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OVERVIEW AND SCRUTINY MANAGEMENT BOARD

DATE: WEDNESDAY 30 JUNE 2010
TIME: 2.00 PM
PLACE: COUNCIL HOUSE (NEXT TO THE CIVIC CENTRE)

Committee Members –

Councillors Ball, Browne, James, Nicholson, Ricketts, Stevens, Thompson, Wildy and Williams.

Co-opted Representative –

Mr D Fletcher (Chamber of Commerce).

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 MEETING)**

AGENDA

1. APPOINTMENT OF CHAIR AND VICE-CHAIR

The Board will appoint the Chair and Vice-Chair for the municipal year 2010/11.

2. 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.

3. DECLARATIONS OF INTEREST

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

4. MINUTES (Pages 1 - 8)

The Management Board will be asked to agree the minutes of the meeting held on 31 March, 2010.

5. CHAIR'S URGENT BUSINESS

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

6. TERMS OF REFERENCE (Pages 9 - 10)

Members will note the Terms of Reference for the Overview and Scrutiny Management Board.

7. CO-OPTED REPRESENTATIVES (Pages 11 - 12)

The Board will consider the appointment of co-opted representatives and/or confirm existing co-opted representatives.

8. TRACKING DECISIONS TO FOLLOW

The Management Board will monitor progress on previous decisions.

9. JOINT FINANCE AND PERFORMANCE REPORT (Pages 13 - 98)

To receive the Joint Finance and Performance Report as submitted to Cabinet on 8 June, 2010, and identify issues for further review / monitoring by panels.

10. MEDIUM TERM FINANCIAL STRATEGY (Pages 99 - 130)

To consider the Medium Term Financial Strategy as presented to Cabinet on 8 June, 2010.

11. MEMBER DEVELOPMENT UPDATE (Pages 131 - 132)

The Director for Corporate Support will submit a briefing note highlighting the key achievements in member learning and development in the period 2009 to 2010. The briefing note also explores ongoing work in this area and some of the future challenges.

12. BUDGET SCRUTINY RECOMMENDATIONS TO FOLLOW

To monitor progress against recommendations arising from budget scrutiny undertaken on 15 and 17 February, 2010.

13. SOUTH WEST DEVON WASTE PARTNERSHIP - OVERVIEW AND SCRUTINY PROJECT MANDATE (Pages 133 - 136)

The Board will receive proposals for a joint scrutiny review of the South West Devon Waste Partnership with Devon and Torbay. Members will be asked to consider nominations to represent Plymouth City Council.

14. URGENT EXECUTIVE DECISIONS TO FOLLOW

Members will be advised of urgent Executive Decisions that have been taken since the last meeting of the Management Board (31 March, 2010).

15. ANNUAL SCRUTINY REPORT TO FOLLOW

To consider the annual scrutiny report for the year 2009/10.

16. OVERVIEW AND SCRUTINY PANEL UPDATES AND RECOMMENDATIONS (Pages 137 - 140)

To receive and consider recommendations from panels for the Overview and Scrutiny Management Board, Cabinet or Council.

17. WORK PROGRAMMES:

17a To receive new items from the Forward Plan with a view to identifying items for scrutiny **TO FOLLOW**

17b To consider and approve work programmes for each of the Panels **(Pages 141 - 150)**

17c To agree Project Initiation Documents / Task and Finish Groups **(Pages 151 - 152)**

18. 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.

Overview and Scrutiny Management Board

Wednesday 31 March 2010

PRESENT:

Councillor James, in the Chair.
Councillor Mrs Watkins, Vice Chair.
Councillors Coker, Fox, Purnell, Roberts, Thompson, Viney and Wildy.

Co-opted Representatives: Mr Douglas Fletcher

The meeting started at 2.00 pm and finished at 4.45 pm.

Note: At a future meeting, the committee will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.

97. DECLARATIONS OF INTEREST

The following declarations of interest were made in accordance with the members code of conduct.

Name	Minute	Reason	Interest
Councillor Mrs Watkins	No. 101 Tracking Resolutions.	Member of Plymouth Community Homes Board	Personal
Councillor Jack Thompson	No. 101 Tracking Resolutions.	Member of Plymouth Community Homes Board	Personal
Councillor Wildy		Partner is a contractor with Devonport Regeneration Community Partnership	Personal

98. MINUTES

The minutes of the meeting held on the 3 March 2010 were approved as a correct record.

99. CHAIR'S URGENT BUSINESS

There were no items of Chair's urgent business.

100. CALL-INS

(a) Members will be advised of any executive decisions that have been called in.

The Chair advised that no executive decisions had been called in.

(b) To monitor actions from Call-ins.

There were no actions to monitor from call-ins on this occasion.

(c) Members will receive a schedule of executive decisions that have been deemed urgent with the agreement of the Chair.

The Chair advised that no urgent executive decisions had been taken between 22 February and 19 March 2010.

101. **TRACKING RESOLUTIONS**

Members considered a schedule of tracking resolutions and the following was highlighted –

- (i) regarding O & S Commission minute 37(5) which refers to presentations on Care Quality Commission for all Members and LSP theme groups, officers advised that the scrutiny and LSP theme group would be invited to receive a presentation at the first Health and Adult Social Care Overview and Scrutiny Panel or first informal briefing of the Panel of the new municipal year.
- (ii) regarding O & S Commission minute 37(5) which refers to LSP theme group chairs and scrutiny chairs it was commented that the breakfast meeting held earlier in the day had been a very useful and productive event.
- (iii) regarding O & S Commission minute 94 (a) 3 which refers to the implementation of locality working, officers advised that an implementation timetable would be made available to members as soon as available.
- (iv) regarding O & S Commission minute 94 (a) (1) With regard to Health and Adult Social Care OSP draft minute no. 56 – Joint Strategic Needs Assessment the Chair of the Adult Health and Social Care OSP reported that she had met with the director for community services and the Chief Executive of the Primary Care trust and was entirely satisfied that the status quo should remain.

Resolved that a localities briefing is included in the member's induction process and all members are also invited to attend.

102. **CABINET RESPONSE TO BUDGET SCRUTINY RECOMMENDATIONS**

The leader of the council introduced the cabinet response to budget scrutiny recommendations. The leader thanked the Board and the supporting officers for all of the hard work which was carried out during the two day scrutiny. It was reported that-

- (i) the cabinet accepted recommendations about value for money and the delivery of efficiency targets and acknowledged that there would be significant pressure on the Council and its partners to do more for less;
- (ii) it was acknowledged that there was more to do in regards to communicating what the Council was doing, and to listening to what people say;
- (iii) there would be a continued focus on Children's and Adult social care;
- (iv) a review of Corporate Improvement Priorities, and targets would be part of the planning process for the coming year;
- (v) regarding recommendation 2.8 it was anticipated that mainstream budgets would not be allocated against CIPs although specific spending would be shown;
- (vi) regarding recommendation 5.4 about the unannounced inspection in Children's services: it was hoped that although the result of the recent full OFSTED inspection is yet to be published it would show that, while there were still challenges in the delivery of services to children and young people, they should not be described as 'poor'.

Resolved that -

1. The Chair and Head of Performance, Policy and Partnerships would allocate relevant

budget scrutiny recommendations to panels in conjunction with panel chairs and lead officers for inclusion in forward work programmes

2. That the management board undertake a formal mid year review of the progress against recommendations in September or October 2010

103. **RESPONSE REGARDING INFORMATION REQUESTED AT BUDGET SCRUTINY IN RESPECT OF GRANTS**

The Head of Finance introduced a report in respect of grants.

The Board expressed disappointment at the poor quality of the report presented. It was reported that-

- (i) there were only 3 grants described that had not been applied for;
- (ii) officers apologised for the amount of time it had taken to collect the data and as a result had developed a set of principles going forward for recording grant related decisions;
- (iii) a corporate grant coordinator role would be created and a corporate grants register set up;
- (iv) the authority is considering purchasing software to help identify sources of grant funding;

In response to questions from members of the board, it was reported that the authority would undertake to investigate how access could be gained to grant finding software through partnership working.

104. **PERFORMANCE MONITORING**

(a) To receive the bi-monthly Finance and Performance Report and to identify issues for further review / monitoring by Panels.

The Cabinet member for Finance, Property People and Governance commented on the report. It was reported that-

- (i) the projected overspend of £3.146m has been mitigated by a £2.144m VAT repayment from HM customs and excise and a £0.229m Local Authority Business Growth Incentive grant which has resulted in a projected overspend of approximately £400,000 after applying a number of 'corporate health' adjustments;
- (ii) a further dividend from Heritable Bank of £195,000 has been repaid, although there was still money outstanding this was currently subject to legal process;
- (iii) the capital position was outlined and the assessment of year end spend is £95.8m, actual spend on the Capital programme as at end of January 2009 is £62.364m.

In response to questions from members of the board it was reported that –

- (iv) the unexpected rejection of the bid for funding a gypsy site within the city was a significant problem, legislation stipulated that a suitable site would need to be created for gypsies. With the rejection of the bid the Council has continued to review its options which could include approaching the Homes and Communities Agency to look at any problems with the bid;
- (v) there has been no extra funding set aside for the move to Localities, it is expected that the Localities programme would be funded from existing resources;

- (vi) the spending gap on the capital programme between January and year end was an annual occurrence, the authority continues to improve project management to reduce slippage;
- (vii) section 106 monies are now placed in a central pot. There is reference to section 106 monies within the overall capital position. It was suggested that to further scrutinise this area would require the presence of representatives from the Development Department;
- (viii) budget pressures had been identified in Adult Services and Services for Children and Young People, these pressures have been addressed in part by transferring resources from the back office to the front line;
- (ix) although statistical analysis can help forecasting of where budgetary pressure may be in the future it is not an exact science for example, further high profile cases such as the Baby P case could see further increases in the number of looked after children;
- (x) which ever party forms the next government there are likely to be deep cuts to public sector spending, the Council will have to make painful decisions with partners on priorities for the city, it is clear that some services the council provides now will need to be cut in the future.

The Cabinet member for Customer Service, Performance and Partnerships highlighted the progress against performance milestones. It was reported that there had been good progress against a number of milestones including the increase in benefit take up and the increase in the number of affordable homes. Although currently off target with recycling rates it was hoped that the introduction of garden waste collection would increase rates. In response to questions from members of the board it was further reported that –

- (xi) a culture of performance monitoring was being developed by the appraisal process to ensure improvements in service delivery;
- (xii) the number of temporary staff employed by the council would be made available to members of the board;
- (xiii) the appraisal process has identified areas of development for individual staff, it was unknown what the budget implications would be, the process of the appraisals would contribute to the Council becoming an excellent authority by 2012.

Resolved that-

- (1) The relevant Corporate Improvement Priorities score card be provided to each Overview and Scrutiny panel as a standing agenda item;
- (2) A representative from the Development Department and Director for Corporate Support are invited to a future meeting of the board to provide a break down of how section 106 monies have been collected, how they have been spent and how the new tariff system is likely to affect where and when they are spent.

(b) To receive updates from Panels on actions / progress on performance issues previously identified.

It was reported that a Task and Finish group on reducing teenage conception rates in the City had been completed; the recommendations would be presented to the Board at the first meeting of the next municipal year.

(c) To monitor performance against Local Area Agreement targets and to identify issues for further review / monitoring by Panels.

The Chair highlighted a number of Local Area Agreement stretch targets which were showing as red within the report and asked that Panel chairs consider these areas during their meetings with theme group chairs.

(d) To monitor performance against the Scrutiny Improvement Plan / development of Protocols.

The Chair reported that working protocols for the LSP theme groups and Overview and Scrutiny panels had been agreed.

Officers reported that the IDeA had been approached to support member development, with member personal development reviews in June and July.

105. **COUNCILLOR CALL FOR ACTION TOOLKIT**

The board considered a report on the draft Councillor Call for Action Toolkit.

Resolved to recommend to council that the Councillor Call for Action toolkit is approved and included in the council's constitution.

106. **LOCAL STRATEGIC PARTNERSHIP / OVERVIEW AND SCRUTINY PANELS UPDATES**

(a) To receive updates from each Panel on ongoing / completed work with the related LSP Theme Groups.

The Customer and Communities panel chair highlighted that in relation to National Indicator 192 (Percentage of household waste sent for reuse, recycling and composting), the LSP theme group would be conducting a task and finish group and would communicate their findings to the panel.

(b) To agree further meetings / discussions with the LSP Theme Groups.

It was reported that the breakfast meeting was a success and illustrated that the priorities of the scrutiny panels and Local Strategic Partnership theme groups were closely aligned. It was suggested that an event of this nature would continue to be useful if held annually.

107. **QUARTERLY REPORTS**

(a) To receive quarterly reports from each Panel (some to follow).

The draft quarterly scrutiny reports of the Overview & Scrutiny Management Board and O & S Panels were submitted for consideration. The following points were highlighted –

- (i) that the quarterly reports from each panel are not consistent in the information they provide;
- (ii) members' attendance should also reflect attendance at task and finish groups, including any joint reviews;
- (iii) the budget of each panel should be included within the report.

Officers reported that there would be no carry over of the scrutiny budget. However budget for the new municipal year would be ring fenced for specific scrutiny reviews.

(b) To agree the quarterly scrutiny report for forwarding to Cabinet.

The board approved its draft quarterly report.

108. **RECOMMENDATIONS FROM PANELS**

(a) To receive and consider recommendations from Panels for O & S Management Board, Cabinet or Council (some to follow)

Resolved –

- (i) To defer recommendations from the Health and Adult Social Care OSP until the next meeting of the municipal year when a permanent lead officer is appointed;
- (ii) to approve the recommendation of the Growth and Prosperity OSP, minute 55 (1) to transfer the scrutiny of the carbon reduction commitment to the Support Services OSP;
- (iii) to approve the recommendation of the Growth and Prosperity OSP minute 65 (1) supporting the governance proposals for the growth agenda;
- (iv) to approve Customers and Communities OSP recommendation minute 69 “following the completion of the work regarding recycling rates by the LSP Safe and Strong Theme Group, a revised report regarding partnership working is submitted to the Panel, with SMART targets and demonstrating a more proactive approach to the issue.”
- (v) that Customers and Communities OSP minute 71 (1) that the views of both Efford and Compton wards are sought regarding Councillor Ball’s Councillor Call for Action.
- (vi) to defer Customers and Communities OSP recommendation minute 71 (2) for further investigation into how the Councillor Call for Action will work within the new Locality working structures.
- (vii) Customers and Communities OSP recommendation draft minute 79, that the tree strategy is added to the Growth and Prosperity OSP work programme, is approved.
- (viii) that the Plympton Area Committee draft minute 58, to approve the recommendation to add the scrutiny of the Community Events and Road Closure Policy to the Growth and Prosperity OSP work programme under CIP 11.

(b) To monitor actions against recommendations made to Cabinet / Council.

There were no actions on this occasion.

109. **WORK PROGRAMMES**

(a) To receive and consider recommendations from Panels for O & S management board, Cabinet or Council.

Please refer to minute 102 (1) for items arising from budget scrutiny to be added to work programmes.

(b) To consider and approve additions to work programmes.

Resolved – that the Board note the Panels’ work programmes.

(c) To receive new items from the Forward Plan for 1 April 2010 to 31 July 2010 with a view to identifying items for scrutiny.

There were no items on the forward plan identified for scrutiny.

It was commented by Board members that many of those in the business community did not see the forward plan or understand the need for its existence. It was difficult to find on the website

being buried amongst the agendas and minutes of committees.

Resolved that -

- (1) the forward plan be circulated to all Panel and Theme Group Chairs
- (2) The format and publication of the forward plan is reviewed to be made it more accessible and clearer to understand

(d) To agree Project Initiation Documents / Task and Finish Groups.

Resolved that the Project Initiation Document for a task and finish group on the Carers Strategy is approved.

(e) To receive updates on Task and Finish Groups.

It was reported that a Task and Finish group on reducing teenage conception rates in the City had been completed; the recommendations would be presented to the Board at the first meeting of the next municipal year.

It was reported that a Task and Finish Group on the financial inclusion strategy action plan refresh had been completed. The Chair of the task and finish group commented that it was a focused piece of scrutiny which had been well supported by officers.

Resolved to recommend to Cabinet that the recommendations within the task and finish group report on the financial inclusion strategy are approved.

110. **COMMUNICATIONS**

(a) To receive reports of any press coverage.

It was reported the task and finish group on financial inclusion received excellent press coverage.

(b) To consider any communication plans.

There were no communication plans to consider.

111. **EXEMPT BUSINESS**

There were no items of exempt business.

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THE OVERVIEW AND SCRUTINY MANAGEMENT BOARD

MEMBERSHIP OF THE MANAGEMENT BOARD

The Overview and Scrutiny Management Board will be made up of the Chairs of the Panels plus two additional members from each political group plus one co-opted representative.

One substitute member may be nominated from each Panel provided they have received the required training.

PRINCIPLES OF THE OVERVIEW AND SCRUTINY PROCESS

- To add value to Council business and decision-making
- To hold the Cabinet to account
- To monitor the budget and performance of services
- To assist the Council in the development of policy and review the effectiveness of the implementation of Council policy
- Work to outcomes, which can be measured and have a positive impact on the community
- To improve the quality of the scrutiny process
- To exercise effective scrutiny

ROLE OF THE MANAGEMENT BOARD

- To oversee workloads, including approval of work programmes, allocate work (based on request from Panels and from the Forward Plan) and the approval of Task and Finish Groups* and to monitor the performance of Panels and Chairs;
- To manage relationships between Panels, Cabinet Members, Theme Groups / Chairs and Partners and to produce relevant Protocols;
- To monitor performance against Inspection Action Plans, including Access to Services and Equality Standards, and to monitor performance of Partner Organisations through LAA targets and priorities;
- To monitor Call-ins, Councillor Call for Action and Petitions and to allocate work accordingly (Call-ins to be considered by a minimum of three Members to include the Chair of the Board and the Chair of the relevant Panel);
- To receive Bi-monthly Finance and Performance Reports, including CIP monitoring and to carry out the Annual Budget Scrutiny;
- To agree recommendations to Cabinet / Council / LSP Board and to monitor progress, including presentation of a quarterly report to the Cabinet;
- To agree appointments of Co-optees to Panels and to approve an annual Scrutiny training programme;
- Responsible for publicity and communications

*The purpose of Task and Finish Groups will be to undertake pieces of scrutiny work as required by the Management Board and will be time specific. These groups will be made up of Members who have expressed an interest in the

particular issue. Once the Task and Finish Group has commenced work, no substitution for Members is allowed.

Overview & Scrutiny Management Board and Panels are subject to the rules of political proportionality. In the case of the Joint Health Panel, it is not, as agreed by the Council, subject to political proportionality relating to political groups.

Meetings of the Management Board

The Overview and Scrutiny Management Board shall meet on a four-weekly basis with Shadow meetings on a two-weekly basis for the purpose of hearing call-ins. All meetings of the Management Board will be open to the public. Cabinet Members and directors will attend the Overview and Scrutiny Management Board on a rolling programme throughout the year.

Agenda Items

Any Members or panels who would like to recommend an item for their work programme shall submit a completed Project Initiation Document (PID) for consideration by the Management Board.

Whipping

In keeping with good practice, there will be no “whipping” of members exercising their responsibilities on the Overview and Scrutiny Management Board or its Panels.

Training

Every Member of the Management Board will be provided training in the areas that include but are not limited to:

- Overview and Scrutiny
- Role of chair/vice chair

REPORT FOR OVERVIEW AND SCRUTINY MANAGEMENT BOARD**CO-OPTED REPRESENTATIVES**

Members of the Overview and Scrutiny Management Board will be asked to consider and review the appointment of the non-voting co-opted representatives to the Board for the municipal year 2010/11.

When considering and reviewing the appointment of co-opted representatives, Board members must be aware of the election and terms of office of co-opted members as stipulated within Plymouth City Council's Constitution, which in Part 1, Article 2.2, section b), states:

(a) Co-opted Members

- (i) The Council or any of its committees, sub-committees or working groups may co-opt suitable persons as members.
- (ii) Unless otherwise stipulated co-opted members will be appointed for a period of four years, subject to annual review. Co-opted members will have their role and voting rights (if any) of their post stipulated upon appointment.
- (iii) A co-opted member may at any time resign their position by giving notice in writing to the Chief Executive and the resignation will be effective upon its receipt.
- (iv) The Council may resolve to remove one or more co-opted members of any of its committees, sub-committees or working groups on the recommendation of the relevant committee sub-committee or working group. Any request for this must be submitted to the chair of the relevant committee, sub-committee or working group and will be included on the agenda of the next regular meeting providing the Council's rules about notice of meetings are complied with.

The councillor who made the complaint and the member whose removal is sought will be given an opportunity to address the meeting on this topic.

The committee, sub committee or working group may resolve to:

- Remove the co-opted member from its membership with immediate effect;

- Not remove the co-opted member from its membership; or to
- Refer the matter to Council for decision.

In the event of either the Council or the committee, sub-committee or working group deciding against the removal, no such similar request against the same member shall be considered until six months have elapsed or the Council's next Annual General Meeting has taken place.

The Overview and Scrutiny Management Board currently has one co-opted representative:

Co-opted member	Organisation represented	Date co-opted to Committee	Date due for renewal
Mr. D. Fletcher	Plymouth Chamber of Commerce	07/10/2009	06/10/2013

Recommendation

Members consider whether to continue the appointment of the existing co-opted member and/or to consider the co-option of additional members to the Board.

CITY OF PLYMOUTH

Subject: Joint Finance and Performance Report
Committee: Cabinet
Date: 8 June 2010
Cabinet Member: Councillor Bowyer and Councillor Sam Leaves
CMT Member: CMT
Author: Sandra Wilson (Corporate Finance and Accountancy Manager) and Patrick Hartop (Performance Officer)
Contact: Tel: (01752) (30)4942
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Ref: Acct/SW
Part: I

Executive Summary:

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

Performance

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

Revenue

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

Capital

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

Corporate Plan 2010-2013:

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

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

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

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

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

Recommendations & Reasons for recommended action:

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

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

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

Alternative options considered and reasons for recommended action:

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

Background papers:

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

Sign off:

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

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

1. Introduction

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

1.7 This report includes the following information and Appendices:

Section A – Executive Summary

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

Section B – Directorate reports

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

Section C - Housing Revenue Account

Section D - Treasury Management

Section E- LAA

Section F – Concluding Remarks









Appendices:

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

Section A – Executive Summary

2. Performance Position

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

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

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

2.2 CIP 1 Improving Customer Services

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

2.3 CIP 3: Helping people to live independently

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

2.4 CIP 4: Reducing inequalities between communities

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

2.5 CIP 5: Providing better and more affordable housing

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

2.6 CIP 7: Keeping children safe

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

2.7 CIP 8: Improving skills and educational achievement

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

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

2.8 CIP 10: Disposal of waste and increasing recycling

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

2.9 CIP 14: Improving value for money

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

3. Revenue Position

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

Table 1

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

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

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

General Fund

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

Table 2

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

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

3.6.1 Children's Services: Overspend £1.856m

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

3.6.2 Community Services: Overspend £1.885m

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

3.6.3 Development & Regeneration: Underspend (£0.223m)

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

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

3.6.4 Corporate Support: Underspend (£0.975m)

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

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

3.6.5 Chief Executive: Underspend (£0.250m)

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

3.6.6 Corporate Items: Underspend (£0.865m)

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

2009/10 Financial Health Review

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

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

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

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

- 3.9 As part of consideration of the outturn position, and before officially 'closing the accounts', it is necessary to review the Council's overall financial health position, looking not only at the outturn position for the year, but reviewing the adequacy of reserves and provisions in the light of pressures identified over the short to medium term. Decisions made feed into the Council's statutory Statement of Accounts which is subject to external audit.

- 3.10 The Medium Term Financial Strategy (MTFS) outlines the very strong possibility of a reduction in the underlying government grant allocation and a freeze on council tax increases in future years. This needs to be considered in the context of the significant pressures faced by the Council in the short to medium term including:

- Waste disposal costs
- Reduced income through economic downturn
- Reduced return from Council investments
- Demographic growth in elderly residents and clients with complex needs
- Increasing number of children in care
- Pensions
- Building Schools for the Future (BSF)
- Residual costs housing stock transfer

- 3.11 The level of the Council's Working Balance is also key in addressing unknown pressures and liabilities.

- 3.12 As an integral part of the financial health review, the Director for Corporate Support and Corporate Management Team (CMT) are requesting approval of the following:

a. Review of provisions

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

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

b. Commuted Maintenance

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

c. Carefirst development

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

d. Budget carry forwards

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

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

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

e. Seaside Town Grant

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

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

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

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

- Waste Balancing Fund
- Pensions

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

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

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

Reserves and Provisions at 31 March 2010

- 3.16 Working Balance

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

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

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

3.17 Earmarked Reserves

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

3.18 Schools Balances

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

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

3.19 Provisions

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

3.20 Contingent Liabilities

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

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

Recommendations:

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

4. Medium Term Financial Forecast

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

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

5. Income Summary

Table 3

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

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

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

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

[^]All general fund sundry debt including the key areas (key areas are analysed and are shown in italics)

5.1 Local Taxation

Council Tax –Target 96.0%

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

NNDR - Target 97.0%

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

5.2 Sundry Debt collection – Target 92.5%

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

Key areas

5.2.1 Adult residential and non residential care - Target 93.0%

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

5.2.2 Commercial Rent - Target 92.5%

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

5.2.3 Trade Waste - Target 94.0%

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

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

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

Table 4

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

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

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

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

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

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

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

Recommendations:

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

Capital Financing

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

6.7 Accounting for Provision for Credit Liabilities

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

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

Table 5

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

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

6.9 Capital Receipts position

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

6.9.1 General receipts

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

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

6.9.2 Set aside receipts

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

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

Recommendations:

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

7. Medium Term Capital Programme

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

Table 6

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

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

7.5 The expected funding of the programme is as follows:

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

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

7.7 Significant schemes programmed to be delivered by 2014 include:

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

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

SECTION B- DEPARTMENTAL BUSINESS REPORTS:

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

8. Children's Services

8.1 Corporate Improvement Priorities:

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

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

8.2 Progress against priorities

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

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

Children's Services
Monthly Revenue Budget

March 10

3.67 %



CIP 7. Keeping children safe

Measures



Milestones



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

CIP 8. Improving skills and educational achievement

Measures



Milestones



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

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

CIP 9. Developing high quality places to learn in

Measures



Milestones



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

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

The key reasons for the Department's overspend are:

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

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

Other savings also include –

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

Pressures arising within Policy and Performance include;-

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

£0.029m overspend in the complaints team budget.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8.4 Achievement of Action Plans

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

8.5 Dedicated Schools Grant (DSG)

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

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

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

Schools Financial Position

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

Table 7

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

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

8.6 Department Medium Term Forecasts

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

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

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

8.7 Capital Programme – Final Outturn

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

Table 8

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

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

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

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

8.8 Sure Start

Table 9

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

8.8.1 Sure Start Revenue

No variations

8.8.2 Sure Start Capital

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

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

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

9. Community Services

9.1 Corporate Improvement Priorities:

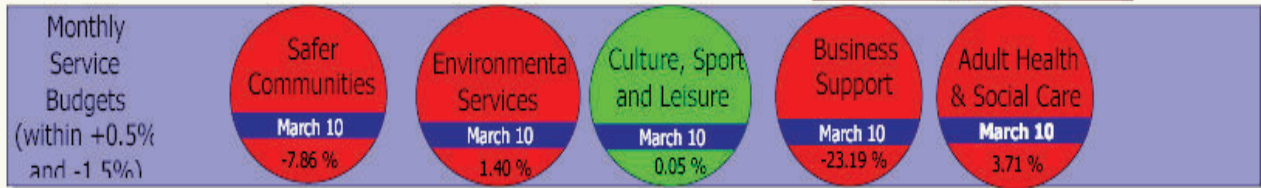
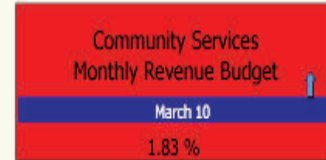
The Community Services department is leading on the following Corporate Improvement Priorities.

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

9.2 Progress against priorities

The following Scorecard outlines progress against each CIP overall.

**Community Services
CIP Progress and Management Report**



CIP 3. Helping people to live independently



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

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

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

CIP 4. Reducing inequalities between Communities



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

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

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

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

Community Cohesion and equalities work is on schedule.

Community Services
CIP Progress and Management Report Cont'd

CIP 6. Providing more and better culture and leisure activities

Measures  Milestones 

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

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

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

CIP 10. Disposal of waste and increasing recycling

Measures  Milestones 

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

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

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

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

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

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

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

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

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

The key variations are:

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

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

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

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

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

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

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

9.4 Achievement of Action Plans

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

9.5 Departmental Medium Term Forecasts

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

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

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

9.6 Capital Spend / Programme

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

Table 10

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

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

£000 Slippage/Profile Changes

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

£000 Other Variations

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

9.7 Life Centre progress into 2010/11

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

10. Development & Regeneration

10.1 Corporate Improvement Priorities:

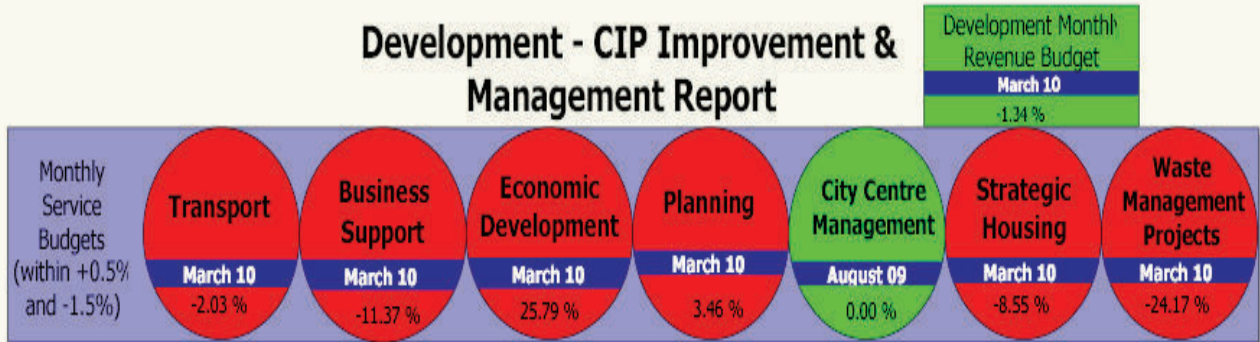
The Development Department is leading on the following three Corporate Improvement Priorities:

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

10.2 Progress against priorities

The following Strategy Map outlines progress against each CIP overall.

Development - CIP Improvement & Management Report



CIP 5. Providing better and more affordable housing



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

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

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

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

CIP 11. Improving access across the city



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

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

CIP 12. Delivering sustainable growth



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

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

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

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

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

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

10.3 Development under-spend of (£0.223m)

Variations against service headings are:

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

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

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

10.4 Achievement of Action Plans

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

10.5 Departmental Medium Term Forecasts

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

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

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

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

10.6 Development Trading Accounts

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

Table 11

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

City Market

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

Off Street Parking

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

On Street Parking

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

10.7 Capital Spend / Programme

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

Table 12

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

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

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

11. Corporate Support

11.1 Corporate Improvement Priorities:

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

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

11.2 Progress against priorities

The following Scorecard outlines progress against each CIP overall.

Corporate Support CIP Progress and Management Report

Corporate Support
Monthly Revenue Budget

March 10

-2.80 %

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

Finance,
Assets and
Efficiencies
March 10
-4.15 %

Democracy &
Governance
March 10
-1.59 %


HR
March 10
-9.14 %


Customer
Services &
Business
March 10
-1.97 %

ICT
March 10
2.77 %

Departmental
Management
March 10
1.11 %

CIP 1. Improving Customer Service

Measures 

Milestones 

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

CIP 13. Supporting Council staff to perform better


Measures 

Milestones 

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

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

CIP 14. Improving value for money

Measures 

Milestones 

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11.4 Achievement of Action Plans

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

11.5 Departmental Medium Term Forecasts

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

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

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

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

11.6 Capital Spend / Programme

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

Table 13

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

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

£000

Slippage/Profile Changes

- (214) I.T - Due to resource constraints and the amount of work required to support Stock Transfer, some aspects of projects were not completed. Work should now be undertaken in 10/11.
- (106) Various Corporate Real Estate project reprofiling, each of less than £100k, including projects to improve Windsor House and Stonehouse Town Wall

£000

Other Variations

- (110) IT salary costs of staff supporting major developments were charged to revenue
- (634) Final redundancy strain costs less than approved Capitalisation Direction not utilised

12. Chief Executive

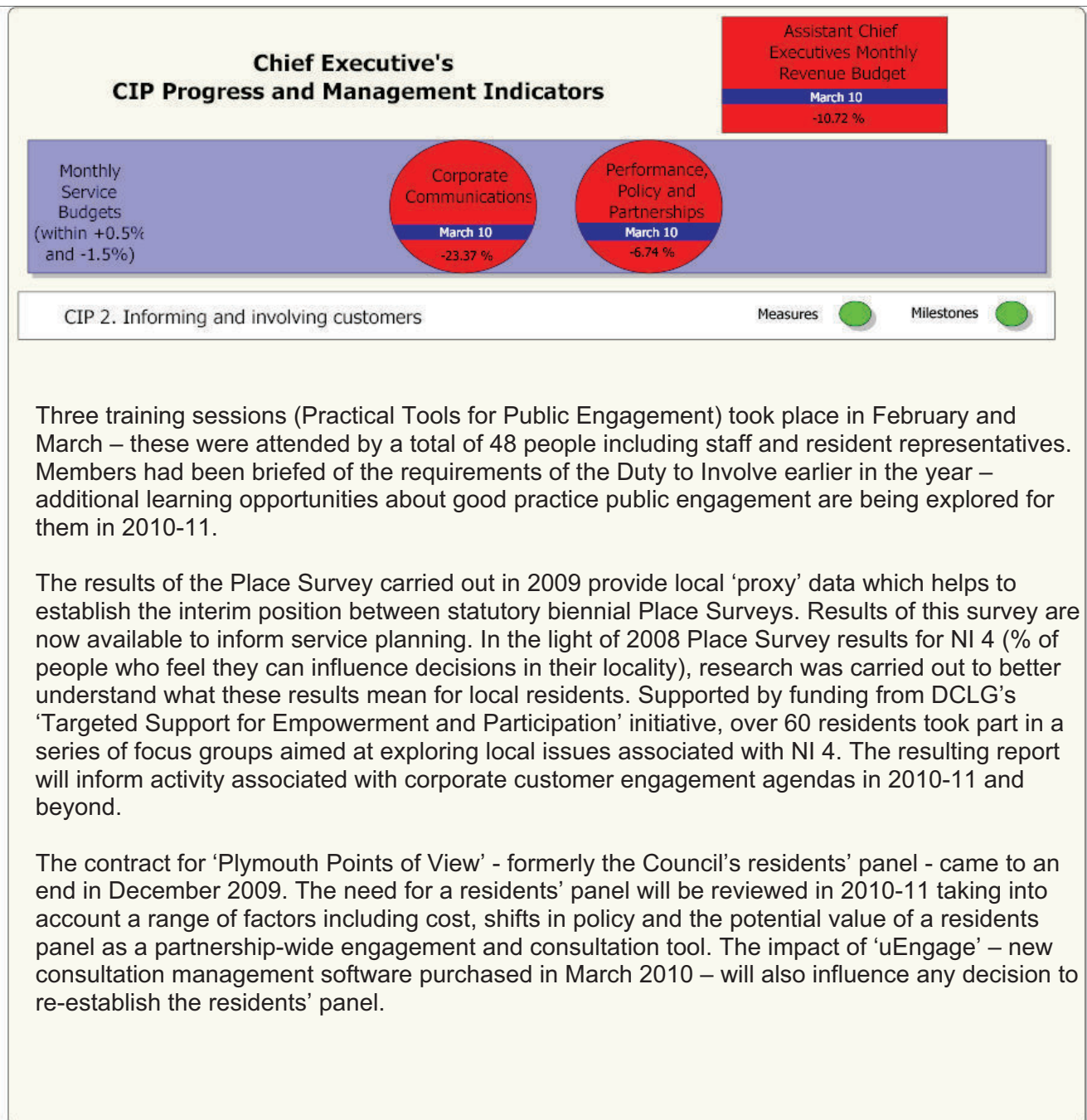
12.1 Corporate Improvement Priorities:

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

- Informing and Involving Customers (CIP 2)

12.2 Progress against priorities

The following Scorecard outlines progress against each CIP overall:



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

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

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

12.4 Achievement of Action Plans

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

12.5 Departmental Medium Term Forecasts

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

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

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

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

13. Corporate Items & Cross-Cutting Issues

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

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

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

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

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

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

(b) Area Based Grant

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

(c) Citybus Dividend

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

(d) Carefirst Project

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

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

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

(e) Stock Transfer

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

13.2 Further Corporate Health Adjustments

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

13.3 Partnerships- New Deal for Communities (NDC)

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

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

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

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

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

Section C – Housing Revenue Account

14. HRA – Revenue Budget

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

15 HRA Capital Programme

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

Recommendations:

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

Section D – Treasury Management

16. Treasury Management Activity

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

Table 14

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

Borrowing

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

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

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

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

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

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

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

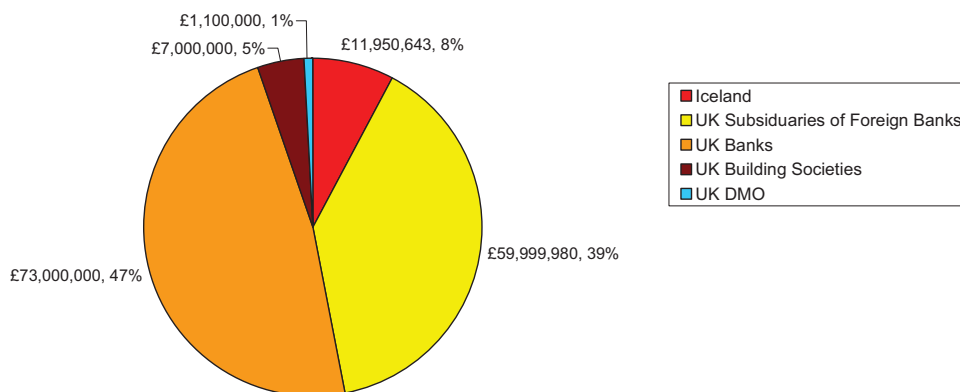
16.9 Overall Debt Performance for the year

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

Investments

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

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



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

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

16.13 Overall Investment performance for the year

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

Table 15

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

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

16.14 Icelandic Banks Update

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

16.14.1 Heritable Bank £3m

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

16.14.2 Glitnir £6m

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

16.14.3 Landsbanki £4m

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

16.14.4 Capitalisation Directions

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

16.14.5 Impairment Charge 2009/10

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

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

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

Table 16

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

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

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

REVENUE IMPLICATIONS OF TREASURY MANAGEMENT

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

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

Summary of Capital Financing Costs 2009/10

Table 17

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

Recommendations:

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

Section E – Local Area Agreement LAA Stretch Targets

17. Background

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

18. Use of PRG

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

Table 18 -PRG Funding Proposals 2010/11

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

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

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

19 Fundamental Review

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

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

Recommendations:

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

SECTION F – CONCLUDING REMARKS

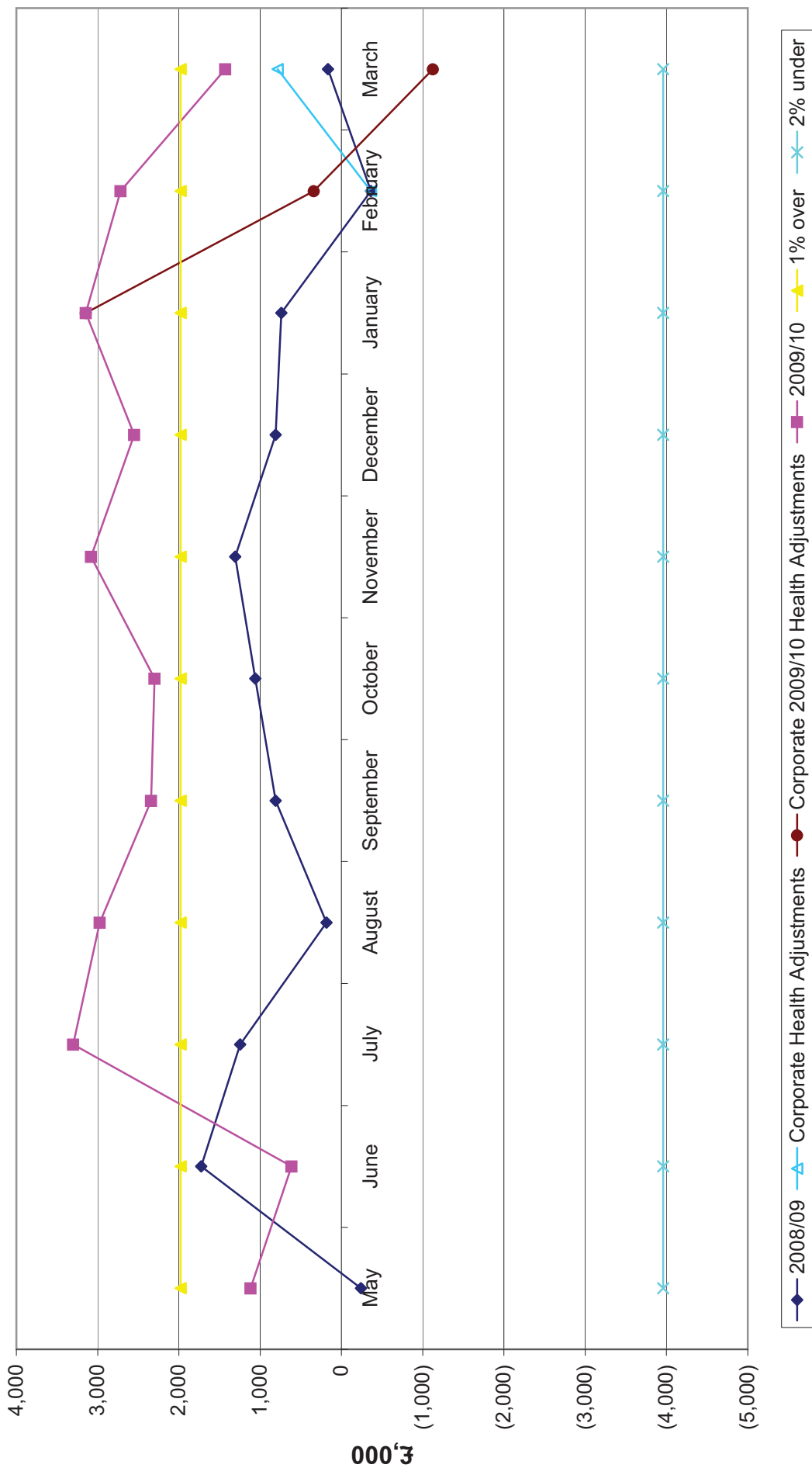
20 Conclusions

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

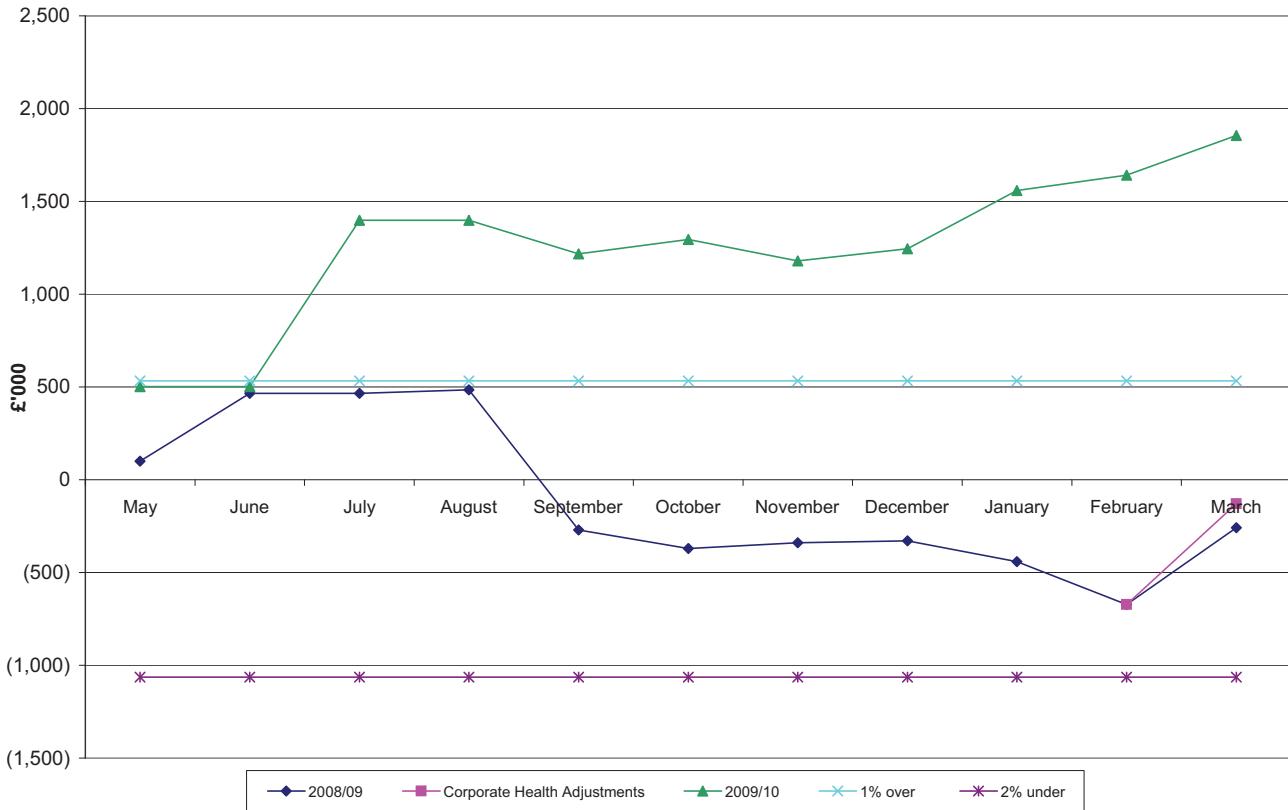
Recommendations:

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

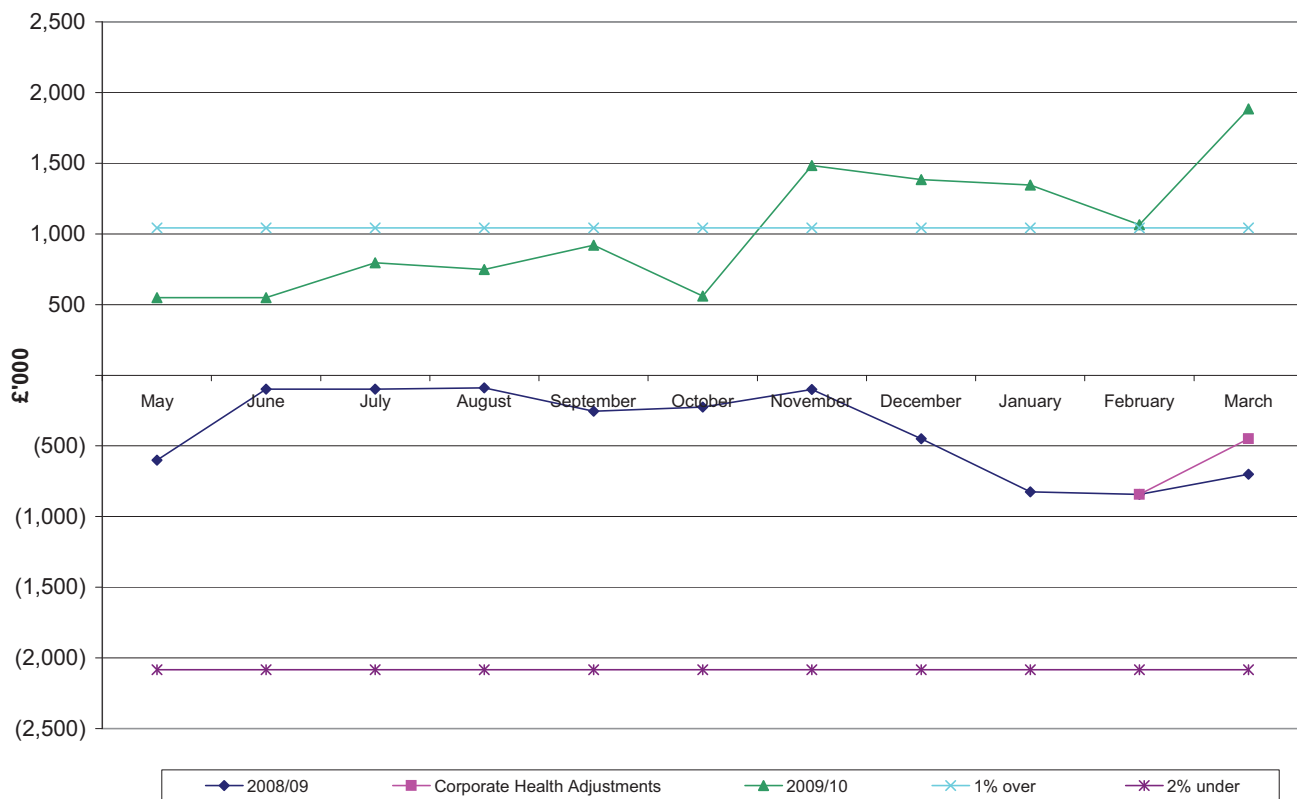
General Fund Monitoring Comparison 2008/09 & 2009/10



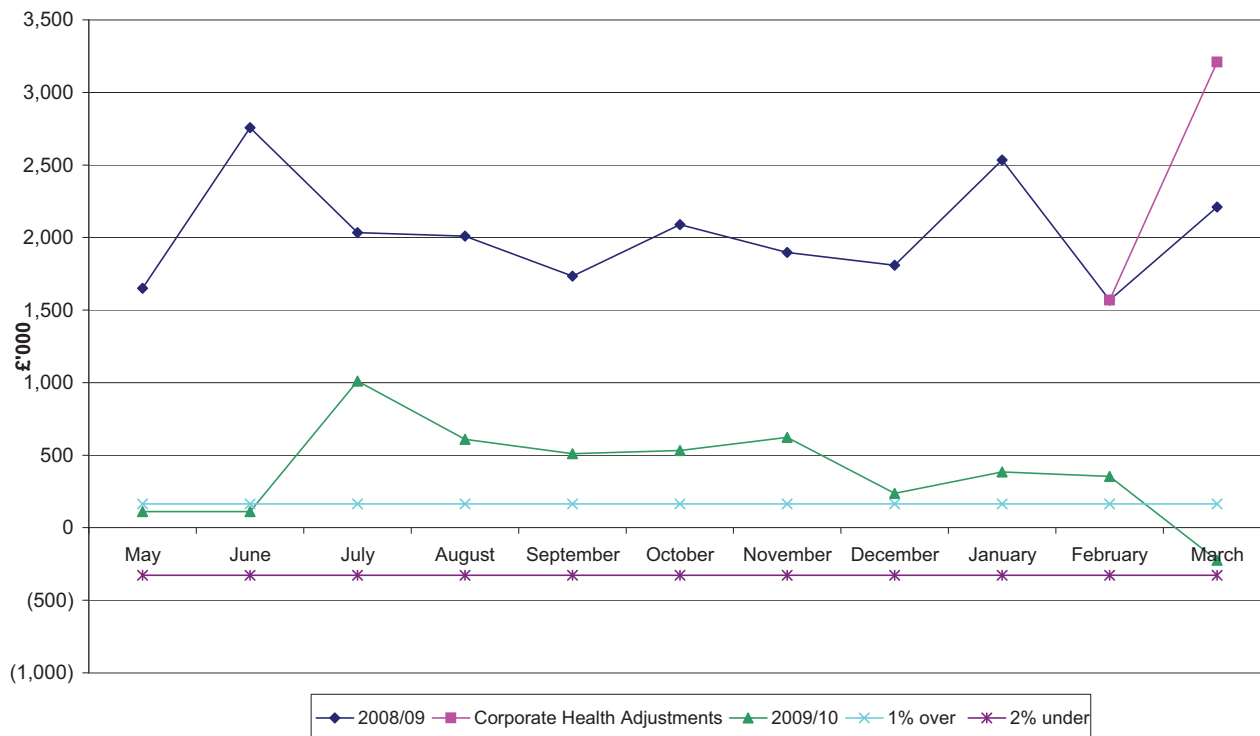
Children's Services Monitoring Comparison 2008/09 & 2009/10



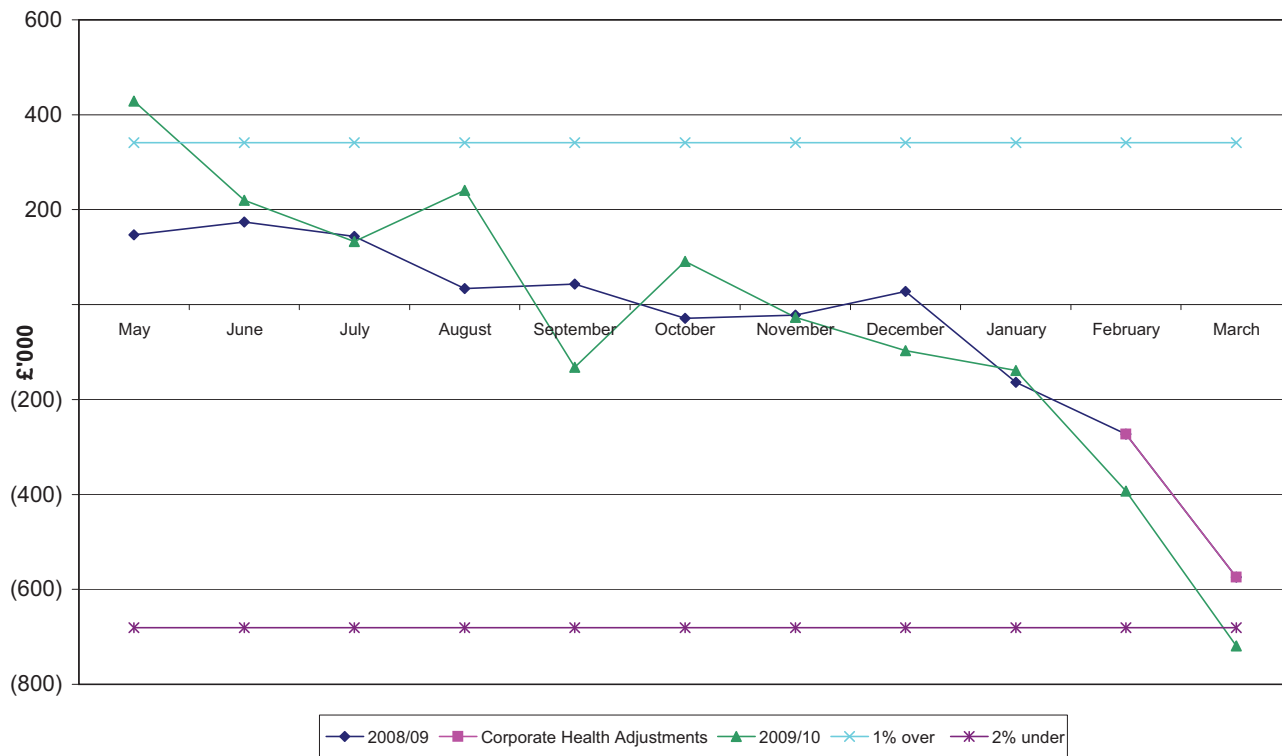
Community Services Monitoring Comparison 2008/09 & 2009/10



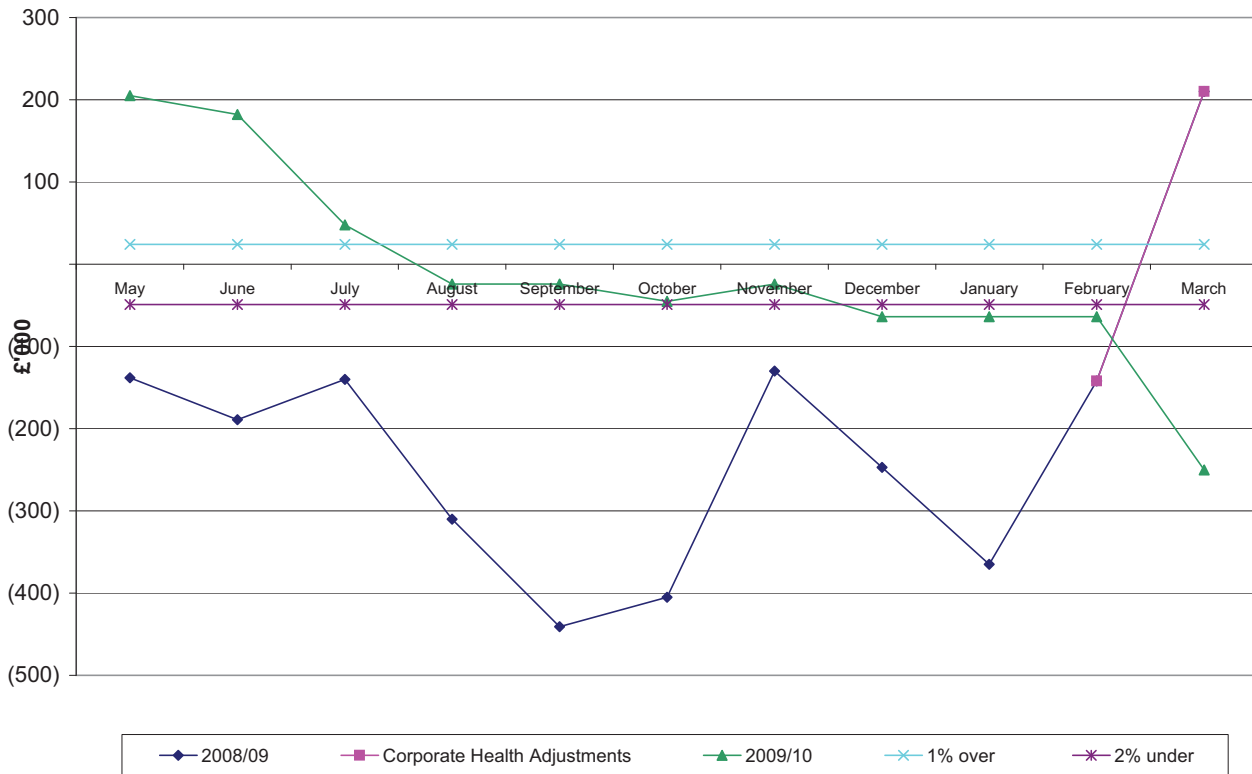
Development Monitoring Comparison 2008/09 & 2009/10



Corporate Support Monitoring Comparison 2008/09 & 2009/10



Chief Exec Monitoring Comparison 2008/09 & 2009/10



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

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

TRADING ACCOUNT POSITION FOR YEAR ENDED 31 MARCH 2010

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

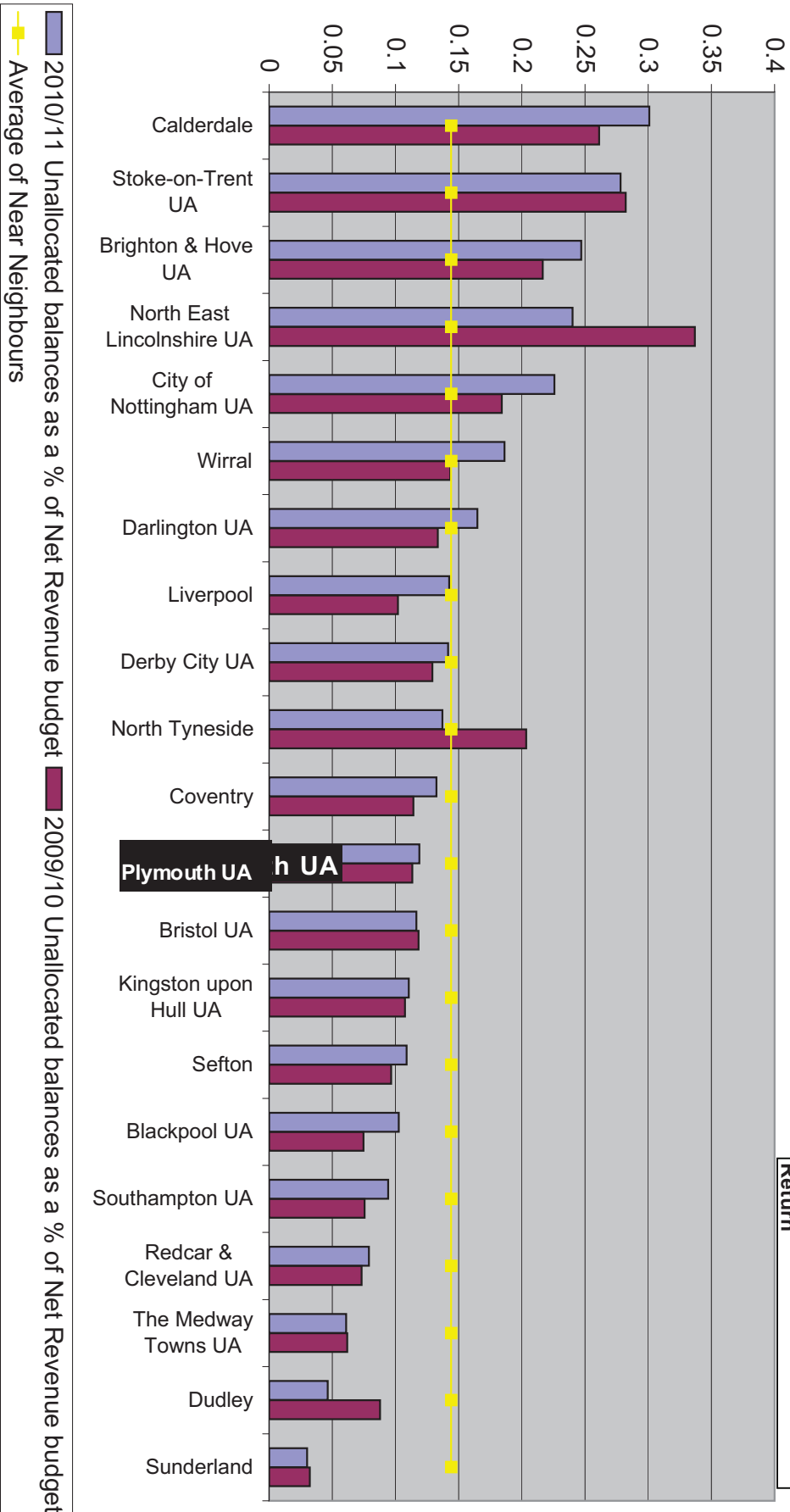
Movement in Reserves 2009/10

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

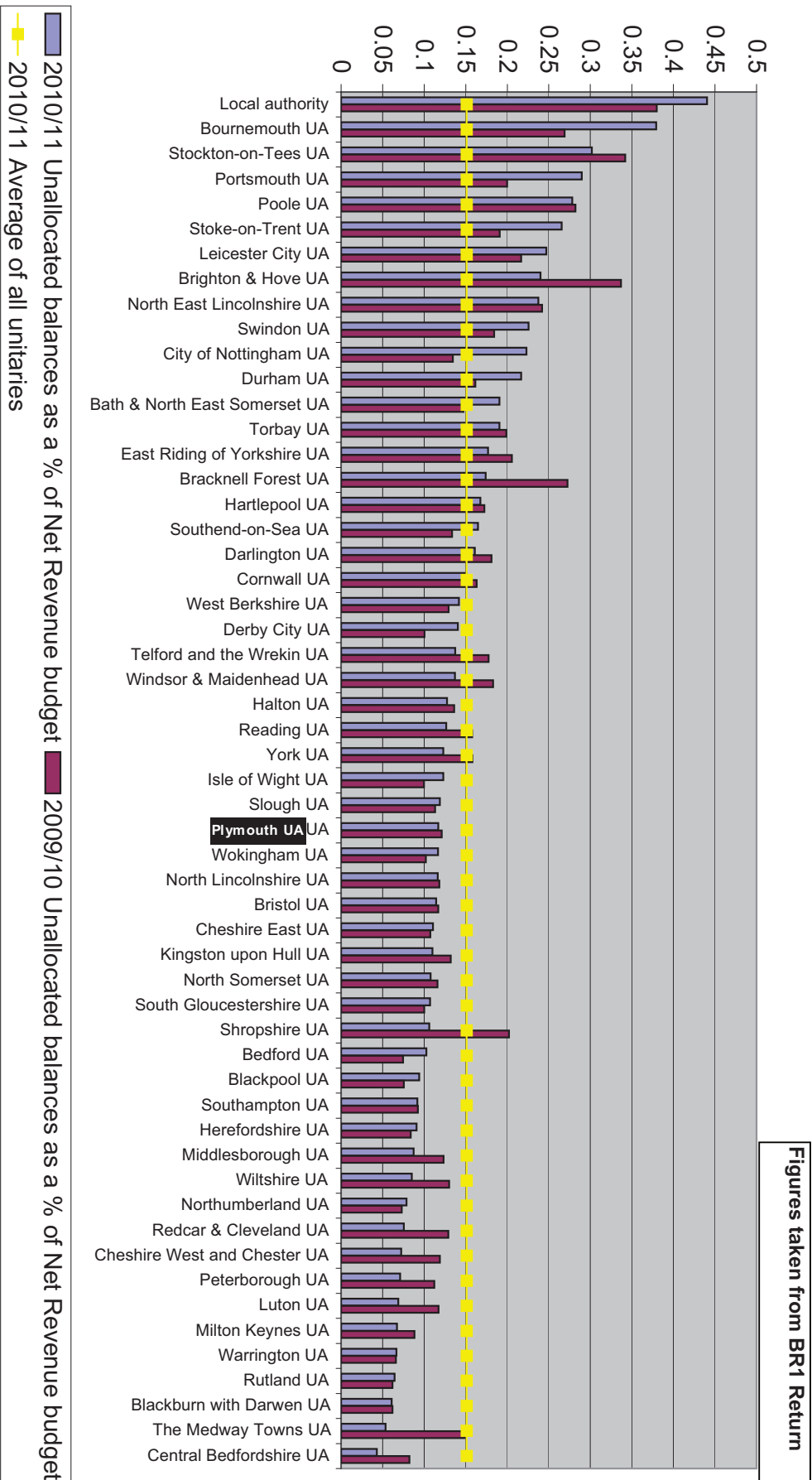
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Total Balances as % of Net Revenue Budget - Near Neighbours

Figures taken from BR1 Return



Total Balances as % of Net Revenue Budget - All Unitaries



Movement in Provisions 2009/10

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

*** Back dated equal pay claims**

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

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

Section 117 Refunds

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

SUMMARY CAPITAL PROGRAMME - Final Outturn

	Budget						Financing						
	Original Budget 2009/10	Latest Approved Budget	New Approved Schemes	Re-profiling	Virements	Other Variations	Outturn	Capital Receipts	Unsupported Borrowing	Supported Borrowing	Contribution & Section 106	Revenue & Funds	Total Financing
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	52,057	53,771		(3,848)	(40)	305	50,188	2,662	5,511	11,852	29,307	856	50,188
Community & Neighbourhood Development & Regeneration	9,932	6,631	121	208		369	7,328	1,791	757		4,669	112	7,329
Corporate Support	20,932	21,187	325	(2,666)	40	(739)	18,147	201	2,021	4,100	11,700	125	18,147
HRA	2,065	10,242	28	(320)		(733)	9,217	1,466	5,705		1,873	173	9,217
	7,222	7,991				570	8,561	160		2,076	332	5,992	8,561
Total	92,208	99,822	474	(6,626)	0	(228)	93,441	6,279	13,994	18,028	47,881	7,259	93,442
Corporate adjustments Transferred to Revenue PCL adjustment							(1,221)	(638)	(164)		(142)	(915)	(1,221)
Adjusted programme/Financing	92,208	99,822	474	(6,626)	0	(228)	92,220	5,641	14,469	18,028	47,739	6,343	92,008

Capital Outturn Summary 2009/10

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

Directorate	Service	Sub Programme	Latest Approved Budget	New Approved Schemes	Re-profiling	Virements	Other Variations	Outturn
Children's Services	School Harnessing Technology / ICT	Special	44,734	-	(16,377)	15,797	12,782	56,936
	Surestart, Early Years and Childcare	Children's Centres Early Years	572,507	-	(514,591)	5,062	(6,967)	56,011
Children's Services Total			839,734	-	(598,309)	(27,299)	(0)	214,126
			53,770,515	-	(3,847,833)	(40,000)	305,428	50,188,111

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

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

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

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

Housing Revenue Account year ended 31 March 2009

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

LAA Stretch Targets

Appendix 9

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

LAA Stretch Targets

Appendix 9

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

LAA Stretch Targets

Appendix 9

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

CITY OF PLYMOUTH

Subject: Medium Term Financial Strategy 2010-2014
Committee: Cabinet
Date: 8 June 2010
Cabinet Member: Councillor Bowyer
CMT Member: Director for Corporate Support
Author: Malcolm Coe (Assistant Director Finance Assets and Efficiencies)
Contact: Tel: (01752) (30)4150
e-mail: Malcolm.Coe@plymouth.gov.uk
Ref: MC
Part: I

Executive Summary:

Following approval of the revenue budget for 2010/11, Officers have now updated the Medium Term Financial Strategy (MTFS) covering the period 2010-14

Indications are that over the next few years Local Government will see a tightening on resources.

The document will be updated on a rolling basis in order to continuously improve our approach to aligning revenue and capital spend to areas of highest importance for our local communities.

The MTFS is closely linked to, and compliments, all of the Council's core documents as contained within our budgetary framework.

The updated MTFS is attached.

Corporate Plan 2010-2013:

The MTFS is a core document that enables the Council to deliver against the 14 Corporate Improvement Priorities as detailed on the Corporate Plan 2010-13 nd progress against the 35 Local area Agreement targets in support of the Sustainable Community Strategy.

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

The MTFS identifies the likely costs and pressures that the Council will face and matches these against the anticipated resource allocation over the period 2010-14

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

The Strategy outlines the Council's attitude to risk, governance arrangements for effective financial management, opinion regarding financial resources including council tax levels and objectives for retaining adequate reserves.

Recommendations & Reasons for recommended action:

The Medium Term Financial Strategy for the period 2010-14 be approved

Alternative options considered and reasons for recommended action:

N/A

Background papers:

Council's budget report to Cabinet 10 February 2010 and Council 3 March 2010

Sign off:

Fin	MCCorp F910004	Leg/ Dem& Gov	TH000 4	HR	n/a	Corp Prop	n/a	IT	n/a	Strat Proc	n/a
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Originating SMT Member: Malcolm Coe

Medium Term Financial Strategy 2010 to 2013



A strategy for making the best use of our financial resources.

Plymouth City Council
May 2010



Medium Term Financial Strategy 2010-13

Contents:

1. Our Summary Financial Objectives
2. Introduction
3. Our Corporate Planning Framework 2010-13
4. Our General Fund Revenue Position
 - Revenue Resources available
 - Council Tax
 - Budget Pressures and Medium Term Financial Forecast
 - Income collection
 - Revenue spend and income assumptions
 - Significant Reserves and Provisions
5. Our Capital Position
6. Our approach to Treasury Management
7. Efficiencies and Value for Money
8. Our Financial Governance Arrangements

1. Our Summary financial objectives:

- (a) Medium term financial forecasts will be monitored and managed regularly by Corporate Management Team and Cabinet. Future years' revenue funding gaps will be addressed on an on-going basis.
- (b) Council Tax to remain in line with government guidelines with a tax 'freeze' in place for 2011/12. In future years we will strive to maintain Council Tax levels as low as possible;
- (c) Retain a revenue working balance of at least 5% of net revenue budget at the end of each financial year;
- (d) Where practical, (depending on grant conditions), to 'pool' grant funding with all other revenue resources and allocate based on corporate priorities as per the council's corporate plan and partnership's Sustainable Community Strategy;
- (e) Spending departments may carry forward up to 50% of end of year revenue underspend, (subject to overall year end position and approval by CMT), as long as such underspend is declared and reported from September monitoring onwards. Use of carry forwards must link directly to corporate improvement priorities;
- (f) Departments may be required to carry forward any end of year overspend, as directed by CMT, and make good this spend over future financial years;
- (g) To formally review the purpose and adequacy of specific reserves and provisions on an annual basis and to regularly monitor and report on key variations against such reserves through finance and performance reports;
- (h) To continue to drive Value for Money (VFM) throughout the council by undertaking robust benchmarking and encouraging departments to set VFM targets based on high spending and/or poorly performing services;
- (i) Detail how the cumulative 2008/09 to 2010-11 4% cashable efficiency savings, of approx. £27m, will be delivered and continue to report on actual savings achieved through regular monitoring reports;
- (j) Maximise opportunities for generating efficiencies through effective commissioning and joined up spending with key partners;
- (k) Financial Regulations and levels of Delegated Authority to be formally reviewed and approved by the Audit Committee annually;
- (l) To maintain or improve income collection rates and to minimise the amount of debt written off by the council.

How we will measure our progress:

- (m) Deliver at least 80% of the Council's budgeted capital programme for 2010/11 and continue to monitor and report on outcomes achieved through capital investment;
- (n) Generate the £30m of capital receipts required to deliver the capital programme by March 2015.
- (o) Deliver a year on year net revenue budget outturn within a tolerance of up to 2% underspend and maximum of 1% overspend;
- (p) Aim to achieve the required year end balances for specific reserves and provisions to meet the costs of known future financial commitments;
- (q) Reduce costs whilst maintaining or improving service quality to achieve the departmental Value for Money targets as set within the 2010/11 revenue budget
- (r) Aim to achieve 2010/11 in year income collection targets of:
 - Council Tax 96.5%
 - NNDR 97.5%
 - Commercial Rents 90.0%
 - General debtors 92.5%
- (s) Strive to achieve an organisational assessed score of **3** under the new Use of Resources framework (as part of Comprehensive Area Assessment);
- (t) Work towards the following Treasury Management targets under our (March 2010) revised policy:
 - Maintain the council's overall investment portfolio at under £160m throughout the financial year;
 - Achieve a return on new investments in the (2010/11) year of 1.25%
 - Maintain an overall level of council borrowing of under £280m throughout the financial year;
 - Generate a revenue saving in excess of £100k per annum through buying back, and rescheduling, debt currently managed by Devon County Council (approx £34m at an average rate of 5.4%)

2. Introduction

This summary Medium Term Financial Strategy, (MTFS), covers the period 2010-14. It identifies the likely costs and pressures that the council will face and matches these against the anticipated resource allocation over the period.

The MTFS is a core document that enables the council to deliver against its 14 corporate improvement priorities as detailed in the Corporate Plan 2010-13 and progress against the 35 Local Area Agreement targets in support of the Sustainable Community Strategy.

The Strategy outlines the council's attitude to risk, governance arrangements for effective financial management, opinion regarding council tax levels and objectives for retaining adequate reserves.

Developments and enhancements will be made to this document on a rolling basis in order to continuously improve our approach to aligning revenue and capital spend to areas of highest importance for our local communities.

The MTFS is closely linked to, and complements, all of the council's core documents as contained within our budgetary framework. These documents are available to download from our website (www.plymouth.gov.uk).

The future of Local Government funding is uncertain with the expectation of significant spending reductions over several years. This MTFS presents a financial context regarding the scale of this challenge. The council is developing a transformational change programme in response to the financial challenges ahead in order to proactively bridge the funding gap whilst maintaining and improving the services that we provide to our customers.

This Strategy covers:

General Fund – expenditure and income relating to the day to day delivery of our core services and functions. For 2010/11 this equates to £612.5m spend and £410.7m income, leaving a net revenue requirement of £201.8m;

Housing Revenue Account (HRA) – The council successfully transferred its Housing Stock to Plymouth Community Homes in November 2009. It therefore no longer operates an active HRA, hence this section of the MTFS has been removed in the May 2010 revision;

Capital – The council has reviewed and updated its five year capital programme considering the current economic climate, accounting for future risks around government capital allocations and achievability of capital receipts. We still have an ambitious and significant investment programme in physical assets and local infrastructure. Targeted capital investment will help contribute towards achieving corporate priorities and/or generate on-going revenue savings. Our planned capital spend up to the end of March 2015 is £275m

3. The Corporate Planning Framework 2010-13

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

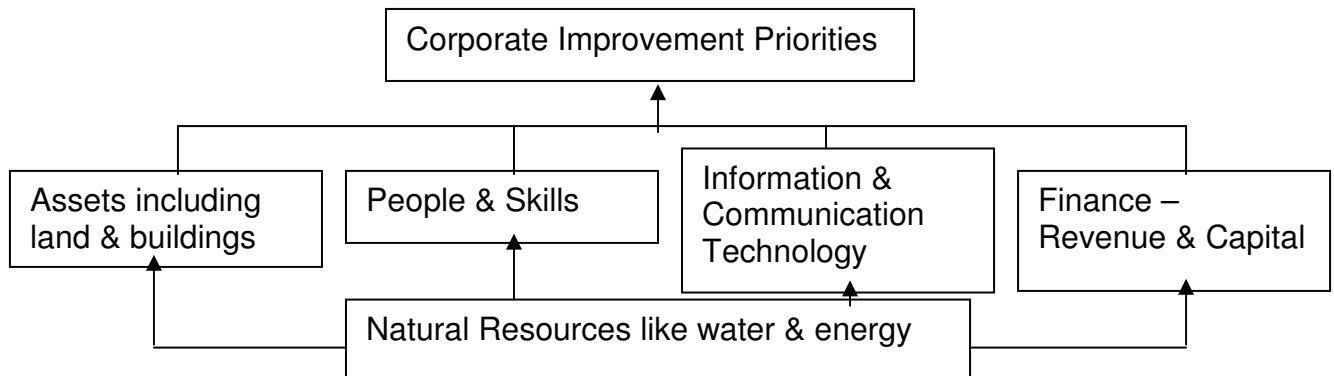
- Helping people to live independently
- Reducing inequalities between communities
- Providing better and more affordable housing
- Providing more and better culture and leisure activities
- Keeping children safe
- Improving skills and educational achievement
- Developing high quality places to learn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

Improving our council

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

The council's key resources, listed below, underpin the Corporate Plan being effectively deployed to deliver on corporate priorities and take Plymouth City Council towards 'Excellence by 2012.':

Figure 1: Use of Resources Planning Framework



Reporting to Corporate Management Team, Cabinet and Scrutiny will continue to combine progress against CIPs with key performance indicator information, revenue budget forecasts and capital programme updates.

4. Our General Fund Revenue Budget

Revenue Resources available

The Comprehensive Spending Review 2007 allowed the council to plan, with reasonably certainty, the revenue resources available up to, and including, the 2010-11 financial year. However, revenue resources from 2011/12 onwards is, at this stage, uncertain. Indications are that, due to the level of national debt, future settlements will be extremely challenging for local government resulting in significantly reduced funding. In this MTFs, we are modelling on two potential scenarios. Figure 2 details a year on year **reduction** in formula grant of minus (2.5%), with a Council Tax freeze in 2011/12:

Figure 2: Revenue Resources Forecast – scenario 1

Analysis of Formula Grant	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m
Relative Needs Amount	77.484	* CSR 2010 will apply. Estimate reduction of –(2.5%) per annum.		
Relative Resource Amount	-17.485			
Central Allocation	48.597			
Floor Dampening	-2.574			
Formula Grant	106.022	103.371	100.787	98.267
Increase / (decrease) over previous year	2.5%	(2.5%)	(2.5%)	(2.5%)
Council Tax income including collection fund	95.803	95.803	98.745	101.875
Total Resources available	201.825	199.174	199.532	200.142

The true extent of pressure on public sector funding will be better known following the announcement of the new coalition government's emergency budget in June 2010. Many Councils are forecasting a more severe reduction in revenue resources. In terms of sensitivity analysis, a potential scenario could be to put a 'freeze' on future Council Tax increases for each of the next three years and apply a year on year reduction of minus (5.0%) on formula grant. For illustrative terms, the impact of such a permutation is as follows:

Figure 3: Revenue Resources Forecast – scenario2

	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m
Formula Grant	106.022	100.721	95.685	90.901
Increase / (decrease) over previous year	2.5%	(5.0%)	(5.0%)	(5.0%)
Council Tax income including collection fund	95.803	95.803	95.803	95.803
Total Resources available	201.825	196.524	191.488	186.704

In summary, the revenue resources forecasted in Figure 2 will be challenging as increased service demand, growth and pay increases all have to be absorbed within a static resource base. Whereas Figure 3 would require the council to actually reduce revenue spend by over £15m between 2010/11 and 2013/14, with no allowance given for growth or known service pressures.

Treatment of Specific Grant Funding

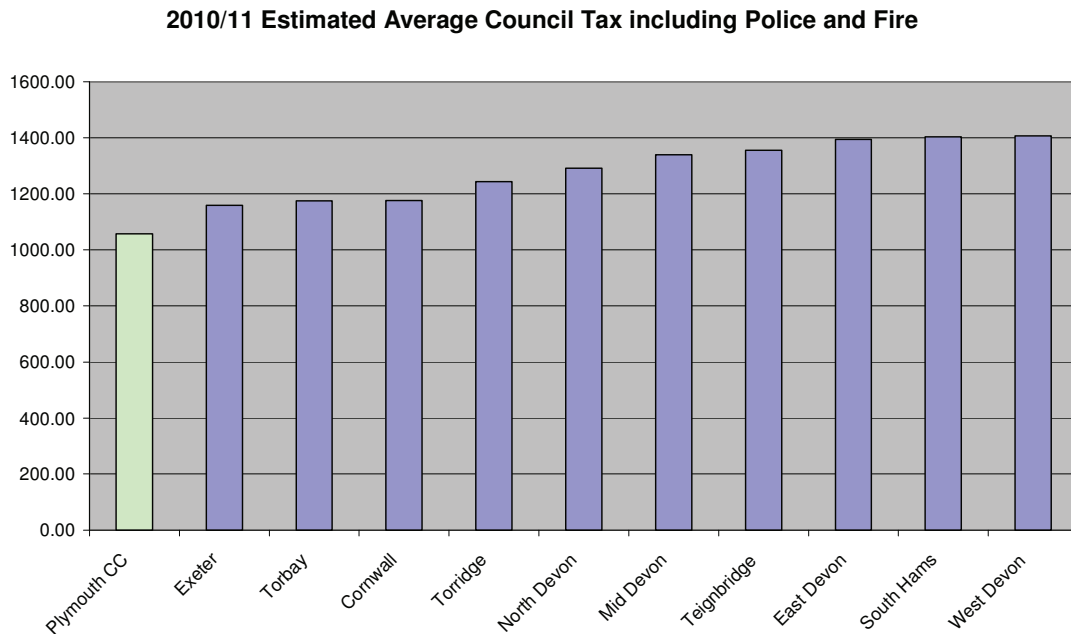
The largest specific grant that the Council receives is the Dedicated Schools Grant (DSG). In excess of £150m, the funding is spent either directly by Schools, (Primary, Secondary and Special), through their formula allocations, or by the authority on their behalf. The Schools Forum, (a representative group of Head Teachers and relevant stakeholders), are consulted on the local authorities formula distribution and the amounts administered centrally. Any over or underspends on the DSG are carried forward to the following financial year with a neutral impact on the council’s general fund.

Where practical, (depending on grant conditions), the Council aims to ‘pool’ all non- ringfenced grant funding received with all other revenue resources. Total resources are allocated based on corporate prioritisation linked to the council’s corporate plan and partnership’s Sustainable Community Strategy.

Council Tax

The Council Tax increase levied by Plymouth City Council for 2010-11 is 2.89%. This increase retains Plymouth City Council as the lowest average council tax across Devon and the wider South West as detailed in the following graph:

Figure 4: 2010/11 Devon Average Council Tax



A number of specific revenue pressures has led to having to increase the council tax, including increased costs in adult social care regarding the growing number of elderly people in the area, increased costs of waste disposal and the national trend of increasing number of children in care. The economy is also placing pressure on revenue and capital budgets for example, through falling income collection rates and reduced ability to generate capital receipts.

The council's aim, as stated in this strategy, is to strive to maintain Council Tax levels as low as possible. We have managed to reduce the percentage increase in Council Tax for each of the last three financial years. For 2011/12 it has been indicated that there will be a national 'freeze' on Council Tax. For financial modelling purposes, figure 2 accounts for a modest increase for 2012/13 and 2013/14, whereas figure 3 continues to 'freeze' Council Tax levels for each of the next three years.

Every 1% increase, (or decrease), in the levy of council tax equates to approximately £950k of revenue funding.

There is a desire to maintain the status of being at, or towards, the lowest average council tax in the region. Therefore, any future council tax rises will give full consideration to this and, as such will:

- (a) Not exceed Government guidelines for any individual year and;
- (b) Will strive to continue to reduce the level of year on year increases levied

Budget Pressures and Medium Term Financial Forecast

The Council set its revenue budget for 2010/11 at the Council meeting on 1 March 2010. Council Directorates have, for some time, identified known and anticipated expenditure pressures on a rolling three year basis. These pressures have been reported within bi-monthly performance and finance reports presented to Cabinet and Scrutiny throughout 2009/10.

Budgeting over the medium term, we have allocated revenue funding to match known revenue pressures for 2010/11 and provided notional allocations for the following two financial years. This allocation has been undertaken on a priority basis linking with corporate improvement priorities, deliberately placing more funds into frontline, key services for the public.

We have identified a number of high risk, and high cost, issues that will have a significant impact on future year's revenue budgets:

Waste disposal costs

Waste disposal costs are rising in every council across the country. We continue to work in partnership with Torbay and Devon County Councils to build an 'Energy to Waste' plant as our solution to long term waste disposal. A waste management reserve has been set up to prepare for the future however, the actual cost of waste collection and disposal over the next ten years and beyond significantly outweigh existing provision.

Reduced income through economic downturn

We continue to strive to improve our income collection rates in all major areas including council tax, NNDR and sundry debtors. Challenging income targets have been set for 2010/11 however there is a risk that the economic climate could continue to impact on our ability to be able to achieve these targets.

Reduced return from council investments

Prior to 2009/10, the council has been very successful in generating significant returns on investments through its treasury management activity. In a financially unstable market, we will not be able to achieve such rates of return for the foreseeable future. For 2010/11 we have assumed a rate of 1.25% return on all new investments made. With the Bank of England base rate currently standing at 0.50% (as at March 2010), this target is challenging and represents a risk.

Demographic growth in elderly residents

The impact on adult social care budgets of the increasing number of younger adults with complex personal care needs combined with increasing life expectancy of both younger adults and the elderly population is recognised throughout the country. Plymouth has a higher than average elderly population and, as such, is anticipating significant cost pressures in the medium to long term. Funding has been allocated for this for each of the three years in the MTFs. However, there is a strong risk that this allocation will be insufficient to meet with actual demand.

Increasing number of children in care

Recognising that we have had a higher than average number of children in care, we have actively been reducing the number in care throughout 2007/08 and 2008/09. Our revenue budget is now in line with unitary average council spend. However, high profile media cases has resulted in a national trend of increasing numbers of children in care and there is a risk that actual (financial) demand could exceed the resources available.

Pensions

The council's next three year review of its pension fund assets and liabilities will be undertaken in 2011/12. Our current employer superannuation contribution rate is 19.4%. There is a strong risk that the next valuation could identify a significant funding gap on the Pension fund and require a higher employer contribution rate. In addition, additional pressure on pension liability is attributable to the transfer of staff to Plymouth Community Homes and the new CityBus operators (where full pension liability has to be met by Plymouth City Council)

Building Schools for the Future (BSF)

The City Council has successfully progressed its BSF bid and stands to receive approx £70m under phase 1 to reinvigorate five secondary Schools. This is a tremendous investment opportunity in the City. However, there will be some revenue and capital cost implications that will have to be found by the Council. These costs need to be incorporated within future year forecasts.

Housing Stock Transfer (residual costs)

The council transferred its housing stock to Plymouth Community Homes (PCH) in November 2009. Although this will bring, much needed, major investment in improving living standards for many Plymouth residents, there is a residual cost of the transfer that has to be born by the council. For example, the council needs to fund the pension shortfall for staff who TUPE'd to PCH. Future capital monies through either 'right to buy' receipts. Or the 'VAT shelter', are available to assist in addressing these revenue pressures.

Summary of revenue pressures and future years budget gap

Clearly we are not able to fund all of these budget pressures without introducing management action to reduce costs. As a starting point, we have allocated provisional figures to each pressure area to better understand the challenge that is facing the council in future years. This can be seen as **Appendix A**, and summarised as follows:

Figure4: Revenue Forecast –resources vs spending plans

Revenue Resources:	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m
Formula Grant (based on 2.5% reduction)	106.022	103.371	100.787	98.267
Council Tax income (based on 2.5% increase per annum)	95.803	95.803	98.745	101.875
Total Resources available	201.825	199.174	199.532	200.142
Known Spending Plans	* 202.325	208.335	212.045	216.505
Forecasted Funding Shortfall	0.500	9.161	12.513	16.363

Formula Grant (based on 5.0% reduction)	106.022	100.721	95.685	90.901
Council Tax income (based on a Council Tax freeze)	95.803	95.803	95.803	95.803
Total Resources available	201.825	196.524	191.488	186.704
Known Spending Plans	* 202.325	208.335	212.045	216.505
Forecasted Funding Shortfall	0.500	11.811	20.557	29.801

In summary, a possible scenario of reduced revenue resources combined with a 'no change' approach on current spend plans could result in a revenue funding gap of **£11.8m in 2011/12 rising to £29.8m in 2013/14**

In response to this, the Corporate Management Team is working with the Cabinet (June 2010) to develop a transformational change programme that fundamentally challenges the organisation's culture, structure and approach to service delivery. This change programme, which will include proposals for 'invest to save' will be finalised, progressed and reported on throughout 2010/11.

Income Collection

In-year collection targets have been set for Council Tax, Business Rates, Commercial Rent, and Sundry Debt Income. The Council's major sources of income will continue to be monitored and reported on a regular basis.

In 2009/10 we have continued to increase our collection rates in all of our core income streams other than NNDR. However, due to the difficult economic conditions, we have fallen slightly short of the ambitious targets that we set.

For future years, we continue to set year on year improvement targets to generate as much 'in year' income as possible. Robust action plans are being delivered to ensure that future year targets are achieved.

Figure 6: Income Collection Targets

Type of debt	Target % 09/10	Actual % 09/10	Target % 10/11	Target % 11/12	Target % 12/13
Council Tax	96.00%	95.20%	96.50%	97.00%	97.00%
NNDR	97.50%	96.00%	97.50%	98.00%	98.00%
Commercial Rents	N/A	85.00%	90.00%	92.00%	94.00%
Sundry Debt	92.50%	88.00%	92.50%	93.00%	93.50%

Council Tax and Non-Domestic Rates

Collection targets for the medium term period are based on achieving top quartile performance, based on current quartile projections for our family group. For Council Tax, we have continued to make significant progress, improving from collecting 92.5% in year for 2007/08, raising to 94.5% in 2008/09 and 95.20% for 2009/10. We continue to promote Direct Debit as our preferred method of collection and will continue to explore further options to maximise the level of income collected.

Commercial Rents

We have separated out the collection of Commercial Rents income from 'Sundry Debtors' in order to target specific improvement activity on collecting this income from the relatively low baseline of 85% as identified in 2009/10. We believe that a year on year target of achieving an additional 2% is achievable over the medium term.

Sundry Debt

Although we have not managed to achieve our target of 92.5%, by focusing our efforts on risk, materiality and our key customers we have continued to improve in year collection during 2009/10. Our 3 year targets will enable us to compare favourably with the Unitary average (as part of the annual CIPFA Benchmarking).

Revenue Spend and Income Assumptions

In forecasting our future year expenditure commitments, a number of assumptions are made on increased costs such as inflation, income levels, grants, superannuation etc. The key assumptions made within our medium term forecast are as follows:

Figure 7: Key spending / inflation assumptions

Description	2010/11	2011/12	2012/13	Sensitivity
Pay, NI, Price	1.00%	1.00%	1.00%	+/- 0.50% = £0.500m
Superannuation increased employer contribution	0.00%	5.00%	5.00%	+/- 1.0% = £0.162m
Energy – increases	10%	10%	10%	+/- 5.0% = £0.149m
Income – fees and charges	3.00%	3.00%	3.00%	+/- 0.50% = £0.182m
Return on council investments	1.25%	1.50%	2.50%	+/- 0.50% = £0.181m
Specific Departmental Assumptions				
Social Care Commissioning	0%	2.00%	2.00%	+/- 0.50% = £0.349m
Supporting people	up to 3.5%	up to 3.5%	up to 3.5%	+/- 0.50% = £0.041m
Children's services placements	0%	2.50%	2.50%	+/- 0.50% = £0.032m
Total Sensitivity / Risk re: changes to the above Expenditure assumptions:				+/- £1.596m
Resources				
Council Tax (scenario 1)	2.89%	0.00%	2.50%	+/- 0.50% = £0.475m
Formula grant variation (scenario 1)	2.80%	-(2.50)%	-(2.50)%	+/- 0.50% = £0.530m
Council Tax total collected	98.50%	98.50%	98.50%	+/- 0.10% = £0.100m
Total Sensitivity / Risk re: changes to the above Resource assumptions:				+/- £1.105m

CMT and Cabinet will continue to monitor, review and challenge the above assumptions to ensure any increases are kept to an absolute minimum.

Revenue Delivery Plans

As part of the 2010/11 budget setting, Directors, Assistant Directors and Cabinet have signed up to Revenue Delivery Plans. These plans detail the key actions that will have to be put in place in order to deliver a balanced budget.

Delivery Plans will promote accountability and ownership of the budget whilst focussing senior manager and member attention on the key strategic issues and risks. They will be monitored throughout 2010/11 as part of standard performance and finance reporting.

Significant Reserves and Provisions

The council has created a number of specific reserves and provisions in order to plan in advance for known and anticipated future revenue costs. We will regularly review the appropriateness and use of these reserves throughout each financial year. Where relevant, recommendations for changes will be 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.

A brief description of the purpose of each of our significant specific reserves and provisions is as follows:

Waste Management Reserve

The cost of disposing the City's waste is due to rise sharply over the coming years. Since closing our landfill site, Chelson Meadow, (due to it being full), we have entered into a contractual arrangement to dispose our waste in Cornwall for the immediate future. Longer term, we are entering into a Private Finance Initiative, (PFI), with Devon County and Torbay Councils to build a new 'waste into energy' plant. We are putting aside regular contributions to meet the anticipated increased cost of waste collection.

Corporate Improvement Reserve

The council has successfully used transformational change budgets to drive major initiatives, efficiency savings and cultural change in a number of key service areas. We will continue to drive change throughout the council, linked to corporate improvement priorities, by supporting a future programme of change projects.

Job Evaluation / Equal Pay

The council successfully implemented Job Evaluation and Equal Pay during 2008/09. The on-going revenue costs associated with this has been built into budgets and medium term forecasts. However, there is potential for increased revenue costs if the total salary bill, including successful appeals, outweighs the additional funding that has been allocated to departments.

Redundancy Costs

To achieve a balanced revenue budget for 2010/11, and beyond, a number of revenue budget delivery plans will result in reduced staffing. The council will continue to work towards minimising redundancies where possible and practical to do so. However, bearing in mind the likely future local government finance settlements, it is prudent to establish a redundancy reserve.

Capital Financing Reserve

A capital financing reserve has been established to fund risks around future achievement of our five year capital programme. Since the economic downturn, pressure has intensified on capital budgets through not being able to generate the required level of capital receipts. The primary purpose of this reserve is to meet the revenue costs associated with having to take out short term borrowing to match the cashflow gap of when capital spend is required linked to when actual receipts are anticipated.

Provision for Icelandic Bank Losses

The council had £13m of investments with failed Icelandic banking organisations, Glitnir, Heritable and Landsbanki which collapsed in October 2008. We continue to work towards retrieving as much of this investment as possible however, at present, it is unclear how much we are likely to recoup. In 2009/10 the council successfully applied for a capitalisation direction for £5.7m to meet the worst case scenario of our losses, which has been added to our five year capital programme. This reserve will help fund the revenue cost of any required borrowing to meet this direction.

Accommodation Reserve - preparing for new Civic Centre

The council's existing Civic Centre is not 'fit for purpose'. It is expensive to maintain and, in the long term, is not structurally secure. Funding needs to be set aside to progress with alternative office accommodation whilst meeting the costs of essential, unplanned maintenance of the Civic Centre. This is detailed within our accommodation strategy and forms part of the council's strategic asset management plan.

Insurance Fund Reserve

A provision that has been set up to meet the cost of anticipated future insurance claims based on existing known liabilities and estimated future liabilities. It enables the council to reduce its payments to external insurance providers by transferring some of the risks of small claims to the authority.

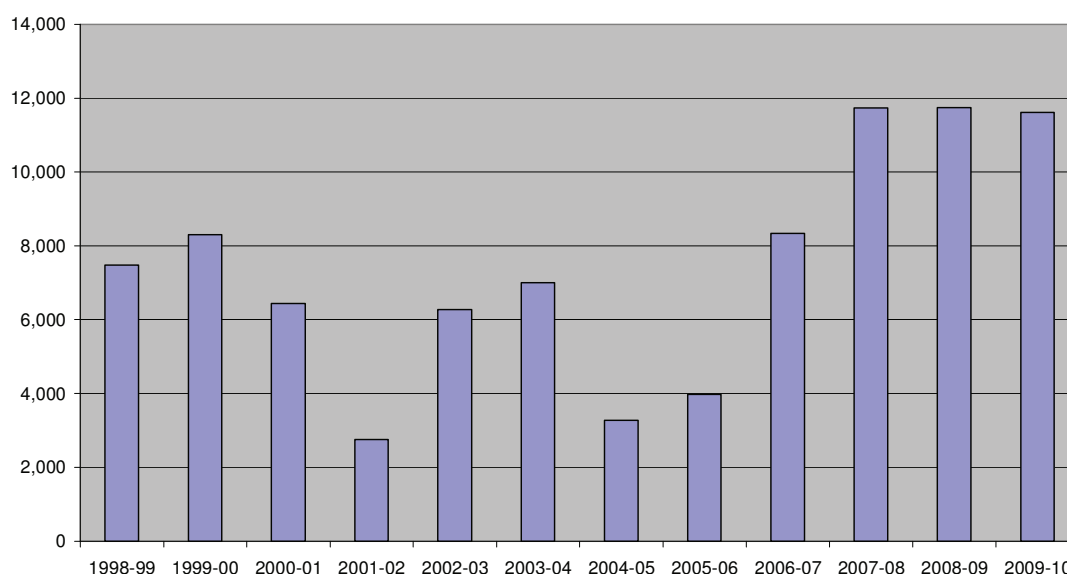
Figure 8 represents what we are planning will be in these reserves and provisions at the end of each of the next three financial years:

Figure 8: Targeted significant reserves and provisions

	Estimate 31 Mar '10 £000	Target for 31 Mar '11 £000	Target for 31 Mar '12 £000	Target for 31 Mar '13 £000
Waste Management Reserve	1,500	1,750	2,000	2,250
Corporate Improvement Reserve	2,298	570	0	0
Job Evaluation / Equal Pay	1,345	0	0	0
Redundancy Costs	582	500	0	0
Capital Financing Reserve	975	975	650	450
Provision for Icelandic Bank Losses	134	134	75	0
Accommodation provision - Civic Centre	1,812	1,562	1,300	1,000
Insurance – General Fund Reserve	1,179	1,129	1,000	1,000

Working Balance

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 2010, stood at £11.5 million. This equates to approximately 5.7% of net revenue budget for the year which in line with the average for Unitary Councils. We continue with our policy of maintaining adequate reserves giving consideration to the significant constraints that will be placed on public sector spending for the foreseeable future.

Figure 8: Working Balance Levels**Plymouth City Council Working Balance since Unitary Status**

The Audit Commission does not provide specific guidance on what the level of council reserves should be other than that they should be adequate to cover potential risks. 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.

5. Our Capital Position

Our financial strategy for capital has been to fully utilise the supported capital borrowing allocation available to us in tandem with maximising the availability of grant and third party payments.

We maintain the principle that capital schemes are only approved into the programme where specific funding has been clearly identified and supported by business cases. Thereby, the capital investment programme, at any set point in time, will evidence 100% funding allocation against approved schemes. Capital investment is prioritised to ensure that outcomes are maximised against the council's 14 Corporate Improvement Priorities.

Due to the current economic climate, the council continues to challenge the affordability of its five year capital programme for the period 2010/11 to 2014/15. There remains significant volatility around future capital grant funding and income generation through capital receipts. Criteria that the council applies in prioritising the programme is detailed in **Appendix B**

The revised programme for the period 2009/10 to 2014/15 of **£275m** was approved by Full Council on 1 March 2010 as follows:

Figure 9: Five year Departmental Capital Programme

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

The programme and spend profile will be updated for the 2009/10 out-turn position in June 2010

This spend will be funded by:

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

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

Significant schemes that will be delivered by 2014 include:

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

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

Capital Receipts

We will regularly review the assets that we own to ensure that they are fit for purpose and optimise the use of capital receipts, where deemed beneficial, in order to support our overall capital investment programme. However, our ability to generate capital receipts has been severely impacted in recent months due to rapidly falling land and property prices.

In reviewing the capital programme as part of 2010/11 budget setting we have significantly **reduced our reliance on capital receipt funding to £30m over the five year period**. This funding is based on a schedule of specific assets, with current estimated valuations and proposed timing for disposals. Our view is that we will only dispose of very few assets over the next three years, with disposals increasing towards the end of the five year programme on the assumption that market conditions will improve.

The council has built in the requirement for **additional temporary borrowing** to cover the shortfall in capital receipt income for the 2010/11 and 2011/12 financial years. It is planned that this borrowing will be repaid in future years to

coincide with our forecasted capital receipt income. Capital receipt generation will be kept under constant review by the Capital Programme Board as part of regular monitoring. Any variations to the forecasted position will be reported to Corporate Management Team and Cabinet at the earliest possible opportunity.

Invest to save

A vital element of effective financial management for future years is our ability to commission, and deliver, invest to save projects that improve services provided to our customers and efficiencies in the way in which we work. As part of 2010/11 budget setting, we were open with our intent to develop relevant schemes, through capital funding, that will drive transformational change and generate revenue savings. Further, details will be developed throughout 2010/11.

6. Our Approach to Treasury Management

The council's approach to Treasury Management has been significantly revised since the collapse of the Icelandic banking institutions in October '08. Plymouth has £13m invested with failed Landsbanki, Glitnir and Heritable Banks. As at May '10, we have received back approx £1m, however, it is still not known as to how much, in total, the council is likely to receive. We have therefore applied for, and successfully been granted, capitalisation directions of £5.7m to cover the worse case scenario of these investment losses which has been added to our five year capital programme.

The council's published Treasury Management Strategy details our borrowing limits and specifies approved institutes for investment, (with maximum limits), based on credit ratings and other pertinent factors. We maintain regular engagement with our Treasury Management advisors, ArlingClose, and constantly seek their advice on our strategic direction and key operational decisions.

Inevitably, our approach to Treasury Management activity is now much more risk adverse and entails only investing with a very small number of financial institutions with the highest possible credit rating backed by added security.

With significantly lower interest rates from investments, we have adopted an approach of proactively reducing our overall borrowing and investment portfolio and associated revenue costs. Throughout 2009/10 we have reduced our investments by over £60m, making a corresponding reduction in council borrowing of over £100m (includes the transfer of council housing stock).

Borrowing Limits

The Council is required to set out its annual Borrowing and Investment Strategy recognising its implications on the Council's revenue budget.

It is a statutory duty under the Local Government Act 2003 for the council to determine and keep under review how much it can afford to borrow. The Council must have regard to the Prudential Code when setting its Authorised

Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future Council Tax and Council rent levels is 'acceptable'.

The council approved its revised Treasury Management and Investment Strategy in March 2010. In this Strategy with have approved the following borrowing limits:

- The Authorised Borrowing limits of 2010/11 = £312m, 2011/12 = £302m and 2012/13 = £289m;
- The Operational Boundary limit of 2010/11 = £260m, 2011/12 = £260m and 2012/13 = £258m

Devon Debt Rescheduling

The council still has a proportion of its debt managed by Devon County Council. This debt relates to the dis-aggregation of assets and liabilities upon the formation of Plymouth City Council at the last Local Government Re-organisation in 1997.

As at 31 March 2010, the value of debt managed Devon was approximately £34m. The associated revenue costs that we pay Devon for managing this debt is based on an average percentage rate of the County Council's entire borrowing portfolio. In 2009/10, PCC paid a rate of 5.4% on the £34m debt.

Over the last two years borrowing costs, nationally, have significantly reduced. We are therefore looking at the opportunity to 'buy back' the £34m debt from Devon County Council and rescheduling this debt at a reduced percentage rate in order to generate revenue savings.

The timing of 'buying back' Devon debt will depend on the amount of penalty payments, or 'premiums', that we will have to pay in order to break the terms of the existing loans that Devon County holds.

PCC Treasury Management Board is constantly monitoring this situation and plan to undertake the Devon debt rescheduling at an appropriate point in time. In this MTFs, we have budgeted to generate revenue savings of £100k in 2010/11 through this transaction.

Treasury Management Targets

Our Treasury Management Board maintains weekly meetings making strategic decisions on managing risk whilst optimising our investment rate of return and minimising our borrowing costs.

In terms of our strategy moving forward, we will aim to maintain a modest investment and borrowing portfolio throughout this period of financial uncertainty. As a guide, we will aim to keep our overall investments below £160m and our borrowing below £280m.

Despite low interest rates, the council will still require to undertake a number of investments in each financial year which is linked to the timing of core income being received and payments being made. The Treasury Management Board has set itself clear targets for financial returns for **new investments** which have been built into the MTFF. Targets have also been set for, not only reducing our financial level of borrowing, but also the average rate of interest that we pay for our remaining borrowing portfolio.

Figure 10: Targets for Investment & borrowing Percentage Rates

Financial year	Rate of return for new investments	Average borrowing as @ 31 March
2010/11	1.25%	4.10%
2011/12	1.50%	4.50%
2012/13	2.50%	4.50%

Minimum Revenue Provision (MRP) Policy

The Council is required to make a revenue charge each year to provide for the repayment of loans taken out to finance capitalised expenditure.

Government's Capital Financing Regulations places the duty for an authority each year to make an amount of Minimum Revenue Provision which it considers to be "prudent". The prudent provision is to ensure that debt is repaid over a period reasonably in line with that over which the capital expenditure provides benefits.

Under the regulations, the authority is required before the start of each financial year to prepare a statement of its policy on making MRP and submit it to the full Council. The approved 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.

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 installments over the life of the asset.

Capitalisation Directions

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

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

7. Efficiencies and Value for Money

The 2007 Comprehensive Spending Review requires councils to generate 'cashable' efficiency savings of 4% per year for each of the three financial years up to and including 2010-2011, a cumulative figure of £27m.

Our overall approach to Value for Money is improving which has been recognised by our year on year improvement in the external Use of Resources assessment (undertaken by Grant Thornton). We can demonstrate that we undertake a robust challenge on the costs and performance of our core services compared to other Unitary, and top performing, Councils.

The Value for Money reviews that the council has undertaken to date provide evidence that we have reduced costs whilst either maintaining, or improving, service quality in areas such as planning, waste collection, learning disabilities and children's social care.

We have incorporated the following three year VFM targets within our MTFS and are actively making progress in each of these areas. In 2010/11 budget preparation we changed our approach to setting VFM targets. Benchmarking information was provided to all Assistant Directors and DMTs which identified fluctuations of +/- 10% on all of the Councils core services compared to top performing and all Unitary Councils. This information was used by Departmental Management Teams in developing their Budget Delivery Plans that underpin the 2010/11 revenue budget.

Figure 11: Three Year Value for Money Efficiency Targets

Service Area	2009/10 Target £000s	2010/11 Target £000s	2011/12 Target £000s	Total 3 year target £000s
Planning Service	360	180	180	720
Concessionary Fares	250	125	125	500
Transport policy, planning & strategy	300	150	150	600
Structural Maintenance	200	100	100	400
Integrate functions of Corp Resources & CEX	500	250	250	1,000
Over 65 with a Physical / Sensory disability	500	250	250	1,000
Over 65 with a Learning disability	400	200	200	800
Supported Employment	200	100	100	400
Totals	2,710	1,355	1,355	5,420

In addition to formal VFM reviews and targets, the council will continue to progress with a number of initiatives that will improve efficiencies such as cascading out the 'lean systems' approach (following a successful pilot in Housing Benefits) and developing further partnership working such as the Waste Management PFI

The Council will continue to improve the alignment between Value for Money reviews and required efficiency returns through developing a council-wide VFM delivery plan. This plan will be co-ordinated by our new Head of Value for Money, Paul Chapman, and monitored through CMT.

Value for Money remains one of the corporate improvement priorities, (CIP), within the council's corporate plan. Our improvement activity under this CIP is closely aligned to the audit commission's Use of Resources framework and will focus on achieving outcomes under the following headings:

- Driving value for money through more effective support services;
- Driving value for money from our core services to customers;
- Ensuring that our key resources of finance, capital, ICT, assets and people are better aligned to our priorities;
- Developing a consistent approach, with our partners in tackling climate change issues.

We will also continue to develop our approach to driving VFM from capital investment, ensuring that 'invest to save' projects are carefully considered and evaluated to deliver tangible outcomes and maximum return from our investment.

8. Our Financial Governance Arrangements

The council has been working on improving its financial and governance arrangements for a number of years. Financial Management has improved, performance management has improved, scrutiny has developed and an independent audit committee is operating well. A comprehensive Budgetary Control Project has promoted ownership and effective financial management amongst budget managers in service directorates.

The council's medium term strategy focuses on joining up the individual elements to ensure effective, integrated monitoring and management of:

- Corporate Plan / corporate improvement priorities;
- Benchmarking spend and key performance indicator information;
- Revenue budget and spending linked to priorities;
- Delivery against revenue delivery plans;
- Delivery of Value for Money and overall efficiency targets;
- Delivery of the capital programme linked to corporate priorities

We will continue to build upon the existing reporting template which joins up these core elements. However, in 2010/11 we intend to move towards quarterly integrated reports which will continue to be presented and challenged by:

- Corporate Management Team;
- Cabinet;
- Scrutiny Management Board

The **audit committee** will continue to provide an essential role in ensuring that we provide effective governance. In particular, their quarterly meetings will challenge progress made against the annual governance statement, internal and external audit plan, reports and recommendations. In addition, the audit committee has now assumed the lead member role in challenging and placing assurance on the council's Treasury Management arrangements. The committee has received relevant training and has had significant input in revising our Treasury Management Strategy for 2010/11.

Our internal audit service continues to be provided through the Devon Audit Partnership, a shared service arrangement with Devon County and Torbay Councils. The core objective of this arrangement is to improve the quality and efficiency of audit services.

To ensure that our financial procedures and practices are reviewed, up to date and reflect the operational business requirements and risks that the council faces, Financial Regulations and levels of Delegated Authority will be submitted to, and approved by our audit committee on an annual basis.

Consultation

The Council continues to keep its partners and the community fully informed of its financial position and plans through the Local Strategic Partnership, meetings with the Chamber of Commerce, awareness sessions at Area Committees, promoting summarised statement of accounts and specific meetings held with partners and community groups. A special two day Scrutiny Panel robustly challenges the council's alignment of resources to corporate priorities as part of the annual budget setting process. Consultation continues to evolve and improve through our Corporate Improvement Priority 'Improving community involvement and engagement'.

Measuring our progress

Quarterly reporting of progress made against specific corporate plan measures and targets will continue to be presented to senior officers and members. The key targets as detailed in this medium term financial strategy will be incorporated within the finance and performance reports with any key changes recommended to, and approved through, Cabinet.

External Assessment

The Audit Commission's annual Use of Resources assessment is the main measure that will demonstrate progress regarding improving our financial monitoring and management.

The council exceeded the Use of Resources improvement targets that it set for 2008 and were successful in achieving an **overall rating of 3** as follows:

Figure 12: Use of Resources Targets and Scores

UoR Category	2007 Score	2008 target	2008 Actual
Financial Reporting	1	3	3
Financial Management	2	2/3	3
Financial Standing	2	2/3	3
Internal Control	2	3	3
Value for Money	2	2/3	2

The revised UoR framework under Comprehensive Area Assessment measures how the council, and its partners, successfully delivers tangible outcomes to the local area. We scored well in this new framework in 2009 (inaugural year) and continue to set targets and plans for future improvement.

Figure 13: New Use of Resources framework Targets and Scores

UoR Category	2009 Score	2010 target	2010 Actual
Managing Finances	3	3	TBC
Governing the Business	2	3	
Managing Other Resources	2	2	

Appendix A

Notional 3 Year Revenue Forecast vs Spend Commitments

Revenue Resources:	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m
Formula Grant (based on 2.5% reduction)	106.022	103.371	100.787	98.267
Council Tax income (@ 2.5% increase per annum)	95.803	95.803	98.745	101.875
Total Resources available	201.825	199.174	199.532	200.142

Budgeted Spending plans for 2010/11	201.825	201.825	201.825	201.825
Pay award (based on 1% per annum)	-	1.000	2.000	3.000
Pension - increased contribution based @ 5%	-	0.800	0.800	0.800
Redundancy costs - transformational change	0.500	0.750	-	-
Inflation - utilities (5% increase per annum)	-	0.150	0.300	0.450
Adult Social Care -Inflation (2% per annum)	-	1.400	2.800	4.200
Adult Social Care – demographics (assume '10/11 plans complete)	-	1.000	2.000	3.000
Children's Services placements inflation (2.5% per annum)	-	0.160	0.320	0.480
Children in Care - increase in number looked after	-	0.750	1.500	2.250
Building Schools for Future – Revenue costs of project	-	0.500	0.500	0.500
Increased Waste Disposal costs – Partnership PFI	-	-	-	-
Known Spending Plans	* 202.325	208.335	212.045	216.505

Forecasted Funding Shortfall	0.500	9.161	12.513	16.363
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* Assumes that **all** 2010/11 Budget Delivery Plans are achieved on time.

Notional 3 Year Revenue Forecast – Scenario 2**Forecast if Plymouth City Council:**

- (a) Receive a year on year decrease of 5% on formula grant
- (b) Decide to freeze council tax for the next 3 years
- (c) Take no management action such as invest to save

	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m
Formula Grant (based on 5% reduction)	106.022	100.721	95.685	90.901
Council Tax income (based on tax freeze)	95.803	95.803	95.803	95.803
Total Resources available	201.825	196.524	191.488	186.704
Known Spending Plans	* 202.325	208.335	212.045	216.505
Scenario 2 Shortfall:	0.500	11.811	20.557	29.801

* Assumes that **all** 2010/11 Budget Delivery Plans are achieved on time.

Criteria applied to revise the 5 year Capital Programme

The following criteria was applied to the revision of the council's five year capital programme as part of the 2010/11 budget setting process:

- We will retain the principle of a 5 year fully funded capital programme. No schemes will be placed in the programme without clarity on how the specific scheme will be funded;
- Capital schemes must contribute towards delivering the council's corporate improvement priorities;
- Added priority will be given to schemes that contribute towards cross-cutting issues i.e. deliver improvements against more than one CIP;
- All significant capital schemes will be challenged by the Capital Delivery Board in a consistent and fair manner;
- We will continue to maximise the amount of external grant that the council is able to attract in support of the capital programme;
- New schemes requiring funding will need to deliver against invest to save principles whereby revenue savings will be required as a result of the capital investment;
- Approval of capital schemes will consider the context of the credit crunch and likely timing of related future developments (in particular housing)
- We will actively manage areas of high financial risk through ensuring that a maximum threshold is set for the reliance on unsupported borrowing and capital receipt generation (based on known disposals);
- The council's overall borrowing portfolio, compared to other unitary councils, will be considered in setting thresholds for any additional borrowing requirements;
- Any revenue costs associated with additional borrowing will be factored into the council's revenue budget for 2010/11 and three year Medium Term Financial Forecast;
- All schemes that have significant funding through capital receipts and /or unsupported borrowing will be robustly challenged;
- Political priorities need to be considered in finalising the revised five year capital programme.

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CITY OF PLYMOUTH

Subject: Briefing note on member learning and development
Committee: Overview and Scrutiny Management Board
Date: 16 June 2010
Cabinet Member: Councillor Bowyer
CMT Member: Adam Broome
Author: Andrew Pearson, Member Support Officer
Contact: Tel: 01752 304139
email: andrew.pearson@plymouth.gov.uk
Part: 1

1. Introduction

- 1.1 This briefing note highlights the key achievements in member learning and development in the period 2009 to 2010. The briefing note then explores ongoing work in this area and some of the future challenges. More information about member learning and development can be accessed on the Members' Room.

2. Key achievements in 2009 to 2010

- 2.1 The following key achievements were noted in the period under consideration:
- The Member Development Strategy, Member Development Programme 2009 to 2010, and the Member Skills' Framework were agreed by Cabinet on 10 February 2009.
 - The cross-party Supporting Members' Group (SMG) arose from the former Members' Development Group and Members' ICT Group, and the first meeting was held on 8 July 2009. The Group meets monthly to consider support issues that affect councillors, including learning and development, and ICT. The SMG is chaired by the Cabinet member with responsibility for democracy and governance, while the membership also includes the Cabinet member with responsibility for ICT.
 - The Members' Room on the intranet has been updated with the long term intention of providing a 'one stop shop' information and learning resource for councillors.
 - Member personal webpages have been made available, with one to one training in creation and maintenance provided.
 - Member ICT solution options have been agreed, including the provision of BlackBerry devices.

- Evaluation of all member learning events is now undertaken, and an annual member learning and development evaluation report is presented to the SMG to help monitor and develop these activities.
- A programme of cross-authority member learning opportunities funded by the Devon Improvement Programme has begun, with the successful 'One Step Beyond' scrutiny conference held in Plymouth on 13 November 2009.
- A new format for member introduction was introduced in 2010, which included the provision of 'officer buddies' for newly elected members and distribution of the booklet, 'A Councillor's Early Survival Guide'.
- At the instigation of the SMG, a well received series of ICT member workshops was held at the end of 2009 and into early 2010, with the emphasis on one to one or small group learning.
- The Supporting Members' Group now considers applications from departments and outside organisations requesting briefings and workshops involving all councillors in order to make these more 'member-led' and fit for purpose.
- Plymouth City Council continues to work towards achieving the South West Charter for Member Development.

3. Ongoing work and future challenges

3.1 The following issues highlight the ongoing work in member learning and development as well as some of the future challenges to be addressed:

- In June and July 2010, all members will be offered the opportunity of discussing their learning and development needs in a relaxed and confidential setting, and participating in drawing up individual development plans.
- A member learning action plan will be devised using agreed individual member development plans, which will then be presented to the SMG for agreement and subsequent implementation.
- A variety of activities will be organised for Local Democracy Week in October 2010, building on the success of Local Democracy Week 2009.
- In 2010, the Member Development Strategy will be revised and updated, and the Member Development Programme produced in a different format and appropriately amended to reflect a changing content.
- There will be ongoing work with scrutiny to ensure that good practice in member learning is encouraged and developed within this discipline.
- Progress will be ongoing towards achieving Charter status.

4. Recommendation

4.1 That the briefing note is noted.

South West Devon Waste Partnership Overview and Scrutiny Project Mandate

1. Purpose

This document has been produced to provide a format and scope for a joint scrutiny review of the South West Devon Waste Partnership. It gives an initial view of the subject matter, the context and rationale for the review, the scope and the interdependencies.

2. Responsibility for the Project

Members from the Overview and Scrutiny functions from Devon County, Plymouth City and Torbay Councils will establish a task and finish review panel:

Environment, Economy and Culture Scrutiny Committee – Devon County Council
Growth and Prosperity Overview and Scrutiny Panel– Plymouth City Council
Overview and Scrutiny Board – Torbay Council

The review panel will be led by Torbay Council and will be undertaken within the Overview and Scrutiny procedures of Torbay Council.

The final review panel report will be considered and agreed by the above overview and scrutiny committees in each Authority before a finalised report including any associated minority reports is produced by the leading authority's scrutiny committee for submission to the South West Devon Waste Partnership Joint Working Committee for review and response.

3. Background

Each of the authorities has a Municipal Waste Management Strategy with a preferred option to dispose of residual waste that is not recycled or composted via a new thermal treatment process.

In April 2008, all three councils approved a Joint Working Agreement and Outline Business Case to procure a long term solution to treat and dispose of residual waste from Plymouth and Torbay together with the residual waste from the districts of West Devon, South Hams and most of Teignbridge.

The South West Devon Waste Partnership Joint Committee was established to oversee and make decisions relating to the joint procurement and the subsequent management of the services procured under a PFI arrangement for the long term solution. A Project Executive consisting of senior officers and directors from each council has also been established to ensure that the project is delivered in line with the agreed Business Case.

The procurement process commenced in late 2008 following its acceptance by Defra for £95million of PFI credits. As at April 2010, the procurement has two bidders remaining both of whom are proposing a single energy from waste solution, either at a site within Plymouth at North Yard HM Naval Base Devonport or just outside Plymouth at Lee Mill near Ivybridge. The Partnership aims to select a Preferred Bidder in early 2011.

4. Objectives

The proposed objective of the review is:

“To provide an overview of the procurement process being followed to secure a long-term waste treatment solution for the SWDWP partner councils and to assess how the project will achieve its aims.”

5. Scope and Exclusions

The proposed Scope of the Review is:

1. To assess how the objectives of the South West Devon Waste Partnership have been reflected in the procurement process.
2. To overview the process being used to procure a long-term residual waste treatment solution to serve the three Partnership councils.”

Exclusions

The review panel will not be challenging the need for a residual waste treatment solution with a thermal element as this has previously been identified through each authority's Municipal Waste Management Strategy. Similarly, the Outline Business Case has been approved by each authority and will not be subject to challenge.

The review panel should not duplicate the Quality Assurance mechanisms established by the Devon Audit Partnership and the Department of the Environment, Food and Rural Affairs (Defra).

Many aspects of the project are subject to strict commercial confidentiality requirements. Therefore, proposed solutions and the contract positions under negotiation should not be considered as part of this review.

It is anticipated that the review will take place between July and September 2010.

6. Assumptions

Torbay Council will lead the overview and scrutiny review and provide the administrative and scrutiny support.

The review panel will agree a Project Plan (including a Scoping Document, Timetable and Communications Plan) for the review at the first meeting.

Costs for the scrutiny review should be minimal and will be shared equally between the authorities.

Each council will meet its own Members' expenses, as appropriate

Each council will contribute by, for example:

- Agreeing that their officers will attend meetings and provide information to the review panel as they would for an overview and scrutiny meeting of their own authority
- Making accommodation available for local hearings free of charge; and
- Facilitating any site visits in their areas.

7. Quality Expectations

The agenda papers for meetings of the review panel will, normally, be circulated five clear working days before the meeting.

Meetings of the review panel will be open to the press and public unless confidential or exempt information is likely to be disclosed. Each authority will publicise the meetings, in its normal way, within its area.

The quorum for any meeting of the review panel will be at least one representative from each authority.

Information and views may be sought from interested parties including council officers and/or advisors, stakeholders (including the relevant district councils) and any community representatives. Any information or comments provided by interested parties will be circulated to those parties, for comment on accuracy prior to incorporation within the final report.

At the conclusion of the review, the review panel will prepare a single written report. It will be agreed at the review panel by consensus or by a majority of the members. The report will then be forwarded to the appointing committees set out in Section 2 of this Project Mandate for consideration and agreement. Where necessary, conflicting views from the panel members will be included within the report.

Minority reports may be attached as an appendix to the main report. Minority reports may be agreed by:

- At least three members of the review panel; or
- Any of the appointing committees referred to in Section 2 of this Project Mandate

Minority reports shall be drafted by the appropriate members and/or appointing committees.

9. Review Panel and Support Officer

The review panel will be made up of nine councillors (three overview and scrutiny councillors from each of authority). Review panel members should not be members (or observers) of the South West Devon Waste Partnership Joint Working Committee.

Overall political balance requirements will be waived in respect of this review panel although each authority may choose to appoint its own members in accordance with its internal political balance.

The issue of substitution will remain a matter for each constituent authority according to its own agreed practice. However, written (including email) confirmation of any substitutions must be given to the support officer for the review prior to the start of each meeting.

The review will be chaired by a member from the leading authority, to be agreed at the first meeting of the Panel. The review panel will decide whether to appoint a vice-chairman at the first meeting although this is recommended.

The review will be supported by an officer from the Scrutiny Team at Torbay Council.

Overview and Scrutiny Management Board**30 June, 2010****Recommendations from Overview and Scrutiny Panels****Support Services – 3 June, 2010****Minute 8. Update on Consultation Events**

The Panel received a presentation on consultation feedback for corporate planning from Giles Perritt, Head of Policy, Performance and Partnerships. It was reported that –

- (a) consultation on Corporate Improvement Priorities (CIPs) had taken place as part of the Place Survey, at Area Committees and at a stall in the Drake Circus Shopping Mall;
- (b) Area Committees were used as part of the consultation on CIPs to ensure that both councillors and members of the public were aware of the current CIPs as well as to gain peoples' views on areas for improvement;
- (c) the Drake Circus Shopping Mall consultation event during November 2009 received over 400 responses and provided other benefits including –
 - exposing senior management to members of the public;
 - demonstrating the council's interest in listening to the views of its residents;
- (d) the results gathered were relatively similar across the three consultation exercises with Value For Money (VFM) being seen as the area needing most improvement, whilst raising achievement in schools and colleges was being seen as delivering;
- (e) the Corporate Plan was influenced by and developed following the consultation and made reference to the results highlighting key points gathered from the Place Survey;
- (f) VFM had been identified to be at the centre of the council's planning framework and a number of key areas had also been targeted including –
 - Adult Social Care integration by 2011;

- outsourcing of leisure management;
 - targeted anti-social behaviour work with the Police at a locality level;
- (g) there was a great deal of work being undertaken to improve consultation and engaging local communities with surveys. A system, called Limehouse, was used across the council to ensure that consultation and engagement processes were easy to monitor;
- (h) this system would be accessible to councillors by the end of August 2010 and it would alert councillors to any consultation that was happening in their wards or in a policy area that they indicated they were interested in;
- (i) Limehouse has been used in the Development Directorate and is utilised as a resource for the Local Development Framework and the Local Transport Plan.

Other issues discussed during this item were that –

- (j) as part of the Queens Speech a number of bills had been drafted that could greatly impact on the way the council conducts its business and delivers services;
- (k) 14 schools across Plymouth had been awarded an “outstanding” rating from their last OFSTED inspection; these schools included 10 primaries and four secondaries, and were now able to apply for academy status.

Members of the panel put forward questions, the following responses were provided –

- (l) Bills were yet to become law and local authorities would be consulted on them before they were implemented into legislation;
- (m) in 2009 the Local Strategic Partnership (LSP) signed a Compact which contained codes of conduct on how the council and other bodies should consult with residents;
- (n) ward boundaries would be reflected on the Limehouse system and it was hoped that members would involve themselves in locality working, which provided an opportunity to get all partner organisations together in one forum;
- (o) locality working would be reviewed in one year’s time.

The Chair thanked Giles Perritt, Head of Policy, Performance and Partnerships for attending.

Recommended that the Support Services OSP be formally involved in any consultation on the bills recently announced during the Queens speech relating to policy areas within the panel's Terms of Reference.

Agreed that the Head of Policy, Performance and Partnerships would distribute to all panel members a copy of the presentation and a list of the 14 schools awarded with an outstanding rating.

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**Draft Growth and Prosperity Overview and Scrutiny
Work Programme 2010/11**

Proposed work programme	J	J	A	S	O	N	D	J	F	M	A
Growth & Regeneration											
Director briefing on priorities and delivery programmes	14										
Written update on Government Policy changes		12		13	18	8		10		7	4
Review of Sub regional Growth Governance arrangements and Programme Board delivery plans								10			
Strategic Housing											
Private Sector Housing Peer Review – Improvement Plan		12									
Twice Yearly Plymouth Community Homes – progress report on delivery of transfer promises.(GPOSP host presentation to all members of the council)		12				8					
Economic Development											
LSP Wealthy theme group minutes and updated themed action plans	14			13	18			10		7	
Transport & Highways											
LTP3 (15year Strategy and 3yr Implementation plan)				13							
Equality of opportunity planning and progress (new name for Accessibility Planning)				13							
Eastern Corridor Briefings		12		13		8		10		7	

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Health and Adult Social Care Overview and Scrutiny Panel

Work Programme 2010/11

Topics	J	J	A	S	O	N	D	J	F	M	A
Specialised Commissioning – Proposed Service Changes -											
• Gynaecological	9										
• Head and Neck											
NHS Plymouth – Finance and Performance Monitoring	9										
Plymouth Hospitals Trust – Finance and Performance Monitoring	9										
GP-Led Health Centre – 12 month Update	9										
Substantive Variation Protocols	9										
LINK Update	9										
Dementia Strategy and Action Plan – Performance Monitoring		7									
Joint Strategic Needs Assessment – Progress		7									
Reducing Inequalities between Communities – Action Plan (Min. 82(3) refers)		7									
Quarterly Scrutiny Report		7									
Carers Strategy		7									
CIP Report		7									
Alcohol Strategy		7									
Monitoring Adaptations Budget and Performance		7									
All Our Futures				1							
Adult Social Care CQC Judgement and ASC Action Plan (Performance Monitoring)				1				12			

Topics	J	J	A	S	O	N	D	J	F	M	A
<p>Monitor CIPs that the Panel is responsible for –</p> <p>CIP 1 (improve customer satisfaction by providing services designed around customer needs)</p> <p>CIP 6 – (to enhance the quality of life of Plymouth residents by widened and improved opportunities to participate in cultural and leisure activities)</p>											

Request for Scrutiny Work Programme Item

1	Title of Work Programme Item	Review of Highways Maintenance
2	Responsible Director (s)	Anthony Payne : Director for Development & Regeneration
3	Responsible Officer Tel No.	Tom White : Head of Network Management, Transport & Highways 01752 304256
4	Relevant Cabinet Member(s)	<i>Cabinet Member for Transport</i>
5	Aim	The scrutiny will review how we maintain our highway network in Plymouth and whether we can improve the performance
6	Objectives	Scrutiny members will gain a better understanding of; <ul style="list-style-type: none"> • The highway network • Resources • The partnership arrangement with Amey • Methodology for temporary and permanent repair • Comparison with other unitary authorities • Industry standards
7	Benefits	The review will benefit the Council and Plymouth residents by reviewing value for money
8	Beneficiaries	Plymouth residents
9	Criteria for Choosing Topics	A high level of public interest , due to the damage caused by the cold weather during the winter months, and the general state of the road network

10	Scope	<p>Overview of contract provision for highway maintenance, resources, performance analysis</p> <p>Site visit to view temporary and permanent repairs</p> <p>Obtaining and understanding local and national comparators and Industry standard</p> <p>Consideration of value for money</p>		
11	Exclusions	<p>The scrutiny will exclude any activity that does not fall within the criteria of highway maintenance</p>		
12	Programme Dates	<p>First meeting to receive a presentation from PCC Officers and Amey Partnership, second meeting a site visit(s), third meeting to explore findings and make recommendations for any improvements to value for money</p>		
	Timescales and Interdependences	Milestones	Target Date for Achievement	Responsible Officer
		<p>Agree possible recommendations arising from scrutiny within 2 months of first meeting</p>	<p>Growth & Prosperity OSP 8th Nov 2010</p>	<p>Clive Perkin Tom White</p>
13	Links to other projects or initiatives / plans	CIP 11 /CIP 12		
14	Relevant Overview and Scrutiny Panel / Membership if Task and Finish Group	Growth & Prosperity		
15	Lead Officer for Panel	Gill Peele		
16	Reporting arrangements	To Overview and Scrutiny Management Board		
13	Resources	<p>PCC staff resources</p> <p>Amey staff resources</p>		
14	Budget implications	Resources within existing budgets		
15	Risk analysis	n/a		
16	Project Plan / Actions	<i>Project plan to be prepared by Task and Finish Panel</i>		