property holdings.

The tables below summarise our current position:

3.1 Table 1 – Plymouth City Council Estate – 2010

Properties	Number
Admin, Offices	17
Schools/Colleges	86
Youth & Community Centres	15
Libraries	16
Social Services Centres	18
Parks & Open Spaces (including playgrounds)	254
Playing Fields	26
Allotments	31
Museums	3
Sports Complexes and Swimming Pools	7
Car Parks	74
Public Conveniences	34
Theatres	2
Cemeteries/burial grounds	3
Waste Management Centre	2
	Tenancies
Commercial Property Interests	Circa 1,800

There are a mixture of management arrangements in place for the estate, with delegated maintenance budgets still in place for schools / colleges, parks and open spaces, allotments, car parks, public conveniences and waste management facilities.

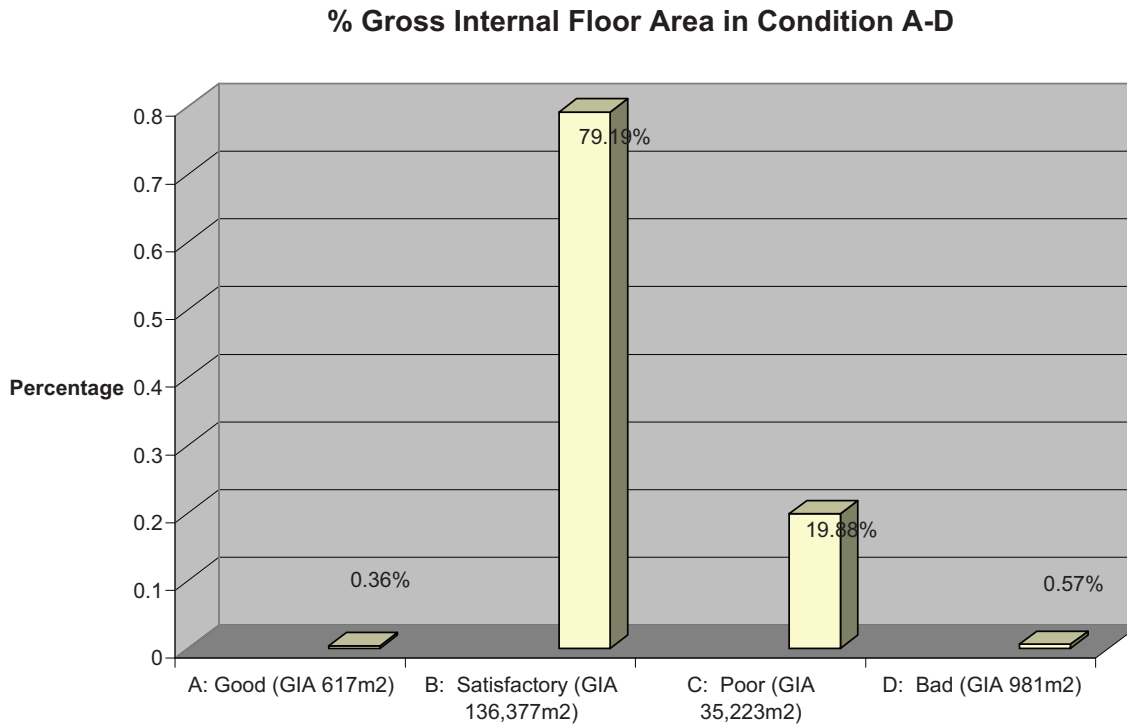
3.2 Condition & Backlog Maintenance.

Maintenance of much of the estate is now managed in accordance with the Council's Maintenance Strategy, issued in 2007 and via centralised revenue maintenance budgets adopted since April 2008.

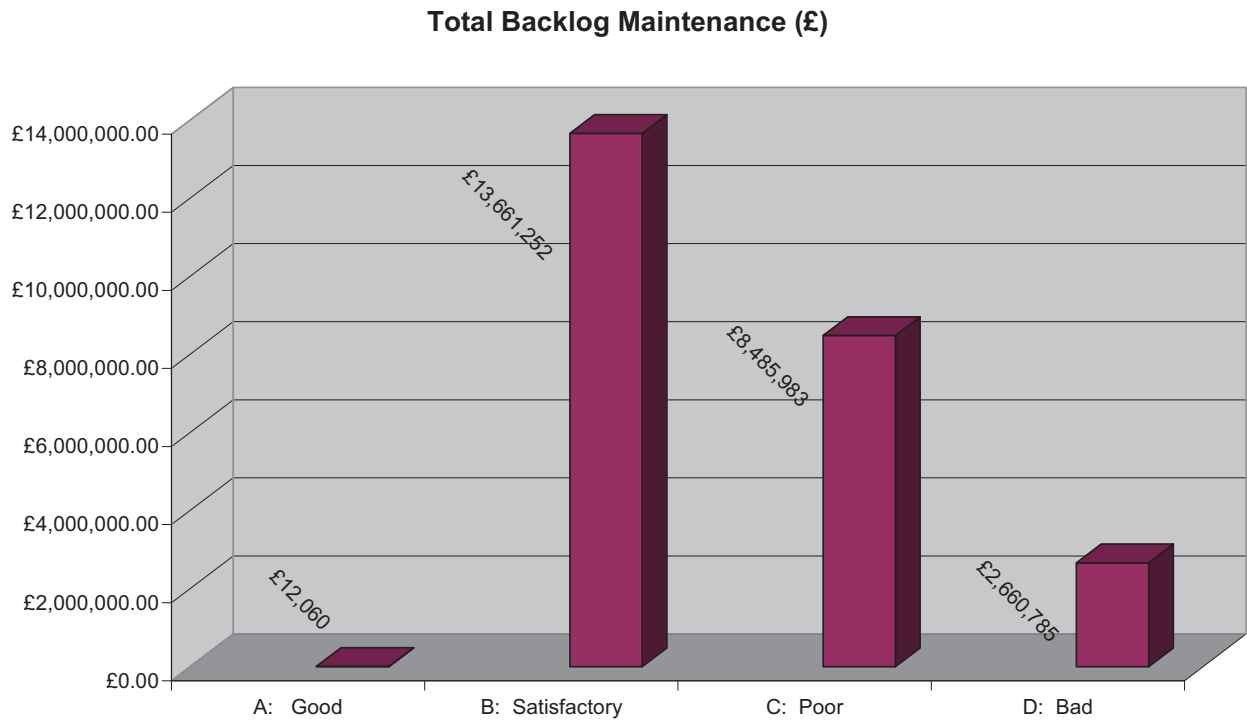
Detail of the overall condition and backlog maintenance levels are given below:

Condition A: Good	Condition B: Satisfactory
Condition C: Poor	Condition D: Bad
GIA = Gross Internal Area	

Table 2:- Percentage of Gross internal floor area in condition A – D



As can be seen from the table above, 79.19% of our property is in a satisfactory condition a decrease from 79.92% last year. 19.88% is in a poor condition an increase from 18.98%. 0.57% is in a bad condition an improvement from 0.70% last year and 0.36% that is in a good condition a decrease from 0.41% last year.

Table 3:- Total backlog maintenance of properties in condition grade A to D

The total figure of £28.78million above represents the current backlog maintenance of the estate at the time of publication and excludes schools. School backlog maintenance information is given in section 5.2. This figure is up from £24.82million at this point last year. There are a number of reasons for this. Progress on reduction of backlog maintenance has been low due to centralised maintenance budgets being insufficient to implement fully the planned maintenance programme, the state of the property market frustrating the disposals programme and original condition surveys first carried out in 2004 being re-surveyed. The five yearly review revises, due to inflation, provides condition issues not dealt with and also picks up any further deterioration since the last survey. As a result allowance has been made in the revenue budgets increased maintenance budgets for the next three years. This should enable inroads to be made into the backlog figure, together with improvements in the property market and implementation of the accommodation strategy which will reduce office requirements.

Key projects such as the others within new leisure facilities in Central Park along with the capital programme, disposals and further asset rationalisation will see a reduction in the backlog maintenance by approximately £11.32 million by 2014. This will help to reduce the backlog to £17.46 million over the next 4 years to 2014 with further reductions being achieved through the implementation of the maintenance strategy as described above.

4.0 Where we intend to be and the link with Corporate Priorities

4.1 Corporate Planning Framework

A clear hierarchy of plans exists in Plymouth, all resourced by the Medium Term Financial Plan (MTFP). Plymouth's Performance Plan exists within a framework and hierarchy of plans and strategies which are aligned to provide ever greater levels of detail, from, at the top, a shared strategic direction, followed by a corporate contribution and perspective, down to individual goals and targets so that the sum of the whole contribute to the shared vision for the area.

At the highest level, the Sustainable Communities Strategy, developed by the Local Strategic Partnership (LSP), articulates the vision and sets out the shared aspirations of all partners in securing outcomes for Plymouth's communities.

The **Corporate Plan** provides the link between the Sustainable Communities Strategy and how the Council, as a service provider, contributes to the longer-term social, economic and environmental well being of the area. It provides an annual assessment of our performance against our aims, priorities and targets at a corporate level and our contribution to the Sustainable Communities Strategy.

Statutory Plans and Strategies reflect the breadth of services the Council provides or has an involvement in, and which are developed to translate aims into specific spending programmes, targets and actions. This is where the Asset Management Plan sits.

4.2 Corporate Improvement Priorities

The Council is setting a target date of 2012 for becoming an excellent authority. In order to achieve this, a number of key priorities have been set. They are:

Table 4:- Improvement Priorities

Corporate Improvement Priorities 2009-2012		
Improving our Customers' experience		
CIP1	Improving customer service	Contribution via development of locality bases (See KO7)
CIP2	Informing and involving residents	Ongoing programme of community asset transfers (See 5.1.7)
Improving our City		
CIP3	Helping people to live independently	Supporting Adult Social Care joint commissioning with Primary Care Trust (See 5.1.9)
CIP4	Reducing inequalities between communities	Providing comparable facilities via localities based shared service centres (See 5.1.9) and enhanced youth service provision together with support for the Health Strategy
CIP5	Providing better and more affordable housing	Supporting Housing Stock Transfer (See 5.1.12)
CIP6	Providing more and better culture and leisure activities	Supporting development of the Life Centre and Leisure Management Project (See 5.1.5)
CIP7	Keeping children safe	Continuing work with Primary Care Trust (See 5.1.9)
CIP8	Improving skills and educational achievement	Delivery of schools capital programme and enhanced library provision (See 5.1.1 and 5.1.6)
CIP9	Developing high quality places to learn in	Supporting development of school estate (see 5.1.1)
CIP10	Disposing of waste and increasing recycling	Support for the waste project (See 5.2.11)
CIP11	Improving access across the city	Provision of accommodation for the AMEY/Plymouth City Council Transport partnership and ongoing work on Disability Discrimination Act improvements
CIP12	Delivering sustainable growth	Development and implementation of a Strategic Investment Framework to encourage higher levels of

		enterprise in Plymouth, including creating workspace
Improving our Council		
CIP13	Helping Council staff to perform better	Working to provide improved Accommodation
CIP14	Providing better value for money	Delivery of Asset Management Plan together with sustainability agenda (See 5.1.10)

4.3 Key Outcomes for Plymouth City Council's Asset Management Planning

Back in 2005 we listed the key outcomes of our plan. Last year a review of the key outcomes was undertaken and the remaining outcomes are listed below.

Table 5

Key Outcome	Description	Current Status	Plan	Who (Lead Officer)	Timescale
KO2	Disposal of all current surplus property generating capital receipts (for investment in frontline services) – by end 2010	This work has been progressing but is now seriously delayed due to the collapse of the property market.	Asset Review – additional resources required to maintain surplus property disposals	Andrew Jarrold	2004-2015
KO3	Disposal of poor performing investment property and re-investment in better performing assets – by end 2010	For the same reasons as KO 2 above, the timescale for delivery has been revised	Asset Review – additional resources required to maintain surplus property disposals	Andrew Jarrold	2004-2015
KO4	Leasehold disposal or contracting out the running of key Council public buildings that are currently loss making – by end 2008	This has been managed well with respect to the Guildhalls and Harewood House. Losses have been managed in house and a transfer has been effected with respect to Devonport Guildhall. Work will continue to	Implementation of charges increase and soft testing of market interest to generate options followed by hard market testing	Chris Trevitt	2004-2010

Key Outcome	Description	Current Status	Plan	Who (Lead Officer)	Timescale
		improve the commercialisation of Plymouth Guildhall.			
KO7	Achievement of Customer and Stakeholder satisfaction in the use of our buildings (e.g. The rationalisation and improvement of the corporate administrative estate) – by end 2010	Work here is still being progressed. Accommodation Strategy approval in June 2009. First phase of implementation to be complete March 2011. However due to the listing of the Civic Centre, overall delivery is now forecast for 2015	Delivery of Accommodation Strategy	Chris Trevitt	2006-2015
KO9	Leasehold transfer of community assets to structured community bodies by end of 2010.	Successfully achieved for Devonport Guildhall. Other opportunities, including Plympton Guildhall, to be investigated during 2010.	Option Appraisals to be undertaken for presentation to Members	Chris Trevitt	2005-2010
KO12	Improving our use of energy thereby reducing costs and CO ₂ omissions and increasing sustainable	Work is progressing. Energy monitoring arrangements are now in place. Targets for carbon management are included in	Energy Saving Initiatives in support of the Local Authority Carbon Management Programme	Alex Hurth	2005-2011

Key Outcome	Description	Current Status	Plan	Who (Lead Officer)	Timescale
	operations – by end 2008	Council Environmental Policy. These activities support CIP 14.			
KO13	Property that is compliant with current legislative standards – by end 2010	Ongoing work through to end of 2010.	Condition surveys and asset review	Chris Trevitt	2006-2015
KO14	Effective capital project -delivery, on time, on budget and to required specification – by end 2008	Project management procedures were implemented in November 2009.	Now complete	Capital Programme Manager / Tony Hopwood	2006-2009

4.4 How Key Outcomes link to our Corporate Improvement Priorities

Table 6

Corporate Improvement Priorities 2009/10	
Note – the key outcomes identified in table 5 are now shown linked to each corporate improvement priority	
Improving access to high quality services	
• Improving customer service	KO7, KO13
• Informing and involving residents	KO2, KO7
Improving our city (supported by KO7 & KO8)	
• Helping people to live independently	KO7
• Reducing inequalities between communities	KO2
• Providing better and more affordable housing	KO2
• Providing more and better culture and leisure activities	KO14
• Keeping children safe	
• Improving skills and educational achievement	
• Developing high quality places to learn in	
• Disposing of waste and increasing recycling	
• Improving access across the city	KO7
• Delivering sustainable growth	City Business Park & new East End Business Park
Improving our Council (supported by KO7 & KO8)	
• Helping Council staff to perform better	KO7
• Providing better value for money	KO2, KO3, KO9, KO12, KO13 & KO14

5.0 How We Will Achieve our Objectives

5.1 Strategic Projects for 2010 to achieve Key Outcomes

Below are listed specific projects, which form part of those Key Outcomes that deserve highlighting due to their strategic importance to the City.

5.1.1 The Schools Estate

Investment for Children

The Authority consulted upon and adopted a Strategy for Change for Services for Children and Young People in December 2008. This document indicates how national and local Investment would be aligned to the raising of attainment across the city. The document known as Investment for Children sets out a new relationship between schools and the authority reflecting the changes in the role of the authority under The Education and Inspections Act 2006. Investment for Children also sets out the demographic changes in pupil populations up to 2016 and the proposed framework for governance changes in schools.

Trust and Academy schools: Where schools move out of Local Authority control there is a land and Property transfer of the freehold or long lease of the land and property. The table below outlines the progress of schools on the path and sets out the date of the assets that have been transferred.

School	Status	Date
Widewell Primary	Trust	September 2007
Stoke Damerel CC	Trust	December 2008
Lipson CC	Trust	September 2009
PL9 Trust Plymstock Elburton Primary	Trust	September 2009
Tamarside Community College	Academy	September 2010
John Kitto Community College	Academy	September 2010
Hooe Primary	Trust	expressed an interest
Oreston Primary	Trust	expressed an interest
Old Priory Junior	Trust	expressed an interest
Mount Street Primary	Trust	expressed an interest
Mayflower Community Primary	Trust	expressed an interest
Ernesettle Community	Trust	expressed an interest
St Budeaux Foundation C of E Primary (Aided)	Trust	expressed an interest
Victoria Road Primary	Trust	expressed an interest
Coombe Dean School	Trust	expressed an interest

Children's Centres; Phase 3 programme is now underway and the investment programme will be complete by March 2011. This programme is being co-ordinated with Extended School and Early Years funding giving a total investment of £1.3m.

Primary Schools; Significant progress has been made in transforming the quality of the asset base of primary schools in the city. In September 2009 three new primary schools, Oakwood , Mayflower and Shakespeare, opened to children. This follows on from the success of opening Riverside, Ernesettle and Whitleigh primary in 2008, There are two further Primary schools, Beechwood and High View, in construction which will open in 2010 and one in contract, Estover, that will open in 2011. These nine primary schools replace fifteen old 1950 and 60's buildings and represent a considerable improvement in the asset base.

This investment is having a significant impact in reducing the backlog maintenance for Primary Schools. In 2006 the estimate was £52.7m. Whereas our revise forecast for 2010 is £35.8m. The authority submitted a Strategy for Change (SfC) that outlines the authority's priorities aligned with the National Drivers for Change in the Primary sector. This strategy was submitted in July 2008, and approval has been given by the Department for Children Schools and Families to the release of capital allocations for 2009/10.

Secondary Schools; The Buildings Schools for the Future (BSF) One School Pathfinder project at Estover campus is in construction with phased completions throughout 2010 to 2012. The bulk of the Secondary element will be opened in September 2010 including the public library and museum.

The authority has been announced to be included the Building Schools for the Future (BSF) investment programme in Wave 7. This will allow the authority to construct a new secondary school replacing Stoke Damerall Community College and also substantially refurbish John Kitto, Tamarside and Lipson Community College, This initial wave of investment through BSF represents approximately £80m..

Inclusion and Special Education needs: The Authority has followed an inclusion policy for 9 years, and in this time assets have been gradually

adapted to include a mixture of facilities. These include simple access adaptations, the building of inclusion units within a school and the integration of special schools with mainstream schools in campuses such as Wood View campus and Estover Campus. There has been an increasing number of children with special educational needs placed in mainstream education, leading to a continued need for special school buildings. This is also due to the need to reduce the overcrowding that exists in special schools and the building area standards that have risen to reflect the changing nature of supporting children with complex needs.

5.1.2 Accommodation Strategy

The Council's accommodation strategy was approved in June 2009 and the first pilot was introduced in November 2009 on the fifth floor within the Civic Centre.

The strategy, which applies to the Corporate office estate, aims to use current space more efficiently. By allocating a maximum of 8 desks per 10 staff, the one desk one person culture is removed. This will lead to savings in excess of 20% in accommodation requirements and costs.

The first phase of full implementation will take place in 2010/11 and will result in the reduction in the number of office buildings required.

This will enable the Council to make revenue savings from 2011/12 onwards prior to the resolution of the future of the Civic Centre site, which will continue to be reviewed given the listed status of the site.

5.1.3 Commercial Property Investment Portfolio

The Commercial Property Investment Portfolio ("CPIP") delivers annual income of approximately £5.7m. The estate comprises a mixture of commercial properties including industrial estates, business centres, leisure and retail properties. The rental income is derived from commercial property

leases and from various freehold ground rents.

The future management of the CPIP, to achieve improved financial performance and best value will be determined by the completion of an asset strategy.

5.1.4 Public Buildings

KO4 made it quite clear in 2006 that our plan is to examine the leasehold disposal or contracting out the management of key Council public buildings that are a financial burden and / or a maintenance liability. Such buildings include the three Guildhalls.

To date work is ongoing with Plymouth Guildhall to find potential public and private users. Devonport Guildhall secured a grant from the Community Assets Transfer Fund for full refurbishment and has been subsequently transferred, via a lease, to the cultural sector. Plympton Guildhall was subject to a feasibility study for its long-term use, and development of a management trust is the preferred option. This is to be pursued in 2010.

5.1.5 Life Centre, Pavilions & Millbay

Since the publication of the 2009 Asset Management Plan, the Life Centre project has progressed with the selection of the main contractor and commencement on site in February 2010. The target completion date is the end of 2011.

The link of the Life Centre to the overall success of Millbay remains, with the need to relocate leisure facilities from the existing Pavilions site to enable the re-development of highways infrastructure. This re-development will see the creation of the new boulevard into Millbay, improving access and enabling the regeneration of this area.

5.1.6 Libraries & Museums

With options for a new Central Library linked to new Civic accommodation and an expansion of the Museum and Art Gallery, the Capital and Assets service will continue to work with Community Services to establish modern fit-for-purpose facilities. Plymstock Library has been replaced as part of a joint housing scheme. Devonport Library will be relocated to St Aubyn's Church in partnership with the Devonport Regeneration Community Partnership and Plympton Library is to be re-provided following a fire in the Autumn of 2008.

5.1.7 Community Assets

Community centres and other similar buildings/ sites were the subject of an internal study (as part of KO7) as to what could effectively be transferred to properly constituted community groups utilising the Community Land Trust model. Advantage has also been taken of the Community Assets Transfer Fund and two separate bids for almost £2million were made. One of these for Devonport Guildhall (See 5.1.4) was successful. The service will continue to seek opportunities for potential viable and sustainable transfers of Assets to the third sector.

5.1.8 City Centre Assets

The City Centre continues to be a prime source of commercial property income for the Council and a key asset in the Local Development Framework and future economic plans for the growth and development of the City.

Future income growth will be limited whilst the commercial and in particular the retail markets are adversely affected by the weak economy. Longer term income and capital value growth will be derived from new development.

The future plans for the development of the City Centre are set out in the City Centre Area Action Plan.

5.1.9 Partnership Working

Integral to the delivery of key outcomes is the partnership between the Council and other public sector agencies and increasingly the private sector.

Active initiatives include:

Plymouth City Development Company (“CDC”)

Re-development options for a number of sites including North Cross are to be worked through in partnership with the City Development Company (CDC). The CDC will, through their Development Director, build on the work carried out to date on both of these sites. Options for both sites include the creation of a Central Business District at North Cross and a mixed use retail and leisure led scheme at Colin Campbell Court.

Both schemes will involve working with existing adjacent freehold land owners and existing leaseholders to bring these regenerative schemes to fruition. The Council will also work with the CDC to identify opportunities along the Hoe Waterfront; in particular the Hoe Foreshore to improve the vibrancy of this “Jewel in the Crown” asset.

Primary Care Trust and Hospitals Trust NHS LIFT

The principal piece of partnership working to date concerns the delivery of the new health facility at the East End Community Village. This project completed and the building opened in 2008. The Capital and Assets Service is also working closely with the Primary Care Trust Capital Planning Team with respect to joint working around service delivery points. This will build upon the current co-location with the Primary Care Trust, which currently numbers 20 buildings where Plymouth City Council and Primary Care Trust jointly occupy, and deliver joint locality based service centres together with a shared HQ as part of the Civic Centre re-development.

Police Authority

There are currently 4 Plymouth City Council buildings that have Police Authority staff working alongside Plymouth City Council teams. We will look to extend this as opportunities arise in the future with the aim to ultimately share main HQ facilities in the City.

Tamar Science Park

Stage 1 of Phase 4 was completed in October 2008 and is now 56% occupied. There has been some movement of occupiers within the Park but occupancy on Phase 1 is currently 76%, Phase 2 – 70% and Phase 3 – 93%. In 2010, work will be commencing on part of the Phase 6 site with the development of the Peninsula Dental School.

Plymouth University

Opportunities for joint working and delivery of strategic sites will continue to be pursued with the University. In particular, but not limited to, sites around the existing campus to the North of the City Centre.

The University has also reaffirmed its support for the Life Centre development and has confirmed commitment to a major capital contribution of £2.5 million.

Devonport Regeneration Community Partnership (DRCP)

DRCP contributed £500,000 to the Devonport Guildhall project alongside a £1m of grant funding from the Community Assets transfer fund. The project was completed in February 2010 and the transfer of the property to a community arts group funded by the Arts Council has taken place. This will result in this immensely important building having a secure future and also being removed from the Buildings At Risk Register.

The Capital and Assets Service is also working with DRCP to relocate the Library from the Devonport Guildhall to St Aubyn's Church which will open in mid 2010 as a result of close to £2million funding from DRCP.

5.1.10 Sustainability

In support of CIP14 and Key Outcome 12, the section has been heavily involved in the development of the Plymouth City Council Carbon Management programme, contributing five projects to the Implementation Plan. One of these was the appointment of a Carbon Manager for the Authority in 2009 who sits within the Corporate Property Section.

The Capital and Assets Service has been successful in obtaining an interest free loan from the SALIX funding initiative specifically for carbon reduction projects. A number of initiatives are being delivered as a result of this funding which will enable the Council to achieve its target reduction in carbon emissions as required by the CRC energy efficiency scheme for 2010/11.

5.1.11 Waste Project

The service continues to support the Waste Project by previous site acquisition and will complete the necessary property related activities following the completion of the procurement exercise for the new waste facility in 2010/11.

5.1.12 Housing Stock Transfer

The Corporate Property Section contributed heavily to the successful transfer of 15,000 homes and numerous other Community assets to Plymouth Community Houses (PCH), in November 2009.

The Section will now take on the responsibility for those previous Housing Assets that did not transfer

5.2 Performance Management

Project Governance

Significant steps have been made to improve the control and monitoring of projects procured by Plymouth City Council. This work has resulted in the production of a bespoke Project Management System that will be mandatory for all capital projects starting in the financial year 2010-11. The system was introduced in November 2009. The system put in place a suite of documentation that must be used to secure sign-offs at particular key stages and Gateways, such that projects are developed in a controlled manner.

In addition to the Project Management System, the governance surrounding the acceptance of capital projects into the capital programme and the monitoring thereafter, has also been reviewed and tested with full deployment in the financial year 2009-2010. This will lead to increased control and reporting of the programme such that it can be closely monitored and driven by the Capital Delivery Board with ultimate reporting to the CMT.

5.3 Key Challenges/Risks

The downturn of the Property Market since 2008 has already and will continue to have a negative effect on the delivery of the Asset Management Plan. This has restricted the disposals programme and subsequent receipt generation flowing from the property review process. This is currently slowing the reduction of backlog maintenance via the review process.

Indirectly, reduction in income via the property searches, as part of the property transaction process, and commercial rental income via commercial property will continue to put pressure on the revenue budget for the service which in turn puts at risk the recruitment and expansion of the service required to deliver this plan and has resulted in service cutbacks during

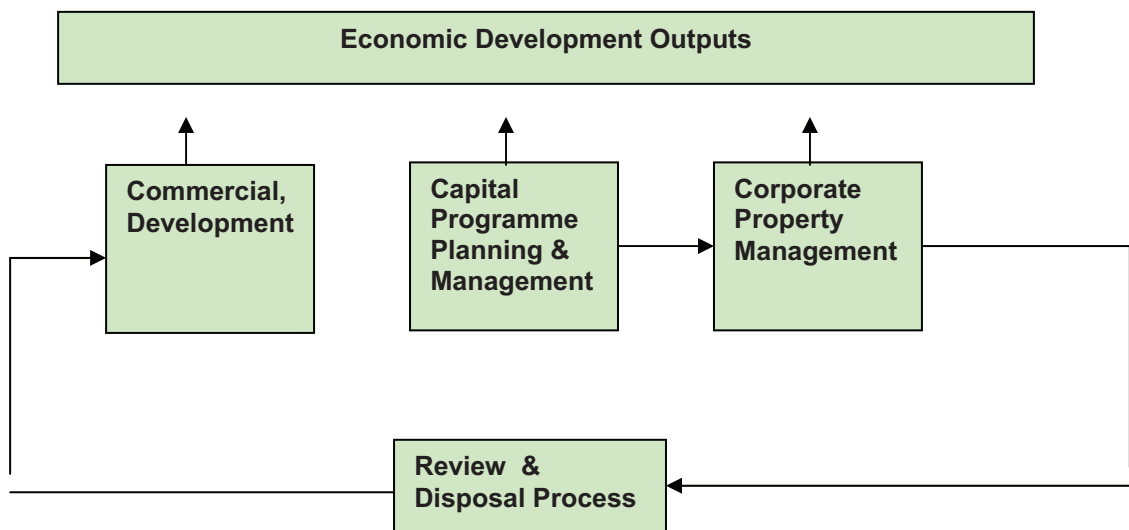
2009/10.

6.0 Organisational Arrangements and Consultation

6.1 Capital and Assets Service

A realignment exercise of the Property & Economic Development division was completed in April 2009 which resulted in a transfer into the Department of Corporate Support for the Corporate Property and Capital Projects sections. These sections have now been combined into the Capital and Assets Service. The Economic Development Section remained in the Department for Development and Regeneration.

The Capital and Assets Service will continue to work closely with the Economic Development Section to deliver the whole life cycle of property assets and the delivery of economic outputs, as shown below.



6.2 Capital and Assets includes:

6.2.1 Corporate Property:-

This section comprises four areas:

- Corporate Real Estate Surveying Team - Asset Registrar, Property Review,
- Property Records, Land Terrier, Local Land Charges, Street Naming and Numbering

- Building Surveying Team incorporating design and maintenance works
- Facilities Management Team - Premises Management, Public Buildings, Corporate Reception, Security, Utilities, Porters, Cleaning and Caretaking

6.2.2 Capital Programme & Project Services including:-

- Portfolio Management – commissioning and management of projects and programmes on behalf of client directorates
- Project Management and other professional services
- Capital Programme monitoring and delivery

6.3 Economic Development includes:-

- Commercial & Development – managing industrial, retail and leisure premises, rent reviews, lease renewals, general disposals, Mount Edgumbe Country Park
- Business Space – providing flexible business space at City Business Park
- Plymouth City Market – management of principal indoor City Market
- Plymouth City Airport – management of landlord and tenant issues
- Key Strategic Projects – including Civic Centre

6.4 Property Forum

The Property Forum was re-established in 2008 and is chaired by the Head of Corporate Property Manager.

The role of the Property Forum, as expressed in its previously agreed terms of reference, is as follows:-

- Assist with:
 - (a) Property Review Programme
 - (b) Acquisition/Disposal Programme
 - (c) Linkages with the Capital Programme
 - (d) Cross Service Working
 - (e) Maintenance Programme
 - (f) Survey Programme

- Forum for cross cutting property issues and to test disposals and acquisitions against delivery of the Council's corporate strategy.
- Assist the Corporate Property service with drafting the Asset Management Plan and any other property plans, strategies and policies that may be required.
- Assist the Corporate Property service with asset reviews.
- Progress and periodically review the approved Asset Management Plan and to review and improve policies and procedures.
- Ensure that consideration of the promotion of shared use of accommodation or co-location of users is afforded a high priority.
- Consider and determine recommendations to formally declare properties surplus to requirements.
- Ensure the Asset Management Plan is informed by and supports other key Corporate and Service Plans and objectives.
- Make recommendations to the responsible portfolio over strategic asset issues including acquisitions and disposals and to consider recommendations from
- Review Groups.

6.5 Member Involvement

The Portfolio Holder for Budget and Asset Management, Revenues and Benefits, and People and Governance is consulted regularly by the service. The importance of the service is recognised such that there are regular consultation and briefing sessions with the Chief Executive and Cabinet.

Continuing member involvement and consultation will be by way of the Surplus Property Declaration procedure, Cabinet Reports and Delegated Decisions with regard to particular work streams together with progress monitoring through the *e-perform* Performance Management system.

In addition, the Scrutiny Committee for Support Services is engaged with the development of this Asset Management Plan, and the review of progress of the key outcomes.

The City Council recognises the importance of consultation prior to strategic decision taking. In pursuance of this objective, consultation with both Ward Members and Service Portfolio Holders is incorporated into appropriate property procedures so as to facilitate informed decision taking.

6.6 Consultation

Consultation on the management of Corporate Property has been carried out with frontline and support services through the Property Forum, the Senior Management Team, the Corporate Management Team, Cabinet and the Council.

Regular staff consultation, through the Building User Group undertaken by Facilities Management results in changes and continuous improvement to the way the service is delivered.

In addition, staff from the Capital and Assets Service are actively involved with the capital planning and asset working groups of front line service departments.

In some instances, consultation is not possible on a wide basis due to commercial confidentiality with particular schemes. Where this is the case the relevant portfolio holder and the Cabinet are briefed under “part 2” conditions and private briefing sessions are made available to non-executive members as requested.

6.7 Developing Service Asset Strategies

Given the timing of the business planning process across the Council, the Capital and Assets Service will review all requirements from service departments and produce amendments to this plan where necessary. This is an ongoing process and will be:

- Facilitated by the Corporate Property Manager
- Focussed on seminars with Senior Managers in each service

6.8 Staff Development

The Capital & Assets Service is committed to staff development, not only from the perspective of developing its own staff but as a provider of training in relation to fire, health and safety etc.

The Corporate Competency Framework Appraisal process allows management to identify training needs for its workforce and the grid below illustrates current activities in relation to workforce development. However the flexibility of this process allows the service to adapt to changing requirements as corporate and service priorities alter.

Developing Leadership	Target Dates	Anticipated Outcomes
Encourage attendance at Experienced Manager Programme	Ongoing	A systemic approach that links leadership development with key business strategies and develops goals. Implementation of success factors in development through a model of assessment, challenge and support
Ensure all Managers achieve the IOSH Managing Safety standard, a corporate requirement.	All managers in the original Asset Management Service have now received this training. Managers of	To raise awareness of Health and Safety issues within the work environment and provide managers with the tools to deal with these issues.

	teams that are now part of the new Capital & Assets Services have been identified and recommended for training.	
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Developing Skills & Capacity of the Workforce	Target Dates	Anticipated Outcomes
Assessment of skills and knowledge (competence) against future requirements to ensure workforce is fit for purpose and able to work safely.	On going	As part of the service planning process identification of the specific skills needed for each role in the service is necessary. Not only will this allow forward planning of all training but enable business continuity in all areas across the service.
Induction programme for all staff (including staff who move from other service areas in the Council)	Ongoing	Improve recruitment, retention, knowledge and understanding for all staff.
Basic Health and Safety training for all staff	Ongoing	To improve individual awareness of health and safety issues allowing continued improvement to safe working conditions.
Developing Skills & Capacity of the Workforce	Target Dates	Anticipated Outcomes
Raise awareness of equality issues and best practice for staff across the service	Ongoing	Better understanding of equalities practice

Developing the Organisation	Target Dates	Anticipated Outcomes
Individual objectives clearly linked to service and corporate priorities	Ongoing	The new Competency Appraisal process will be used to set individual targets aimed at achieving Service Key Outcomes
Commitment to securing Quality Assurance across	July 2010	Service improvement

service teams e.g. BVQI, Customer Service Excellence		
Regular CPD to retrain professional status/standards with attendance at key Local Authority professional seminars and conferences	Ongoing	Ensure appropriate professional standards are maintained to achieve Best Value and Service Delivery

6.9 Equalities Commitments

Equalities

The Capital & Assets service is committed to delivering on equality issues in keeping with the Corporate Improvement Priority 4 (CIP 4). Items of particular relevance to the service within the CIP are included in the table below:

Issue	Driver	Action	When	Outcome/Target
CIP 4.1 To promote equality in a way that address needs across age, disability, faith/belief/religion Gender, race and sexual orientation so that people have similar life opportunities.	(1) DDA 2005, DES	Improve access to Council buildings offering a public service	Ongoing	Improved disability equality
	(2) Workforce development strategy	Identify appropriate staff members who require this training	Ongoing	Awareness of good practice and improved customer service
CIP 4.4 To deliver improved quality of life for our residents through increase engagement in neighbourhoods leading to improved service delivery.	Development of Co-Located centres within communities.	Work with our partners to identify and develop co-located centres within communities to improve access to services.	July 2011	Improved access to services provided by the Council and its partners.

CIP 4.1 – (1) Work is ongoing to ensure that corporate property is compliant with current legislative standards (KO13) and has continually increased its target for the percentage of public buildings that are suitable for and accessible to people with disabilities, see progress report below.

Area	Dept/Service	Indicator	Reporting	Base -line	Target	Progress – June 2008
The % of LA public buildings that are suitable for and accessible to people with disabilities	Capital & Assets	EMS 9	Building accessibility programme	2009/2010 14.4 %	2010/11 16%	EMS 9 was introduced in October 2009 using a different set of criteria to measure building accessibility. This required a review of baseline and target figures for this measure

(2) Staff who will benefit most from equalities training have been identified and a rolling programme of training has been agreed.

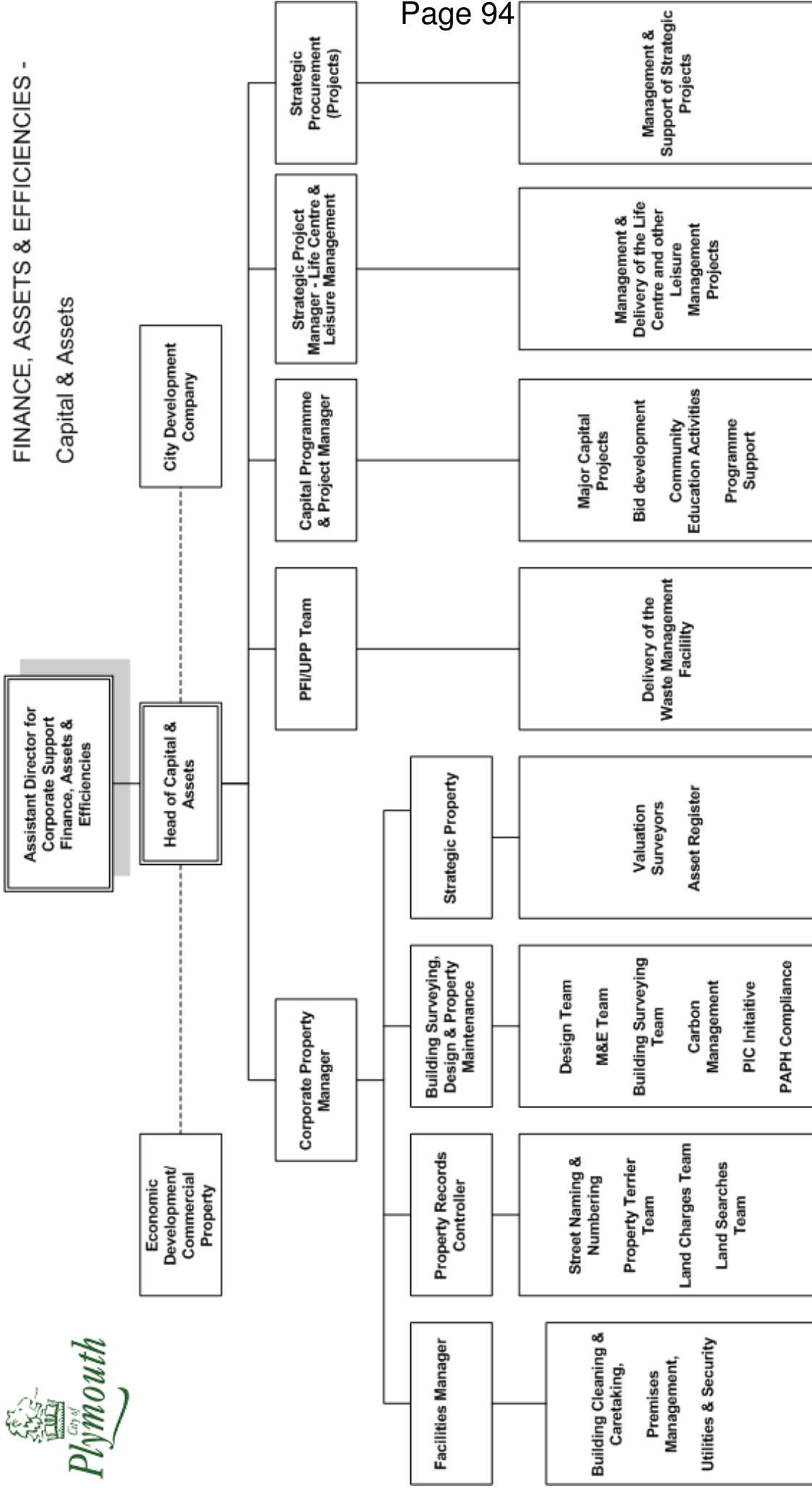
Equalities issues are a normal service requirement for the project services team who carry out customer consultation for all projects. All business cases, delegated decisions, cabinet reports etc contain an equality section which confirms an impact assessment has been completed.

The service also works closely with the City College Plymouth and the Prince's Trust, as well as other internal projects such as 'Future Jobs Fund' and 16+ Care Leavers scheme, providing work placements for people who will benefit from work experience. These on going partnerships provide a springboard for marginalised people who wish to integrate better with society.

CIP 4.4 Key Outcome 8 (KO8) – Work on co-located service centres (housing, social services libraries and health centres etc.) will take our services into communities in keeping with Corporate Improvement Priority 4, ‘reduce inequalities between communities’. This will allow easier access for all customers, reducing their need to travel and allow them to access numerous services through one point of contact with the authority.



**FINANCE, ASSETS & EFFICIENCIES -
Capital & Assets**



A. Capital Programme

We have an ambitious agenda as we seek to meet the requirements of the community whilst at the same time moving towards our internal goal to be an excellent Council by 2012. We anticipate that central Government will reduce Capital Grant funding whilst Regional Development Agency (RDA) and other grants are also reducing. Together with continuing uncertainty surrounding our ability to generate capital receipts, we must be more specific with our capital spend and target fewer, more strategic schemes.

We have adopted the principle that capital schemes are only approved into the programme where specific funding has been clearly identified with a supporting business case. The proposed capital programme for 2010/11 to 2014/15 is £267m. The Capital Programme is still substantial and includes headline strategic projects such as the Life Centre, capital investment in Schools and major transport improvements.

A summary of capital spend by department, based on known resources at this point in time, is shown in the following table:

Directorate	09/10 £m	10/11 £m	11/12 £m	12/13 £m	13/14 £m	14/15 £m	Total £m
Children's Services	53.8	34.6	17.4	15.0	-	-	120.8
Community Services	6.6	29.3	13.2	0.3	-	-	49.4
Development & Regeneration	21.2	28.9	13.6	6.2	6.5	7.7	84.1
Corporate Support	2.4	0.5	1.0	0.5	0.5	-	4.9
HRA	8.0	0	0	0	0	0	8.0
Total	92.0	93.3	45.2	22.0	7.0	7.7	267.2

A more detailed analysis of capital spend projects is shown in Appendix B.

Funding of our capital investment programme is risk assessed and monitored on a regular basis with schemes carefully prioritised against resources available. Our summary funding profile for the five year programme is as follows:

Directorate	Capital Receipts £000	Unsupp Borrowing £000	Supported Borrowing £000	Total Grants £000	Sum of Contribs £000	Section 106 £000	Revenue & Funds £000	Total Financing £000
Children's Services	4,807	8,840	16,978	89,221	479	391	138	120,854
Corporate Support	1,831	71		2,840		26	173	4,941
Development & Regeneration	7,115	3,766	29,063	33,871	1,708	8,143	423	84,089
Community & Neighbourhood	14,606	20,367	4,650	6,964	2,253	431	109	49,380
HRA Total			2,076				5,915	7,991
Grand Total	28,359	33,044	52,767	132,896	4,440	8,991	6,758	267,255

There is considerable uncertainty around potential capital receipts, particularly around the timing of when they will be received, due to falling property values. There is also uncertainty around how a future government might impact on existing capital allocations and match funding opportunities. The Council needs to be re-shaped and modernised and to do this, needs to adopt an invest to save principle for capital investment whereby projects will be considered for capital funding based upon submitted business cases with the initial capital repaid from savings made. To this end plans will be brought forward over the next 18 months as the national picture and economy becomes clear.

To further address the potential shortfall in capital receipts, it is recommended to transfer the previously negotiated capital receipt from the re-gearing of the City Centre Prudential commercial leases, £4.4 million, into the capital receipts fund. This money was previously invested to produce a revenue income, and the impact of this proposal has been addressed in the revenue budget.

The Capital programme cannot be considered in isolation from the revenue budget. The current programme has to be partly funded by borrowings. The current projections assume Supported borrowings standing at £52.8m, with unsupported borrowings of £33.1m. The Council has to be aware that with current interest rates around 4.5%, each £1m of borrowings impacts the revenue budget with an annual cost of approx £85k. For financial year 2010/11 we are aiming to minimise borrowing costs by using short-term borrowing and/or cashflow and reserves. However, investment for future years will require long term borrowing.

The current capital programme figures do not include the allocation for Building Schools for the Future (BSF) of an estimated £80m. At this stage Department for Communities and Local Government has approved the Council's entry into the BSF programme and the Council are awaiting a 'remit' meeting imminently. When the Council is awarded its final funding allocation, which is likely to be a mixture of revenue PFI credits and capital grant, BSF will be incorporated in the Council's capital programme.

The Citybus receipt of £19.6m is, at this stage, not included in the financing for any of the capital programme and is being invested in line with our Treasury Management Strategy. Its potential use will be considered in the future in line with the need to invest in strategic priorities and 'invest to save' business cases.

The capital programme needs to retain some flexibility to incorporate any priority "invest to save" business cases, and emergency items not known at this stage, for example health and safety issues.

Further options for capital funding may arise through the VAT shelter monies from the transfer of housing stock though this is subject to further negotiations with DCLG.

B. Capital spend projects

Service	Sub Programme	Latest Forecast	Latest Forecast	Latest Forecast	Latest Forecast	Latest Forecast	Latest Forecast	Sum of Full Programme
		2009/2010 £000	2010/2011 £000	2011/2012 £000	2012/2013 £000	2013/2014 £000	2014/15 £000	Cost £000
Children's Services								
Strategic Programmes	PFI	2,733	700					3,433
	Multi-Agency Working	100		2,100				2,200
	Secondary Development / BSF	13,919	10,866	7,580	2,918			35,283
	Primary Capital Programme	18,277	5,347					23,624
	Special Education Needs and Inclusion	711	1,001	500	5,500			7,712
	City Development (Section 106 Projects)	9	133					142
	Expanding Popular Schools	100	950					1,050
	Youth / Adult Learning	235	138					373
	School Development: Secondary	938						938
	Removal of Temporary Classrooms: Secondary	65						65
	Condition Works: Primary	59						59
	Removal of Temporary Classrooms: Primary	1,020	1,239					2,259
	School Development: Special Schools	135						135
	Sustainability / Carbon Reduction / Spend to Save	753	428	350	350			1,881
	Surestart / Extended Schools / Children's Centres / Families	523	585	90	90			1,288
	Condition Works: School Development: Primary	425	671	1,000	1,000			3,096
		2,156						2,156
Focused Work	Surestart / Extended Schools / Children's Centres / Families	1,141	1,681					2,822
	14-19 Diploma Gateways & International Baccalaureate	2,184	473	587				3,244
	ICT Projects	702	849	900	900			3,351
	School Meals	788	2,661					3,449
School Led Projects	Children's Social Care	177	310					487
	Other Items	776	560	210	220			1,766
	Condition Bid Programme (formerly Seed)	1,219	615	200	200			2,234
	DDA / Access Bid Programme	75	100	100	100			375
	SEN Placement Commitments in Schools	200	20	20	20			260
Devolved Formula Capital	Other	231	1,226	61	61			1,579
	Special	170	243	155	155			723
	Primary	1,212	2,415	1,799	1,799			7,225
	Secondary	829	1,297	1,697	1,697			5,520
	Nursery	92	25	42	42			201
Devolved Formula Capital Projects	Other	2						2
	Special	45						45
	Primary	1,168						1,168
	Secondary	588						588
	1						1	
Completed Programmes: Outstanding Payments	Planned Modernisation	2	8					10
	New Opportunities Fund/Big Lottery (P.E. In Sport)	10	100					110
Children's Services Total		53,770	34,641	17,391	15,052			120,854
Community & Neighbourhood								
Environmental Services	Environmental & Regulatory			1,093				1,093
	Parks	151	223					374
	Vehicle Purchases	584						584
Leisure Culture & Sport	Life Centre Programme/Central Park	3,096	28,262	12,149	271			43,778
	Libraries	829	17					846
	Mount Edgcumbe	307						307
	Museums	60						60
	Leisure Pools	1,027	600					1,627
Adult Health & Social Care	Community Care	576	135					711
Community & Neighbourhood Total		6,630	29,237	13,242	271			49,380
Development & Regeneration								
Local Transport Plan	Capital Maintenance	1,356						1,356
	Demand Management	793						793
	Public Transport	2,112						2,112
	Road Safety	203						203
	Safety Camera Partnership	98	78					176
	Walking & Cycling	795						795
	DfT settlement not yet allocated	83	4,802	5,600	6,085	6,525	6,656	29,751
	Northern Corridor - A386	736	6	249				991
Transport - Non LTP	Eastern Corridor	2,524	13,008	4,860			1,000	21,392
	West End	2,928						2,928
	A38 Junction Improvements	50	350					400
Transport - Development Projects	Barbican Landing Stage	12						12
	Stonehouse Regeneration	182						182
	Granby Green	54						54
	Cumberland Gardens	370	18					388
	Alleygates	22						22
	Devonport Street Lighting	373						373
	North Stonehouse		80					80
Devonport Heritage Trail	91						91	
Planning	Planning	164	80	52	34	10		340
	Strategic Waste Projects			852				852
	Waste	3,024	4,811	2,588	102			10,525
Economic Development	Commercial Developments	1,036	227					1,263
Strategic Housing	Disabled Adaptations		588					588
	HECA Programme Private Sector	418	150					568
	Misc Schemes	100						100
	Partnership & Affordable Housing	294						294
	Private Sector Grants	2,180	1,574					3,754
	Private Sector Regeneration	316						316
Development Projects	Devonport Park	875	2,315	200				3,390
Development & Regeneration Total		21,189	28,939	13,549	6,221	6,535	7,656	84,089
Information Systems	Information Systems	1,087	500	500	500	500		3,087
Legal Services	Legal Services	2						2
Property & Economic Dev	Corporate Real Estate	1,352		500				1,852
Corporate Support Total		2,441	500	1,000	500	500		4,941
HRA								
Housing Revenue Account	Decency Standards	4,751						4,751
	Devonport	1,323						1,323
	Disabled Adaptations	401						401
	HRA Capitalised Salaries	520						520
	Major Repairs	996						996
HRA Total		7,991						7,991
Grand Total		92,021	93,317	45,182	22,044	7,035	7,656	267,255

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CITY OF PLYMOUTH

Subject:	Treasury Management Strategy Statement and Investment Strategy 2010/11
Committee:	Audit Committee Cabinet Overview and Scrutiny Management Board
Date:	Audit Committee -5 February 2009 Cabinet - 9 February 2010 Overview and Scrutiny Management Board- 15 & 17 February 2010
Cabinet Member:	Councillor Bowyer
CMT Member:	Director for Corporate Support
Author:	Sandra Wilson, Corporate Accountancy and Finance Manager
Contact:	Tel: 01752 (30)4942 e-mail: sandra.wilson@plymouth.gov.uk
Ref:	SW
Part:	I

Executive Summary:

The Local Government Act 2003 requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy. Officers have worked closely with the Council's Treasury Management advisors, Arlingclose Ltd, to review the options available to produce a borrowing and investment strategy that seeks to balance financial returns from the Council's cash balances whilst at the same time minimising financial risk to the Council.

In December 2009, CIPFA published a revision to the Treasury Management Code of Practice. This code contains a number of recommendations aimed to improve the security of investments. The recommendations have been adopted within the Investment strategy statement for 2010/11. CIPFA have also revised the Prudential Code, with a number of recommendations affecting the Council's borrowing strategy. The report contains more detail on the two Codes of Practice.

This report outlines how the treasury management function contributes to the Council's overall policy objectives. It also outlines in detail the risks inherent within the treasury management function and how officers will seek to minimise those risks.

The borrowing and investment policies proposed in this report therefore offer flexibility for the Director for Corporate Support, acting under delegated powers in accordance with Financial Regulations, to respond quickly to market circumstances without the need to seek prior Cabinet approval. Any amendments to the treasury management strategy will of course continue to be reported to Cabinet as part of the bi-monthly performance and finance monitoring reports. Changes to the Prudential Indicators can only be approved by Full Council. Officers will seek to develop suitable benchmarking targets against which members can measure the performance of the treasury management activity and how well the treasury management risk is managed. These will be incorporated into a mid year formal strategy monitoring and review report.

Due to improvements in the global economic climate and action taken by Governments throughout the world to support its banks the proposals in this report add greater flexibility for investment in 2010/11. The strategy over the medium term will be to align borrowing with the Capital Financing Requirement and Investments with available balances and reserves. The Council will continue to regard Security and Liquidity as the key factors in all its investments with the interest rate achieved only considered after these prime objectives. In order to spread risk within this required security it is proposed that additional banks with the required 'high credit rating' in Countries that provide support and guarantees be added to the counter part list.

Further details are outlined in the report.

This report also outlines the Council's Prudential Indicators for the next three years as required by the Local Government Act 2003, together with the MRP policy for 2010/11 required under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008. These require approval by Full Council.

Corporate Plan 2009-2012

Effective financial management is fundamental to the delivery of corporate improvement priorities. Treasury Management activity has a significant impact on the Council's activity both in revenue budget terms and capital investment and is key factor in facilitating the delivery against a number of corporate priorities.

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

Treasury Management affects the Council's budget in terms of borrowing costs and investment returns.

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

The current volatility and uncertainty within the global financial markets has had a substantial effect on Treasury Management activities. The Council's investment strategy has been added to the strategic risk register as a 'Red' risk. This risk will be constantly monitored and acted upon through the Treasury Management Board which is meeting weekly until further notice. The report outlines other risks specific to the treasury management function.

Recommendations & Reasons for recommended action:

Cabinet is recommended:

1. To approve the Treasury Management Strategy Statement for 2010/11, to feedback from Audit Committee following its scrutiny of the strategy.
2. To approve the Investment Strategy for 2010/11 as outlined in Section 13 of the report, subject to feedback from Audit Committee following its scrutiny of the strategy.
3. To approve the Lending Organisations and Counter party Limits as outlined in Appendix E
4. To request the Director for Corporate Support acting under delegated authority in accordance with Financial Regulations, to keep the lending list under review and update the list during the year as dictated by market circumstances.
5. To recommend to full Council (subject to any amendments that may be required as a result of the inclusion of the PFI scheme on the balance sheet) to approve:
 - a) The Authorised Borrowing limits of £312m, £302m and £289m for the period 2010/11 to 2012/13;
 - (b) The Operational Boundary of £260m, £260m and £258m for 2010/11 to 2012/13;
 - (c) The Prudential Indicators set out in Appendix B;
 - (d) The MRP Policy for 2010/11.
6. A formal mid year review and monitoring report be taken to Audit Committee.
7. Officers seek to develop a set of benchmarking targets for the treasury management activity against which performance can be measured.

Alternative options considered and reasons for recommended action:

It is Statutory requirement under the Local Government Act 2003 and supporting Regulations to set a an annual treasury strategy for borrowing and prepare an annual investment strategy. Prudential indicators and the MRP policy must be approved by Full Cabinet.

Background papers:

- Treasury management strategy report 2009/10 to Cabinet 10 February 2009
- Bi- Monthly monitoring reports to Cabinet
- Treasury management budget working papers

Sign off:

Finance	AB CorpF900 011	Legal	DVS 1094	HR	n/a	Corp Prop	n/a	IT	n/a	Strat Proc	n/a
Originating SMT Member Malcolm Coe											

Treasury Management Strategy Statement and Investment Strategy 2010/11

1. Introduction

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in Public Services (the “CIPFA TM Code”) requires local authorities to set the Treasury Management Strategy Statement (TMSS) for borrowing each financial year. The Code was adopted by full Council in April 2002. The Council is also required to set an annual investment strategy and this has been incorporated within this report.
- 1.2 In response to the financial crisis in 2008 and the collapse of the Icelandic banks, CIPFA has revised the TM Code and Guidance Notes as well as the Prudential Indicators. The Communities and Local Government (CLG) have also issued proposals to revise and update their Investment Guidance and the consultation date ended on 4 January 2010. The final outcome of the consultation has not yet been received although it is anticipated that the final recommendations would apply from 1 April 2010.
- 1.3 CIPFA has defined Treasury Management as:
- “the management of the organisation’s investments, cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*
- 1.4 The Council’s Treasury Management Policy Statement is set out in Appendix A. Treasury management activity is a key driver for the Council in achieving its objectives. The strategy takes into account the impact of the Council’s Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position (Section 6), the Prudential Indicators (Appendix B) and the outlook for interest rates (Appendix C).
- 1.5 Officers have worked with the Council’s Treasury management advisors, Arlingclose, to develop a strategy that seeks to balance financial returns from the Council’s cash balances whilst at the same time minimising, as far as possible, the risks associated with treasury management activity. This report reaffirms the current policy that in the current financial climate the Council should seek to reduce the underlying level of borrowing and investments.
- 1.6 The purpose of this Treasury Management Strategy Statement is to approve:
- Treasury Management Strategy for 2010/11 (Borrowing - Section 10, Debt Rescheduling - Section 11, Investments - Section 12/13)
 - Prudential Indicators – Appendix B
 - MRP Statement – Section 16
 - Use of Specified and Non-Specified Investments – Appendix D
 - The Counter party list applicable from 1 April 2010– Appendix E

2. The Council’s Objectives

2.1 The Corporate Plan outlines the Council’s objectives over the medium term period as shown in figure 1 below:

Figure 1

COUNCIL CORPORATE PLAN (STEP CHANGE PRIORITY FOCUS)			
OUR CITY			
<ul style="list-style-type: none"> ■ Helping people to live independently ■ Reducing inequalities between communities 	<ul style="list-style-type: none"> ■ Providing better and more affordable housing ■ Delivering sustainable growth ■ Improving access across the city 	<ul style="list-style-type: none"> ■ Keeping children safe ■ Disposal of waste and increasing recycling 	<ul style="list-style-type: none"> ■ Providing more and better culture and leisure activities ■ Improving skills and educational achievement ■ Developing high quality places to learn in
OUR COUNCIL		OUR CUSTOMERS	
<ul style="list-style-type: none"> ■ Supporting council staff to perform better 	<ul style="list-style-type: none"> ■ Improving value for money 	<ul style="list-style-type: none"> ■ Informing and involving customers 	<ul style="list-style-type: none"> ■ Improving customer service

3. Treasury Management Code of Practice and Prudential Code

3.1 Local Authorities have wide powers to borrow and invest but regulation, custom, convention and market practice mean in reality authorities can make only limited use of those powers. Following the collapse of the Icelandic banks, both CIPFA and the CLG have sought to implement revised controls over treasury management activity.

3.2 In carrying out their day to day treasury management activities, local authorities must have regard to two CIPFA Codes of Practice:

- The Code for Treasury Management in the Public Services
- The Prudential Code

3.3 CIPFA have recently published an updated Treasury Management Code of Practice and a revised Prudential Code. The main recommendations contained within the Codes have been adopted by CLG and incorporated into Capital Finance Regulations, currently issued in draft for consultation. The Codes require authorities to treat effective risk management as a higher priority than the pursuit of performance, listing priorities as:

Security.. ..Liquidity....Yield

and require evidence of affordability, prudence and sustainability, as measured by the Prudential Indicators

3.4 The Codes outline the principles that should be followed by local authorities for borrowing and investments. The Treasury Management Code in particular concentrates on Investments whilst the Prudential Code covers borrowing strategies. The revised codes include recommendations from both the House of Commons Select Committee and the Audit Commission following their report 'Risk and Returns'.

3.5 One of the new recommendations arising from the House of Commons Select Committee report relates to scrutiny of the treasury management function. The report stated:

“All Local Authorities should have an Audit Committee with specific responsibility for the scrutiny of the Treasury management function”

“Audit Committee members should take their responsibility for that scrutiny seriously and need to ensure they are properly trained”.

3.6 A formal training session was held on 22 January 2010 for Audit Committee Members (mandatory attendance) with an open invitation to Cabinet and Scrutiny Panel members. The training was facilitated by external consultants independent to both the Council and its Treasury Management advisors.

3.7 In addition to the recommendations above, the other main recommendations include:

- Investment priorities should be Security and Liquidity before considering Yield.
- Strategies must be taken to Full Council before the start of the financial year but Councils should consider revised strategies during the year where appropriate.
- Investment Strategies should be formally published.
- Authorities should not just rely on credit ratings but on a wide range of information including the internet.
- Authorities should comment on the use of Consultants and the limits on their liability within their strategies.
- Authorities should comment on investment of borrowing in advance and the risks associated with this.

3.8 The investment and borrowing strategies for 2010/11 as outlined within this report take into account the above recommendations, and build on the training session held on 22 January 2010.

4. Treasury Management Risk

4.1 No treasury management activity is without risk. The successful identification, monitoring and control of risk is an important and integral element of the Council's treasury management activities. The CIPFA code lists risks to treasury activity as:

- Liquidity Risk (Inadequate cash resources)
 - Market or Interest Rate Risk (Fluctuations in interest rate levels)
 - Inflation Risk (Exposure to inflation)
 - Credit and Counterparty Risk (Security of Investments)
 - Refinancing Risk (Impact of debt maturing in future years)
 - Legal & Regulatory Risk (i.e. non-compliance with statutory and regulatory requirements, risk of fraud).
- 4.2 However the main risk faced by the Council is the risk of not achieving its objectives, outlined in section 2. Therefore, in undertaking our day to day treasury management function, we should not lose sight of the bigger corporate picture.
- 4.3 Following the Icelandic bank crisis the focus on treasury management has been on the security of investments, and this is a specific priority requirement in the new code of practice and CLG guidance.
- 4.4 Balancing the various risks is a complex task. No individual or organisation can accurately forecast movements in interest rates over the medium to long term. In an attempt to manage exposure to interest rate risk, for example, authorities have taken on credit risk as illustrated below:

Debt Policy

- Long term borrowing taken to match assets
- Fixed rate to minimise interest expense uncertainties

Investment Policy

- Short term to ensure liquidity
- Floating rate to correlate with the short dated nature of the asset

- 4.5 The Council will continue to manage down the risks contained within its current debt and investment portfolios, including the 'credit' risk illustrated above. In order to achieve this, the Council has established an integrated debt management and investment policy which balances certainty and security, with liquidity and yield. As an overriding principle, the strategies proposed within this report re-affirm that in the current financial climate the Council should continue to seek to reduce the Council's underlying level of borrowing and investments. The Council will seek to make greater use of short term variable rate borrowing, whilst at the same time seeking to balance its investments across a range of investment instruments. Further details of the risks inherent in the current portfolios are given in the relevant strategy sections.
- 4.6 During the year, in order to move towards best practice, Council Officers will work to develop a set of quantifiable benchmarks against which treasury management performance can be measured. These will be reported to Audit Committee for approval as part of the formal mid year monitoring and review report.

5. Review of 2009/10

- 5.1 The Council's Treasury Management Policy for 2009/10 was approved by full Council on 2 March 2009.
- 5.2 The overriding principle contained within the strategy was that in the current financial climate the Council should seek to reduce its underlying level of borrowing and investments. Treasury Management activity during the year and progress against the strategy has been reported to Cabinet during the year as part of the bi-monthly finance and performance monitoring reports.
- 5.3 The table below compares the Council's debt and investment levels from 1 April 2009 to 19 January 2010 and shows its estimated levels at 31 March 2010. Borrowing includes £34m of pre LGR debt administered by Devon County Council.

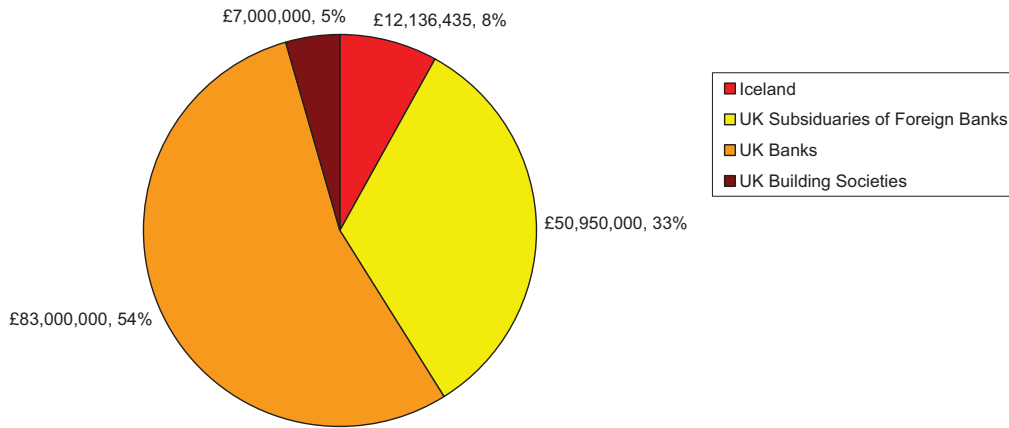
Table 1

Date	Investments £m	Borrowing £m
(a) 1 April 2009	213.800	405.734
(b) 19 January 2010	153.086	237.082
(c) 31 March 2010 (E)	105.000	232.560
Reduction in year	108.800	173.174

- 5.4 Following the Stock transfer, the Department of Communities and Local Government (DCLG) repaid the Housing Revenue Account (HRA) proportion of the Council's Public Works Loan Board (PWLB) 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 will need to be addressed over time.
- 5.5 The current borrowing strategy for the remainder of 2009/10 will be to continue maximise cash flow and maturing deposits to finance the capital programme taking low rate short-term loans as required, delaying the need to take out additional long-term loans at relatively high interest rates.
- 5.6 The Council's underlying risk in terms of investments has been managed down throughout the year with maturing deposits used to repay short term borrowing and cover cash flow requirements. A number of investments in Countries and Sectors where security of deposit was a key consideration have been "bought out" early in order to further reduce risk. The pie chart below analyses the investments by Country as at 19th January 2010, which shows that the majority of investments are now held within the UK, which has itself, in terms of spreading risk by country, increased risk.

Figure 2

**PCC DEPOSITS BY COUNTRY AT 19th JANUARY 2010 - Total Deposits
£153,086,435.48**



- 5.7 The deposits with UK subsidiaries of foreign banks are with Santander UK PLC (Previously Abbey) owned by Banco Santander of Spain and Clydesdale Bank owned by National Australian Bank. Both Santander UK PLC and Clydesdale along with major UK owned banks are named institutions with access to the UK Government's Credit Guarantee Scheme and have long-term ratings in the 'double-A' category. Further detail of the Council's deposits by counterparty is shown in Appendix F.
- 5.8 During the year the Council has restricted its new investments to:
- The Debt Management Agency Deposit Facility (DMO)
 - Term deposits or business reserve accounts with UK banks or building societies that have access to the UK Government Credit Guarantee scheme
 - UK nationalised banks
 - Deposits with other local authorities
- 5.9 In line with cash flow requirements to year end, deposits will be made in shorter period maturities and call accounts.
- 5.10 The Treasury Management Board set up following the Icelandic bank Collapse continues to meet weekly to keep under review the investment and borrowing position and take timely action to respond to changing market conditions.

Icelandic Bank Update

5.11 The Council had £13m invested across three Icelandic banks, of which £0.864m of the principal element and £0.043m interest has been repaid to date. Regular updates on the progress of recovery of the monies invested have been made as part of the bi-monthly performance and budget monitoring reports. The Director for Corporate Support remains a member of the local authority Icelandic Bank steering committee and continues to work with the LGA and other local authorities to recommend action required to maximise returns. The steering committee continues to appoint Bevan Britton as legal advisors, representing the interest of all local authorities.

5.12 The latest position in respect of each of the banks is outlined below:

Glitnir £6m

The formal creditor claim was submitted to the creditor winding up board by the deadline of 30 November. At the Glitnir Winding Up board meeting held on 9 December 2009, ahead of the open creditor meeting of 17 December, the board rejected the claim that local authority deposits should have priority creditor status. The local authority solicitors, Bevan Britton will be appealing this decision on behalf of all local authorities and remain hopeful that full recovery of monies will still be attained. The Board has rejected claims for penalty interest.

Landsbanki £4m

The formal creditor claims were submitted to the creditor winding up board by the deadline of 31 October 2009. At the formal meeting of the Board the priority creditor status for local authorities was approved but a number of objections to this decision have been lodged by other creditors which will likely result in a delay in moving forward as these are resolved. The board has rejected the local authority claims for penalty interest. Final recovery is anticipated at 88%.

Heritable Bank £3m

Heritable Bank recovery is being dealt with under English insolvency law and is progressing as anticipated. The Council has received two dividend repayments during 2009, bringing the total amount recovered to date, including interest, to £907,594. Final recovery is still anticipated at 80%.

5.13 The Council has been permitted to defer charging any losses to its revenue account until 2010/11 under special regulations and has requested that these regulations should be extended for at least a further year given the uncertainties surrounding recoveries at the present time. However in the meantime, Officers have submitted a request to CLG for a Capitalisation Direction which would enable any losses to be spread over a ten to twenty year period. The outcome of the Capitalisation Direction request will not be known until the end of January 2010. An update will be provided verbally to Cabinet on the outcome of the Capitalisation Direction.

6. The Council's Forecast Treasury Position

6.1 The estimated treasury position for 31/3/2010 and 31/3/2011 is as follows:

Table 2

	31/3/2010 Estimate £m	Ave %	31/3/2011 Estimate £m
External Borrowing			
Fixed Rate PWLB	28.89	5.81	27.77
Fixed Rate - Market	81.08	4.42	74.08
Variable Rate - Market	94.41	3.45	106.46
DCC Administered Debt	33.94	5.40	32.58
Existing Long term Liabilities	238.36	3.10	240.89
IFRS long-term liabilities:			
PFI (2009/10)	TBA*		TBA*
Finance Leases (2010/11 onwards)	TBA*		TBA*
Total External Debt			
Total Investments	105.00	2.77	63.00

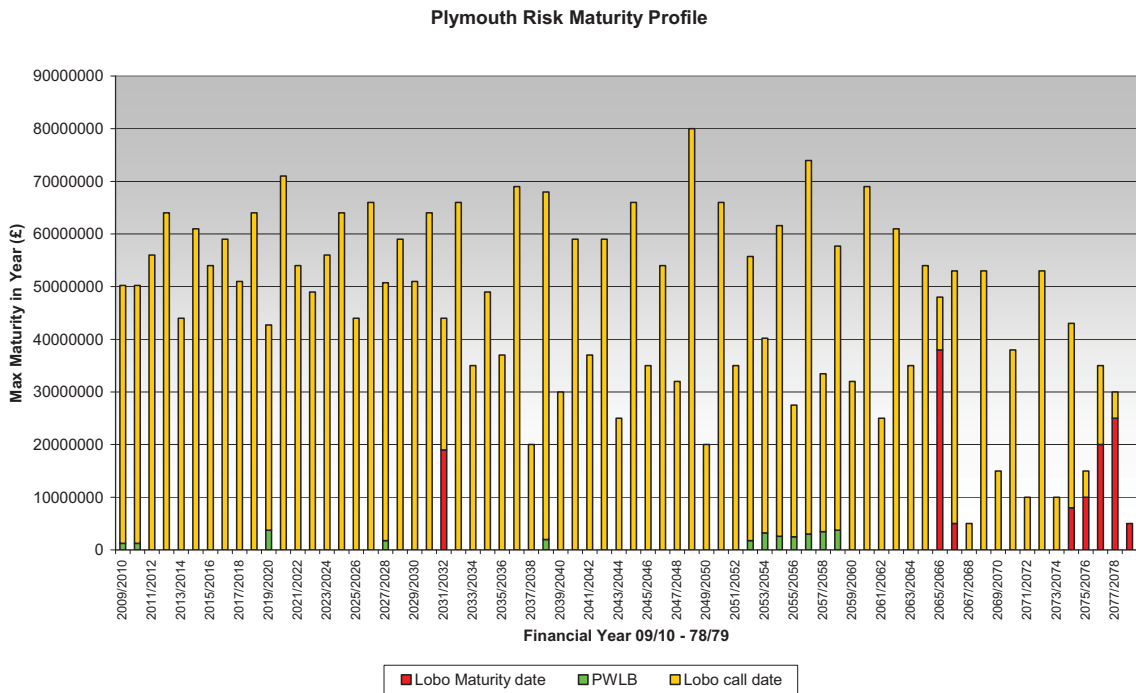
*figures currently being finalised

Debt

- 6.2 Under the new IFRS accounting requirements, the Council will be required to bring additional liabilities onto the balance sheet, and include these within external debt calculations as required under the Prudential Indicators. Liabilities relating to PFI schemes will impact on the end of year position for 2009/10 with any further liability relating to reclassification of operating leases to finance leases impacting in 2010/11. The CLG is proposing to issue mitigating regulations in order to minimise any financial impact on Council's revenue accounts from these changes.
- 6.3 The estimated debt position at 31 March 2011 assumes the borrowing requirement to fund the capital programme will be taken in short term fixed and variable rate debt. The strategy will depend on rates being lower than investment rates. If borrowing rates rise cash flow and internal balances will be used reducing the forecast debt at the end of 2010/11.
- 6.4 In partnership with Torbay Council, Officers are currently in discussion with Devon County Council to transfer to the two authorities the debt they currently administer on behalf of the Councils as a result of local government reorganisation. To date the Council has been making monthly payments of principal and interest on this debt. The aim of the transfer is to give the Council more opportunity to manage this debt in accordance with its policy on reducing risks inherent in its debt portfolio. The debt can only be transferred if Devon are not penalised by the transfer and are left in the same financial position as if they still continued to administer the debt.

6.5 The following graph shows the maturity profile of the Council’s external debt:

Figure 3



6.6 The debt portfolio currently includes £130m of LOBO loans. These loans have various option call dates where the banks have the ability to amend the loan terms and at which point the Council could choose to repay the loan if the terms are changed adversely. This is reflected within the maturity profile shown above (in amber) to enable officers to risk manage the Council’s cashflows.

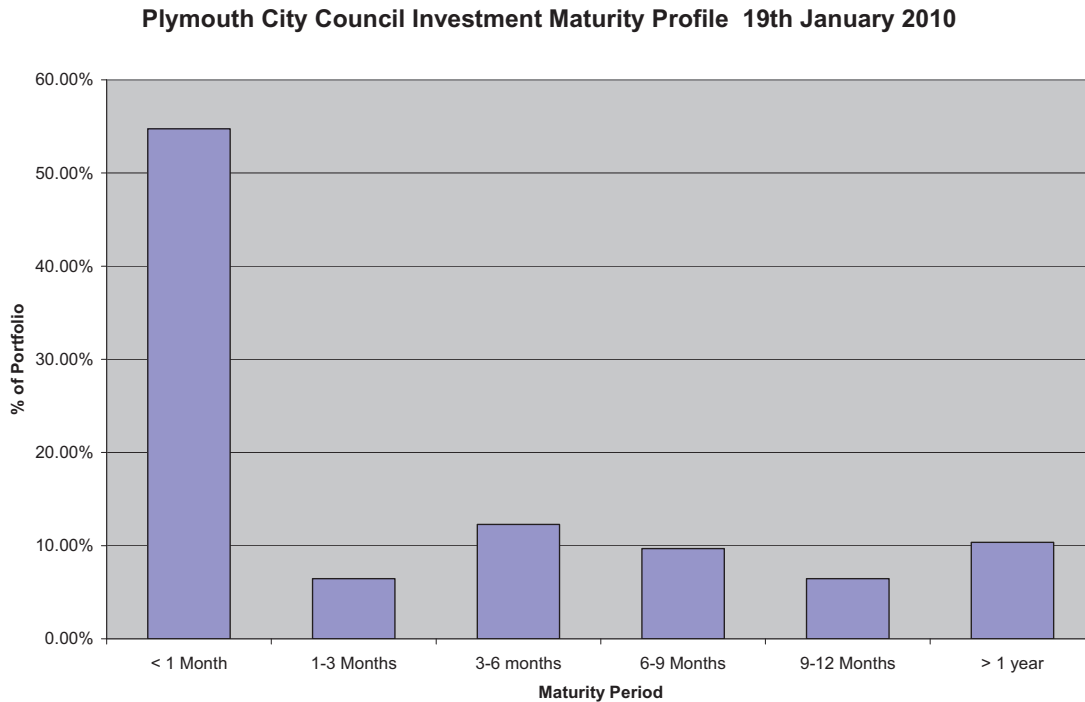
6.7 The estimate for interest payable during 2010/11, as included in the revenue budget, is £7.928m.

6.8 As part of the housing stock transfer negotiations, the CLG repaid £91.37m of the Council’s PWLB debt on 25 November 2009. This has resulted in a significant proportion of the Council’s remaining debt being in market loans, which Officers will seek to reduce over time, as outlined in the Borrowing Strategy for the year (section 10).

Investments

6.9 The graph below shows the current maturity profile of the Council’s investments. In terms of risk management, the majority of the investment portfolio is now held in UK institutions. Whilst these institutions have access to the Government Credit Guarantee Scheme, there is a risk, albeit a small risk, should the UK Government, ie our sovereign state, collapse.

Figure 4



6.10 The estimate for interest receipts for 2010/11, as included in the revenue budget proposals, is £2.040m.

7. Outlook for Interest Rates

7.1 Interest rate forecasts can provide a useful tool in determining short term investment and borrowing decisions, but should be reviewed cautiously when longer term decisions are being considered.

7.2 The economic interest rate outlook provided by the Council's treasury advisor, Arlingclose Ltd, is attached at Appendix C, with the forecast movement in the Official Bank Rate set out in table 3 below.

Table 3

		Official Bank Rate									
		Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12
Upside Risk					+0.25	+0.25	+0.50	+0.50	+0.50	+0.50	+0.50
Central Case		0.50	0.50	0.50	0.50	1.00	1.50	2.25	3.00	4.00	4.00
Downside Risk						-0.50	-0.50	-0.50	-0.25	-0.25	-0.25

7.3 The Bank Rate started 2009 at 1.5% and was cut by 0.5% in February and March, bringing the Bank Rate down to 0.5%, a level the Bank deemed appropriate for the prevalent economic conditions. This rate is the lowest in the Bank of England's 315-year history. It is expected this rate will remain until at least the latter part of 2010 with a downside risk that it will continue at this historically low rate to March 2011.

8. The Council's Borrowing Requirement

8.1 The Council's underlying need to borrow for capital purposes is measured by reference to its Capital Financing Requirement (CFR). The CFR represents the cumulative capital expenditure of the local authority that has not been financed. To ensure that this expenditure will ultimately be financed, local authorities are required to make a Minimum Revenue Provision for Debt Redemption (MRP) from within the Revenue budget each year. The estimated MRP included in the 2010/11 budget is £6.860m.

8.2 Table 4 below shows the estimated CFR over the medium term.

Table 4

Capital Financing Requirement	31/3/2010 Approved £m	31/3/2010 Revised £m	31/3/2011 Estimate £m	31/3/2012 Estimate £m	31/3/2013 Estimate £m
Total CFR*	209.036	212.531	234.550	236.301	233.741

* excludes impact of IFRS- see below

8.3 The move to International Financial Reporting Standards (IFRS) has implications for the Capital Financing Requirement components on the Balance Sheet. Analysis of the Council's Private Finance Initiative (PFI) schemes and Operating leases against IFRS requirements may result in the related long term assets and liabilities being brought onto the Council's Balance Sheet. The estimates for the CFR and Long Term Liabilities will therefore need to take into account such items. This will influence the determination of the Council's Affordable Borrowing Limit and Operational Boundary. This is currently under investigation and may increase the CFR and borrowing limits included in this report. If required amendments will be made for approval by Full Council at its budget meeting on 1 March 2010.

8.4 Capital expenditure not financed from internal resources, ie from Capital Receipts, Capital Grants and Contributions, Revenue or Reserves, will produce an increase in the CFR (the underlying need to borrow) and may in turn produce an increased requirement to charge MRP in the Revenue Account.

8.5 The borrowing requirement forecast to cover the capital programme over the next 3 years is:

	£m
2010/11	30.236
2011/12	10.529
2012/13	6.257

8.6 Actual borrowing may be greater or less than the CFR, but in accordance with the Prudential code, the Council will ensure that net external borrowing does not, except in the short term, exceed the CFR in the preceding year plus estimated of any additional CFR for the current and next two financial years. The Council will have no borrowing in advance at 1 April 2010.

8.7 Under Section 3 of the Local Government Act 2003 and supporting regulations the Council must determine and keep under review how much it can afford to borrow. The Council is required to set two limits:

- The Authorised Limit
- The Operational Boundary

8.8 The proposed limits are based on the Council's anticipated borrowing requirements whilst providing flexibility for potential additional borrowing such as use of unsupported borrowing within the capital programme, to cover possible shortfalls in capital receipts, debt maturities, an overspend on the capital programme, or other temporary cash flow requirements. The limits also allow for borrowing in advance of the following two years capital financing requirements if required.

8.9 The proposed limits for external borrowing are included as part of the Prudential Indicators in Appendix B. The limits proposed for 2010/11 and the following two years are:

	2010/11 £m	2011/12 £m	2012/13 £m
• Authorised Limit *	312	302	289
• Operational boundary *	260	260	258

**will need to be increased for IFRS (PFI) prior to approval by Council*

8.10 The Borrowing limits are required to be formally approved by full Council, and whilst these can be amended during the year, any amendment also requires full Council approval. The limits will reduce in 2011/12 and 2012/13 as debt is repaid and the forecast borrowing for the capital programme is reduced.

9. The outlook for borrowing rates:

9.1 The outlook for borrowing rates is as follows:

- *Fixed rate borrowing:* Short-dated gilt yields are forecast to be lower than medium- and long-dated gilt yields during the financial year. Despite additional gilt issuance to fund the UK government's support to the banking industry, short-dated gilts are expected to benefit from expectations of lower interest rates as the economy struggles through a recession.
- *Variable rate borrowing:* PWLB variable rates have fallen below 1%. They are expected to remain low as the Bank Rate is maintained at historically low levels to enable the struggling economy emerge from the recession.

9.2 The differential between investment earnings and debt costs, despite long term borrowing rates being around historically low levels, remains acute and is expected to remain a feature during 2010/11. The so called "cost of carry" associated with long term borrowing compared to temporary investments returns means that any long term borrowing will bring additional short-term costs whilst borrowing rates are higher than those available for investments.

10. The Borrowing Strategy for 2010/11

- 10.1 The underlying principles of the Borrowing Strategy for 2010/11 are:
- To manage out the risks inherent in the existing portfolio in terms of the proportion of market loans to PWLB
 - To reduce the underlying level of debt
- 10.2 After considering the risks inherent in the existing portfolio and the outlook for interest rates in the short term, the capital financing borrowing requirement for 2010/11 will be financed from short-term fixed rate borrowing or variable rate borrowing where rates are lower than those available to the Council on its investments. Where borrowing rates are higher than investment rates internal resources will be used in lieu of borrowing with borrowing only taken to cover short term cash flow requirements. Capital expenditure levels, market conditions and interest rate levels will be monitored during the year in order to minimise borrowing costs over the medium to longer term.
- 10.3 Decisions to borrow at low, variable rates of interest will be taken after considering the absolute level of longer term interest rate equivalents and the extent of variable rate earnings on the Council's investment balances. When longer term rates move below the cost of variable rate borrowing any strategic exposure to variable interest rates will be reviewed and, if appropriate, reduced.
- 10.4 In conjunction with advice from its treasury advisor, Arlingclose Ltd, the Council will keep under review the options it has in borrowing from the PWLB, the market and other sources up to the available capacity within its CFR and Authorised Borrowing Limit.
- 10.5 Following the Stock transfer, the Department of Communities and Local Government (DCLG) repaid the Housing Revenue Account (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 and as such the PWLB remains the preferred source of borrowing for 2010/11.
- 10.6 The Council has £130m loans which are LOBO loans (Lender's Options Borrower's Option) of which £49m of loans are currently in or will be in their option state during 2010/11. In the event that the lender exercises the option to change the rate or terms of the loan, the Council will consider the terms being provided and if possible will seek to repay the loan without penalty, utilising cash resources or replacing the loan(s) by borrowing from the PWLB. LOBO's are extremely complex instruments with sophisticated embedded derivatives and remove local authority control over their refinancing decisions. Future use of such loans will need to be carefully considered.

- 10.7 Actual borrowing undertaken and the timing will depend on capital expenditure levels, interest rate forecasts and market conditions during the year. The Council will be advised by Arlingclose of the specific timing of borrowing. This may include borrowing in advance of future years' requirements provided that overall borrowing is maintained within the Council's projected CFR and its approved Authorised Borrowing Limit.
- 10.8 During the year, Officers will seek to identify a range of quantifiable debt benchmarks which will enable better monitoring and risk reporting of debt management activity. These will be reported to audit committee in a mid year treasury management review and monitoring report.

11. Debt Rescheduling

- 11.1 As the strategy proposes that the underlying level of debt should be reduced, it is not expected that the Council will undertake any debt rescheduling over the next year. However, there is a need to continue to maintain a flexible policy for debt rescheduling in the following circumstances:
- Savings in interest costs with minimal risk.
 - Balancing the volatility profile (i.e. the ratio of fixed to variable rate debt) of the debt portfolio.
 - Amending the profile of maturing debt to reduce any inherent refinancing risks.
- 11.2 In September 2009, the PWLB issued a Consultation document, entitled 'PWLB Fixed Rates', where the PWLB is reviewing the frequency of rate setting (currently daily) and could move to a live pricing basis. The deadline for the consultation period was 08 January 2010. The likely outcome of this is a reduction in the extent of the margins between premature repayment and new borrowing rates, particularly for longer maturities.
- 11.3 Any debt rescheduling opportunities will consider the longer term risks as well as short term savings and will be undertaken within the Council's treasury management policy and strategy. The Council will agree in advance with Arlingclose the strategy and framework within which debt will be repaid/rescheduled if opportunities arise. Thereafter the Council's debt portfolio will be monitored against equivalent interest rates and available refinancing options on a regular basis. As opportunities arise, they will be identified by Arlingclose and discussed with the Council's Officers.
- 11.4 Any rescheduling activity will comply with the accounting requirements of the local authority SORP and regulatory requirements of the Capital Finance and Accounting Regulations (SI 2007 No 573 as amended by SI 2008/414).
- 11.5 Borrowing and debt rescheduling activity will be reported as part of the Council's bi-monthly budget and performance monitoring reports.

Investment Policy and Strategy 2010/11

12. Investment Policy

12.1 Guidance from the then ODPM (now DCLG) on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be set. The Guidance permits the TMSS and the AIS to be combined into one document.

12.2 To comply with the CLG's guidance, the Council's general policy objective is to invest its surplus funds prudently. The Council's investment priorities are:

1. Security of the invested capital;
2. Liquidity of the invested capital;
3. An optimum yield which is commensurate with security and liquidity.

The CLG's recent (draft) revised Guidance on investments reiterates security and liquidity as the primary objectives of a prudent investment policy.

12.3 The speculative procedure of borrowing purely in order to invest is unlawful and this Council will not engage in such activity. However there are circumstances where the Council may borrow money before it is required to finance capital expenditure, in accordance with the prudential code, and these circumstances provide additional balances for temporary investment. Any borrowing in advance of need will come at a cost and is not planned for 2010/11. However the Director for Corporate Support will monitor interest rates for both borrowing and investments and will react to changes in circumstances that make any advance borrowing that fits in with the Council's overall strategy and prudential indicators a viable option. This borrowing comes with additional credit risk by increasing the available funds for investments. This risk will be managed by depositing in high security institutions within limits set within the strategy.

12.4 Investments are categorised as 'Specified' or 'Non Specified' investments based on the criteria in the ODPM Guidance. Non specified investments are regarded as higher risk than specified ones. The Council has traditionally invested in term deposits or call accounts, although the annual strategy statements have outlined a number of other specified and non specified instruments. The Council's investment maturity profile is outlined in section 6.

12.5 The credit crisis has refocused attention on the treasury management priority of security of capital monies invested. The Council will continue to maintain a counterparty list based on its criteria and will monitor and update the credit standing of the institutions on a regular basis. This assessment will include credit ratings and other alternative assessments of credit strength as outlined in paragraph 13.4. A subscription to the Bloomberg financial system is currently being negotiated. This will be used along with the internet and financial press to research and monitor news impacting on the Council's current deposits and the institutions in which future deposits will be considered.

- 12.6 The Council needs to maintain flexibility in its investment options if it is to be able to respond quickly to changing circumstances. Appendix D therefore continues to outline a number of investment instruments available for use in the coming year. The inclusion of such instruments on the list will afford the Director for Corporate Support, acting under delegated authority in accordance with Financial Regulations and in consultation with the Treasury Management Board, the flexibility required to manage the investment portfolio on a day to day basis without the need to seek prior Council approval for changes. Inclusion of an instrument on the list does not mean that the Council will necessarily make use of these during the year. The current lending list proposed to start on 1 April 2010 is attached at Appendix E. This will be reviewed with any banks no longer meeting the required credit quality criteria on 1 April removed from the list.
- 12.7 The proposed lending list includes the following amendments to the current strategy:
- the investment limit with the DMO be removed to give greater flexibility to react to changes in the economy and any heightened credit risk.
 - total investment in Eurosterling bonds be increased from 5% to 10% of the total investment portfolio allowing for the reduction in investments and maintaining flexibility to invest in secure longer-term investments.
 - the addition of a number of foreign banks to enable a greater spread of credit risk. It is proposed that the limit for total deposits in each non-UK country will be set at 25% of the total investments.
- 12.8 The Council's estimated levels of investments are set out in section 6.

13. Investment Strategy 2010/11

- 13.1 The global financial market storm in 2008 and 2009 has forced investors of public money to reappraise the question of risk versus yield. Income from investments is a key support in the Council's budget.
- 13.2 The UK Bank Rate has been maintained at 0.5% since March 2009. Short-term money market rates are likely to remain at very low levels which will have a significant impact on investment income. The Council's strategy must however be geared towards this development whilst adhering to the principal objective of security of invested monies.
- 13.3 The Director for Corporate Support, under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Decisions taken on the core investment portfolio will be reported to Cabinet as part of the bi-monthly performance and financial monitoring report.
- 13.4 In making investment decisions, the Council will have regard to a range of information sources including:

- Central banks
- Government Departments,
- Debt Management Office
- Multilateral agencies
- Multilateral development banks
- Newspapers and periodicals
- Financial data providers eg Bloomberg
- Professional bodies and associations
- Annual reports of Banks and Building Societies
- Ratings agencies
- Bank and Building Society websites

13.5 The Council's shorter term cash flow investments are made with reference to the outlook for the UK Bank Rate and money market rates. For 2010/11 the Council's will continue to invest in:

- The Debt Management Agency Deposit Facility (DMO)
- Term deposits or business reserve accounts with UK banks or building societies that have access to the UK Government Credit Guarantee scheme
- UK nationalised banks
- Deposits with other local authorities
- AAA-rated Money Market Funds (MMF) with a Constant Net Asset Value (Constant NAV) investing predominantly in government securities
- AAA-rated Money Market Funds with a Constant Net Asset Value (Constant NAV) investing in instruments issued primarily by financial institutions

13.6 Conditions in the financial sector have begun to show signs of improvement, albeit with substantial intervention by government authorities. In order to diversify the counterparty list, the use of comparable non-UK Banks for investments is now considered appropriate and the sovereign states whose banks are recommended for inclusion are Australia, Canada, Finland, France, Germany, Netherlands, Spain, Switzerland and the US. Whilst these countries are to be added to the list for 2010/11, no investment will be made until Council Officers and their treasury advisors are comfortable that they meet all the credit criteria set by the Council, including in the case of foreign investments, the measure of GDP, yet to be agreed with Arlingclose.

13.7 These countries, and the Banks within them have been selected by our Treasury management advisors after analysis and careful monitoring of:

- Credit Ratings (minimum long-term – Fitch A+, Moody's A1, S&P A+)
- Credit Default Swaps
- GDP; Net Debt as a Percentage of GDP
- Sovereign Support Mechanisms / potential support from a well-resourced parent institution
- Share Price

- 13.8 The Council has also taken into account information on corporate developments and market sentiment towards the counterparties. The Council and its Treasury Advisors, Arlingclose, will continue to analyse and monitor these indicators and credit developments on a regular basis and respond as necessary to ensure security of the capital sums invested.
- 13.9 We do remain in a heightened state of sensitivity to risk. Vigilance is key. This modest expansion of the counterparty list is an incremental step. In order to meet requirements of the revised CIPFA Treasury Management Code the Council is focusing on a range of indicators (as stated above), not just credit ratings.
- 13.10 During the year, Officers will seek to develop a range of quantifiable investment benchmark criteria. This should:
- Give the Council confidence to diversify its investment portfolio, eg by sector, geography, duration, type of instrument
 - Avoid excessive concentration of risk
 - Consider having both absolute and percentage limits
- 13.11 Protection against the downward move in interest rates through 1-year deposits and through longer-term secure investments will be actively considered within the limits the Council has set for Non-Specified Investments and on the advice of Arlingclose should include Eurosterling Bonds such as those issued by the European Investment bank (EIB) or the Nordic Investment Bank for 2010/11. The joint and individual pan European government guarantees in place on these bonds provide security of the principal invested. Even at the lower yields likely to be in force, the return on these bonds could be attractive relative to the increasingly low outlook for interest rates. A limit of £20m or 10% of total investment portfolio (whichever the lower) in Eurosterling Bonds is recommended by our treasury advisors.
- 13.12 The Council's updated lending list for 2010/11 is included at Appendix E. The list will continue to be reviewed and updated by the Director for Corporate Support during the year.
- 13.13 The target rate on new investment in 2010/11 is 1%. The current deposits include deposits which were taken out for longer-term prior to the Icelandic banking crisis and are at much higher rates than current deposit rates. Taking these deposits into account the average rate on all deposits in 2010/11 is forecast at 2.35%. The investment interest included in the 2010/11 budget is £2.04m. This does not take account of any repayments from our Iceland bank deposits

14. Investments defined as Capital Expenditure

- 14.1 The acquisition of share capital or loan capital in any body corporate, a loan or grant or financial assistance by the Council to another body for capital expenditure, and certain other types of investment are defined as capital expenditure under the relevant Regulations.

14.2 The Council's policy is to not use any investment which will be deemed capital expenditure.

15. Balanced Budget Requirement

15.1 The Council complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget. The proposed budget for 2010/11 is set out in the 2010/11 budget report.

16. Annual MRP Statement

16.1 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision (MRP) has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003. The broad aim of 'prudent' provision is to ensure that debt is repaid over a period reasonably commensurate with that over which the capital expenditure provides benefits.

16.2 The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

16.3 The 2009 SORP and IFRS may result in PFI schemes and leases being brought on balance sheet. Where this is the case the CFR will increase, which will lead to an increase in the MRP charge to revenue. MRP for these items will match the annual principal repayment for the associated deferred liability. The Council currently has one PFI scheme, the schools at Riverside and Woodview campus, and this has been assessed as meeting the criteria for inclusion on the balance sheet. Officers are currently identifying the implications on the CFR and MRP. In order to mitigate against any revenue impact the CLG has issued draft regulations which include a further definition to the Asset Life Method which will enable the annual principal repayment to be matched to the associated deferred liability. The final Regulations are expected to be published by 31 March 2010, and apply retrospectively to financial year 2009/10.

16.4 MRP in 2010/11: Options 1 and 2 may be used only for supported expenditure. Methods of making prudent provision for self financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).

16.5 Under the regulations, the authority is required before the start of each financial year to prepare a statement of its policy on making MRP in respect of that financial year and submit it to the full Council. The proposed policy for 2010/11 is as follows:

Supported Borrowing

For borrowing supported by Revenue Support Grant the Council will continue to use the current method of 4% of the adjusted Non-HRA capital financing requirement, (Option 2).

Unsupported Borrowing

For new borrowing under the prudential system for which no Government support is being given and is therefore self-financed, MRP will be made in equal annual instalments over the life of the asset (Option 3).

Capitalisation Directions

For capitalisation directions on expenditure incurred since 1 April 2008 MRP will be made in equal annual instalments over 20 years in line with DCLG guidance (Option 3).

PFI/Leases

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

In all cases MRP will commence in the financial year following the one in which the expenditure is incurred.

17. Reporting on the Treasury Management Activities

- 17.1 In accordance with the recommendations of the Treasury Management Code, the Council's Audit Committee will be responsible for the scrutiny of treasury management activities and practices.
- 17.2 The Director for Corporate Support will report to the Audit Committee on treasury management activity and performance at least twice a year against the strategy approved for the year (being a mid year review and an end of year review).
- 17.3 The Council is required to produce an outturn report on its treasury activity no later than 30 September after the financial year.
- 17.4 In addition treasury management activity will continue to be reported as part of the bi-monthly budget and performance reports to Cabinet and as part of the budget outturn report.

18 Recommendations

- 18.1 To approve the Treasury Management Strategy Statement for 2010/11, subject to feedback from Audit Committee following its scrutiny of the strategy.
- 18.2 To approve the Investment Strategy for 2010/11 as outlined in Section 13 of the report, subject to feedback from Audit Committee following its scrutiny of the strategy.

- 18.3 To approve the Lending Organisations and Counter party Limits as outlined in Appendix E
- 18.4 To request the Director for Corporate Support, acting under delegated authority in accordance with Financial Regulations, to keep the lending list under review and update the list during the year as dictated by market circumstances.
- 18.5 To recommend to full Council (subject to any amendments that may be required as a result of the inclusion of PFI schemes on the balance Sheet) to approve:
- (a) The Authorised Borrowing limits of £312m, £302m and £289m for the period 2010/11 to 2012/13
 - (b) The Operational Boundary of £260m, £260m and £258m for 2010/11 to 2012/13
 - (c) The Prudential Indicators set out in Appendix B;
 - (d) The MRP Policy for 2010/11.
- 18.6 A formal mid year review and monitoring report be taken to Audit Committee.
- 18.7 Officers seek to develop a set of benchmarking targets for the treasury management activity against which performance can be measured.

Treasury Management Policy Statement

Plymouth City Council defines the policies and objectives of its treasury management activities as follows:-

1. This organisation defines its treasury management activities as:
“The management of the authority’s investments, cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on the risk implications for the organisation.
3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

Appendix B

Prudential Indicators 2010/11 to 2012/13

There is a requirement under the Local Government Act 2003 for local authorities to have regard to Cipfa's Prudential Code for Capital Finance in Local Authorities (the "Cipfa Prudential Code") when setting and reviewing their Prudential Indicators. This Code together with the Cipfa Code of Practice for Treasury Management was fully revised in late 2009 and is incorporated into the calculation of the Prudential Indicators for 2010/11 to 2012/13.

The Council's Prudential Indicators are outlined in Annex 1. The following comments explain in more detail the purpose of each indicator.

Estimates of Capital Expenditure:

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax.

The detailed capital programme for the medium term period ending 2014/15 is outlined in the 2010/11 budget report.

Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing. It is an aggregation of the amounts shown for Fixed and Intangible assets, the Revaluation Reserve, the Capital Adjustment Account, Government Grants Deferred and any other balances treated as capital expenditure.

The Prudential Code provides the following statement as a key indicator of prudence: "in order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years."

Authorised Limit and Operational Boundary for External Debt:

The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR. There are two borrowing limits specified within the Code.

The Authorised Limit

This is the absolute borrowing limit beyond which any borrowing is prohibited until revised by the authority. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

The Operational Boundary

This limit is intended to cover the probable borrowing needs of the authority during the year. It is a focus for day to day Treasury Management and a means by which the authority manages its external debt within the self imposed Authorised limit. It is lower than the Authorised limit because cash flow variations may lead to the occasional breach of this indicator.

Upper Limits for Fixed and Variable Interest Rates

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits as:

- Fixed rate interest rate exposure: net fixed rate debt (fixed rate debt less fixed rate investments) as a % of total net debt (total debt less total investments)
- Variable interest rate exposure: net variable rate debt (variable rate debt less variable rate investments) as a % of total net debt (total debt less total investments)

The fixed rate indicator generally remains high reflecting historical policy to take long term fixed rate debt and short term investments (investments for less than 1 year are classified as variable rate). The strategy for 2010/11 is to reduce the exposure to fixed rates by taking a proportion of any borrowing requirement in short term variable rate loans.

Borrowing at fixed rates for long periods can give the opportunity to lock into low interest rates and provide stability but risks missing possible opportunities to borrow at low rates in the medium term, or to convert short term loans into long term if long term rates were to fall.

The proposed limits for 2010/11 will provide flexibility to adapt to different possible scenarios which could arise from changing market conditions within the Treasury Management Strategy.

The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments. The upper limit of 200% on fixed interest rate exposure allows for periods when short term deposits exceed variable rate debt due to balances/cashflow.

Officers will work with the Council's treasury advisors to develop a range of benchmarking indicators to be reported in the mid-year treasury management report covering performance against Prudential Indicators and variations to proposed limits.

Upper Limit for sums invested over 364 days:

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

Ratio of Financing Costs as a % of Net Revenue Stream:

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

The ratio is based on the cost of interest on borrowing and the minimum revenue provision, less Interest and Investment income. In Plymouth's case, a proportion of the cost comes from debt arising from Local Government Reorganisation, which is managed by Devon County Council.

Incremental Effect of Additional Programme on Council Tax

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax. The incremental impact is calculated by comparing the total revenue budget requirement of the current year's approved capital programme with an equivalent calculation of the revenue budget requirement in future years as a result of additional spend on the capital programme each year over the medium term period.

The figures shown in the annex assume only limited new borrowing will be taken out in 2009/10 and 2010/11, with the borrowing requirement being met as far as possible from cash flow and balances. This has resulted in a negative impact on the Council tax in 2009/10, and a low incremental impact for 2010/11. Internal balances will be exhausted during 2010/11, and the full cost of borrowing will be a cost to the revenue budget. The impact on the council tax is therefore the loss of interest that could be achieved if these balances were available for investment. In latter years the incremental effect is the additional borrowing that will be required to finance the approved capital programme.

Maturity Structure of Fixed Rate borrowing:

This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment. The repayment of the majority of PWLB loans over the last 12 months have resulted in a high proportion of Lobo (lenders Option, Borrowers Option) loans which may be subject to rate change or repayment at specified intervals. On specified dates the Lender has the option to vary the rate. If the option is taken the Council (Borrower) has the option to repay the loan. Therefore the loan may be subject to repayment on a number of occasions throughout the life of the loan. These repayment possibilities are included in the limits set for the maturity of fixed rate borrowing.

2010/11 TREASURY MANAGEMENT STRATEGY - PRUDENTIAL INDICATORS

PRUDENTIAL INDICATOR	2009/10 Approved	2009/10 Update	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate
	£M	£M	£M	£M	£M
AFFORDABLE BORROWING LIMITS					
Estimated Capital expenditure					
Non - HRA	84.691	84.030	93.317	45.182	22.044
HRA	7.222	7.991	n/a	n/a	n/a
Total	91.913	92.021	93.317	45.182	22.044
Capital Financing Requirement - As at 31st March	209.036	212.531	234.550	236.301	233.741
Authorised Limit for External Debt					
Borrowing	460	460	312	302	289
Other Long Term Liabilities (PFI)	0	TBA	TBA	TBA	TBA
Total	460	460	312	302	289
Operational Boundary					
Borrowing	430	430	260	260	258
Other Long Term Liabilities (PFI)	0	TBA	TBA	TBA	TBA
Total	430	430	260	260	258
Limit for Fixed Interest Rate Exposure					
Net Fixed Rate (Borrowing less investments)	200%	310%	200%	200%	200%
Limit for Variable Rate Exposure					
Net Variable Rate (borrowing less investments)	60%	60%	85%	85%	85%
Upper Limit for sums Invested over 364 days	£60m	£60m	£25m	£25m	£25m
Capital Financing Cost as a % of Revenue Stream	%	%	%	%	%
General Fund					
- Plymouth Debt	6.12	6.41	6.11	6.44	6.33
- Devon Managed Debt	1.71	1.67	1.56	1.49	1.43
Total	7.83	8.08	7.67	7.93	7.76
Housing Revenue Account	28.69	n/a	n/a	n/a	n/a
Incremental Effect of Additional Programme on Council Tax (Band D p.a)	£0.75	-£1.30	£0.34	£15.86	£32.97

Fixed Rate Borrowing Maturity Limits for 2010/11	2009/10 Upper Limit	2010/11 Upper Limit	2010/11 Lower Limit
Under 12 months	60%	65%	0%
12 months and within 24 months	60%	65%	0%
24 months and within 5 years	30%	55%	0%
5 years and within 10 years	25%	50%	0%
10 years and above	60%		
10 years and within 20 years		45%	0%
20 years and within 30 years		45%	0%
30 years and within 40 years		45%	0%
40 years and within 50 years		55%	0%
50 years and above		50%	0%

Arlingclose's National Economic and Interest Rate Forecast (dated 14 December 2009)

	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12
Official Bank Rate										
Upside risk				+0.25	+0.25	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	0.50	0.50	0.50	0.50	1.00	1.50	2.25	3.00	4.00	4.00
Downside risk					-0.50	-0.50	-0.50	-0.25	-0.25	-0.25
1-yr LIBID										
Upside risk				+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	1.25	1.25	1.25	1.50	2.00	2.75	3.50	4.00	4.25	4.25
Downside risk					-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
5-yr gilt										
Upside risk		+0.25	+0.25	+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	2.60	2.70	2.80	2.90	3.00	3.25	3.50	3.75	4.00	4.25
Downside risk		-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
10-yr gilt										
Upside risk			+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25
Central case	3.60	3.75	3.75	4.00	4.00	4.25	4.25	4.50	4.50	4.75
Downside risk			-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
20-yr gilt										
Upside risk		+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25
Central case	4.10	4.25	4.50	4.75	4.75	5.00	5.00	5.00	5.00	5.00
Downside risk		-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
50-yr gilt										
Upside risk	+0.25	+0.25	+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	4.00	4.25	4.50	4.50	4.50	4.75	4.75	4.75	4.75	4.75
Downside risk			-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25

- The recovery in growth is likely to be slow and uneven, more “W” than “V” shaped. The Bank of England will stick to its lower-for-longer stance on policy rates.
- Gilt yields will remain volatile; yields have been compressed by Quantitative Easing and will rise once QE tapers off and if government debt remains at record high levels.
- Central banks will eventually wind down and exit their emergency liquidity provisions and shrink their balance sheets, but official interest rates in the UK, Eurozone and US will stay low for some while.
- There are significant threats to the forecast from potential downgrades to sovereign ratings and/or political instability.

Assumptions

- The Bank of England has increased Quantitative Easing (QE) to £200bn to insure against the downside risks to growth and stimulate the economy.

- The Bank forecasts GDP to grow by 4% in 2011 but concedes growth could be impeded by corporate and consumer balance sheet adjustments, restrictions in bank credit and consumers' cautious spending behaviour. This is an optimistic forecast in our view; evidence of recovery is scant with weak real economic data and rising unemployment.
- Looming bank regulation and liquidity and capital requirements will curb banking lending activity. The Bank retains the option to reduce the rate on commercial banks' deposits to encourage them to lend.
- The employment outlook remains uncertain. Pay freezes and job cuts will continue into 2010.
- Inflation is not an immediate worry. The Bank's forecast is for CPI to rise in the next few months from higher commodity prices and VAT reverting to 17.5%, but is forecast to remain below 2% in the short term, only surpassing the target in 2012. There is a risk that inflation overshoots in 2010 prompting a letter from the Bank's Governor to the Chancellor.
- The UK fiscal deficit remains acute. Cuts in public spending and tax increases are now inevitable and more likely to be pushed through in 2010 by a new government.
- The net supply of gilts will rise to unprecedented levels in 2010. Failure to articulate and deliver on an urgent and credible plan to lower government borrowing to sustainable levels over the medium term will be negative for gilts.
- The Federal Reserve Chairman Bernanke's diagnosis of a weak U.S. economy and labour market signal that the Fed's "extended period" of low rates may get even longer. The outlook the Eurozone is more optimistic but the European Central Bank will only increase rates after a durable upturn in growth.

Specified and Non Specified Investments

The CLG is in the process of undertaking a review of the Investment Guidance for local authorities in England and this section may therefore be subject to review and amendment.

Specified Investments identified for use by the Council:

Specified Investments will be those that meet the criteria in the CLG Guidance, i.e. the investment

- is sterling denominated
- has a maximum maturity of 1 year
- meets the “high” credit criteria as determined by the Council or is made with the UK government or is made with a local authority in England, Wales and Scotland.
- the making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).

“Specified” Investments identified for the Council’s use are:

- Deposits in the DMO’s Debt Management Account Deposit Facility
- Deposits with UK local authorities
- Deposits with banks and building societies
- *Certificates of deposit with banks and building societies
- *Gilts : (bonds issued by the UK government)
- *Bonds issued by multilateral development banks
- AAA-rated Money Market Funds with a Constant Net Asset Value (Constant NAV) investing predominantly in government securities
- AAA-rated Money Market Funds with a Constant Net Asset Value (Constant NAV) investing in instruments issued primarily by financial institutions;
- Other Money Market Funds and Collective Investment Schemes– i.e. credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

* Investments in these instruments will be on advice from the Council’s treasury advisor.

For credit rated counterparties, the minimum criteria will be the short-term / long-term ratings assigned by various agencies which may include Moody’s Investors Services, Standard & Poor’s, Fitch Ratings. The lowest rating of the 3 agencies will be used when making investment decision or including/removing counterparties from the Council’s lending list.

For 2010/11 the following Minimum ratings proposed are.

Term Deposits with Banks and Building Societies for periods up to 1 year

	Minimum long-term	Minimum short-term
Fitch	A+	F1
Moody's	A1	P-1
S&P	A+	A-1

However in making investment decisions the Council will not solely rely on credit ratings but will have regard to a range of information sources including:

- Central banks
- Government Departments,
- Debt Management Office
- Multilateral agencies
- Multilateral development banks
- Newspapers and periodicals
- Financial data providers eg Bloomberg
- Professional bodies and associations
- Annual reports of Banks and Building Societies
- Ratings agencies
- Bank and Building Society websites

The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.

The Council needs to maintain flexibility in its investment options if it is to be able to respond quickly to changing circumstances, and the above list continues to outline a number of investment instruments available for use in the coming year. The inclusion of such instruments on the list will afford the Director for Corporate Support, acting under delegated authority in accordance with Financial Regulations and in consultation with the Treasury Management Board the flexibility required to manage the investment portfolio on a day to day basis without the need to seek prior Council approval for changes. Inclusion of an instrument on the list does not mean that the Council will necessarily make use of these during the year.

Further details on the non-specified investments, and the associated risks are given below.

The proposed lending list for 2010/11, based on current circumstances is set out in Appendix E.

Appendix D

NON-SPECIFIED INVESTMENTS

<u>Investment</u>	<u>(A) Why use it?</u> <u>(B) Associated risks?</u>	<u>Share/</u> <u>Loan</u> <u>Capital?</u>	<u>Repayable/</u> <u>Redeemabl</u> <u>e within 12</u> <u>months?</u>	<u>Security /</u> <u>Minimum</u> <u>credit rating</u>	<u>Capital</u> <u>Expenditure?</u>	<u>Circumstance</u> <u>of use</u>	<u>Max % of</u> <u>overall</u> <u>investments</u>	<u>Maximum</u> <u>maturity of</u> <u>investment</u>
Term deposits with credit rated deposit takers (banks and building societies) with maturities greater than 1 year	(A) (i) Certainty of rate of return over period invested. (ii) No movement in capital value of deposit despite changes in interest rate environment. (B) (i) Illiquid : as a general rule, cannot be traded or repaid prior to maturity. (ii) Return will be lower if interest rates rise after making the investment. (iii) Credit risk : potential for greater deterioration in credit quality over longer period	No	No	Lending limits varied, depending on Credit Ratings. Minimum Rating Long Term: Fitch AA- Moody's Aa3 S & P AA- Short tTerm: Fitch F1++ Moody's P-1 S&P A-1+	NO	In-house.	30%	5 Years
Certificates of Deposit with credit rated deposit takers (banks and building societies) with maturities greater than 1 year <i>Custodial arrangement required prior to purchase</i>	(A) (i) Although in theory tradable, are relatively illiquid. (B) (i) 'Market or interest rate risk' : Yield subject to movement during life of CD which could negatively impact on price of the CD.	No	Yes	Lending limits varied, depending on Credit Ratings. Minimum Rating Long Term: Fitch AA- Moody's Aa3 S & P AA- Short tTerm: Fitch F1++ Moody's P-1 S&P A-1+	NO	To be used only after consultation/ advice from Arlingclose.	10%	5 Years

Appendix D

<u>Investment</u>	<u>(A) Why use it?</u> <u>(B) Associated risks?</u>	<u>Share/</u> <u>Loan</u> <u>Capital?</u>	<u>Repayable/</u> <u>Redeemabl</u> <u>e within 12</u> <u>months?</u>	<u>Security /</u> <u>Minimum</u> <u>credit rating</u>	<u>Capital</u> <u>Expenditure?</u>	<u>Circumstance</u> <u>of use</u>	<u>Max % of</u> <u>overall</u> <u>investments</u>	<u>Maximum</u> <u>maturity of</u> <u>investment</u>
Callable deposits with credit rated deposit takers (banks and building societies) with maturities greater than 1 year	(A) (i) Enhanced income ~ Potentially higher return than using a term deposit with similar maturity. (B) (i) Illiquid – only borrower has the right to pay back deposit; the lender does not have a similar call. (ii) period over which investment will actually be held is not known at the outset. (iii) Interest rate risk : borrower will not pay back deposit if interest rates rise after deposit is made.	No	No	Lending limits varied, depending on Credit Ratings. Minimum Rating Long Term: Fitch AA- Moody's Aa3 S & P AA- Short tTerm: Fitch F1++ Moody's P-1 S&P A-1+ Lending limits varied depending on Credit Ratings Long Term AA-	NO	In-house.	20%	5 Years

Appendix D

<u>Investment</u>	<u>(A) Why use it?</u> <u>(B) Associated risks?</u>	<u>Share/ Loan Capital?</u>	<u>Repayable/ Redeemable within 12 months?</u>	<u>Security / Minimum Credit Rating?</u>	<u>Capital Expenditure?</u>	<u>Circumstance of use</u>	<u>Max % of overall investments</u>	<u>Maximum maturity of investment</u>
UK government gilts with maturities in excess of 1 year <i>Custodial arrangement required prior to purchase</i>	(A) (i) Excellent credit quality. (ii) Very Liquid. (iii) If held to maturity, known yield (rate of return) per annum ~ aids forward planning. (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity) (v) No currency risk (B) (i) 'Market or interest rate risk': Yield subject to movement during life of sovereign bond which could negatively impact on price of the bond i.e. potential for capital loss.	No	Yes	Govt backed	NO	Buy and hold to maturity: to be used only after consultation/ advice from Arlingclose.	20%	10 Years
Sovereign issues ex UK govt gilts : any maturity <i>Custodial arrangement required prior to purchase</i>	(A) (i) Excellent credit quality. (ii) Liquid. (iii) If held to maturity, known yield (rate of return) per annum ~ aids forward planning. (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity) (v) No currency risk (B) (i) 'Market or interest rate risk': Yield subject to movement during life of sovereign bond which could negatively impact on price of the bond i.e. potential for capital loss.	No	Yes	AAA	NO	Buy and hold to maturity: to be used only after consultation/ advice from Arlingclose.		10 Years
Forward deposits with credit rated banks and building societies for periods > 1 year (i.e. negotiated deal period plus period of deposit)	(A) (i) Known rate of return over period the monies are invested ~ aids forward planning. (B) (i) Credit risk is over the whole period, not just when monies are actually invested. (ii) Cannot renege on making the investment if credit rating falls or interest rates rise in the interim period	No	No	Lending limits varied, depending on Credit Ratings. Minimum Rating Long Term: Fitch AA- Moody's Aa3 S & P AA- Short Term: Fitch F1++ Moody's P-1 S&P A-1+	NO	In-house.	10%	5 Years

Appendix D

<u>Investment</u>	<u>(A) Why use it?</u> <u>(B) Associated risks?</u>	<u>Share/</u> <u>Loan</u> <u>Capital?</u>	<u>Repayable/</u> <u>Redeemabl</u> <u>e within 12</u> <u>months?</u>	<u>Security /</u> <u>Minimum</u> <u>credit rating</u>	<u>Capital</u> <u>Expenditure?</u>	<u>Circumstance</u> <u>of use</u>	<u>Max % of</u> <u>overall</u> <u>investments</u>	<u>Maximum</u> <u>maturity of</u> <u>investment</u>
Deposits with unrated deposit takers with unconditional financial guarantee from HMG or credit-rated parent institution : any maturity	Credit standing of parent will determine ultimate extent of credit risk	No	Yes, but only if maturity is 1 year or less	Not rated in their own right, but parent must have minimum rating. Long Term AA- Short term F1+	NO	In-house.	25%	1 Year
Bonds issued by a financial institution that is guaranteed by the United Kingdom Government (as defined in SI 2004 No 534) with maturities in excess of 1 year <i>Custodial arrangement required prior to purchase</i>	(A) (i) Excellent credit quality. (ii) relatively liquid. (although not as liquid as gilts) (iii) If held to maturity, known yield (rate of return) per annum, which would be higher than that on comparable gilt ~ aids forward planning, enhanced return compared to gilts. (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity) (B) (i) 'Market or interest rate risk' : Yield subject to movement during life of bond which could negatively impact on price of the bond i.e. potential for capital loss. (ii) Spread versus gilts could widen.	Yes	Yes	AAA / government guaranteed	NO	Buy and hold to maturity; to be used only after consultation/ advice from Arlingclose.	10%	10 Years

Appendix D

<u>Investment</u>	<u>(A) Why use it?</u> <u>(B) Associated risks?</u>	<u>Share/ Loan Capital?</u>	<u>Repayable/ Redeemable within 12 months?</u>	<u>Security / Minimum credit rating</u>	<u>Capital Expenditure?</u>	<u>Circumstance of use</u>	<u>Max % of overall investments</u>	<u>Maximum maturity of investment</u>
<p>Bonds issued by multilateral development banks (as defined in SI 2004 No 534) with maturities in excess of 1 year</p> <p><i>Custodial arrangement required prior to purchase</i></p>	<p>(A) (i) Excellent credit quality. (ii) relatively liquid. (although not as liquid as gilts) (iii) If held to maturity, known yield (rate of return) per annum, which would be higher than that on comparable gilt ~ aids forward planning, enhanced return compared to gilts. (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity).</p> <p>(B) (i) 'Market or interest rate risk': Yield subject to movement during life of bond which could negatively impact on price of the bond i.e. potential for capital loss. (ii) Spread versus gilts could widen.</p>	<p>Yes</p>	<p>Yes</p>	<p>AAA or government guaranteed</p>	<p>NO</p>	<p>Buy and hold to maturity; to be used only after consultation/ advice from Arlingclose.</p>	<p>10%</p>	<p>10 Years</p>

Council Investments as at 19 January 2010

The Council's investments as at 19th January 2010 were made up of the following deposits with the following Counterparties:

UK Banks £83m

Lloyds Banking Group – deposits with LloydsTSB and Bank of Scotland – Total £30m

<u>Bank</u>	<u>Deposit</u>	<u>Maturity Date</u>
Bank of Scotland	£5,000,000	01-Sep-2010
Bank of Scotland	£5,000,000	27-Sep-2010
Bank of Scotland	£5,000,000	02-Nov-2010
Bank of Scotland	£5,000,000	08-Dec-2010
Bank of Scotland	£5,000,000	18-Jan-2011
Lloyds TSB	£5,000,000	10-Jun-2013

The deposit with Lloyds TSB has a call option on 10 June 2010. It is anticipated that this option will be taken by the Bank and therefore the deposit will mature on this date.

Royal Bank of Scotland (RBS) – Deposits with RBS and it's subsidiary Ulster Bank Ireland – Total £30m

<u>Bank</u>	<u>Deposit</u>	<u>Maturity Date</u>
RBS	£20,000,000	Call deposit account
Ulster Bank Ireland	£5,000,000	26-Apr-2012
Ulster Bank Ireland	£5,000,000	03-May-2012

Barclays Bank Total £23m

<u>Bank</u>	<u>Deposit</u>	<u>Maturity Date</u>
Barclays	£10,000,000	31-Mar-2010
Barclays	£5,000,000	30-Apr-2010
Barclays	£5,000,000	08-Jun-2010
Barclays	£3,000,000	13-Jun-2011

UK Building Societies- £7m

Comprises deposits with Nationwide Building Society made up as follows:

<u>Bank</u>	<u>Deposit</u>	<u>Maturity Date</u>
Barclays	£2,000,000	17-May-2010
Barclays	£2,000,000	28-May-2010
Barclays	£2,000,000	16-May-2011
Barclays	£1,000,000	27-May-2011

UK Subsidiaries of foreign banks £50.95m

Comprises deposits with Santander UK PLC (£26.5m) and Clydesdale (£24.45m) made up as follows:

<u>Bank</u>	<u>Deposit</u>	<u>Maturity Date</u>
Santander UK PLC	£26,500,000	Call deposit account
Clydesdale	£19,450,000	Call deposit account
Clydesdale	£2,000,000	07-May-2010
Clydesdale	£3,000,000	14-May-2010

CITY OF PLYMOUTH

Subject: 2010/11 Budget (Revenue & Capital)

Committee: Cabinet
Overview & Scrutiny Management Board
City Council

Date: Cabinet - 9 February 2010
Overview & Scrutiny Management Board
- 15 & 17 February 2010

Cabinet Member: Councillor Bowyer

CMT Member: Director for Corporate Support

Author: David Northey, Head of Finance

Contact: Tel: 01752 (30)4566
e-mail: david.northey@plymouth.gov.uk

Ref: djn/01022010v1

Executive Summary:

The purpose of this report is to consider Plymouth City Council's 2010/11 Revenue and Capital budget and its impact on the Council Tax and the Medium Term Financial Strategy. The budget brings together the elements of the Council's income and expenditure strategy, detailed by each department, together with its Capital strategy. The two areas have been brought together in this one report to ensure the inter-relationship between them is clearly documented. It also reviews the impact of these plans on future years, the Medium Term Financial Strategy.

Corporate Plan 2010-2013

The budget is central to the successful delivery of the Corporate Plan, which is also being presented for consideration and approval.

**Implications for Medium Term Financial plan and Resource Implications:
including Finance, Human Resources, IT and land**

Once approved the 2010/11 budget will become the base year for the Medium Term Financial Strategy.

Other implications: e.g. Section 17 Community Safety, health and Safety, Risk Management, Equalities Impact Assessment, etc.

Not applicable

Recommendations & Reasons for recommended action:

1. To recommend the proposed target budget requirement for 2010/11 to Council, subject to the consultation and scrutiny process;
2. To request Officers to identify further savings in advance of the 1 March 2010 Council meeting to arrive at the required budget requirement;
3. It is recommended to approve that the previously ring-fenced capital receipt of £4.4 million be transferred to general capital receipt fund.
4. It is recommended that officers continue to develop delivery plans to address the funding pressures faced for 2011/12 and beyond.

Alternative options considered and reasons for recommended action:

Statutory requirement under Section 33 Local Government Finance Act 1992 for the Council to produce and deliver a balanced budget; to set a Council tax; and to approve the Treasury Management Strategy.

Background papers:

- Finance Settlement Papers Department of Communities and Local Government (CLG)
- The Prudential Code for Capital Finance in Local Authorities
- The Local Government Act 2003 and The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003
- 2010/11 Budget / Prudential Code Working Papers
- Medium Term Financial Forecast Capital Programme
- Capital Financing Regulations

Sign off

Head of Fin	AB CorpF900 012	Head of Leg	DVS 1096	Head of HR		Head of AM		Head of IT		Head of Strat Proc	
Originating SMT Member Malcolm Coe											

1. Introduction and Contents

- 1.1. This report is part of the suite of strategic corporate planning documents. It details how the Council has allocated its revenue and capital resources across departments and priority areas for 2010/11 to improve outcomes for local people. It is fully linked and underpins the Council’s Corporate Plan 2010-13..
- 1.2. The proposed 2010/11 budget needs to be considered in the context of The Local Government Act 2003 Section 25 which places responsibilities on the Chief Finance Officer to report to Members on both the robustness of estimates and the adequacy of reserves, as outlined in Appendix A.
- 1.3. Funding allocations are made within the framework of the Council’s Medium Term Financial Strategy, (MTFS), which sets targets and principles for setting three year revenue budgets and five year rolling capital budgets. As in previous years, the MTFS will be revised, updated, and published, in March 2010 upon approval of the 2010/11 budget and formal approval of the Council Tax.
- 1.4. The Council’s revised Treasury Management Strategy is presented as a separate report to this cabinet. This strategy has been updated upon advice and input from our Treasury Management advisors, Arlingclose, and following comment and input from elected members who contributed to an externally facilitated training workshop in January 2010.
- 1.5. Appendices to this report provide the main detail, risk management and delivery plans that underpin the 2010/11 budgets:

Appendix A	Local Government Act 2003, Section 25 Section 1: Analysis of Budget Robustness Section 2: Adequacy of Reserves
Appendix B	Net Spending Plans and Analysis of Gross Expenditure
Appendix C	Departmental Delivery Plans
Appendix D	Capital Investment Programme 2010/11 to 2014/15
Appendix E	Finance Settlement & Specific Grants Analysis

- 1.6. The main core of this report is a commentary to the appendices from each department which describes departmental context, progress and investment against Corporate Improvement Priorities, challenges and pressures faced and a summary of what the department intends to do differently in 2010/11.

2. Executive Summary

- 2.1 This is a new combined revenue and capital budget report setting out the City Council’s 2010/11 income and expenditure.

2.2 Building on solid foundations

- 2.2.1 Plymouth City Council has continued to make tangible improvements to client facing services whilst driving efficiencies throughout 2009/10. For example, we have:

- Successfully transferred our housing stock to Plymouth Community Homes which will unlock investment of £162m to significantly improve the quality and standard of 15,000 households in Plymouth;
- Reviewed and implemented a new waste collection service, putting significant investment into new vehicles and revising the collection zones;
- Significantly improved adult social care services, successfully obtaining a 3* rating from our external regulators, Care Quality Commission (CQC);
- Improved the cleanliness of our streets and, in partnership, improved community safety;
- Continued to invest in major capital schemes to improve regeneration and facilities in the community;
- Achieved an Organisational Assessment of 3 (out of 4) under the new Comprehensive Area Assessment framework;
- Achieved a “Green Flag” for the quality of our partnership working under the new CAA framework;

2.3 Future revenue outlook

- 2.3.1 The City Council, like everyone else, finds itself operating in the midst of a serious, unprecedented economic downturn. The Government borrowing for 2009/10 is forecast at circa £178billion; there will be a General Election in 2010 bringing a possible emergency budget and we know that local government funding will reduce for the foreseeable future.
- 2.3.2. The current economy is causing significant budget pressures, as we experience the impact of reduced income from our car parks reflecting reduced trading activity; there is a significant drop in income from commercial rent as businesses close and vacate premises. The downturn has also brought reduced interest rates and therefore reduced income for our treasury investments.
- 2.3.3. 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 looked after children, whilst managing the demographic growth and the demands of investing in services for adults. As people live longer, so the demand on Council resources increases. We must also proactively manage the shortfall in our pension funding.
- 2.3.4. However, we continue to be ambitious with our future plans. We have successfully been accepted as part of England’s 2018 World Cup bid which has the potential for unlocking millions of pounds of economic benefit to the area. We have also taken the first steps towards our Building Schools for the Future programme which will not only deliver a mixture of new and significant enhancements to five existing schools, but will be important building blocks in our vision for the City. Likewise, the build of the Life Centre will generate significant benefits to the residents of Plymouth. Such projects demonstrate our determination to press on with the regeneration and economic growth of the City in order to achieve our long term vision, meeting long term growth aspirations of 50,000 increased population and more than 40,000 new jobs.
- 2.3.5. Our use of resources has seen an overall CAA score of ‘3’ for Organisational Assessment, and we are considered strong for ‘Managing Finances’. We have understood the challenge to allocate our resources to priorities, which means

spending money where it is most needed on providing the best services to our customers, and reducing the spend on the support functions.

3. Revenue Resources and prioritisation:

- 3.1. 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.

Funding Source	2010/11 £000	2011/12 £000	2012/13 £000
Revenue Resources	201,825	202,692	203,756

Note 1. The council tax level for 2010/11 will be finalised at full Council on March 2010.

Note 2. Grant funding for 2011/12 (and potentially 2010/11) will be subject to the new Government spending plans for 2011/12 to 2013/14.

- 3.2. 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 generally adds revenue of approx. £950k, and a 1% drop in Formula Grant represents a reduction of £1.06m. For 2010/11, we will receive a 2.5% increase in our formula grant, providing us with additional net revenue funding of £5.3m compared to our 2009/10 budget base.

- 3.3. We continue the drive to reduce spend in back office support functions and allocate resources to improving front line service delivery. Through careful prioritisation, we have allocated additional funding to the following areas for 2010/11:

- Children's Social Care;
- Social Care for Adults;
- Developing Building Schools for the Future;
- Revenue funding to enable the delivery of our capital investment programme;
- Maintaining the local economy / strategic regeneration;
- Strategic Housing activities;
- Providing free swimming in the City for under 16 year olds

- 3.4. We have also invested additional funding into areas that will drive organisational efficiencies such as:

- Developing the Care First system to improve our management of client information;
- Improving the quality of our asset base through investment in preventative maintenance;
- Preparing for further organisational change during 2010/11
- Preparing for new International Financial Reporting Standards legislation to improve the transparency of our financial reporting;

- 3.5. Our prioritised allocation of revenue resources is summarised in the following table which shows the variances in departmental budgets from 2009/10 to 2010/11:

	2009/10 Budget £000 *	2010/11 £000 *	Variance £000	% 'age variance
Children & Young People	51,049	52,761	1,712	3.4%
Community Services	109,889	112,856	2,967	2.7%
Development & Regeneration	15,412	16,169	757	4.9%
Corporate Support	33,044	32,359	(685)	(2.1%)
Chief Executives	2,046	1,880	(166)	(8.1%)
Corporate Items	(14,915)	(13,700)	1,215	8.1%
Totals:	196,525	202,325	5,800	2.9%

* Budget figures adjusted for the net impact of Housing Stock Transfer and Job Evaluation.

- 3.6. A more detailed analysis of gross spend and income budgets at Service level within each department is shown as Appendix B to this report.
- 3.7. The spending plans as outlined above currently exceed forecast resources. Officers will continue to work on the budget projections in order to bring spending plans back to match resources, with final amendments reported to Council at its meeting on 1 March 2010.

4. Capital Resources and Prioritisation

- 4.1. We have an ambitious agenda as we seek to meet the requirements of the community whilst at the same time moving towards our internal goal to be an excellent Council by 2012. We anticipate that central Government will reduce Capital Grant funding whilst Regional Development Agency (RDA) and other grants are also reducing. Together with continuing uncertainty surrounding our ability to generate capital receipts, we must be more specific with our capital spend and target fewer, more strategic schemes.
- 4.2. We have adopted the principle that schemes are only approved into the capital programme where specific funding has been clearly identified with a supporting business case. The proposed capital programme for 2010/11 to 2014/15 is £267m. The Capital Programme is still substantial and includes headline strategic projects such as the Life Centre, capital investment in Schools, waste disposal improvements, and major transport improvements.

- 4.3. A summary of capital spend by department, based on known resources at this point in time, is shown in the following table:

Directorate	09/10 £000	10/11 £000	11/12 £000	12/13 £000	13/14 £000	14/15 £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	2,441	500	1000	500	500	-	4,941
HRA	7,991	0	0	0	0	0	7,991
Total	92,021	93,317	45,182	22,044	7,035	7,656	267,255

- 4.4. The programme in later years only reflects where the Council has been given indicative funding allocations, for example the Local Transport Plan. As and when further grant funding streams are confirmed, they will be added to the programme. A more detailed analysis of capital spend projects is shown as Appendix D. A full list of each individual planned capital project within this six year programme is available on request.
- 4.5. Funding of our capital investment programme is risk assessed and monitored on a regular basis with schemes carefully prioritised against resources available. Our summary funding profile for the five year programme is as follows:

Directorate	Capital Receipts £000	Unsupp Borrowing £000	Supported Borrowing £000	Total Grants £000	Sum of Contribs £000	Section 106 £000	Revenue & Funds £000	Total Financing £000
Children's Services	4,807	8,840	16,978	89,221	479	391	138	120,854
Community & Neighbourhood	14,606	20,367	4,650	6,964	2,253	431	109	49,380
Development & Regeneration	7,115	3,766	29,063	33,871	1,708	8,143	423	84,089
Corporate Support	1,831	71		2,840		26	173	4,941
HRA Total			2,076				5,915	7,991
Grand Total	28,359	33,044	52,767	132,896	4,440	8,991	6,758	267,255

- 4.6. There is considerable uncertainty around potential capital receipts, particularly around the timing of when they will be received, due to falling property values. There is also uncertainty around how a future government might impact on existing capital allocations and match funding opportunities. The Council needs to be re-shaped and modernised and to do this, needs to adopt an invest to save principle for capital investment whereby projects will be considered for capital

funding based upon submitted business cases with the initial capital repaid from savings made. To this end plans will be brought forward over the next 18 months as the national picture and economy becomes clear.

- 4.7. To further address the potential shortfall in capital receipts, it is recommended to transfer the previously negotiated capital receipt from the re-gearing of the City centre commercial leases, £4.4 million, into the capital receipts fund. This money was previously invested to produce a revenue income, and the impact of this proposal has been addressed in the revenue budget.
- 4.8. The Capital programme cannot be considered in isolation from the revenue budget. The current programme has to be partly funded by borrowings. The current projections assume Supported Borrowing standing at £52.8, with Unsupported Borrowing of £33.1m. The Council has to be aware that with current long term borrowing interest rates around 4.5%, each £1m of borrowing impacts the revenue budget with an annual cost of approx £85k. For financial year 2010/11 we are aiming to minimise borrowing costs by using short-term borrowing and/or cashflow and reserves. However, investment for future years will require long term borrowing.
- 4.9. The current capital programme figures do not include the allocation for Building Schools for the Future (BSF) of an estimated £80m. At this stage the Department for Communities and Local Government (DCLG) has approved the Council's entry into the BSF programme and the Council are awaiting a 'remit' meeting imminently. When the Council is awarded its final funding allocation, which is likely to be a mixture of revenue PFI credits and capital grant, BSF will be incorporated in the Council's capital programme.
- 4.10. The Council completed the transfer of its housing stock to Plymouth Community Homes (PCH) in November 2009. This will enable over £162m in government support to be drawn down to improve the stock in the public sector to the decency standard and redevelopment of North Prospect. This is a significant sum that does not feature directly in the Council's capital programme but should nevertheless not be forgotten. The Council remains responsible for ensuring PCH deliver on the transfer promises. This is far in excess of the amounts the Council could have supported directly through its capital programme.
- 4.11. The Citybus receipt of £19.6m is, at this stage, not included in the financing for any of the capital programme and is being invested in line with our Treasury Management Strategy. Its potential use will be considered in the future in line with the need to invest in strategic priorities and 'invest to save' business cases.
- 4.12. The capital programme needs to retain some flexibility to incorporate any priority "invest to save" business cases and emergency items not known at this stage, for example, health and safety issues.
- 4.13. Further options for capital funding may arise through the VAT shelter monies from the transfer of housing stock though this is subject to further negotiations with DCLG.

5. Value for Money & Efficiencies

- 5.1. The Council does have a good track record in delivering efficiency savings, achieving total savings of £19.786m against a target set under Spending Review 2004 (SR04) of £16.358m.
- 5.2. The Government has set an ambitious Value for Money (VFM) programme under Comprehensive Spending Review (CSR) 07 with a requirement that local authorities achieve cashable efficiency savings of 4% per annum. To meet this target, Plymouth will need to find efficiencies totalling £24.5m cumulative by the end of 2010/11, of which £7.3m had been identified as at October 2009.
- 5.3. The importance of VFM to the Council is reflected in the corporate improvement priority, (CIP) 14 – Providing Better Value for Money.
- 5.4. The Council is committed to undertaking an annual benchmarking review of all services looking at performance and budgets using the Audit Commission analysis and Government Revenue Estimate (RA) Return form.
- 5.5. Departments are set VFM targets and develop budget delivery plans taking into consideration high cost and/or low performing services as determined through benchmarking. For example, the planning service successfully achieved a VFM target of £750k in 2009/10 whilst retaining and improving service quality.
- 5.6. Many of the Departmental budget delivery plans, as detailed in Appendix C, will generate the efficiencies that are required to achieve our cumulative target. Each department will adopt a VFM/Efficiency plan which will be supported by staff from the corporate centre and form part of regular bi-monthly performance and finance reporting, to maintain or improve performance.

6. Departmental prioritisation and spending plans

- 6.1. The Council has a strategic approach to allocating its limited revenue and capital resources across departments based on clear prioritisation and a need to deliver tangible improvements against the Corporate Improvement Priorities.
- 6.2. Within this corporate framework, each department continues to focus on improving front line service delivery and drive efficiencies whilst tackling challenges and funding pressures through additional service demand. This section summarises the strategic direction that each department is adopting and plans that it will put in place to deliver improved services within the available budget.
- 6.3. Appendix C details the key delivery plans that the Council is adopting through the 2010/11 budget setting process. Progress against these plans will be incorporated within regular bi-monthly performance and budget reporting, and robustly supported by the centre of the organisation..

6.4 Children's Services

6.4.1 Context

- 6.4.1.1 The department remained largely unchanged following the Council's Management restructure. The main areas covered by this department are support to schools, childrens social care, learner and family support and lifelong learning. The department continues to focus on integrating services within the council and the wider context of the Children's Trust to address the key requirements of the Every Child Matters agenda. We do this through locality working, prioritising early intervention and preventative measures to avoid risk of escalation into specialist provision. The Integrated Disability Service (IDS) remains a high government profile/priority. Throughout the service increasing numbers of children with complex needs not only have direct cost implications but have an impact on other budgets e.g. transport and statementing. There are a number of areas where statutory work is required e.g. timescales for statementing, admissions and school meals. Narrowing the gap in educational and health inequalities remains a key priority and achievement in the city remains too low.
- 6.4.1.2 The Children and Young People's department is heavily reliant on targeted income through a variety of grant sources to help to deliver the challenging agenda. In this period of financial uncertainty it must be recognised that there are many areas where the responsibility to deliver will continue e.g. National Strategies to raise educational attainment, even if the funding source diminishes/ceases.
- 6.4.1.3 There are a number of issues in social care including social work capacity challenges arising from the Laming recommendations in respect of statutory case loads, workforce development and the requirement for an effective Care First system. The Southwark judgement has placed a new responsibility on the council to provide additional services for 16/17 year olds until the age of 25.
- 6.4.1.4 The delivery of Building Schools for the Future investment which is part of CIP 9 is an opportunity that will realise substantial benefits to the city. However the complex legal and procurement processes combined with the wide stakeholder involvement and long term risk makes the investment delivery resource heavy.

6.4.2 Progress on Corporate Improvement Priorities

- **CIP 7: Keeping Children Safe**
We have delivered significant improvements in this area and a number of high profile incidents, inspection findings and serious case reviews have maintained the focus in this area. Early intervention support and progress with the CAF (Common Assessment Framework) to minimise the number of children being placed on the child protection register continues.
- **CIP 8: Improving skills and educational attainment**
Attainment in the past year has risen at Key Stages 1, 3 & 4 however Key Stage 2 remains an area where further improvement is required. The latest performance tables show the city making good progress across all Key Stages in narrowing the gap between achievements in different parts of the City.
- **CIP 9: Developing High Quality places to learn in**

Despite the difficult and uncertain economic climate, significant progress against CIP 9 has been made. The Council has opened a number of new schools in the past 12 months and contracts are in place for this to continue into 2012. In 2009 the Council received approval to further BSF investment that will secure a new tranche of investment to continue the current pace of delivery

6.4.3 Changes in resource allocation (revenue & capital)

6.4.3.1 The Council and Schools Forum have identified resources that equate to approximately £1.5m in 2010-11 for the delivery of BSF. This has been achieved through a combination of revenue set aside from 2009-10, additional investment through Council reprioritisation and internal resources. All capital resources necessary for the delivery of CIP 9 in 2010-11 are identified and allocated in the capital programme.

6.4.3.2 Additional service demand and progress against CIP's will be achieved through service realignment in line with national policy and our own Council priorities. We are working, together with our Children's Trust partners, to provide front line service delivery, particularly targeted services on a locality lead professional basis.

6.4.3.3 We have added an additional £1m of revenue funding into Children's Social Care in 2010/11 to help address known budget pressures. It is too early to quantify the longer term costs of the Southwark judgement therefore the adequacy of the additional resources will be assessed during the year through budget monitoring. The increased number of Independent sector placements has required additional resources together with the cost of delivering the care matters agenda.

6.4.3.4 Almost half of the council's five year capital programme, (£120.1m), relates to investment in Children's services. Further significant investment through BSF will deliver real benefits to learning and community assets.

6.4.4 Budget Delivery Plans – what will the department do differently

6.4.4.1 A number of actions will be required to deliver within the target budget set. These include:

- Review of administration
- Charge appropriate areas to grant sources eg Dedicated Schools Grant, Performance Reward Grant and Early Years Grant
- Cease concessionary fares for Post 16 students (remove the discretionary support)
- Review family support and family information services to remove duplication and increase efficiencies
- The BSF budget is being scrutinised to ensure that delivery of BSF is achieved in the most efficient manner
- No inflation allocated in social care where linked with Fostering network rates
- Reduction in Connexions contract negotiated through efficiencies in Careers South West

- Reducing wrap around packages for permanency placements
- Utilise staff in high performing areas to develop locality working

6.5 Community Services

6.5.1 Context

- 6.5.1.1 The Department, which is responsible for the delivery of a large number of 'front-line' services, was established as part of the corporate restructure of the Council from 1 April 2009. The department covers five areas: **Adult Social Care, Safer Communities, Environmental Services, Culture, Leisure & Sport and Service, Strategy and Regulation.**
- 6.5.1.2 The adult social care service will be focusing on maintaining the service performance improvement it achieved in 2009/2010, and continuing to find opportunities to modernise the services it delivers where ever possible this will be done jointly with health colleagues. The other key focus for the service is to continue to help people to live independently and to increase the number of residents who have a personal budget.
- 6.5.1.3 The most significant current and future budget pressure facing the department is in adult social care. The increases in demographic growth, the growing numbers of older people with dementia, more complex care packages, and the requirement to help more adults to live independently in their own homes, have added to the pressures faced by the department. An improvement in the performance of this service to 'performing well' has lead to pressure on the budget because more people have been supported to live at home or received a personal budget to purchase their own care. The service is responsible for implementing 'Putting People First' and the cost of implementing this through personalisation is not yet well defined. Financial pressures on the Primary Care Trust around continuing health care spend presents the Local Authority with the risk of the potential transfer of some of these costs. Spend to meet more complex needs of people with a Learning Disability is also an area of increased financial pressure. Adult Social Care is also faced with ensuring the Care First system is effective.
- 6.5.1.4 Culture, Leisure and Sport have a significant part to play to enhance the vibrancy of the city and the quality of life for people, living, working or visiting Plymouth. The most significant project in this area is the delivery of the Life Centre and Leisure Related Projects Programme. This is a significant capital and revenue project and will help to improve the inadequate leisure facilities in the city and contribute to raising the levels of participation in sport, and narrowing the gap in health inequalities.
- 6.5.1.5 The World Cup Host City Bid for 2018 will provide another important focus for work in this area over the next year as the city works with the other host cities to help England win the bid to run the 2018 World Cup. We will be looking to minimise the cost of our contribution to this by using existing resources in a targeted way, and working closely with all our partners.

- 6.5.1.6 Within Environmental services the key challenges are to reduce waste sent to landfill and increase recycling. The cost of waste disposal per tonne is going up annually and is influenced by landfill tax escalation and Landfill Allowance Trading Scheme (LATS) penalties.
- 6.5.1.7 As the city grows there are added pressures put on this front line service, and these will need to be managed within existing resources.
- 6.5.1.8 Key pressures within Safer Communities include some potential reduction in external funding streams to support community safety work. Alongside increasing pressures due to the economic climate including greater demand for financial advice services and increased risk of crime and social tensions.
- 6.5.1.9 Growth ambitions will see significant increase in diversity of population placing greater demands on accessibility and equality in service provision and on the need for good community cohesion within existing resources.

6.5.2 Progress on Corporate Improvement Priorities

6.5.2.1 The department is responsible for four CIPs as follows:

- **CIP3– Helping people to live independently**

Key successes were to increase the number of people receiving a personal budget to 200 and be assessed as ‘performing well’ in the annual performance assessment. Our key challenge is to maintain this performance and achieve better value for money as we modernise the service and find opportunities to integrate with health.

- **CIP 4 – Reducing inequalities between communities**

This year successes included providing advice work in response to the recession which helped people get over £6m in previously unclaimed benefits and tax credit. Our key challenge is to identify how we will contribute to the health inequalities issues across the city, and implement the locally working model across the city.

- **CIP 6 – Providing more and better culture/leisure activities**

Our key successes have been to secure planning permission and award the construction contract to build the Life Centre, and to be included as one of the host cities in Englands bid to host the World Cup in 2018. Our key challenge will be to work towards the award of the leisure services operator contract.

- **CIP 10- Disposing of waste and increasing recycling**

Our key success has been to implement the rezoning of the waste collection service across the city and reduce the number of missed bin collections and complaints. Also to open the new improved Civic Amenity Site at Chelson Meadow. Our key challenges are to increase the recycling

rate across the city and continue the procurement of a long term waste treatment facility.

6.5.3 Changes in resource allocation (revenue & capital)

6.5.3.1 The department's revenue budget is increasing overall and this will be targeted on adult social care and within culture, leisure and sport. We will have to ensure that the demands from adult social care services are carefully monitored and kept under control.

6.5.3.2 The main capital investment that will deliver significant progress against a number of corporate improvement priorities is the building of the Life Centre. Changes in funding grants and capital receipts have been kept under constant review and the overall capital programme has been prioritised and revised to ensure that all funding streams are realistic and achievable.

6.6.4 Budget Delivery Plans – what will the department do differently

6.6.4.1 As outlined in detail in our delivery plan our key actions will mainly focus on changing the way adult social care is delivered. It will be driving through change in service delivery through personalisation, integration with health and modernising services.

6.6.4.2 The focus in Culture, Leisure & Sport will be on the main project of the Life Centre and the procurement of the leisure services operator.

6.6.4.3 In particular there will be a focus on achieving savings from business support, administration and procurement to ensure the focus of the department remains on delivering front line services. There will be a focus on maintaining and improving other front line services within existing budgets.

6.7 **Development & Regeneration**

6.7.1 Context

6.7.1.1 The development and regeneration department was established in its current form as part of the councils management restructure. The department remains responsible for planning services, strategic housing, transport and property and economic development. The City Council has set out a strong growth agenda for Plymouth over the next 20 years, that will involve growing the City's population by 50,000, creating 40,000 new jobs and building 30,000 new homes. The Department provides strategic leadership on place making and the population, housing and economic growth in Plymouth, and must secure inward investment, if we are to become one of Europe's finest, most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone.

6.7.1.2 The biggest challenge for the department is how we can continue to deliver quality front line services as well as fund the planning and delivery for the growth of the City. The department was recently reshaped to include our newly formed retained Strategic Housing service following stock transfer, and to recognise the need to create a greater resourced Economic Development Service.

6.7.1.3 The recession is having a considerable impact on the levels of departmental income, for example, reductions in commercial rents, reduced car parking income and reduced numbers of planning applications. For service areas such as planning, we have downsized our activities accordingly, but for commercial income, reductions are largely outside of our control.

6.7.1.4 The recessionary pressures have also impact on increased demand for housing advice and Homelessness services, and access to good quality private and affordable housing, together with increasing demands for adapted homes for those with disabilities and the elderly.

6.7.1.5 The higher than expected up take of concessionary bus fares means that our funding allocation from Central Government for this initiative has added additional pressure to the department's budget.

6.7..2 Progress on Corporate Improvement Priorities

- **CIP 5 Providing better and more affordable housing**

We have exceeded our 09/10 LAA target of affordable housing, and in finalising stock transfer we have secured funding to invest in improving the quality of 15,000 homes now transferred to Plymouth Community Homes. This is a major step towards achieving CIP 5.

We still intend to develop a Local Housing Company, and this will form the key project for a renewed CIP 5, together with our need to tackle Private Sector Housing quality and maintaining delivery of new affordable homes.

- **CIP11 Improving access across the City**

Progress continues to be made in meeting the respective milestones on accessibility. The revised Derriford Hospital Accessibility Action Plan is ready for LSP adoption. The Public Transport Delivery Plan and Sustainable Schools Transport Strategy are completed in draft format. The Real Time Passenger Information has been successfully extended with 22 new sites along the Northern Corridor. The majority of Northern Corridor schemes are currently under way The draft interim Network Management Plan is also due for completion, which will help inform the emerging local transport plan (LTP3).

- **CIP12 Delivering sustainable growth**

The City has excellent strategic documents setting out the framework for growth. Work is ongoing to design new structural and governance arrangements to better prioritise growth and regeneration initiatives and streamline the large number of often duplicating partnerships and groups.

Delivery of the City's growth agenda is still broadly on track despite the impact of the recession, through support for the Urban Enterprise Programme and our support for the continuing implementation of both the Recession Action Plan and the Market Recovery Action Plan.

Job creation and housing delivery initiatives are all on schedule. Delivery of strategic infrastructure is on track with planning permission granted for the Eastern Corridor Community Infrastructure Scheme. Funding has been secured for the East End Community Infrastructure Fund Scheme with initial pre-works undertaken.

Master planning for Central Park has had to be re-programmed following clarification of funding and the need for further detailed design work. Delivery of growth programmes has been affected by the Government's decision to remove £2.4 Million of previously approved New Growth Points funding which has resulted in the re-phasing of several infrastructure projects.

6.7.3 Changes in resource allocation (revenue & capital)

6.7.3.1 Additional revenue resources allocated to the Development & Regeneration Department will in part off-set reductions in income due to recessionary pressures, support the development of an enhanced economic development service and add focus and attention to project delivery.

6.7.3.2 An additional £150,000 has been allocated to Economic Development Service from within the department's resources to fund additional capacity, supporting initiatives to drive our economic performance in high priority sectors and enhance job creation in higher value, higher skilled jobs. This will be through the development of the Economy and Enterprise Programme Board working in close co-operation with the Plymouth City Development Company and other key partners across the City.

6.7.3.3 We have secured up to £20m for affordable housing this year, which will deliver new homes over the next 12 months and more. As part of the single conversation we have a commitment from the HCA to invest in a major regeneration project in North Prospect to £44m over 10 years.

6.7.4 Budget Delivery Plans – what will the department do differently

6.7.4.1 The department will be addressing a package of measures that combine income maximisation with further general efficiencies. Both the Planning Services and Transport Policy and Strategy have been subject to value for money reductions in previous years so there is generally little manoeuvrability, but by changing the shape of the department, we expect to achieve economies of scale by amalgamating resources across all service areas.

6.7.4.2 Parking Services have seen a 10% reduction in income nationally. The parking income has historically had limited investment capacity and a funding gap in the trading account. There will be action taken to rationalise both the existing on and off street car parking charging regime, and with the combination of ongoing improvements to parking provision, increase charges in target areas.

6.7.4.3 We will be implementing an improved Planning Application Service by introducing a Development Enquiry Service whereby pre application advice will be charged for depending on the scale of the application. We will also

streamline the Local Development framework through the merging the remaining Area Action Plans and Development Plan Documents, and reprogramming the Core Strategy review.

6.7.4.4 Following Stock Transfer further clarity on the retained housing service via an initial review has realised some efficiencies. We are re-focussing neighbourhood management and have also initiated a peer challenge of our Private Sector Housing Service. We will undertake a strategic review of Homelessness and Housing Options later in the year. These could potentially release efficiencies, and we also aim to maximise income and external grant funding to meet some of the gaps in the service.

6.8 Corporate Support & Chief Executives

6.8.1 Context

6.8.1.1 The Corporate Support Department was established as part of the corporate restructure of the Council from 1 April 2009. The department covers five areas: **Customer Services and Business Transformation, Democracy and Governance, Finance, Assets and Efficiencies, Human Resources and Organisational Development** and **ICT**. The department is a mixture of 'front-line' services and the majority of 'back-office' functions for the Council.

6.8.1.2 The two key pressures from external customers are the increasing applications for benefits in the current economic climate and the increasing number of looked after children leading to increased pressure on Legal Services taking cases through the courts. A key internal pressure is supporting the Council's ambitious programme for the City and itself. By its nature Corporate Support has an input into everything the Council does in some way.

6.8.1.3 The department is looking to manage the above and improve its services to all its customers whilst operating with a reduced budget for 2010/11 and beyond. We are progressively restructuring the department to ensure we have the right focus for the future.

6.8.2 Progress on Corporate Improvement Priorities

6.8.2.1 The department is responsible directly for three CIPs as follows:

- **CIP1 – improving customer service**
Our key success was achieving Customer Service Accreditation. Our key challenge is to ensure a consistent high quality service to all our customers from across the Council.
- **CIP 13 – Supporting Council Staff to perform better**
Our key success was the completion of the JE process and appeals. Our key challenge is to really embed a robust competency framework
- **CIP 14 – Providing better Value for Money**
Our key success has been the progressive roll out of the Council's Accommodation Strategy, improving our use of our Accommodation. We are also achieving national recognition for our commitment and progress

with partners on reducing the City's Carbon footprint. Our key challenge is to achieve the very challenging targets set by National Government for Value for money as an organisation.

6.8.2.2 The department also significantly supports the remaining eleven CIPs.

6.8.3 Changes in resource allocation (revenue & capital)

6.8.3.1 The department's revenue budget is reducing overall but we have ensured that the reduction will not impact on our external customers. In terms of accessing additional resources the focus for the department will be on submitting 'invest to save' business cases to access capital funds if and only if revenue costs are reduced in the future and the project helps to improve services. The focus of these business cases in the first instance will be around investment in IT and investment in our estate to reduce the number of buildings we use linked to our Accommodation strategy.

6.8.3.2 The department will need to carefully prioritise its scarce resources to ensure it can support all the Council's Corporate Improvement Priorities and the achievement of the delivery plans outlined in this document. The department will continue to work closely with the restructured Chief Executive's department as the corporate centre of the organisation.

6.8.4 Budget Delivery Plans – what will the department do differently

6.8.4.1 As outlined in detail in our delivery plan our key actions will reduce the number of posts in the department by at least 20 FTE's. This is continuing a trend in recent years of reducing posts across the Corporate Centre. The significant reduction in 2009/10 was a combination of planned post reductions and TUPE transfer associated with stock transfer. It is highly likely that the structure for the department will reduce still further in future years. We will need to consider carefully opportunities for partnership working with either the public or private sector to maximise economies of scale and performance in the future.

6.8.4.2 The Chief Executives Unit has also been substantially restructured with many services areas now within Corporate Support or Community Services. The service areas now include corporate policy and performance management, partnership support (Local Strategic Partnership) and communications. The main priorities for this service are to ensure effective performance monitoring and performance management across the Council and supporting, driving and coordinating the significant transformation agenda within the Local Strategic Partnership and the Council that will be required over the next few years.

6.8.5 Progress on Corporate Improvement Priorities

6.8.5.1 The department is responsible directly for the following CIP:

- **CIP2- Customer Engagement**

The "You Said, We Did" pilot campaign was carried out in September with similar messages used to promote corporate priority setting in November at events in Drake Circus and through Area Committees. We have compiled and published the Place Survey 2008 with results fed into review

of priorities. Publication of "How we consult with you", Plymouth's statement of Community Involvement and Compact Code of Practice, which sets standards for consultation with residents for the Council and our partners has been completed and engagement and consultation values have been built into corporate competency framework ensuring that all staff become aware of good practice in terms of gathering feedback from the public and using it to develop services.

6.8.6 Changes in resource allocation

The budget across Chief Executives is reducing. The focus for the team is to drive change across the Council and partnerships, the budget delivery plans for Chief Executives includes a restructuring across policy and partnership support both within Chief Executives the Council and across a range of partnerships which the Council is engaged in. Improving coordination of communication, performance management and partnership management while reducing the cost of supporting partnership arrangements.

7. Budget Consultation

- 7.1 The Council has continued to improve how it communicates with partners and the public in relation to its budget setting and spending plans. Throughout 2009/10 summary accounts have been made available within locations such as local libraries and Schools, articles published in the local newspaper and budget details issued in Plymouth People (the Council's newsletter) which is delivered to every household within the City.
- 7.2 Specific consultation events have also been held in the community to raise awareness of the Council's improvement priorities and spending plans. For example, members of the Council's Senior Management have hosted interactive engagement at Drakes Circus in October / November 2009.
- 7.3 We continued to build on promoting awareness and engagement with the eight Area Committees, explaining improvement priorities and conducting electronic voting at each committee to determine which priorities are more, or less, important to the specific area.
- 7.4 The Council continues to keep its partners fully informed of its corporate priorities and financial position through comprehensive bi-monthly performance and finance reports. As per previous years, presentations and discussions will be held with all key stakeholders such as political groups, Chamber of Commerce, local MPs, Unions and the LSP in early February 2010.
- 7.5 There will also be a thorough two day scrutiny of the corporate planning and budget documents on 15 and 17 February 2010. To continue to enhance this scrutiny process we will be using accredited Improvement and Development Agency (IDeA) peer officers and members to provide added, independent challenge to the process.
- 7.6 The recommended budget presented within this report is draft and subject to any necessary changes and amendments made through the consultation and scrutiny process (if approved through Cabinet and Full Council).

8. Risks associated with the budget. Reserves & Provisions

The risks associated with the budget are detailed in Appendix A. This Appendix also includes details on the Council's current and projected reserves.

9. The Medium Term Financial Outlook

9.1 The Council is facing a series of very challenging issues into the medium term. The combination of the current national economic situation, a new three year funding settlement for 2011/12 to 2013/14 and a new national government with a new set of priorities will require the Council to have robust plans if it is to continue to improve. In addition the Council is facing the next three year valuation of its pension fund deficit with new employer contributions due to start from 1 April 2011. The Revenue impact of Stock Transfer has been managed within the proposed 2010/11 budget but starts to increase significantly from 2011/12. The capital programme will require robust management to ensure the outputs are achieved and the impact on the Council's revenue budget is kept to a minimum. The impact of waste disposal on the Council's costs will grow significantly in the coming years even with the successful delivery of the waste PFI scheme.

9.2 The Council is not unusual in facing these issues and is prepared for the challenge. The above clearly means that the Council will need to take some difficult decisions in the future about what services it does and what services it doesn't provide. The Council will need to continue to radically change shape over the coming years if it is to continue to improve the City and the Council itself. The stock transfer process is a good example of what the Council needs to do more of – working closely with other partners in the public and private sector to provide the best solution for the Council tenants and, in this example, hand services over to another organisation with the resources to dramatically improve the service. The Council will use 2010/11 to prepare for the significant challenges ahead.

10. Summary and Recommendations

10.1 In summary for the 2010/11 budget, the Council has continued to allocate resources to deliver improved front line services and make tangible progress against corporate improvement priorities whilst reducing spend on back office support functions. In future years the Council will face significant pressures due to tight public expenditure constraints.

10.2 It is recommended that :

- (i) To recommend the proposed target budget requirement for 2010/11 to Council, subject to the consultation and scrutiny process;
- (ii) To request Officers to identify further savings in advance of the 1 March 2010 Council meeting to arrive at the required budget requirement;
- (iii) It is recommended to approve that the previously ring-fenced capital receipt of £4.4 million be transferred to general capital receipt fund.
- (iv) It is recommended that officers continue to develop delivery plans to address the funding pressures faced for 2011/12 and beyond.

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		

SECTION I - DELIVERY OF BUDGET		
<p><u>1. Delivery of a Balanced Revenue Budget</u></p> <p>Risk of non-delivery of budget plans</p> <p>(a) Directors have identified a number of pressures within their budgets for 2010/11 and future years.</p> <p>(b) Local Government funding from 2011/12 onwards will reduce which will cause further budget pressures.</p> <p>(c) Directors have produced and signed up to high level plans to deliver a balanced budget. Detailed project plans are being developed to support the high level plans.</p> <p>(d) Future year budget plans need further work as Medium Term Financial Forecast still showing shortfall in resources.</p> <p>(e) Current spending plans exceed resources available. Further work will need to be undertaken during the next few weeks to identify options to bring budgets back in line with resources.</p> <p>(f) 2009/10 forecasted revenue budget overspend will add pressure if CMT are not able to return a balanced situation by year end.</p>	<p>Additional revenue resources have been prioritised and allocated to front facing services in 2010/11 to contribute towards known budget pressures.</p> <p>Financial Management procedures are in place regarding carry forwards. Targets are set (1% overspend and 2% under spend).</p> <p>Each Director has provided a Delivery Plan on how the Departmental budget will be delivered.</p> <p>Delivery Plans have been subject to a robust challenge at CMT and DMTs. There has been Portfolio challenge of the delivery plans prior to the final budget proposals.</p> <p>Progress reports against Delivery Plans will be incorporated into bi-monthly finance and performance reporting which will continue to be presented and challenged by Cabinet and Scrutiny.</p> <p>Annual contingency of £0.500m allowed for within revenue budget.</p> <p>Proposal to set up invest to save budget in capital to enable pump prime investment to generate revenue savings in future years.</p> <p>The Bellwin Scheme is available for emergency expenditure – this provides 85% funding of costs that exceed the Council's threshold of approximately £0.700m.</p>	RED

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		
	<p>All departments are seeking to minimise the overspend in 2009/10.</p> <p>The Council will also consider the most appropriate use of the Fleming VAT reimbursement once the final position for the year is known.</p>	
2. <u>Service Specific Issues</u>		
<p>(a) Children and Young People The number of Children in the care of the local authority has increased mainly due to the high profile national and local media cases which has been reflected in the budget (budgeted at current levels). The cost of caring for an individual child varies depending on their particular needs</p> <p>There are potential capacity issues within the social work area due to the requirement to implement the Laming recommendations on case loads. Recommended 15 – 20 but in Plymouth currently range from 20-31.</p> <p>There has been a significant increase (up to 90%) in the number of children subject to protection plans where the risk has been managed within the community rather than being taken into the care system. Such a high increase will be extremely challenging to sustain.</p> <p>The High Court Ruling ‘the Southwark judgement’ introduces new responsibilities for local authorities in respect of 16/17 year olds as it is now a requirement to consider taking them into the care system and to provide additional services until the age of 25. A sum of £250k has been included in the budget but there is a risk that this sum will be insufficient.</p>	<p>Continued rigour with the decision making process of the placement review panel.</p> <p>The successful implementation of the ‘Payment for skills’ foster care payment scheme will enable more placements to be made appropriately within Plymouth by increasing the number of carers into the profession and through the higher quality factors increase the councils capacity to care for children with more complex needs.</p> <p>Continued investment in workforce development, particularly with newly qualified social workers. Successful implementation of a fully functioning Care First system will help to mitigate the requirement for additional social workers.</p> <p>The transfer of some children in need cases to other agencies through the Common Assessment Framework will ensure that the needs of the children are met by the body best placed to support them and help to contain the pressure on the council.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		
	<p>There is a robust process for considering the additional services allocated (if any) for each potential case.</p> <p>Before the ruling, some support for this client group was given by housing from the homelessness budget and a reallocation of this budget will need to be considered.</p>	
<p>(b) Adult Social Care</p> <p>Within Adult Social Care there are nationally recognised demographic changes which impact the budget, due to both an ageing population and increased complex needs.</p> <p>The services are volatile and small changes in client numbers of those with high care needs can impact on the budget.</p> <p>The government's personalisation and modernisation agenda will present challenges to the transformation of the service.</p> <p>The financial and operational impact of the Government proposed 'free personal health care' (to help people live at home) is still subject to consultation and there are no estimates in the budget assumptions.</p> <p>Service and funding decisions made by NHS Plymouth (previously known as Plymouth Primary Care Trust) can impact on the costs incurred by the Council .</p>	<p>Accurate and timely monitoring information provided to lead officer for Adult Social Care.</p> <p>Review of data quality, linked to Carefirst project and other systems.</p> <p>The Director of Community Services will establish a Programme Board to manage the delivery of action plans and the transformation of adult social care services.</p> <p>Determine the impact as soon as the government proposals become clearer (work is already underway).</p> <p>A Health and Social Care Integration Board is in place to improve our partnership arrangements. The Director of Community Services and the Chief Executive of NHS Plymouth meet regularly to discuss high risk issues.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		
<p>(c) BSF</p> <p>Additional budget resources have been allocated to fund the anticipated BSF project implementation costs; however final costs will only become more certain as the project moves towards outline business case acceptance.</p>	<p>The BSF Committee and Executive group will be responsible for maintaining workforce investment and other resources to ensure timely delivery of all project stages.</p> <p>Initial costs have been allowed for in the 2010/11 budget.</p>	AMBER
<p>(d) Stock Transfer</p> <p>The Council Stock Transfer has resulted in a residual financial cost to the General Fund. This cost has been estimated and allowed for within the budget plans for 2010/11. In future years the costs are forecast to increase substantially. Action needs to be commenced in 2010/11 in order to reduce the impact of these costs over the next 5 years.</p> <p>Residual pension's deficit remains with the Council. Forecast increase in annual contributions of approximately £1.3m from 2011/12.</p> <p>As part of the transfer the Council has been required to provide a number of warranties. There may yet be residual costs and claims that will fall to the Council, eg public liability claims.</p>	<p>The residual cost has been allowed for in budgets for 2010/11.</p> <p>Negotiated monies, as part of stock transfer, via VAT shelter and Right to Buy receipts but this is capital resource.</p> <p>Application for Capitalisation Direction to help better manage resources between revenue and capital.</p> <p>Quarterly joint liaison meetings have been arranged.</p> <p>Insurance provision £0.250m has remained with Council.</p> <p>Assumed working balance on HRA of at least £2m which can be used to offset increased costs in 2010/11.</p>	RED

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
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3. Corporate Issues		
<p>(a) Maintenance Liabilities</p> <p>Inadequate budget provision to meet maintenance liabilities</p> <p>Provision has been made in the revenue budget to meet the costs of the routine maintenance of the Council's operational buildings. Improvement works are charged to the capital budget.</p> <p>The asset management strategy identifies that there is a significant backlog in maintenance obligations.</p> <p>Risks include health and safety issues that may arise during the year and the uncertainties over the future of the Civic Centre.</p>	<p>Asset management keep under review all the Council's assets including identifying and considering assets for disposal.</p> <p>A further increase in the revenue budget of £0.350m has been allocated in 2010/11 towards preventative maintenance.</p> <p>Insurance reserve set up which could be used to meet the costs of health and safety repairs.</p> <p>Accommodation reserve set up to meet one off repairs to Civic Centre (and other Council Offices) pending outcome of negotiations on the future of Civic Centre.</p>	AMBER
<p>(b) Redundancies</p> <p>Impact of redundancies on revenue budget</p> <p>As part of the budget delivery plans, the council will delete a number of posts in 2010/11 in order to achieve a balanced budget.</p> <p>Redundancies result in one-off costs, including a contribution to the pension fund. These costs have not been specifically allowed for in the budget.</p>	<p>A contribution of £0.552m has been transferred to a redundancy reserve as part of the 2010/11 budget.</p> <p>We will minimise the number of redundancies through vacancy management, effective redeployment practices and close working with the unions.</p> <p>Capitalisation Direction applied for in 2009/10. There may be an opportunity to apply for further Capitalisation Direction in 2010/11 if redundancy costs exceed thresholds. However this will impact on Capital Programme.</p> <p>Consider spreading pension fund top-up over three years.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		
<p>(c) Equal Pay</p> <p>The Council has received a number of equal pay claims and grievances. These are being dealt with by way of grievance hearings and through the Employment Tribunal system. Tribunal claims are likely to be delayed until 2010/11.</p> <p>Capitalisation Direction request was refused 2009/10.</p>	<p>The Council secured a Capitalisation Direction to cover equal pay claims in 2007/08. This can be used for any claims submitted prior to 31 March 2008.</p> <p>Equal pay reserve set up 31 March 2009 for claims submitted after March 2008. (£350k).</p> <p>Regulations allow impact of equal pay claims to be deferred until actual payment.</p> <p>The Council can apply for a capitalisation direction in 10/11 if cost exceed threshold.</p>	AMBER
<p>(d) Accommodation</p> <p>The Council's existing Civic Centre is not 'fit for purpose'. It is expensive to maintain and, in the medium term, will require significant investment.</p> <p>The building being listed in 2007 has meant that the Council has had to review its original plans.</p>	<p>Accommodation Strategy forms part of the Council's Strategic Asset Management plan. Potential to explore invest to save opportunity.</p> <p>Work ongoing with English Heritage to scope and detail repairs and alterations required to enable the building to have a potentially sustainable future.</p>	AMBER
SECTION II – IMPACT OF MAJOR PROJECTS / CORPORATE ITEMS		
<p>4. <u>Major Projects</u></p> <p>Delivery of Major Projects- timing and resources</p> <p>The Council currently has a number of cross cutting major projects either in progress or planned for the medium term. The key risk is delivering the projects on time and to budget.</p>	<p>Clear project plans in place for key areas.</p> <p>Revenue and Capital Funding allocated to Corporate priorities under budget process.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		
<p>The requirement to reduce staffing to balance budgets may impact on the ability to adequately resource projects.</p> <p>Many projects require services to be delivered in an innovative way. There may need to be a requirement for external advisors which puts pressure on budgets.</p> <p><u>The main projects are:</u></p>	<p>Capitalisation Direction submitted for 2009/10 – approval will enable resources to be set aside to support projects in future years.</p> <p>Proposal to set up “invest to save” budget within capital.</p> <p>Progress on Major Projects overseen by a Project Board with finance input.</p>	
<u>(a) Corporate</u>		
<p>(i) International Financial Reporting Standards (IFRS)</p> <p>Local Authorities are required to prepare statutory accounts in accordance with International Financial Reporting Standards (IFRS) from 2010/11.</p> <p>This is a major project that is currently being delivered by existing staff resources. The reduction in staffing in Corporate Support may result in conflicting priorities and the ability of staff to adequately support the project.</p> <p>Failure to deliver on time will reflect adversely in the annual Use of Resources and Comprehensive Area Assessments (CAA).</p>	<p>Governance structure in place and regular reporting to Audit Committee.</p> <p>Project manager in post and high level project plan produced.</p> <p>Standards being reviewed by a number of project work streams. Detailed impact assessments being completed.</p> <p>Early discussions with External Auditor. External support secured to support the PFI work stream.</p> <p>Additional budget allocated in 2010/11 for support to project.</p>	AMBER
<u>(b) Service Specific:</u>		
<p>(i) Care First</p> <p>The Council has begun a 3 year programme to harmonise the Children’s & Family and Adults Social Care Teams onto a single computer system. The costs of this project will span a number of years in which time costs can fluctuate.</p>	<p>A Care First Project Board has been set up, chaired by the Assistant Chief Executive.</p> <p>3 year Revenue budget allocation to the project starting in 2010/11.</p> <p>Stronger management of the relationship with the Software provider and improved contract management.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
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<p>(ii) Leisure Management</p> <p>The Council is undergoing a procurement exercise for the management of Leisure Services. The project risk register identifies a number of key risks, including completion of the process to co-ordinate with the completion of the Life Centre.</p>	<p>Budget provision allocated for the project.</p> <p>A Project Board monitors the progress of the procurement exercise as part of the Life Centre and leisure related projects.</p> <p>The programme is part of the regular member scrutiny process.</p>	AMBER
<p>(iii) Life Centre</p> <p>The construction of the Life Centre is a complex design and build project with a mixed funding stream including several grants with certain conditions.</p>	<p>Life Centre and Leisure Related Projects Programme Board in place. Board meets monthly to monitor progress.</p> <p>The construction is part of a robust contract which details construction milestones and financial milestones. The contract will be closely monitored by the Council's appointed project managers EC Harris.</p> <p>Costs and risks well understood and subject to robust scrutiny.</p>	AMBER
<p>(iv) Waste PFI</p> <p>The cost of disposing the City's waste is due to rise sharply over the coming years. Since closing the Council's landfill site, Chelson Meadow, we have entered into a contractual arrangement to dispose our waste in Cornwall for the immediate future.</p> <p>The council is currently developing a Energy to Waste PFI solution in partnership with Torbay and Devon County Councils. The capital and revenue costs of this project are significant and volatile to change.</p>	<p>A waste management reserve has been created with the balance of this reserve currently at £1.1m.</p> <p>The Council is entering into a Private Finance Initiative, (PFI), with Devon County and Torbay Councils to build a new 'waste into energy' plant.</p> <p>Revenue & capital costs are updated and communicated through robust governance arrangements.</p> <p>External finance advisors are assisting with financial modelling.</p>	RED

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
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<p>(v) BSF Council has been successfully secured a place on the Building Schools for the Future (BSF) programme.</p> <p>The final funding allocation will be dependent on a number of factors including estimated pupil numbers and will not be finalised until outline business case in the next twelve months.</p> <p>The Council will have to decide what mixture of new build / refurbishments it can afford to finance from the funding.</p>	<p>The Council have appointed external financial and technical advisors to ensure that the Council maximises its funding allocation and what it is able to provide within the funding envelope.</p> <p>There will be regular project meetings with the external advisors over the next six months to progress this aspect of the project.</p>	AMBER
SECTION III - IMPACT OF ECONOMY		
5. <u>Economic Impact on Income</u>		
<p>(a) Reduced income from fees and charges</p> <p>(i) Budget monitoring reports continue to identify areas experiencing a reduction in income due to the economic climate e.g. including car parks and commercial rents.</p> <p>(ii) Risk on Medium Term Financial Strategy of further economic downturn.</p>	<p>Departments have reviewed underlying income assumptions.</p> <p>Revenue allocation made in 2010/11 to part offset the loss of car park and commercial income.</p> <p>Key PIs in relation to collection rates reported/monitored in bi-monthly monitoring report.</p>	GREEN
<p>(b) Impact on income collection rates- eg Council tax, National Non Domestic Rates, Sundry Debt income</p> <p>Current monitoring reports identify collection rates generally at target for 2009/10 but continuing recession could adversely impact in future years.</p> <p>Commercial rent income continues to fall below target.</p>	<p>Income strategy approved.</p> <p>Risk based approach to debt collection.</p> <p>Instalments policy to be implemented. Actions to encourage greater direct debit take up.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
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	<p>Bad debt provision reviewed regularly to ensure it remains adequate to meet costs of any potential uncollectable debt.</p> <p>Recovery routes will be rationalised and shortened.</p>	
<p>6. <u>Treasury Management</u></p> <p>(i) Investment Returns Bank of England base rate remains low at 0.5% affecting the ability to achieve target investment returns.</p> <p>The budget projections for 2010/11 assume investment returns of 1%.</p>	<p>Treasury Management (TM) Board meets weekly to review investment and borrowing strategy enabling timely action in response to changing market conditions.</p> <p>Revised TM Strategy to Cabinet and for approval at Council provides more flexibility for investment opportunities.</p> <p>Level of investments reduced as to meet cash flow and repay debt</p> <p>Continue to maximise use of external Treasury Management advisors.</p>	AMBER
<p>(ii) Borrowing risk – portfolio imbalance PWLB/LOBO</p> <p>Repayment of £91m PWLB debt following stock transfer has resulted in a significantly high proportion of market loans (LOBO) compared to PWLB debt.</p> <p>Over longer term this reduces Council's ability to restructure debt portfolio.</p> <p>Average interest payable on loans exceeds rate of interest receivable on investments increasing pressure on budget.</p>	<p>New borrowing to be taken from PWLB.</p> <p>Seek to bring Devon Debt in house to enable greater flexibility over debt repayment.</p> <p>Make greater use of variable rate debt.</p> <p>Use balances and reserves to meet cash flow and borrowing requirements.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
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<p>(iii) Investment losses – Iceland Banks</p> <p>Recovery of monies in Iceland still subject to uncertainty:</p> <p>Regulations allowing Authorities to defer charging for losses only apply to 2009/10.</p>	<p>Plymouth City Council representation on the Local Authority Iceland Bank Steering Committee.</p> <p>Capitalisation Direction applied for in 2009/10. if approved will allow losses to be spread over 10-20 years.</p> <p>Continue to lobby Government for extension of regulations to defer impact of Losses.</p> <p>Reserve set up as part of closedown 2009/10.</p> <p>Dividend payments being received from Heritable £0.908m (of £3m) recovered to date.</p>	RED
<p>7. <u>Capital Programme</u></p> <p>Current housing market makes it difficult to generate sufficient capital receipts to fund capital programme at assumed level.</p> <p>Impact of Credit Crunch on Treasury Management with knock on effect on Capital Programme.</p> <p>Any shortfall may require additional temporary borrowing which will impact on revenue budget.</p> <p>There is uncertainty over central government grants in future years due to the pressure on public sector finances</p> <p>The impact of decisions made on programmes receiving grant or supported borrowing may have an impact on future allocations.</p>	<p>Constant review of capital receipts position and other financing options as part of monitoring.</p> <p>Review of capital programme to reduce dependency on capital receipts undertaken as part of budget setting.</p> <p>Capital Financing reserve set up – balance of £0.975m which can be used to fund temporary borrowing costs to plug timing differences in receipt of capital receipts.</p> <p>The level of grants will be constantly monitored, with projects being delivered over several years not being commenced until there is certainty over linked grant funding</p> <p>Continuing dialogue with the relevant Government departments</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
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SECTION IV – FURTHER BUDGET ASSUMPTIONS		
<p>8. <u>Inflation assumptions</u></p> <p>Difficult to identify impact of inflation / deflation as economic uncertainty continues.</p>		
<p>(i) Pay award</p> <p>Current budgets assume a 1% increase.</p>	<p>LGA have informed Unions that there will be a pay freeze in 2010/11. But this is open to negotiation.</p> <p>Any savings in departmental budgets as a result of a pay award freeze will be recouped and held corporately to meet future budget pressures.</p>	GREEN
<p>(ii) Energy costs</p> <p>Energy contract due for renewal in June 2010. Contract prices obtained will depend on the energy supply market at the relevant time.</p>	<p>All Departmental budgets have received an appropriate increase for utility budgets.</p> <p>PCC works in conjunction with Torbay Council, Devon County Council and the energy supplier to secure the best prices available within the current market.</p> <p>Current indications show the market cost is falling and will continue to do so over the next 4-6 weeks during the contract renewal negotiations.</p>	AMBER
<p>(iii) Other</p> <p>Inflationary increases have been contained for social care commissioning (private and independent sector), with exceptions relating to previously agreed medium term contracts. Irrespectively, these contracts will all need careful management to contain costs and drive service improvements.</p>	<p>This is consistent with guidance from commissioning colleagues.</p> <p>Contracts will need to be closely monitored.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
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SECTION V - OTHER		
<p>9. <u>Efficiency Savings</u></p> <p>(a) Failure to deliver on VFM Efficiency Target</p> <p>Efficiency target increased to 4% for 2010/11. Achievement of efficiencies monitored via national indicators performance return NI179.</p> <p>Council return showing falling significantly below target</p> <p>Details of efficiencies achieved to be included on Council Tax Bills and accompanying Council Tax leaflet. Failure to achieve the target will impact adversely on the Council's Use of Resources score and CAA assessment.</p>	<p>Profile of VFM raised across the Council - a corporate improvement priority - CIP 14.</p> <p>Directors set a VFM target as part of benchmarking exercise.</p> <p>Business plans to include details of how service will achieve VFM efficiency savings.</p> <p>Corporate VFM delivery programme plan to be produced once budget has been set and business plans completed. Programme co-ordinator appointed to raise the profile of VFM across council.</p> <p>Number of new projects will be put in place that will improve VFM e.g. Purchase2Pay.</p>	AMBER
<p>(b) Partners</p>		
<p>(i) New deal For Communities (NDC) Grant – Devonport Regeneration Community Partnership (DRCP)</p> <p>The NDC grant is now entering its final year.</p> <p>The risks to the Council increases as the funding stream comes to an end and include the costs of pensions and potential redundancy costs as well as residual costs should spend by the projects miss grant cut off dates.</p> <p>There is also an inherent risk to the Council of grant clawback should grant conditions not be met.</p>	<p>Council Officer attendance at the DRCP board meetings.</p> <p>Monthly meetings held between senior Council Officers, DRCP staff and GOSW.</p> <p>Monitoring of expenditure is reported alongside the Council's expenditure.</p> <p>The Council continues to hold £1.3 in reserve as a result of the agreed flexibility sought in 2007/08 to maximise grant spend. This reserve is earmarked against specific DRCP projects.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
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<p>Risk of not achieving required improvements and stretch targets set in the Local Area Agreement will result in a reduction in performance Reward Grant.</p>	<p>DRCP taking action to downsize staffing levels in advance of grant end. Succession plan produce and currently subject to CLG scrutiny.</p> <p>Financial due diligence being carried out by Council officers on succession plan proposals.</p> <p>Regular monitoring at LSP Executive and through Overview and Scrutiny.</p>	
<p>(ii) NHS</p> <p>There is a close relationship between the costs incurred by adult social care and NHS Plymouth (previously known as the Plymouth Community Primary Care Trust).</p> <p>Both organisations face future budget pressures.</p>	<p>The Council has strengthened its relationship with NHS Plymouth through Memorandum of Understanding and a Health Social care Integration Board.</p> <p>Regular liaison and meetings will be maintained.</p>	AMBER
<p>(iii) Highways</p> <p>The Council entered into a partnership with Amey on the 1st Dec 2008 to undertake highway design and maintenance and carry out some of the statutory functions of the Council.</p>	<p>Strategic and Operation Boards have been set up to ensure that major issues are promptly highlighted and dealt with.</p> <p>There are also regular meetings to discuss day to day operational issues and the impact that may arise on performance indicators and budgets.</p>	GREEN

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
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<p>10. <u>Insurance Cover</u></p> <p>The adequacy of the authority's insurance arrangements to cover major unforeseen risks</p> <p>Monitoring during 2009/10 indicates the provision may be insufficient to meet all known liabilities. This is as a result of an increase in the number of new serious injury claims received.</p> <p>Any shortfall in the provision at year end would be met from the earmarked insurance reserve and/or general balances.</p>	<p>The Council continues to keep the adequacy of its insurance fund under review.</p> <p>An increase to internal premiums has been implemented for 2010/11.</p> <p>A number of pro-active risk management measures are being implemented in response to the identification of problem areas.</p> <p>The Bellwin Scheme is available for emergency expenditure – this provides 85% funding of costs that exceed the Council's threshold of approximately £0.700m.</p>	GREEN
<p>11. <u>Outstanding Liabilities-Risk Management</u></p> <p>Contingent Liabilities</p> <p>The Council is aware of the following contingent liabilities:</p> <ul style="list-style-type: none"> • Municipal Mutual Insurance Ltd- Scheme of Arrangement • PLUSS Organisation Ltd • Section 117 refunds • Single Status Equal Pay claims • Civic Centre • Connexions. • Contaminated land • Treasury Management- Icelandic banks • Warranties under Housing Stock Transfer agreement, including environmental and asbestos warranties. <p>Further information is available in the Statement of Accounts 2008/09.</p>	<p>The Council operates a system of internal control to identify and manage risk.</p> <p>Contingent liabilities are added to the risk register but specific budget provision is not normally made in the accounts.</p> <p>The Council keeps under review all its outstanding financial liabilities.</p> <p>Contingent liabilities identified and reported as part of Statement of Accounts.</p> <p>Provision accounts set up as appropriate once certainty of liability known, but not expected to be settled by year end.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		
<p>12. <u>Medium Term Financial Strategy</u> There is currently a risk of not achieving balanced future years - Medium Term Financial Forecast shows a shortfall in resources in 2011/12 and 2012/13.</p> <p>General election and current economic climate will impact on future year's settlements. Cuts in grants are anticipated at -2.5% but could be higher.</p> <p>Pressure to keep Council tax rises to a minimum.</p>	<p>Proactive work with the LGA on future funding settlements.</p> <p>Delivery plans show future years indicative budgets thus allowing planning opportunities for Directorates.</p> <p>Proactive benchmarking will help to inform future VFM targets.</p> <p>MTFS will be produced as soon as possible once Council Tax is set.</p>	AMBER
<p>13. <u>Pension Fund Deficit</u></p> <p>Increased Employer Contributions to Pension Fund As at 31 March 2009 Plymouth had a pension liability of £330m on the Devon County managed pension fund. The pension fund is subject to a triennial actuary review with the deficit being managed through increased contributions as determined by the pension actuary. The next review is due March 2010 with revised rates implemented in 2011/12.</p> <p>It is assumed that the deficit will be repaid over a 25 year period.</p> <p>Specific issues that will impact on the contribution rates in 2011/12:</p> <p><u>Economic Climate-ability to generate investment income</u> Pension funds rely heavily on investment income to contribute to the fund balances and to meet liabilities. The current economic climate is having a substantial impact on investment income. Indications are that this may result in significant increases in pension contributions when the next triennial review is undertaken.</p>	<p>The deficit is reported as part of the Council's Annual Statement of Accounts and is therefore subject to Member scrutiny.</p> <p>Whilst the economic position is poor at this time, the actuary takes a much longer term approach. It will not be based on the economy at a point in time.</p> <p>All residual liabilities are transferred at time of outsourcing and new employers are required to take out an insurance bond covering any losses that may arise post transfer.</p> <p>The Council makes a 'top-up' to the fund when staff are made redundant.</p> <p>Capitalisation Direction made to enable one-off lump sum to be made into the pensions fund to reduce the impact on future contribution rates. Awaiting outcome.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		

<p><u>Outsourced/transferred services</u> As services are outsourced, e.g. Highways, and the Housing Stock transfer, and staff transfer under TUPE arrangements a transfer from the pension fund is made to ensure all pension liabilities are met as at transfer date. This affects the overall pool and the amount the Council will be required to contribute in future years from a reduced workforce base.</p> <p><u>Citybus</u> The Council has a residual pension's liability in relation to staff previously employed by Plymouth Citybus following the sale of the company.</p>		
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14. Conclusion

This Appendix represents the risks associated with the budget and the actions required to mitigate the risks. These have been taken into account in the budget setting process.

It should be noted that the Council also operates a system of internal control to identify and manage risk, with a key element the maintenance of strategic and operational risk registers.

The corporate improvement priorities identified in the Corporate Plan report are themselves the subject of ongoing risk assessment. Action plans are being developed to ensure that they are achieved. In addition, Business Plan risk registers support the delivery of the strategic vision at individual service level.

Section 2

LOCAL GOVERNMENT ACT 2003, SECTION 25 STATEMENT
SECTION 2 - ADEQUACY OF RESERVES

The requirement for financial reserves is acknowledged in Statute. Sections 32 and 43 of the Local Government Finance Act 1992 requires billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. However, there is no set guidance on the minimum level of reserves that should be held.

The recommendation for the minimum prudent level and optimal level of reserves has therefore been based on the robustness of estimate information and an assessment of the strategic, operational and financial risks facing the authority over the next three years and Section 1 of this Appendix. Plymouth has significantly improved the approach to risk management over recent years. Our strategic and operational risk registers are comprehensive and are regularly reported to, discussed and challenged by senior officers and members.

In order to assess the adequacy of unallocated reserves the following factors have been taken into account:

- The level of earmarked reserves, which are shown in Annex 1 to this Appendix.
- There is always some degree of uncertainty over the timing and the full effects of any economy measures and/or service reductions that will be achieved. Directors have been requested to be prudent in their assumptions and that those assumptions, particularly about demand led budgets, will hold true in changing circumstances.
- The Bellwin Scheme Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. The local authority is able to claim assistance with the cost of dealing with an emergency over and above a threshold set by the Government (Plymouth City Council's threshold for 2010/11 has yet to be confirmed but will be set at 2% of net revenue budget, and is currently estimated as around £0.700m). The assistance is usually 85% of any eligible costs over the threshold. Any incident for which assistance is sought must involve conditions, which are clearly exceptional by local standards and the damage to local authority infrastructure or communities must be exceptional in relation to normal experience. In the first instance these initial costs will have to be met from reserves.
- The current economic climate which is having an impact on income levels.
- The continuing financial climate which has seen a reduction in interest rates and Government support to prop up the UK banking industry.
- The risk of major litigation, both currently and in the future.
- Risks in the inter-relation between the NHS and Social Service authorities.
- Unplanned volume increases in major demand led budgets.

- The need to retain a general contingency to provide for any unforeseen circumstances, which may arise.
- The uncertainties surrounding the recovery of monies in Iceland banks.
- The need to retain reserves for general day to day cash flow needs.
- An Increasing deficit on the pension fund.

The effect of base budget changes, the full year effect of previous decisions, corporate priorities, demographic growth and legislative change have been identified and will continue to be identified during the budget and medium term planning process.

The Council has a good track record of delivering the budget. Variations from approved budget since becoming a Unitary authority have been within the range +0.3% to -1.7%. In 2008/09 the Council effectively delivered a breakeven budget, returning a small surplus of £0.010m.

The Corporate Management Team (CMT) continues to review all expenditure and it is being closely monitored by budget managers and by Finance Officers. The Council continues to set Directors a budget variance tolerance of no more than +1% overspend and -2% under spend of their budget allocation for any financial year, and performance against this target is reported to Cabinet as part of the bi-monthly performance and budget monitoring reports.

2009/10 has been an exceptional year in terms of budget pressures and each of the major Directorates are facing potential overspends at year end. National and local high profile media cases has increased the pressure on the children's services budget and there is a potential for further pressures into 2010/11 and beyond following the Southwark judgement which now requires local authorities to take 16/17 years olds into the care system and provide additional services until the age of 25. The throughput of adult social care clients and complexity of clients needs have continued to increase steadily during the year across a range of client groups resulting in additional pressures, and the economic climate continues to affect our income from fees and charges. All Directors have implemented action plans to try to minimise the overspend and there is a general reigning in of non-essential spend, including careful vacancy management. The Council has successfully recovered over £2m from overpaid VAT during the year, and has been awarded £0.258m under the LABGI scheme and whilst current policy is to transfer such sums to reserve to meet future policy initiatives, the use of these monies will be carefully considered in the light of the final position for the year, and medium term forecasts.

The Council has also submitted applications for exceptional Capitalisation Directions totalling £20.8m. At the time of writing this report the outcome is still awaited but if approved the Council would be able to transfer revenue spend to its capital budget, to be financed in part from the VAT shelter and RTB receipts negotiated under the Housing stock Transfer, enabling the Council to better manage its available funds across its revenue and capital budgets.

The medium term financial strategy will outline in more detail the Council's policy on reserves for the period 2010/11 to 2012/13. The Council regularly reviews the

appropriateness and use of reserves throughout each financial year. Where relevant, recommendations for changes are reported to Cabinet on an on-going basis. As a minimum, **all** specific reserves will be reviewed on an annual basis in March as part of the end of year accounting closedown arrangements.

The Council's 'Working Balance' is the revenue reserve that is put aside to cover any significant business risks that might arise outside of the set budget. This reserve has significantly improved over recent years and, as at March 2009, stood at £11.739m, representing just under 6% of net revenue budget. A further transfer to reserve of £0.128m has been allowed for within the 2009/10 budget, with a planned transfer from reserve of £0.350m to support budget spending, leaving an estimated balance at 31 March 2010 of £11.517m.

Taking all the above into account, it is recommended that the Working Balance for 2010/11 should equate to at least 5% of net revenue spend. This is in line with the Council's medium term strategy objective. This is slightly below the Unitary Council average of 6%.

This working balance will continue to be kept under review in the light of the other factors the Council needs to consider in delivering its priorities and in the light of benchmarking.

RESERVES

1. As part of the 2010/11 budget process, a review has been undertaken of the Council's earmarked reserves to identify the purpose of each reserve, and the estimated movement on these balances in 2010. A summary of the estimated movement is shown in Table 1 to this Annex.
2. Approval has been given to transfer the £2m recovered from overpaid VAT to reserve to meet future policy initiatives, subject to the final outturn position for the year. This would increase the total earmarked reserves at 31 March 2010 to £17.248m.
3. In total, current balances are considered to be sufficient to meet existing commitments, and overall, whilst some of the reserves are required to be ring-fenced or do have restricted use, it would be possible to use some of these balances to supplement the Working Balance and support the 2010/11 & future budgets if required, whilst still leaving adequate balances remaining to support existing commitments and unforeseen events which might require financing from these reserves.
4. Whilst, historically, it has been the Council's policy to maintain separate reserves for those services which operated as trading services, (the major ones are On Street Parking, Off Street Parking, Pannier Market), there is no requirement to keep separate reserves for many of these activities. Transfers from these balances to supplement the general Working Balance or support the overall budget have become commonplace and although most of the balances on these reserves have become exhausted, annual transfers to reserves will continue to be made from trading surpluses allowing, an albeit reduced, continued level of support to the general fund.
5. Reserves may also be established at the end of the financial year to carry forward certain unspent balances from the budget to finance the cost of specific commitments which may have slipped over into the following year or for one-off projects. The existing policy is that up to 50% of revenue under spends may be carried forward at year end providing they were declared in the mid year report and that all overspends should be carried forward unless Cabinet determines otherwise.
6. Other reserves held by the Council in the current year include:
 - Corporate Improvement Reserve
 - Capital Financing Reserve
 - Housing Stock Transfer Corporate Impact Team
 - Waste Management Reserve
 - Job Evaluation / Equal Pay
 - Accommodation Reserve
 - Redundancy Reserve
 - Commuted Maintenance Reserves

Further detail of the reserves and their purpose is given in the Annex. Movements to and from reserves are kept under review during the year and an update is included in the mid-year budget monitoring report.

7. Schools Balances

In addition to the reserves detailed in the table, the Council also holds significant balances for schools. Schools are expected to manage within the delegated budgets which are allocated to them and at the end of each financial year schools are required to carry forward any budget variations to the following year. At 1st April 2009, school balances totalled £9.151m (net).

Movement in Reserves

	Estimated Balance as at 31/03/2010	Transfers to Reserves	Transfers from Reserves	Estimated Balance as at 31/03/2011
	£'000	£'000	£'000	£'000
Off Street Parking	0	(1,660)	1,660	0
On Street Parking	0	(1,358)	1,358	0
City Market	(0)	(216)	216	(0)
Commuted Maintenance	(955)	0	18	(937)
Education Carry Forwards	(1,662)	(1,505)	1,575	(1,592)
Taxis	101	(42)	0	59
Street Trading	(104)	0	0	(104)
Land Charges Development Fund	(54)	(35)	35	(54)
Accommodation Reserve	(1,562)	0	250	(1,312)
Insurance Reserve	(1,379)	0	161	(1,218)
Carry Forwards	(1,750)	0	0	(1,750)
Redundancies	0	(552)	0	(552)
DRCP Freedom and Flexibility 07/08 reserve	(1,112)	0	1,112	(0)
Corporate Improvement Reserve	(1,477)	0	1,387	(90)
Capital Reserve	(975)	0	0	(975)
Waste Balancing Reserve	(1,100)	0	0	(1,100)
PFI reserve	(1,801)	0	0	(1,801)
Job Evaluation/Equal Pay	(350)	0	0	(350)
Iceland Bank	(324)	0	0	(324)
Urban Enterprise Fund	(326)	0	163	(163)
Other Reserves	(417)	(92)	187	(321)
Sub Total	(15,248)	(5,460)	8,122	(12,586)
Working Balance	(11,517)	(250)	250	(11,517)
	(26,765)	(5,710)	8,372	(24,103)

() Means favourable

2009/10	Service Description	Gross Expenditure	Gross Income	2010/11 Spending Plans
	<u>Children and Young People</u>	£000	£000	£000
0	Schools	154,902,213	(154,902,213)	0
893,676	Funded Programmes	18,509,420	(17,757,467)	751,953
3,498,224	Performance and Policy	4,177,496	(770,406)	3,407,090
9,351,561	Learner and Family Support	31,608,265	(22,122,416)	9,485,849
11,557,775	Lifelong Learning	31,286,462	(20,898,657)	10,387,805
25,647,565	Social Care	30,950,470	(2,522,342)	28,428,128
100,000	<i>Building Schools for the future</i>	300,000	0	300,000
51,048,801	Total Children and Young People	271,734,326	(218,973,501)	52,760,825
	<u>Corporate Items</u>			
(27,345,544)	Other Corporate Items	5,542,165	(33,160,988)	(27,618,823)
1,600,000	<i>Corporate Items - major projects</i>	3,002,000	0	3,002,000
10,831,005	Capital Financing	26,150,933	(15,233,448)	10,917,485
(14,914,539)	Total Corporate Items	34,695,098	(48,394,436)	(13,699,338)
	<u>Community Services</u>			
70,949,124	Adult Health and Social Care	91,784,470	(19,068,147)	72,716,323
1,840,935	Public Protection services	4,175,613	(2,204,278)	1,971,335
9,800,594	Culture Sport and Leisure	16,219,619	(5,662,437)	10,557,182
22,809,456	Street services	38,658,267	(15,080,892)	23,577,375
1,556,104	Safer Communities	1,613,706	(65,000)	1,548,706
2,932,457	Service, Strategy and Regulati	2,529,423	(44,129)	2,485,294
109,888,670	Total Community Services	154,981,098	(42,124,883)	112,856,215
	<u>Corporate Support</u>			
179,763	Departmental Management	180,005	0	180,005
15,418,293	Finance, Assets & Efficiencies	108,403,755	(93,039,578)	15,364,177
3,126,635	HR Organisational Development	4,021,643	(1,067,308)	2,954,335
6,403,457	ICT information systems	7,138,767	(1,164,963)	5,973,804
2,119,114	Customer Services	2,224,774	(156,908)	2,067,866
5,797,185	Democracy and Governance	6,890,065	(1,070,927)	5,819,138
33,044,447	Total Corporate Support	128,859,009	(96,499,684)	32,359,325
	<u>Development and Regeneration</u>			
1,444,437	Planning Services	3,429,773	(1,972,973)	1,456,800
3,265,818	Strategic Housing	4,751,166	(1,390,060)	3,361,106
597,431	Business Support	627,562	0	627,562
11,903,152	Transport	19,921,524	(7,999,806)	11,921,718
315,265	Waste Management Project Team	1,043,055	(572,000)	471,055
(2,114,660)	Property & Economic Developmen	4,462,642	(6,132,194)	(1,669,552)
15,411,443	Total Development & Regeneration	34,235,722	(18,067,033)	16,168,689
	<u>Chief Executive</u>			
1,480,803	Policy Performance and Partner	1,321,797	(17,500)	1,304,297
565,463	Corporate Communications	667,282	(91,700)	575,582
0	Chief Executive Suspense	0	0	0
2,046,266	Total Chief Executive	1,989,079	(109,200)	1,879,879
196,525,088	Total Council Revenue Budget	626,494,332	(424,168,737)	202,325,595

2010/11 Revenue Budget DELIVERY PLAN/CONTRACT

DIRECTORATE: Children & Young People

	2010/11 Base Budget (inc Corp inflation) £000	Impact of Stock transfer £000	Reduction/increase in previously agreed priorities £000	Adding Back Previously Agreed £000	Add New Priorities £000	Revised Target Budget £000
Schools	0					0
Funded Programmes	559		193			752
Performance and Policy	3,407		0			3,407
Leamer and Family Support	9,536		109	(159)		9,486
Lifelong Learning	10,538		(530)	380		10,388
Social Care	27,378		(300)	350	1,000	28,428
Building Schools for the future	200		(200)		300	300
	51,618	0	(728)	571	1,300	52,761

*Key actions required to deliver within the Department's allocated budget:

1	Review of admin across the council (anticipated savings in this department)	
2	Seek additional contribution towards the cost of Building Schools for the Future	
3	Additional contribution from Dedicated School Grant for pensions and Education Other than at Schools (EOTAS)	
4	Remove concessionary fares 16+	
5	Savings target to be achieved by reducing staff in high performing areas/link with locality working funding & review of senior management in Lifelong Learning	
6	Charge ICAN (speech and language needs) service to Early Years grant	
7	Seek Performance Reward Grant for partnership projects - including youth service & grants to voluntary sector	
8	Review of Early Years grants	
9	Family support	
10	Reduced wrap around packages for permanency placements & reduce secure bed nights	
11	Multi-Systemic Therapy Contract (consider ceasing contract) value £140k in 10/11. Dept of Health currently part fund	
12	Negotiate savings in Connexions contract	
13	No inflation allocated in social care where linked with Fostering Network rates (rates frozen at 09/10 levels)	

Implementation costs

Revenue Savings

Lead Officer	Start Date?	Revenue £000	Capital £000	2010/11 £000	2011/12 £000	2012/13 £000	Efficiency Saving?	Risk of Delivery
ALL ADS	Apr-2010	Potential Redund Costs	0	100	100	100	Yes	Green
Gareth Simmons	Apr-2010	0	0	300	300	300	No	Amber
Colin Moore	Apr-2010	0	0	343	343	343	No	Green
Maggie Carter	Sep-2010	0	0	22	38	38	No	Amber
Maggie Carter	Apr-2010	Potential Redund Costs	0	150	150	150	No	Green
Colin Moore	Apr-2010	0	0	80	80	80	No	Amber
Colin Moore	Apr-2010	0	0	91	91	91	No	Amber
Colin Moore	Apr-2010	0	0	50	50	50	No	Amber
Mairead McNeil	Apr-2010	0	0	85	0	0	No	Amber
Mairead McNeil	Apr-2010	0	0	133	133	133	No	Green
Mairead McNeil	Apr-2010	0	0	0	210	210	Yes	Amber
Colin Moore	Apr-2010	0	0	100	100	100	Yes	Amber
Mairead McNeil	Apr-2010	0	0	129	129	129	Yes	Green
		-	-	1,583	1,724	1,724		

DIRECTORATE: Community Services **2010/11 Revenue Budget DELIVERY PLAN/CONTRACT**

Service	2010/11 Base Budget (Inc Corp inflation)	Impact of Stock transfer	Reduction/increase in previously agreed priorities (A)	Adding Back Previously Agreed (B)	Add New Priorities (C)	Revised Target Budget
	£000	£000	£000	£000	£000	£000
GCOMA Adult Health and Social Care	71,916		(2,400)	1,400	1,800	72,716
GCOMB Public Protection Services	1,971		(182)	182		1,971
GCOMC Leisure Culture and Sport	10,117	10	(250)	250	430	10,557
GCOMD Street services	22,606	1,192	(1,358)	1,137		23,577
GCOML Safer Communities	1,549				(230)	1,549
GCOMM Service, Strategy and Regulation	3,160	(445)				2,485
GCOMZ Community services suspense	0					
	111,320	757	(4,190)	2,969	2,000	112,856

*Key actions required to deliver the DMT agreed movements (up to TEN top level action plans) - Not in an order of preference

1	Review of admin across the council (anticipated savings in this department)	Need for Support Services	Lead Officer	Implementation costs			Revenue Savings			Efficiency Saving?	Risk of Delivery
				Start Date?	Revenue £000	Capital £000	2010/11 £000	2011/12 £000	2012/13 £000		
2	Review of staffing establishment within specialist teams and occupational therapy services		ALL AD'S	Apr-2010	0	0	503	503	503	Yes	Amber
3	Contract Inflation: rate set at Nil for 2010/11		Pam Marsden	April '10	TBC	0	618	604	629	Yes	Amber
4	Review of service provision for older people residential care and physical disability day care		Pam Marsden	April '10	TBC	0	1024	1000	1055	Yes	Green
5	Domiciliary Care: redevelopment of in-house domiciliary care services to focus on intermediate and reablement reducing dependency on long term high cost packages and care home placements for respite care		Pam Marsden	Oct '10/Jan '12	TBC	0	710	176	1050	Yes	Amber
6	Developing the Personalisation RAS and reshaping block contracts to recognise changes in support services		Pam Marsden	April '10	TBC	0	250	250	250	TBC	Amber
7	Learning Disability Services: efficiency savings through reviewing day care costs and applying a commissioning framework to ensure consistent unit costs		Pam Marsden	April '10	TBC	0	1350	870	1350	TBC	Red
8	Fair Access to Care: to review the current eligibility criteria to ensure more rigorous application plus the full year effect of panels and specific case reviews in 2009/10		Pam Marsden	April '10	TBC	0	272	272	272	Yes	Amber
9	Review of Library Service including the School Library Service is underway with a view to identifying future shape of service and levels of delivery. Specifically the School Library service is reliant on a minimum level of buy in to remain viable.		Pam Marsden	April '10	TBC	0	1437	1410	1465	TBC	Red
10	Leisure Management Review. Outsourcing of management of sport and leisure facilities will seek efficiencies in running the new Life Centre and other facilities		James Coulton	Dec '09	TBC	TBC	TBC	40	TBC	Yes	Amber
11	Category Management and Buyer Roll Out. To consider the scope for supporting the corporate roll out within Community Services to drive procurement savings from control of demand, improvements to process in addition to procurement savings		James Coulton	Ongoing	250	TBC	Commercially sensitive			TBC	Green
12	Review of the Crems & Crems delivery model to seek longer term efficiencies.		TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
			Jayne Donovan	May '10	1000	0	0	0	190	Yes	Amber

Appendix C

Amber
Red

0	0	146	Yes
0	0	647	Yes
5125	6164	7557	

Oct '10	321	1530
Jun '10	1500	0
Totals:	3071	1530

Jayne Donovan	
Jayne Donovan	

13	Implementation of Kerbside Glass collection to improve recycling and reduce waste disposal costs. Scheme requires capital investment in 2011/12 and 2012/13 to purchase 10 vehicles. Break even and then revenue savings occurring in 2013/14 and beyond. The
14	Review of the Refuse Collection business model and Associated Garage Operations. This will seek efficiencies whilst maintaining customer satisfaction and also driving improvements to recycling.

*please note that it is a requirement for all departments to produce and monitor action plans to deliver all of their identified budget pressures. CMT will focus its monitoring attention on the content in this Delivery Plan

DIRECTORATE: Development Total **2010/11 Revenue Budget DELIVERY PLAN/CONTRACT**

	2010/11 Base Budget (Inc Corp inflation) £000	Impact of Stock transfer £000	Reduction in previously agreed priorities £000	Adding Back Previously Agreed £000	Add New Priorities £000	Revised Target Budget £000
Planning Services	1,517		0	(60)		1,457
Strategic Housing	3,314	97	(150)	100		3,361
Business Support	628		0			628
Transport & Highways	11,346		739	(713)	550	11,922
Waste project	1,921		(1,500)		50	471
Economic development	(1,901)	(159)			390	(1,670)
	16,824	(62)	(911)	(673)	990	16,168

***Key actions required to deliver within the Department's allocated budget:**

	Lead Officer	Start Date?	Implementation costs		Revenue Savings				Risk of Delivery
			Revenue £000	Capital £000	2010/11 £000	2011/12 £000	2012/13 £000	Efficiency Saving?	
1	ALL AD'S	Apr-2010	potential redundancy costs	0	TBC	TBC	TBC	Yes	Green
2	Gill Peele	Apr-2010	potential redundancy costs	0	342	342	342	Yes	Amber
3	Paul Barnard	Apr-2010	0	0	133	150	51	Yes	Green
4	Paul Barnard	Apr-2010	0	0	55	55	55	No	Green
5	Clive Perkin	Apr-2010	0	0	85	110	120	No	Red
6	Clive Perkin	Apr-2010	0	0	110	130	150	No	Red
7	Clive Perkin	Apr-2010	TBC	0	178	178	178	Yes	Green
8	Clive Perkin	Apr-2010	30	0	20	50	50	Yes	Amber
9	Stuart Palmer	Apr-2010	0	0	202	202	202	No	Amber
			30	0	1,125	1,217	1,148		

- Review of admin across the council (anticipated savings in this department)
- General efficiencies across the department incl reductions in consultancy, services & supplies and business support
- Streamlining of the LDF through merging of the remaining Area Action Plans and Development Plan Documents and reprogramming of the Core Strategy
- Implement improvements to the Planning Application Service by introducing a development enquiry service
- Rationalisation of the existing on street car parking charging regime, with the combination of ongoing improvements to parking provision, and increasing hourly rates
- Rationalisation of the existing off street car parking charging regime, together with a package of investment and service improvements
- General savings across all revenue budgets within Strategy, Sustainable transport and Network Management & car parking back office
- Introduce mobile CCTV Enforcement to reduce bus lane and school vicinity parking offences
- Following Stock Transfer further clarity on the retained housing service via an initial review has realised some efficiencies, including increasing external funding and income and refocusing services on areas of need - further reviews will release expected efficiencies throughout the year.

2010/11 Revenue Budget DELIVERY PLAN/CONTRACT

DIRECTORATE: Corporate Support

	2010/11 Base Budget (Inc Corp inflation) £000	Impact of Stock transfer £000	Reduction/increase in previously agreed £000	Adding Back Previously Agreed £000	Add New Priorities £000	Revised Target Budget £000
Departmental Management	180					180
Finance, Assets & Efficiencies	16,512	(1,122)	(66)	40		15,364
HR Organisational Development	3,133	(179)				2,954
ICT information systems	6,685	(712)	(100)	100		5,973
Customer Services	2,132	(64)				2,068
Democracy and Governance	5,992	(173)	(250)	150	100	5,819
	34,636	(2,250)	(416)	290	100	32,360

***Key actions required to deliver within the Department's allocated budget:**

1	Review of admin across the council (anticipated savings in this department)	Lead Officer: Tim Howes	Start Date: Feb-2010	Potential Redund Costs: 0	Revenue £000: 0	Capital £000: 0	2010/11 £000: 60	2011/12 £000: 100	2012/13 £000: 100	Efficiency Saving?: Yes	Risk of Delivery: Amber
2	Pilot the 'Buyer roll-out' across Corporate Support. Rationalise the number of departmental purchasers to two. Generate financial savings through better negotiation for goods and services and reducing processing costs.	Lead Officer: Malcolm Coe	Start Date: Apr-2010	Potential Redund Costs: 0	Revenue £000: 0	Capital £000: 0	2010/11 £000: 50	2011/12 £000: 80	2012/13 £000: 100	Efficiency Saving?: Yes	Risk of Delivery: Amber
3	Rationalise management structures of the Revenues & Benefits Services through closer integration with Customer Services. Amalgamate management responsibilities under a 'mixed team' approach around the needs of customers.	Lead Officer: JP Sanders	Start Date: Apr-2010	Potential Redund Costs: 0	Revenue £000: 0	Capital £000: 0	2010/11 £000: 100	2011/12 £000: 150	2012/13 £000: 150	Efficiency Saving?: Yes	Risk of Delivery: Amber
4	Amalgamate teams under the new Financial Management structure - reduce posts in line with benchmarking information.	Lead Officer: Malcolm Coe	Start Date: Feb-2010	Potential Redund Costs: 0	Revenue £000: 0	Capital £000: 0	2010/11 £000: 200	2011/12 £000: 300	2012/13 £000: 300	Efficiency Saving?: Yes	Risk of Delivery: Green
5	Generate efficiencies through better use of SAP. Linking with CIP13, pilot and introduce 'manager self serve' which will reduce processing costs around some HR activities. Ensure management information from payroll 'feeds' financial monitoring information, reducing duplication in the use of spreadsheets.	Lead Officer: Mark Grimley	Start Date: Aug-2010	Potential Redund Costs: 0	Revenue £000: 0	Capital £000: 0	2010/11 £000: 50	2011/12 £000: 80	2012/13 £000: 80	Efficiency Saving?: Yes	Risk of Delivery: Amber
6	Evaluate the potential for efficiency savings through better use of IT across the department. Explore the costs vs benefits of EDRMS/combining training databases/centralised scanning/out-sourcing multi-functional devices and printers. Red risk until plans are developed further.	Lead Officer: Neville Canon	Start Date: Mar-2010	Potential Redund Costs: TBC	Revenue £000: TBC	Capital £000: TBC	2010/11 £000: TBC	2011/12 £000: TBC	2012/13 £000: TBC	Efficiency Saving?: Yes	Risk of Delivery: Red
7	Review of Democracy & Governance - potential for reducing staffing	Lead Officer: Tim Howes	Start Date: Apr-2010	Potential Redund Costs: 0	Revenue £000: 0	Capital £000: 0	2010/11 £000: TBC	2011/12 £000: TBC	2012/13 £000: TBC	Efficiency Saving?: Yes	Risk of Delivery: Amber
8	Consider moving more services into the Customer Contact Centre to generate efficiencies and improve services	Lead Officer: JP Sanders	Start Date: Sep-2010	Potential Redund Costs: TBC	Revenue £000: TBC	Capital £000: TBC	2010/11 £000: TBC	2011/12 £000: TBC	2012/13 £000: TBC	Efficiency Saving?: Yes	Risk of Delivery: Red
				0	0	0	460	710	730		

2010/11 Revenue Budget DELIVERY PLAN/CONTRACT

DIRECTORATE: Corporate Items

	2010/11 Base Budget (Inc Corp Inflation) £000	Impact of Stock transfer £000	Reduction/increase in previously agreed £000	Adding Back Previously Agreed £000	Add New Priorities £000	Revised Target Budget £000
Other Corporate Items	(29,213)	3,293	(185)	(621)	100	(26,626)
Capital Financing	11,969	(747)	(2,195)	1,090	800	10,917
Revenue cost - stock transfer	1,000	(992)	(1,000)	0	1,200	208
Area Committee	100		(100)	100	100	100
Planning application - Bretonside	100		(100)	0		0
Planning application - Civic Centre	500		(500)	100		0
PFI (Education)	150		(150)			100
Pension shortfall	500		(500)			0
Centralised repairs	700		(700)	350	300	650
Care First Project Development					400	400
Corporate redundancy reserve					552	552
	(14,195)	1,554	(5,430)	1,019	3,352	(13,700)

Lead Officer

Adam Broome

*Key actions required to deliver within the Department's allocated budget:

During the year we will strive to ensure we achieve the maximum return from our Treasury Management activities. Actions we will take in particular are:

* Seek to buy out of Devon Debt to enable more control over the management of the debt in line with our strategy.

* Investment Strategy - seek options to increase returns

* Minimising borrowing costs by use of internal balances and cash flow surpluses

Start Date?	Implementation costs		Revenue Savings			Efficiency Saving?	Risk of Delivery
	Revenue £000	Capital £000	2010/11 £000	2011/12 £000	2012/13 £000		
Apr-10	TBC	TBC	TBC	TBC	TBC	TBC	Amber
	0	0	0	0	0		

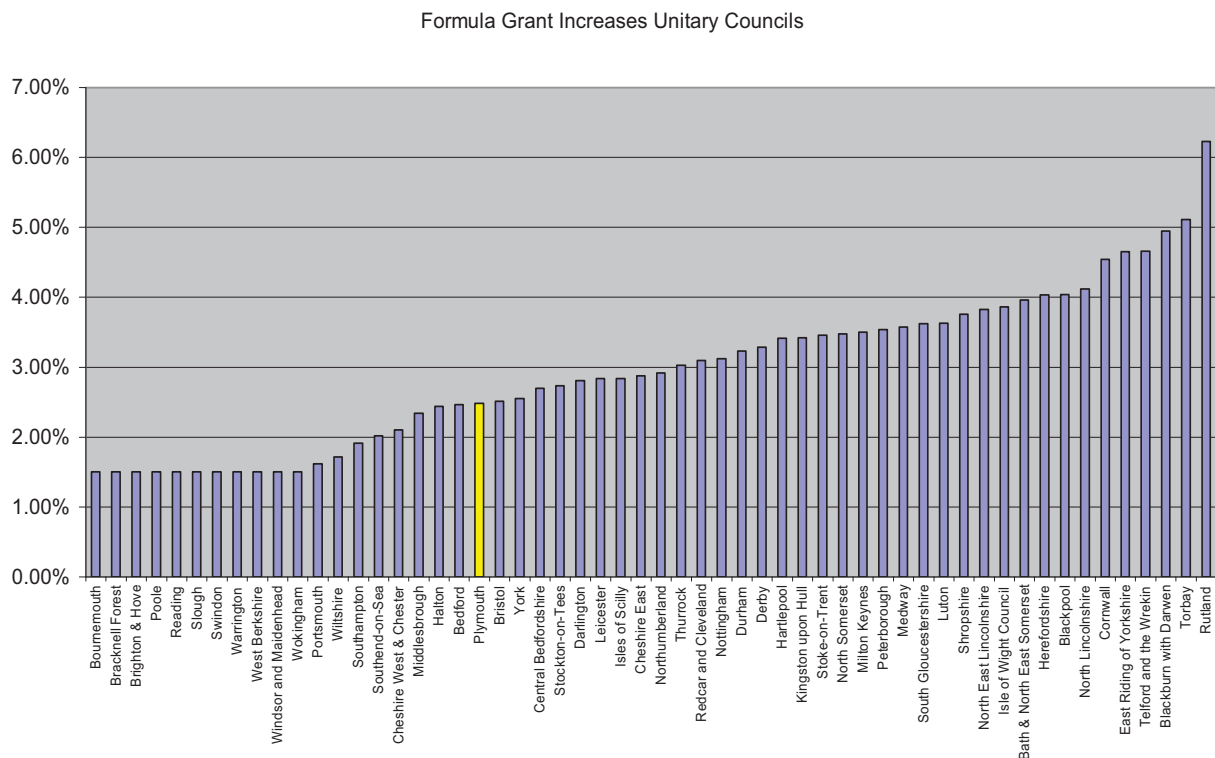
Service	Sub Programme	Latest Forecast 2009/2010 £000	Latest Forecast 2010/2011 £000	Latest Forecast 2011/2012 £000	Latest Forecast 2012/2013 £000	Latest Forecast 2013/2014 £000	Latest Forecast 2014/15 £000	Sum of Full Programme Cost £000
Children's Services								
Strategic Programmes	PFI	2,733	700					3,433
	Multi-Agency Working	100		2,100				2,200
	Secondary Development / BSF	13,919	10,866	7,580	2,918			35,283
	Primary Capital Programme	18,277	5,347					23,624
	Special Education Needs and Inclusion	711	1,001	500	5,500			7,712
	City Development (Section 106 Projects)	9	133					142
	Expanding Popular Schools	100	950					1,050
	Youth / Adult Learning	235	138					373
	School Development: Secondary	938						938
	Removal of Temporary Classrooms: Secondary	65						65
	Condition Works: Primary	59						59
	Removal of Temporary Classrooms: Primary	1,020	1,239					2,259
	School Development: Special Schools	135						135
	Sustainability / Carbon Reduction / Spend to Save	753	428	350	350			1,881
	Surestart / Extended Schools / Children's Centres / Families	523	585	90	90			1,288
	Condition Works:	425	671	1,000	1,000			3,096
	School Development: Primary	2,156						2,156
Focused Work	Surestart / Extended Schools / Children's Centres / Families	1,141	1,681					2,822
	14-19 Diploma Gateways & International Baccalaureate	2,184	473	587				3,244
	ICT Projects	702	849	900	900			3,351
	School Meals	788	2,661					3,449
School Led Projects	Children's Social Care	177	310					487
	Other Items	776	560	210	220			1,766
	Condition Bid Programme (formerly Seed)	1,219	615	200	200			2,234
	DDA / Access Bid Programme	75	100	100	100			375
	SEN Placement Commitments in Schools	200	20	20	20			260
Devolved Formula Capital	Other	231	1,226	61	61			1,579
	Special	170	243	155	155			723
	Primary	1,212	2,415	1,799	1,799			7,225
	Secondary	829	1,297	1,697	1,697			5,520
	Nursery	92	25	42	42			201
Devolved Formula Capital Projects	Other	2						2
	Special	45						45
	Primary	1,168						1,168
	Secondary	588						588
	Nursery	1						1
Completed Programmes: Outstanding Payments	Planned Modernisation	2		8				10
	New Opportunities Fund/Big Lottery (P.E. In Sport)	10	100					110
Children's Services Total		53,770	34,641	17,391	15,052			120,854
Community & Neighbourhood								
Environmental Services	Environmental & Regulatory			1,093				1,093
	Parks	151	223					374
	Vehicle Purchases	584						584
Leisure Culture & Sport	Life Centre Programme/Central Park	3,096	28,262	12,149	271			43,778
	Libraries	829	17					846
	Mount Edgcombe	307						307
	Museums	60						60
	Leisure Pools	1,027	600					1,627
Adult Health & Social Care	Community Care	576	135					711
Community & Neighbourhood Total		6,630	29,237	13,242	271			49,380
Development & Regeneration								
Local Transport Plan	Capital Maintenance	1,356						1,356
	Demand Management	793						793
	Public Transport	2,112						2,112
	Road Safety	203						203
	Safety Camera Partnership	98	78					176
	Walking & Cycling	795						795
	DfT settlement not yet allocated	83	4,802	5,600	6,085	6,525	6,656	29,751
	Northern Corridor - A386	736	6	249				991
Transport - Non LTP	Eastern Corridor	2,524	13,008	4,860			1,000	21,392
	West End	2,928						2,928
	A38 Junction Improvements	50	350					400
Transport - Development Projects	Barbican Landing Stage	12						12
	Stonehouse Regeneration	182						182
	Granby Green	54						54
	Cumberland Gardens	370	18					388
	Alleygates	22						22
	Devonport Street Lighting	373						373
	North Stonehouse		80					80
	Devonport Heritage Trail	91						91
Planning	Planning	164	80	52	34	10		340
Strategic Waste Projects	Recycling		852					852
	Waste	3,024	4,811	2,588	102			10,525
Economic Development	Commercial Developments	1,036	227					1,263
Strategic Housing	Disabled Adaptations		588					588
	HECA Programme Private Sector	418	150					568
	Misc Schemes	100						100
	Partnership & Affordable Housing	294						294
	Private Sector Grants	2,180	1,574					3,754
	Private Sector Regeneration	316						316
Development Projects	Devonport Park	875	2,315	200				3,390
Development & Regeneration Total		21,189	28,939	13,549	6,221	6,535	7,656	84,089
Information Systems	Information Systems	1,087	500	500	500	500		3,087
Legal Services	Legal Services	2						2
Property & Economic Development	Corporate Real Estate	1,352		500				1,852
Corporate Support Total		2,441	500	1,000	500	500		4,941
HRA								
Housing Revenue Account	Decency Standards	4,751						4,751
	Devonport	1,323						1,323
	Disabled Adaptations	401						401
	HRA Capitalised Salaries	520						520
	Major Repairs	996						996
HRA Total		7,991						7,991
Grand Total		92,021	93,317	45,182	22,044	7,035	7,656	267,255

Local Government Finance Settlement 2010/11

Approximately 70% of all the funding for the Council comes from the Government. This takes the form of general formula based grant, referred to as the annual settlement, and a number of ringfenced and unringfenced grants. 2010/11 represents the final year of the three year settlement announced under the Comprehensive Spending Review 2007 (CSR07).

Plymouth's Settlement 2010/11

The annual settlement (formula grant) for Plymouth was confirmed as £106.022m on 21 January 2010, and was in line with the indicative allocations outlined in the original CSR07 notifications. This amount represents an increase of £2.567m or 2.5%. Nationally formula grant was increased by 2.65% but % increases varied between authority types and regions. The increase for other Unitary Authorities is as shown on the graph below.



The purpose of the annual formula grant is to support ongoing core services distributed according to formula driven relative need and further details are outlined below.

Methodology

The formula grant allocation remains based on the four block model as outlined below:

- **Relative needs amount** which is based on formulae designed to reflect the relative needs of each authority in providing services with the most important factor being estimated population figures.

- **Relative resources amount**, which is a negative figure and takes account of the fact that areas that can raise more income locally require less support from Government. The overriding factor here is the estimated taxbase for the authority.
- **Central allocation**, which is the remaining element of overall available grant that is shared between authorities on a per head basis. This effectively represents the minimum amount an authority would need to deliver services before adjustments for relative need.
- **Floor damping**, which is the means by which grant increases in excess of a guaranteed minimum are scaled back with resources redistributed to those below the floor, thus ensuring all authorities receive a guaranteed minimum increase. The floor for 2010/11 for upper tier Authorities has been set at 1.5% a reduction from 1.75% in 2009/10. The impact of the dampening mechanism has meant Plymouth has had its grant scaled back by £2.574m for 2010/11.

The data used in the figures for 2010/11 is based on the following:

- Population is based on 2004-based sub-national projections for 2010. For Plymouth this indicates a population of 247,574. This has been increased substantially from previous figures but still remains below latest published census estimates (2007 estimated figure 252,800).
- The Taxbase assumed for 2010 is 80,231 compared to our estimated taxbase of 78,056.

The variance between Government estimated figures and PCC 'actuals' continues to have a detrimental effect on the level of grant received by the City and representations continue to be made to DCLG.

Comparison between Years

Table 1 shows how the grant for 2010/11 compares to the grant for 2009/10

Table 1

	2009/10	2010/11	Net Increase in grant
	£m	£m	£m
Relative Needs Amount	75.302	77.483	2.181
RSG grant adjustment	-0.027		-0.027
Relative Resource Amount	-16.165	-17.485	-1.320
Central Allocation	47.285	48.597	1.312
Floor Dampening	-2.941	-2.574	0.367
Formula Grant	103.455	106.022	2.567

Grants**Non- ringfenced Area Based Grant**

Area Based Grant (ABG) was introduced under the CSR07 and is a general grant providing additional funding to areas according to specific policy criteria. It is not ringfenced, and is available to be used for any purpose, including supporting an Authority's partners delivering the Local Area Agreement (LAA). The Government continues to make new grant awards via the ABG mechanism wherever possible.

In 2010/11 the Government support for the Supporting People programme will no longer be made as a specific ring fenced grant but will become part of the Council's ABG and a sum of £8.213m has been included within the confirmed ABG allocation. However the transitional working neighbourhood funding has now ceased (£0.678m received in 2009/10).

The total ABG anticipated for 2010/11 is £21.644m compared to £14.727m for 2009/10.

Specific grants

Specific grants may be either ringfenced or unringfenced. In future specific grants will only be used where justified and will be allocated according, for example to demand, bid and performance. The majority of the grants are determined as part of the sending reviews and allocated to the various Government departments for reallocation to local authorities.

Plymouth expects to receive £185.194m in specific grants, which represents an increase of 0.7% over 2009/10. This includes an indicative allocation of £145.655m of estimated Dedicated Schools Grant (DSG) which is ringfenced for schools type activity. The final amount of DSG for the year will not be confirmed until May 2010. Listed below in table 2 is a summary of the Specific Grants within the Aggregate External Finance allocated to Plymouth, analysed by Directorate. A more detailed analysis of the grants is given in Annex 1

Table 2

SUMMARY	2009/10 £m	2010/11 £m	Increase Above 2009/10 £m
Children's Services	172.770	182.136	9.366
Community Services	9.543	1.527*	(8.016)
Development	1.501	1.531	0.030
Corporate Resources	0	0	0
Corporate Items	0	0	0
TOTAL SPECIFIC GRANTS	183.814	185.194	1.380
Annual increase/decrease			0.7%

* note supporting people now paid via ABG (£8.213m). See comments above.

There are also a number of grants that fall outside of CSR07 allocations. These grants are announced by the relevant Government Departments at various times during the year the, key grants being:

- Learning Skills Council
- Administration Subsidy for Housing Benefit
- Planning and Housing Delivery Grant
- Homelessness Grant

The Council has been awarded £21.443m from the Learning Skills Council. This is for school 6th Forms, Adult Learning and Post 16 Special Education Needs. The responsibilities of the Learning Skills Council will be transferring to local authorities and a newly created Young People Learning Agency (regionally based) from 2010. The governance and accountability issues are currently being considered nationally but in the short to medium term, financial responsibilities for local authorities will be as a 'passporting' body.

The award for housing benefits (admin) is £2.486m.

The remaining grants have not yet been announced.

There are also a number of capital grants which are used to finance the capital programme.

Future Years

CSR07 outlined the Governments spending plans for a three year period ending 31 March 2011. As part of the pre budget report, the Government announced that the next spending review would be delayed until after the general election.

The last two years has seen unprecedented financial times and the worst recession for decades. National debt has soared to £178bn as the Government has stepped in to support the banking industry, the business sector and the public in general eg the reduction in VAT to 15%.

This debt will have to be repaid over the medium to long term. There will be a general election in early 2010 bringing a possible emergency budget, and all national parties have made clear there will need to be tight public expenditure constraints. Authorities, used to seeing an increase in government grant year on year, are therefore anticipating real term grant cuts in future years. The authority has already seen the reduction in both current and future year grant allocations from some of the government departments and agencies such as the RDA.

Our medium term financial plan is being modelled on an assumed grant reduction of -2.5% year on year from 2011/12 but this could be as much as 10%. Against this background, work is also being undertaken on the robustness of the data used within the settlement formula. Changes to the formula can result in wide swings in grant between authorities, with protection afforded to authorities through the 'dampening mechanism' (at the expense of other authorities) although the guaranteed minimum % has been gradually reducing during the last three years. Each +/- 1% of grant equates to approximately £1.06m based on the current grant level.

Specific Grants within Aggregate External Finance				
	09/10 allocation	10/11 Actual allocation	Variance	Comments
	£m	£m	£m	
Community Services				
Supporting People Programme	8.213	0.000	-8.213	Area Based Grant from 2010/11
ASB Family Intervention Project	0.131	0.092	-0.039	Home Office Element
Parenting Practitioner funding	0.050	0.050	0.000	3 year funding
AIDS Support	0.047	0.047	-0.047	Grant amount for 2010/11 to be confirmed
Social Care reform grant	1.007	1.243	0.236	From DOH - New specific grant, first year 2008/09
Stroke Strategy	0.095	0.095	0.000	From DOH - New specific grant, first year 2008/09
Sub total Community Services	9.543	1.527	-8.063	
Childrens Services				
Dedicated Schools Grant	140.166	145.655	5.489	Based on Pupil Numbers. Final allocation for year not known until May 2010
School Standards Grant	7.825	7.924	0.099	Estimate based on 2.1% increase less 1.1% Pupil No. decrease
Diploma Formula Grant	0.328	0.400	0.072	
Standards Fund -see below			0.000	Shown by detailed project (see below & area based grants)
SF1.1 Schools Development Grant	10.606	10.693	0.087	
SF1.2 School Lunch	0.399	0.389	-0.010	
SF1.3 Ethnic Minority Achievement	0.154	0.160	0.006	
SF1.5 Making Good Progress	0.609	1.321	0.712	
SF1.6 Extended Schools Sustainability	0.647	0.911	0.264	
SF1.6a Extended Schools Subidy	0.18	0.977	0.797	
SF1.7 Targeted Support for Primary Strategy	1.023	0.811	-0.212	
SF1.8 Targeted Support for Secondary Strategy	0.596	0.582	-0.014	
SF1.10 Early Years increasing flexibility	0.304	1.203	0.899	
SF1.11 Total Music	0.281	0.278	-0.003	
SF1.12 Playing for Success	0.160	0.16	0.000	Second PFS project from 2009/10 at Mountbatten Centre
SF1.14 KS4 Engagement Programme	0.093	0	-0.093	Estimate based on 2.1% increase less 1.1% Pupil No. decrease
SF1.15 National Challenge	0.357	0	-0.357	Estimate based on 2.1% increase less 1.1% Pupil No. decrease
Surestart, Early Years and Childcare	7.202	8.943	1.741	Surestart EY grant now grouped differently. This is Sure Start Children's Centres, 2 Year olds & Aiming High
Shortbreaks aiming high for disabled children	0.230	0	-0.230	Included in Sure Start above
Youth Opportunity Fund	0.159	0.159	0.000	
Challenge and Support Grant	0.075	0.075	0.000	Indicative figures as per LA circular
Fair Play Playbuilder	0.020	0.013	-0.007	
14-19 Prospectus/CAP		0.011	0.011	New Grant 10/11
IS Index	0.155	0.085	-0.070	Indicative figures 10/11
Right2be cared4	0.133	0.028	-0.105	
Targeted Mental Health in Schools	0.220	0.150	-0.070	Grant finishes 10/11
Think Family Grant	0.643	0.818	0.175	
Youth Crime Action Plan	0.205	0.175	-0.030	Grant finishes 10/11
Generations Together	0	0.200	0.200	New Grant 10/11
Key Stage 2 Career Related Learning Pathfinder Grant	0	0.015	0.015	New Grant 10/11
Sub Total Childrens Services	172.770	182.136	9.366	
Development				
New Growth Points Initiative	0.416	0.416	0.000	Eastern Corridor Development costs
Concessionary Fares	1.085	1.115	0.030	
Sub Total Development	1.501	1.531	0.030	
Total Specific Grants within Aggregate External Finance	183.814	185.194	1.380	

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