

Public Document Pack



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

www.plymouth.gov.uk/democracy

Date 04/01/11 Telephone Enquiries 01752 307815 Fax 01752 304819
Please ask for Mrs. Katey Johns e-mail katey.johns@plymouth.gov.uk

OVERVIEW AND SCRUTINY MANAGEMENT BOARD

DATE: WEDNESDAY 12 AND MONDAY 17 JANUARY 2011
TIME: 9.30 AM
PLACE: COUNCIL HOUSE (NEXT TO THE CIVIC CENTRE)

Committee Members –

Councillor James, Chair.
Councillor Ball, Vice-Chair.
Councillors Browne, McDonald, Nicholson, Ricketts, Stevens, Thompson and Wildy.

Co-opted Representatives –

Mr. D. Fletcher (Chamber of Commerce)
Mr. J. Paget (Young People)
Mr. K. Willis (Parent Governor Representative)

Substitutes–

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

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

Please note that, unless the Chair agrees, mobile phones should be switched off and speech, video and photographic equipment should not be used during meetings.

BARRY KEEL
CHIEF EXECUTIVE

OVERVIEW AND SCRUTINY MANAGEMENT BOARD

PART I (PUBLIC MEETING)

AGENDA

1. APOLOGIES AND SUBSTITUTIONS

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

2. DECLARATIONS OF INTEREST

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

3. CHAIR'S URGENT BUSINESS

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

4. SCRUTINY OF THE BUDGET AND CORPORATE PLAN (Pages 1 - 164)

Members will scrutinise the Corporate Plan, Budget and associated documentation over the two day session.

5. EXEMPT BUSINESS

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

PART II (PRIVATE MEETING)

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.

Contents

Section	Document	Pages
1	Timetable for 12 and 17 January 2011	3 - 4
2	Introduction to documents	5 - 6
3	Draft Corporate Plan 2011-2014	7 – 30
4	Key Performance Indicators 2010/2011	31 – 36
5	Level 1 and 2 priority indicators	37 – 40
6	2011/2012 indicative budget	41 – 114
6a	Update on Financial Settlement and Grant Changes	
7	Progress on last years scrutiny recommendations	115 – 128
8	Grant Thornton: Annual Audit Letter 2009/10	129 - 146
9	Public budget consultation results	147 – 152
10	Partner Consultation results	153 - 160

This page is intentionally left blank

Overview & Scrutiny Management Board
Scrutiny of the 2011/12 Budget – January 2011

Day 1 – Wednesday 12 January

9.30 - 9.45	Budget and Corporate Plan Aims and Objectives	Giles Perritt / Paul Chapman
9.45 – 10.30	<p>Challenge of the overview: Broad outline of:</p> <p>a. City and Council Vision (<i>pages 8, 11 and 12</i>) b. City Priorities (<i>pages 8, 17 and 18</i>) c. Revenue and capital spending plans to deliver priorities and savings (<i>pages 41-114</i>) (<i>no more than 15 minute presentation followed by up to 30 minutes Q&A</i>)</p>	Leader Chief Executive Assistant Chief Executive Director for Corporate Support
10.30 – 10.45	Break	
10.45 - 12.30	<p>Corporate Support / Chief Executives:</p> <p>a. Cabinet Member(s) outline of priorities and challenges / links with corporate plan (5 mins each) b. Revenue Budget and Delivery Plans (<i>pages 71-75, 107, 113 and 114</i>) c. Key partnerships</p>	Councillor Bowyer Councillor Jordan Councillor Sam Leaves Director for Corporate Support Assistant Chief Executive Assistant Directors
12.30 – 1.15	Lunch	
1.15 – 2.00	Corporate Support/Chief Executive's recommendations / further info requests. Identification of cross-cutting issues to raise with other Directorates.	O & S Management Board
2.00 – 3.30	<p>Children's Services challenge:</p> <p>a. Cabinet Member(s) outline of priorities and challenges / links with corporate plan (5 mins each) b. Revenue Budget and Delivery Plans (<i>pages 60-62, 108 and 109</i>) c. Key partnerships</p>	Councillor Mrs. Watkins Director for Services for Children and Young People Assistant Directors
3.30 – 3.45	Break	
3.45 – 4.30	Children's Services' recommendations / further information requests. Identification of cross-cutting issues to c/f to day 2.	O & S Management Board

Day 2 – Monday 17 January

9.30 - 10.00	Preparation / identification of key issues to raise.	O & S Management Board
10.00 - 11.30	Community Services challenge: a. Cabinet Member(s) outline of priorities and challenges / links with corporate plan (5 mins each) b. Revenue Budget and Delivery Plans (pages 63-67, 110 and 111) c. Key partnerships	Councillor Monahan Councillor Michael Leaves Councillor Brookshaw Director for Community Services Assistant Directors
11.30 - 11.45	Break	
11.45 – 12.30	Community Services recommendations / further information requests. Identification of cross-cutting issues.	
12.30 – 1.15	Development & Regeneration challenge: a. Cabinet Member(s) outline of priorities and challenges / links with corporate plan (5 mins each) b. Revenue Budget and Delivery Plans (pages 68-70 and 112) c. Key partnerships	Councillor Fry Councillor Michael Leaves Councillor Wiggins Director for Development and Regeneration. Assistant Directors
1.15 - 2.00	Lunch	
2.00 - 2.45	Recommendations re: Development & Regeneration. Identification of cross-cutting issues / further information requests.	O & S Management Board
2.45 - 3.15	Preparation for wrap-up / overview challenge. Check that questions asked at the beginning have been addressed.	O & S Management Board
3.15 - 3.30	Break	
3.30 - 4.30	Wrap-up overview challenge: Were the departmental messages consistent with the direction set out within the corporate plan, and other key strategies?	Leader Councillor Bowyer Chief Executive Director for Corporate Support Assistant Chief Executive
4.30 - 5.00	Finalise recommendations / report & clarify what happens next?	O & S Management Board

PAUL CHAPMAN, GILES PERRITT, Gemma Pearce and Katey Johns assisting Panel

Report for Overview and Scrutiny Management Board

Scrutiny of Corporate Plan and Budget 5, 12 and 17 January

The purpose of this covering note is to provide an overview of the pack of papers that will be presented and scrutinised by the Overview and Scrutiny Management Board on 5, 12 and 17 January 2011.

In line with last year's request we have reduced the amount of data presented to the Board and focused on the most critical areas and support information, as we continue to develop and build on the successes of previous years' Corporate Plan and Budget Scrutiny. The documents in the pack cover the following:

- **Draft Corporate Plan 2011-14** - This focuses on the four priorities for the city we have agreed with our partners following analysis of the Plymouth Report. It outlines how we will manage our resources at a time of public sector reductions in both revenue and capital support. It covers how we are bringing together work around ICT, people and accommodation as we modernise the council. It also looks at how we will make savings and drive efficiency across the council and at a departmental level. The main focus is on achieving our ambitions for the city and modernising the council at a time of declining resources.
- **Key performance indicators 2010/11** - This provides the latest information we have on key performance indicators, so that we can test our current performance and capacity to improve against our intentions in the Corporate Plan
- **Indicative budget 2011/12** - This sets out the indicative revenue and capital budget for 2011/12 in more detail and reviews the impact on future plans for 2012/13 and 2013/14, as part of the Medium Term Financial Strategy.
- **Scrutiny recommendations** – This gives last year's scrutiny recommendations and those of the Audit Committee to inform discussion
- **Consultation responses** - This covers both public and partner consultation, so we can test how well our Corporate Plan and Budget meets different expectations across the city

The high level aim of the sessions will be to challenge the robustness of our Corporate Plan and Budget and help to ensure that they are deliverable and focused on the right things.

Jonathan Fry
Policy, Performance, Partnerships
22 December 2010

This page is intentionally left blank

Corporate Plan 2011-14



DRAFT

Please note this is a word draft version and it will be redesigned for the finally approved published document on the web. This draft is for Scrutiny to comment on.

Version I 10-12-2010

Our shared vision for the city with our Plymouth 2020 partners

To be one of Europe's finest, most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone

A city that will be:

A healthy place to live and work

A wise city that is a place for learning, achievement and leisure

A wealthy city which shares and creates prosperity

A safe and strong city

Our shared priorities for delivering the vision with our Plymouth 2020 partners

Deliver growth

- Develop Plymouth as a thriving growth centre by creating the conditions for investment in quality new homes, jobs and infrastructure

Raise aspirations

- Promote Plymouth and encourage people to aim higher and take pride in the city

Reduce inequality

- Reduce the inequality gap, particularly in health, between communities

Provide value for communities

- Work together to maximise resources to benefit customers and make internal efficiencies

Corporate Plan 2011-14

Published by Plymouth

City Council

Date

CONTACT

Policy, Performance, Partnerships

Civic Centre

Plymouth PL1 2AA

Tel 01752 305546

Key messages

1 We live in very difficult times, but also ones that provide us with real opportunities. Over the next three years we have to make significant efficiency savings from our overall capital and revenue budget. This is involving us in some hard choices and will lead to a managed reduction in jobs within the council. We aim to protect front line services that are most critical to our residents and we are looking at how we can make our services more efficient, particularly the back office support ones. We have budgeted to make our efficiencies over the next three years and eleven budget delivery groups have come up with plans for doing this. In terms of direct provision, we will have more varied delivery options and a stronger focus on commissioning services. There will also be cases where we stop doing things.

2 We will see a significant transformation of the council as it becomes leaner in some areas and more strategic and customer focused. At the same time, we will be taking on greater responsibilities public health. Although the efficiencies are strongly influenced by the tight financial context in which we have to operate, they are also based on ideas we had already been developing or implementing for providing more customised services and better value for money.

3 We have recommitted, along with our partners, to our ambitious vision to make Plymouth one of Europe's finest, most vibrant waterfront cities where an outstanding quality of life can be enjoyed by everyone. We have developed four key priorities with our partners to really help us drive and achieve that vision. These are to deliver growth, raise aspirations, reduce inequalities and provide value for communities. Despite the tight financial circumstances, we have a real opportunity in Plymouth to make a difference, be more innovative and achieve great things. We are ambitious for the people of this city and want to work with them to deliver our vision for the city.

4 In this Corporate Plan we set out our strategic direction over the next few years, our operating context, where we need to improve, what we will focus on, how we will align our resources to achieve our aims and what we expect of the council. The focus is on remaining ambitious and really driving the modernisation process we have already begun.

Purpose of this Corporate Plan

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

Outlines the strategic direction of the council for the next three years

Provides an assessment of current performance and future challenges

Shows how we contribute to achieving the shared vision and priorities for the city

Demonstrates how we align our resources and contribute to the efficiency drive and transformation of service delivery

Informs the integrated planning process with partners

Gives clear direction on how the organisation will operate

Helps us hold ourselves to account and ensure we deliver for the city and its residents

Brings key information together in one place – particularly for members, managers and partners

Content

Vision statement & priorities	2
Key messages	3
About our business	4
Our vision for Plymouth	5
Our vision for the council	6
Where we are as a city	7
Where we are as a council	8
Delivering our priorities	11
Resources and efficiencies	13
People and transformation	18
Managing our business	21

Leader

Chief Executive

About our business as a council

5 We offer over 300 distinct services to our customers, involving thousands of products and activities. To do this we employ over 11,000 people in a variety of occupations. Across the council we are responsible for the implementation of a huge amount of national legislation and regulation and the development of statutory plans in areas like transport and planning. Our relationships with our customers are not simple ones.

- Some people choose our services on a fairly competitive basis, such as using a sports centre or reading books from our libraries, as alternative provision is also available
- Some may have a legal relationship with us, such as a family where a child is under a care order, or a food outlet owner who needs to comply with hygiene regulations, or a developer seeking planning permission.
- Others benefit from our services at different points in their life, such as when they have a child in school or need care.
- Our customers are also the recipients of uniform city-wide services like refuse collection and street cleaning.
- Our customers are very varied ranging from a homeless person seeking support to an investor requiring information about business development sites

We are a big, complex organisation, but one that needs to be continuously looking at how it can be more efficient and customer focused.

Insert circular diagram of council structure

We are a diverse and complex business

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

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

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

This is just some of what we do

What our vision for Plymouth means

6 The transformation of Plymouth into a series of sustainable communities where the most is made of the city's very considerable natural assets is at the core of the vision for Plymouth to become "one of Europe's finest, most vibrant waterfront cities where an outstanding quality of life is enjoyed by everyone". The city's distinct natural setting between Plymouth Sound, Mt Edgecumbe, the Tamar and Plym rivers and Dartmoor is seen as its biggest selling point, of which more could be made. The vision is based on the view that the city should grow in width to the east and in height to exploit its waterfront setting.

7 Plymouth's vision involves growing the city's population to achieve the critical mass to provide the range of amenities needed to become the regional economic hub of the far South West - attracting more visitors, inward investment and jobs; developing the cultural and retail offer and making the place more vibrant. This means responding to what will be a growing and changing population, as new workers and visitors arrive, in an inclusive and welcoming way. It also means building on the city's strengths and developing a series of interlocking and sustainable communities, where there is strong resident engagement. Ensuring that there are high quality access networks across the city to leisure, work, health and other amenities is a feature of the vision, together with improving the major gateways to the city like the ferry terminal, rail and bus stations and our major road corridors.

8 The vision involves building new learning centres that are central to and support community regeneration; a city campus approach to learning that enhances choice and is focused on skills for the future; with the University of Plymouth centred on enterprise and City College on vocational skills. It is also about co-locating services like health and social care, so they are more accessible and bringing services together better at the locality level. It is focused on developing jobs in six high value growth areas; having a vibrant city centre of regional significance and a second centre for the growing high tech and medical sciences quarter to the north of the city at Derriford. It involves getting the most from the 12 miles of open waterfront that runs from Jennycliff near Mount Batten to Devonport; exploiting and enhancing green amenities like the Hoe, Central Park and Stonehouse Creek; improving the city centre by building upon successful initiatives like Drake's Circus and the west end development that will link to the regeneration of Millbay, as well as enabling regeneration across key areas of the city.

The type of city we want to be

A city that is a thriving regional centre that attracts visitors and businesses

A city with a series of sustainable communities enjoying a high quality of life

A city with a strong cultural and retail offer

A city that is aspiring with excellent educational attainment

A city that is cutting edge with high tech, high value industries and jobs

A city that people want to live, work and play in because of the quality of its environment and waterfront setting

A city with a strong regional, national and international identity

A city that is dynamic and innovative with a growing and diverse population

Our plans involve increasing the city's population from 248,000 in 2005 to around 300,000 by 2026, with an additional 50,000 in the surrounding area.

They include opening up the waterfront, renovating the harbour areas and delivering area action plans

It means, creating 13,000 sq metres of office space per annum; 172,000 sq metres of new retail space by 2021; as well as 100 new hectares of local nature reserves, 32,000 new homes and 42,500 new jobs in our six growth areas:

- advanced engineering,
- business services,
- creative industries,
- marine industries,
- medical and health care
- tourism and leisure

9 It also includes rejuvenating areas like Devonport and North Prospect; ensuring the housing stock is decent, there is a good balance of quality and affordable homes; waste is effectively recycled; providing a safe and healthy environment for residents and visitors; building a Life Centre that provides local and nationally significant sports facilities; enhancing the cultural offer through major events and other attractions to create vibrancy and having a thriving voluntary and community sector. It is also a vision that is about people in terms of raising aspirations, widening horizons, maximising opportunities and having a vibrant, creative culture. It is a vision that is now work in progress with achievements to date and there is no intention of moving away from it. The vision and consequent commitment to growth and transformation is what makes Plymouth distinct from other places. It is also a level of ambition against which progress has to be judged. In Plymouth the bar is higher.

Where we want to be as a council

10 A vibrant innovative city needs a vibrant innovative council and we must continue our process of modernisation and improvement. Looking to the future, we will have a stronger enabling function, as we seek to build up capacity in local communities and help people achieve their ambitions and become less dependent on services in some cases. In terms of direct provision, we will have more varied delivery options and a stronger focus on commissioning services. We will e-enable all our services so that where appropriate we can provide our customers with the choice of self service at times that suit them. There will be closer working with our partners as we seek to provide more seamless services and easy contact points for a range of advice and support. We will share more back office functions where we can to reduce costs and gain benefits of scale. There will be more flexible working as we 'hot desk' and lower office costs. We will also share more accommodation with our partners, whether that is offices, depots or other facilities. Our staff will be empowered to make decisions; they will be far more self reliant; there will be considerably less management overheads and more focus will be placed on strong strategic leadership, good communication and managing outcomes. The council will be both a more exciting and more challenging place to work.

The type of council we want to be

We will be very focused on our customers and work with partners to provide easy points of contact and streamlined service delivery

We will be ambitious for our city, all its residents, our council, Members and staff

We will have staff that recognise the value and demands of operating within a democratically accountable body; while our Members will value the knowledge and commitment of our staff

We will encourage innovation and take reasonable risks in pursuit of our vision for the city, encouraging both user and staff engagement to improve services

We will work from flexible settings, sometimes co-located, sometimes remotely, and there will be more movement around the organisation and across the partnership to tackle issues

We will be a confident, learning organisation; an employer of choice where people feel they can develop and realise their full potential

We will be more of an enabling organisation rather than simple provider – helping others to deliver services where possible

We will have clear and transparent leadership and sense of direction, with an enabling management culture where staff are empowered to act and make decisions

We will be an organisation that shares its support services with other agencies to get maximum efficiencies and benefits

We will be a 'can do', problem solving organisation that is focused on having an impact and getting things done

We will constantly raise the bar and challenge ourselves to perform better

Where we are as a city

11 The Plymouth Report in summer 2010 brought together in one place for the first time a range of information from needs analysis, strategies and plans to assess where the city is on its journey towards its vision. As well as covering the healthy, wealthy, safe and wise themes of the Plymouth 2020 partnership, it also looked at customer and capacity issues. Whilst recognising achievements, the focus was on what needs doing and whether we and our partners have the capacity to do it.

12 The report stressed that the city's growth agenda makes Plymouth distinct and touches all aspects of partnership activity, which is not surprising given its scale. For example, it inter-weaves with health as both a vehicle for planning healthy communities, with better quality housing, services and improved access to specialist facilities, which can help reduce inequalities and prevent poor health; and, is a means of attracting more high value jobs and companies to the city, with the development of the medical sciences, hospital and university. It can, therefore, be the thread that binds a range of activities together in a highly focused way.

13 The report highlighted many positives about the city, such as its relative safety and cleanliness when compared to other cities; the major infrastructure developments that are taking place to support growth; examples of effective partnership working and community engagement; a strong record around children protection and providing support to adults with care needs and some innovative projects working with those at risk or disadvantaged. However, it also stressed that a step change in focus and delivery would be needed to achieve our city's vision. It showed that: the city's workforce was not sufficiently entrepreneurial or skilled in the right areas; there was a large gap in health inequality; aspirations were relatively low; the voluntary and community sector was relatively small; there was no shared focus on dealing with the customer amongst public sector agencies, or a shared resource plan to support partnership delivery at a time of diminishing resources.

14 The Plymouth Report became the basis for re-assessing our priorities as a city and a council and agreeing the four priorities we are now all committed to.

Key challenges to achieving our vision

The growth agenda is what makes Plymouth distinct and it can be the thread that binds a range of activities together

The city is successfully implementing a spatial framework and developing the infrastructure to meet its very ambitious vision, but its current profile does not match that ambition as in the main it is not sufficiently entrepreneurial or skilled in the right areas

Health is improving but health inequalities are wide and are linked to a range of other inequalities that tend to converge around the western edge of the city

Educational attainment is improving well, but entry to higher education is relatively low when compared to other cities and performance around vocational qualifications could be better

The same customers are often dealt with by many agencies in many places, but there is no shared contact point and customer management strategy across agencies

There is currently no resource plan for Plymouth 2020 covering people, finance and assets, while there is growing pressure on ensuring how more limited resources can be used across the partnership and risks and impacts assessed

The Plymouth Report can be found on the Plymouth 2020 website at:
www.plymouth.gov.uk/plymouth2020

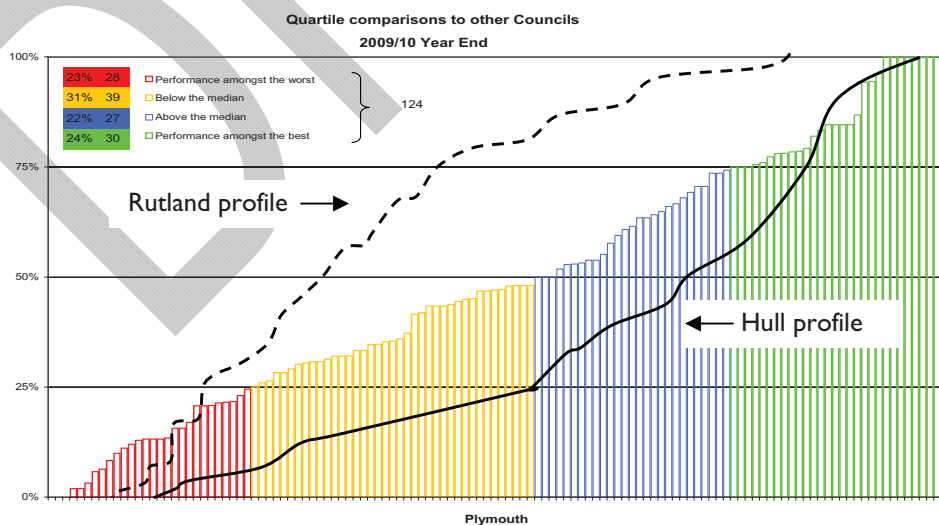
Where we are as a council

A successful track record

15 We have made major improvements as a council in recent years. In 2009, we did very well under the former Comprehensive Area Assessment and in 2010 we won the Municipal Journal's Award for Best Achieving Council. We have also won many other awards. There are major outward facing modernisation programmes in place in areas like Adult Social Care, as we seek to change the way services are delivered and increase people's independence. We have strong stories to tell in areas like partnership working, community engagement, child protection and spatial planning. Internally, we have been rationalising our accommodation requirements and modernising our resource functions. Our financial management has improved significantly over the years and we have built up our reserves. A number of major decisions are now behind us, such as Job Evaluation, the selling of City Bus, setting up Plymouth Community Homes and re-zoning waste collections. We have a sound base to build on. We do though face many challenges in what is a changing working environment and there is still a lot to do if we are to be the kind of innovative, dynamic and enabling authority that is commensurate with the scale of our ambitions for the city.

Our comparative performance

16 Against a basket of 124 performance indicators the council performs around the average when compared with other unitary councils. The analysis from Price-Waterhouse-Coopers' benchmarking club, which has only just been released, shows we have 54% of indicators in the bottom half of the distribution and 46% in the upper half for 2009/10. Overall, we have improved against our 2008/09 performance, with 53% of our indicators improving and 34% declining. Our performance continues to improve over the years, whilst we hover either side of the average performance line for unitary councils, where performance as a whole has also been improving. The table below shows our quartile performance against the best and worst unitary performers, albeit a small council in the case of the top performer. We are over represented in terms of third lowest quartile performance; while it would only take a net increase of five indicators in the top half of the distribution for us to be spot on the average mark. However, average performance is not good enough for us. Given the scale of our ambition, we need to be better.



The table shows the number of indicators in the four coloured quartiles for Plymouth and compares our overall distribution line to the top and bottom performers. Rutland, for instance, hits mid-point and top quartile performance much earlier than we do, Hull much later. The bar lines represent our performance against the 124 indicators. Councils will differ in terms of which of their indicators sit in which quartile – one council's top quartile indicator may be another council's bottom quartile performer. Sometimes the indicators cover a narrow range of comparative performance between councils.

17 While the 124 benchmarked indicators cover a number of areas of partnership activity, the set does not provide a comprehensive view of all performance. It does not, for instance, reflect progress with inward investment, infra-structure development or programmes for building schools or projects like the Plymouth Life Centre where we are doing well. It does though tell us something about outcomes for people at a given time, such as their levels of attainment or health. Not all the indicators in the current national set will be important to us and we need to make a decision about what is acceptable performance in some areas. We are currently focusing on areas where we need to be improving performance at a lower cost, such as in waste collection and learning disability. We have also had success in improving value for money in an area like planning. We do, however, need to move to a much higher level and get a step change in performance in those areas most critical to us and the achievement of our vision. We will, therefore, be strengthening our focus on driving up performance improvement.

18 Our most recent public perception data from 2009 shows low overall public satisfaction with the council and we are not seen as offering sufficient value for money. While specific service level satisfaction rates are higher, they are not that strong when compared nationally and again hover around the average.

Meeting the challenges ahead

19 We have a strong vision, but we need to promote ourselves more aggressively if we are to attract government support and inward investment in the current regional climate. Internally, our staff satisfaction levels have improved, though we need to do far more around change management. Historically, we have been a provider rather than a commissioner of services, though this is changing. Whilst we have some experience of sharing services with others, this has not been extensive. We have engaged in some process re-engineering to make services more efficient, but again this has not been extensive. Strategic commissioning, business process implementation and change management are all skills that will be required in greater abundance if the council is to transform itself. They are also skills that are in short supply within the public sector. In other areas, like social work, where there are skills shortages nationally, we have put a lot of work into recruitment and retention, though this remains a challenging area for us.

Departmental challenges and opportunities

Chief Executive's – challenges and opportunities

- Budgetary pressures making it more important to work collaboratively; while ending of Local Area Agreement Performance Reward Grant means funding has gone from posts immediately supporting P2020
- Public health moving from PCT to council
- Move away from top down target setting nationally, inspection regimes in many cases and prescriptive partnership approaches gives more autonomy while putting the emphasis on self-improvement

Corporate Support – challenges and opportunities

- Managing the much tighter financial situation with reduced government formula grant and capital programme support
- Increasing demand for benefits and radical future changes to the benefit system
- Increased public sector transparency and requirements to publish expenditure over £500
- Sharing back office functions with partners and looking at how we can maximise employment opportunities in the city
- Supporting the transformational change agenda across the council as we try to get more for less
- Providing more streamlined customer services and more efficient ways of engaging with customers
- Improving the quality of ICT at a difficult time financially

Children & Young People – challenges and opportunities

- Growing pressure on school accommodation, particularly at primary level, due to the recent increase in the birth rate.
- A lot of our school stock is still ageing, with a maintenance backlog
- Schools will have greater freedom to procure education support services from wherever they choose
- Growing interest in academies
- Increase in referrals to Children's Social Care - 40% between 2007/8 and 2009/10
- The (Southwark) legal judgement is increasing the number of homeless young people presenting to Children's Social Care
- National policy focus on prevention and early intervention, with more intensive and targeted services for the most vulnerable

20 We have been improving our customer services across the council and this is a big agenda that involves greater use of e-transactions, first time resolution of queries, better joined up contact facilities and more seamless services across agencies. We are doing more to make better use of our procurement power and standardise purchasing across the authority, but again this is an area where there is much to do. With the reduction in national prescription, the ball is very much in our court in some areas and we need to push ourselves forward. This includes exerting a strong influence regionally, attracting more income to the city and council and leading the growth agenda with the private sector. Building on the good work we have already done with local communities and neighbourhoods, we have to empower local communities further, help build capacity in the community and reduce dependency on services. As part of this we must develop imaginative ways to break the cycle of deprivation in parts of the city and ensure that the focus on localism is managed fairly across our neighbourhoods.

21 Our departments face many challenges as they adapt to and take advantage of an environment that is changing in terms of technology, demographics, national policy and customer expectations and as a result of our very success in many areas. At the same time as we respond to change, we also have to continue to ensure children and vulnerable adults are safe and that key services that impact on the public as a whole are maintained at a sufficient level. All this is against a background of reduced resources, so we will have to stop doing some things, do others very differently and do more with partners.

Community Services – challenges and opportunities

- Growing elderly population and increase in long term care needs, with national focus on more personalised and preventative services
- Adult social care and health expected to join up to enable integrated delivery where possible, while health partners face major changes
- Managing public expectations around waste disposal, waste collection and recycling against tight budgets
- Proposals to change the way police are governed with elected police commissioners to replace police authorities
- Increasing national focus on engaging with local communities
- Population expected to grow and diversify with need to ensure good community cohesion
- Legislative focus on equality impacts, but less stress on national standards/targets and more on local priorities
- National funding reductions covering culture, media, sports

Development & Regeneration – challenges and opportunities

- National focus on localism and decentralisation – removal of Government Office South West and Regional Development Agency, including funding streams; replacement with Local Economic Partnerships; with greater emphasis on council to lead growth agenda with private sector
- Removal of regional strategies and mechanisms – e.g. spatial strategy and the setting of housing numbers and Regional Funding Allocation for transport
- Expected radical reform planning framework with a new form of Local Plan centred on neighbourhoods and incentivising development –Community Infrastructure Levy and New Homes Bonus new funding mechanisms
- Changes proposed to housing tenure, policy, allocations, statutory duties, benefits and affordable rents; reductions in grant support towards provision of affordable housing; private sector renewal grant discontinued
- New Growth Point/Family Intervention Service grants gone
- Maintaining and increasing income streams during downturn
- Major transport scheme decisions now national, with no new major schemes to be funded during 4 year spending review
- Transport funding through integrated block grant reduced and replaced by Sustainable Transport Fund requiring competitive bidding for key infrastructure projects
- Ensuring our ability to take advantage of emerging funding opportunities such as the Regional Growth Fund, homes bonus scheme and sustainable transport fund.

Delivering our priorities

Priority focus

22 Following our analysis of the Plymouth Report we have reduced the number of our priorities for the city, the council and our key partners to four: deliver growth, raise aspirations, reduce inequalities and provide value for communities. We have recommitted to our growth agenda and recognised that we need to focus on it much more strongly if we are to get the step change required to achieve our vision for the city. This is the agenda that makes Plymouth distinct. Closely tied to that is the need to raise aspirations. We not only want our children and young people to set their sights higher, but for those in contact with them to have higher expectations; for people to want to come to Plymouth as a place where they can develop and prosper. We do not want the local population to be held back by deprivation and inequalities, but to contribute to and share in the city's growth. At the same time, we recognise that we are operating in tight financial circumstances and need to be innovative, resourceful, more customer focused and provide greater value for money.

23 These four priorities are all interlinked, with the growth focus particularly pertinent to our current situation Plymouth. Together with partners we have agreed a set of very high level long term outcome measures that sit under the priorities and for which we share collective responsibility. Under these sit a set of medium term outcome measures which will contribute to the delivery of the high level ones and involve effective partnership working if we are to achieve the desired results. These are almost finalised, with the next step to agree targets across all the measures. The priority descriptors and the outcome measures are listed in the tables below.

Plymouth 2020 priority descriptors			
Deliver growth	Raise aspiration	Reduce inequality	Provide value for communities
Develop Plymouth as a thriving growth centre by creating the conditions for investment in quality homes, jobs and infrastructure	Promote Plymouth and encourage people to aim higher and take pride in the city	Reduce the inequality gap, particularly in health, between communities	Work together to maximise resources to benefit customers and make internal efficiencies

Level I Outcome Measures			
Increase the number of jobs in Plymouth	Increase in the percentage of working age people with level 3 and above qualifications	Reduce the gap in life expectancy by at least 10% between the fifth of areas with the lowest life expectancy and the population as a whole by 2020	Increase the value of commissioned goods and services by civil society organisations
An increase in the headline gross value added per head index at current basic prices	Increase in graduate retention rates in the city from local colleges	Reduce the rates of premature mortality (<75 years) in men from all causes by 40% by 2020	Customer satisfaction with all public services offering VFM
An increase in the average gross weekly pay of full time workers	Increase in the number of visitors coming to the city	Reduce Child Poverty	People who feel they can influence decisions in their locality
Offering a good range of housing in safe, inclusive and sustainable communities	Overall / general satisfaction with local area		Per Capita CO2 emissions in the LA area
Deliver connectivity with key regional, national and international markets	Rate of small businesses with turnover greater than £100k		% of people who believe people from different backgrounds get on well together

Plymouth City Council & P2020 priorities

Deliver growth	Raise aspiration	Reduce inequality	Provide value for communities
-----------------------	-------------------------	--------------------------	--------------------------------------

Level 2 Outcome Measures

Hectares of employment land delivered per annum	Achievement of 5 or more A*-C grades at GCSE or equivalent incl Maths & English	Reduction in the educational attainment gap at Key Stage 4 between the most and least deprived localities in the city	Increase in the value of commissioned goods and services
Percentage of developments meeting quality of design and place-making criteria	General satisfaction with public sector organisations	% of vulnerable families scoring 4 or more of the 24 factors that contribute to the definition of vulnerability	Increase in the use of volunteers
Economic sector growth	Achievement of a Level 3 qualification by the age of 19	Child protection plans lasting two years or more	Customer satisfaction with the council offering vfm
Deliver strategic and local infrastructure	Reduce under 18 conception rate	Social Care clients receiving self directed support.(direct payments & individual budgets)	% of priorities identified at neighbourhood meetings that have been resolved
Improvement in public perceptions of violent crime levels and image of city – public and business – <i>still in discussion on this</i>	16 to 18 year olds who are not in education, training or employment (NEET)	Prevalence of breastfeeding at 6-8 weeks	Percentage of household waste sent for reuse, recycling and composting
Deliver a sustainable environment	Graduate retention rate	% of population taking physical activity	CO ₂ reduction from public sector operations
Rate of non-domestic property fires – <i>still in discussion on this</i>	Public sector staff perception	Housing decency - Number of Category 1 Hazards removed	No of racist, disablist, homophobic and faith, religion and belief incidents
Number of affordable homes	Rate of anti social behaviour incidents per 1000 population	Narrow the gap in overall crime	First point of contact resolution and percentage of avoidable contacts – different targets for each agency
Net additional homes provided	Number of active interventions through Positively Plymouth marketing campaign	Reduce the rate of accidental dwelling fire casualties	Level of community engagement in neighbourhood plans
Improved rail journey times		Reduce the rate of adult smoking	
Percentage of households connected by broadband		Narrow the gap in Coronary Heart Disease (CHD)	
Improved road journey times		Decrease the rate of childhood obesity in Year 6 children by 10% by 2020	
		Reduce the rate of alcohol-related admissions by 2020 to 2010 levels	
		Access to services and opportunities through transport provision	

NB: Some changes still being made to these outcome measures

Finance and efficiencies

Financing our priorities

24 We remain committed to sound financial management as a basis for achieving our priorities, providing good quality services and protecting those who are most vulnerable. We aim to put resources behind our priorities and move them away from those areas that are less important or where we can stop doing things. We also want to increase our income where we can and be more resourceful, so achieving a priority is not always about putting more money behind it. We resource our priorities over time, so some priorities may feature more strongly as circumstances change. This year we are particularly focusing on value for communities and the efficiency agenda. We are also protecting budgets around growth and have increased resources to cover rising demand around adult and children's social care. All our budget delivery plans are assessed for their impact on our four priorities, particularly equalities, while the impact on departments can be seen in the table below.

Operating in a difficult financial climate

25 The 2010 Comprehensive Spending Review (CSR) proposals were announced in October 2010 with the detailed local authority settlement coming on 13 December. It means a reduction in real terms of 28% in the local authority formula grant over the next four years. In addition, the new government has instigated a full review of public sector pension provision, the results of which will not be known until spring 2011. The current economic climate is causing significant budget pressures, as we experience the impact of reduced income from our car parks and commercial rents. The downturn has brought reduced interest rates and therefore reduced income from our treasury investments. Our ability to use future capital investment in the city to stimulate growth and regeneration will also be restricted. Capital grants and spending will significantly reduce, by as much as 45% in some areas, and funding for programmes that were previously planned, such as Building Schools for the Future, have already been withdrawn. We also face increasing spending pressures in areas like adult social care and children's care services.

Medium Term Financial Strategy

26 Although times are challenging, we have a sustainable Medium Term Financial Strategy, having for some time been modelling for a significant reduction in the government's formula grant and requirement for a council tax freeze. During 2010/11, we applied a £4m in-year funding reduction in response to the new coalition government's emergency budget and made some adjustments to our capital programme. We have standardised inflation allocations for departments at 0% for the next two years and 2% in 2013/14. We have also removed any overall pay award allocations for the next two years, while retaining 2% for 2013/14. We rolled forward the 2010/11 reductions into our calculations for forthcoming years. At the time of writing, we are assessing the detail of the CSR and awaiting further information on some grants. We expect our income from the formula grant and council tax to fall from £201.8m at the start of 2010/11 to £186.7m by 2013/14, which represents a shortfall of around £30m if these income streams had kept pace with inflation.

Three year net revenue budget by department				
	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s
Children's Services (excluding schools)	51,111	50,621	50,302	49,288
Community Services	110,777	109,054	106,905	104,943
Development & Regeneration	16,184	15,890	15,617	15,094
Corporate Support	31,479	27,689	24,826	21,675
Chief Executive's	1,728	1,517	1,376	1,165

27 To address this likelihood we set up 11 theme based budget delivery groups with efficiency saving targets ranging from 40% by year three for some back office functions and 6% by year three for some front line ones. The advantage of this approach has been that it has enabled us to look at entire spend for a specific function, such as Policy and Performance across all departments, identify duplication, process improvements and alternative delivery arrangements. We aim to achieve efficiency savings of around £26m over the next three years through this work, which together with other rolled over efficiency savings will enable us to balance our budget. Community Services is by far our biggest budget, followed by Children's Services excluding school budgets - where there are delegated budgets which are not part of these calculations. The big percentage reductions in budget are in back office functions in Corporate Support and Chief Executive's.

28 Although our budget is declining we still have the freedom to move resources around within that reduced amount. We have, for instance, allocated £0.7m for increased numbers of children in care; £0.2m for the pay increase for low paid workers, who may be exempt from the local authority pay freeze; and, £1m to cover demographic changes in Adult Social Care. Our average Council Tax was the lowest in the region for 2010/11 and may well remain so, given the freeze on any increases and the tight financial situation facing all councils.

Efficiency focus

29 We are using the challenging financial context to look at how we can become more efficient and improve services, not simply cut back our budgets. The proposals that have come out of the budget delivery groups, highlighted in the table, have now been built into departmental budgets over the next three years and it is the responsibility of departments to ensure delivery.

30 Inevitably the scale of reductions required will mean some posts are likely to go. Over the next three years we are looking to reduce the combined direct and indirect costs of the

Our efficiency savings focus

Council-wide efficiency focus

- Reductions in spending on support functions, including administration, and amalgamating functions across the Council wherever possible
- Increasing efficiency and improving customer service by directing more calls through the Council's customer contact centre and investing in a new website to enable more transactions to be made online
- Reducing accommodation costs by rationalising the number of buildings used by the Council and changing working practices
- Substantially reducing spending on subscriptions to external bodies and on print and publicity across all Council services
- Investigating ways of increasing income, including raising fees and charges
- Improving commissioning and procurement to get better value from our contracts and from our purchasing of goods and services
- Investigating options for external organisations and the private sector to take over the running of some facilities

Chief Executive's efficiency focus

- Re-alignment and reduction of staff across council focused on policy, performance and partnership, with the focus on a smaller but higher quality service, including consultation expertise
- Streamlining of partnership activity, governance and scrutiny; as well as strategies, plans and better co-ordinated research work across partnership
- Driving out duplication in communication across the council and improving clarity and focus both internally and externally
- Reduce print, publicity and advertising costs

Corporate Support's efficiency focus

- Changes to cash collection, facilities, property and debt and treasury management
- Raising income through fees and charges; with reduced audit costs
- Procure to pay buyer roll out greater standardisation across council; better category management
- Restructure of human resources staff in line with greater e-support and share service development
- Review and revise terms and conditions
- Changes to legal, democratic and registration services
- Further roll out of Accommodation Strategy
- Business support restructure across council
- Integration of customer services and revenues and benefits, including Single Point of Contact and increased use of council website
- Bring more services into contact centre

workforce, including overheads, by £18m or 14% of the total wage bill. Support services and administration will see the most significant changes through proposals to improve customer services, ICT modernisation, accommodation rationalisation and changes to working practices. Our management structures across the organisation, including senior and middle managers, will also be reviewed. Overall, we estimate we will need to reduce our workforce by 500 posts in this period, in consultation with trade unions. Although we cannot rule out compulsory redundancies, we are actively seeking to avoid this situation where we can through natural wastage, planned retirements, recruitment controls, improved redeployment and training opportunities. Between April and November 2010, for instance, our workforce reduced by around 170, with less than 10 per cent redundancies.

31 We have a good record of achieving efficiency gains in the past, though we, along with other councils, are no longer required to report efficiencies to government through national indicator 179. The departmental delivery plans are our efficiency programme for the future and central to our transformational change agenda.

Investing in transformation

32 We have established a one off revenue invest to save fund of £2.3m by reallocating some existing reserve funds. This resource will then be used to finance transformational change initiatives that will help improve services to the customer and provide more efficient and less costly processes in the future, with resultant longer-term savings. Examples of this approach include supporting the launch of a new website for our customers that will allow 24/7 access, greater functionality and more efficient electronic transactions with the council; and, the upgrade of the Care First system to improve our management of client information in adult and children's social care.

33 Investment in improved Information and Communications Technology (ICT) is fundamental in achieving greater efficiency, more customised services and council

Services for Children & Young People's efficiency focus

- We are transferring services such as policy and performance to the corporate centre.
 - In Children's Social Care the focus will be the continuation of wrap around services and risk managed diversion strategies, to ensure that children are able to stay with families in a safe environment wherever possible. We have driven down placement costs this year and will continue to do so.
 - We will continue our reductions of admin staff to deliver further efficiency savings
 - Policy reviews, such as the transport review and the work regarding Special Educational Need, will address underlying pressures, whilst ensuring the most vulnerable are supported.
- The programme will inevitably lead to significant changes and the partnership with schools will also be a key feature in shaping the size and transformation of the department in future.

Community Services' efficiency focus

- Domiciliary care services – maximisation of block contracts and standardisation of unit rates; efficiencies across in house and externally provided services
- Care management services – reviewing high cost packages and alternative service provision
- Remodelling of service and standardisation of unit rates for Supported living, Day care, Enabling and floating support and Residential Care – under 65
- Workforce remodelling linked to CareFirst 6 and Charteris Business Process Re-design
- Increase bulky waste collection charges
- Transfer of maintenance of some public toilets
- Some playgrounds and bowling greens to local community ownership/clubs
- Cemeteries and crematoria increase in fees
- Rationalisation of Environmental Services structure
- Reducing revenue support to Theatre Royal and Pavilions
- Library service modernisation
- Museums restructure
- Leisure Service Management contract
- Events, grants and other funding initiatives

Development & Regeneration's efficiency focus

- Review and rationalise Family Intervention and Anti-Social Behaviour services to account for lost grant
- Replacement of New Growth Points revenue grant through the creation of a ring fenced revenue growth fund from potential new revenue streams
- Removal of remaining contribution to former City Development Company
- Package of transport options proposed to identify budget savings – through increased income and or revised service provision – e.g. subsidised bus fares, shop mobility and additional car park charges.

transformation. It will enable us to have one consistent, joined up and reliable source of information on the customer; support flexible working across all our buildings and better links with partners; increase the use of e-learning facilities and provide greater functionality to support e-transactions and other customer contact. These are all central to our ICT Strategy, where we have initially prioritised investment and activity that supports the Accommodation Strategy and replacement website. We are striving to reduce the number of applications used within the council and consolidate around enterprise-wide ones. We want a wider, higher skill base with staff using common tools across the council and with partners to improve the way we work with information. This requires the cooperation of all departments and it is intended that the new corporate ICT architecture will be designed and delivered with the help of key partners, bringing in both expertise and capacity at a critical time.

Managing our investments

34 We have improved our financial reserves considerably over the years from a once poor position. Our working balance at 31 March 2010 was £11.5m or 5.7% of our net revenue budget, which is in line with unitary council averages. Our plan is to retain this level throughout 2011/12. In addition, specific earmarked reserves are forecast to reduce to £13m at the end of March 2011 and to £11.4m by March 2012. These specific reserves cover known or estimated costs for specific activities and/or liabilities, such as the Waste Management Reserve to meet interim revenue costs of waste disposal prior to the planned delivery of the energy from waste plant.

35 We receive and spend significant sums of money in order to provide services and support to people in Plymouth. Effective Treasury Management maximises our financial return on cash balances throughout the year whilst minimising risk. Our Treasury Management Strategy details our approach and rules around investment and borrowing and specifies the financial organisations that we are able to transact with, based on sound risk assessment. Due to continuing low interest rates, we will continue to make use of short term variable borrowing to cover cash flow. New investments throughout the year and cash balances have a target to achieve an overall return of greater than 1%.

Our capital and asset programmes

36 We remain committed to a significant capital investment programme. The programme supports our growth agenda for the transformation of Plymouth, while providing more immediate job opportunities in the construction industry. There remains significant volatility around future capital grant funding and income generation through capital receipts. The CSR indicated council funding for capital schemes was facing a reduction of up to 45%. Until the full implications are known, we have placed a hold on new commitments against any un-ring fenced funding. Although the current programme has little new investment in 2013/14 and 2014/15, this is likely to change as new grant allocations are confirmed. For example, we await confirmation of funding to replace capital grants for investment in schools and the local transport programme.

Five year departmental capital programme						
	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s	2014/15 £000s	Total £000s
Children's Services	34,357	19,091	14,953	-	-	68,341
Community & Neighbourhood	25,770	18,428	939	-	-	45,137
Development & Regeneration	28,820	16,042	6,203	6,530	7,656	65,251
Corporate Support/items	3,232	6,398	560	500	-	10,690
	92,179	59,899	22,655	7,030	7,656	189,419

37 In reviewing our capital

programme we have continued to reduce our reliance on capital receipt funding, given the current economic climate, and it now stands at £28.2m over the five year period. We have also built in additional temporary borrowing to cover the shortfall in capital receipts, which can be repaid in future years to coincide with rises in capital receipts as the economy improves. The situation is a fluid one and we will continuously monitor it.

38 We remain committed to using our assets better to both support the growth agenda and to provide more efficient

service delivery with our partners; as well as being more sustainable in terms of energy and transport usage. We have developed a new corporate property database and a council community asset transfer strategy, which will respond to the new coalition government's agenda on devolving more control to communities.

39 Our accommodation strategy involves a one-off capital investment of £6.4m and revenue one of £0.8m to rationalise our office premises and generate year on year savings of £1.5m. This approach will fundamentally change how we work with each other and relate to customers, with consequent efficiencies and service improvements.

Operating within a partnership context

40 Although our focus is on achieving shared priorities, we recognise that our partners have additional challenges that reflect their particular circumstances and legislative context and which draw on resources, time and energy. For instance, our health partners have to make £20m annual efficiency savings at the Plymouth NHS Hospital Trust in order to meet rising demand; while Plymouth NHS Primary Care Trust has to transfer commissioning to GPs, public health to the council, set up new provider mechanisms for its community provision and further integrate adult social care. Both the Fire and Rescue Service and Police face financial pressures, with the latter having to plan for elected police commissioners; while the University, City College, third sector agencies, defence establishments and the private sector also all face pressures in the current financial climate. We are conscious of the impact that decisions taken by one partner can have on others in terms of unintended consequences and demands on service delivery. We have been sharing information on a partnership basis to address this and are also using the scrutiny process to do so. We will need to remain very vigilant here given the tight financial context we are all operating in. We are also working more extensively with the private sector to lead the growth agenda for the city.

Funding source			
Capital Grants/ Contribution	88,721	Capital Receipts Section 106/ Revenue/Funds	28,283
Supported Borrowing	33,260	Total	<u>10,682</u>
Unsupported Borrowing	28,473		189,419

Significant schemes for delivery by 2014		
<ul style="list-style-type: none"> ■ £37.5m on the state of the art new college at Tor Bridge; ■ £14.2m on improving schools in Southern Way Federation; ■ £8.6m for a new School at Efford; 	<ul style="list-style-type: none"> ■ £22m on improving transportation in Plymouth (Local Transport Plan); ■ £20m on improving transport access in Eastern side of the City Centre 	<ul style="list-style-type: none"> ■ £46.5m on Plymouth Life Centre ■ £0.5m on a new Library for Plympton; ■ £3.88m on bringing Devonport People's Park 'back to life';
<ul style="list-style-type: none"> ■ We are also developing a long term waste disposal solution with Torbay and Devon County Councils, with the planned delivery of the multi-million pound energy from waste plant, with the Waste Partnership looking to announce a preferred delivery partner in 2011 for this Private Finance Initiative (PFI). Completion is currently planned for 2014 		

People and transformational change

Overview

41 Over the next few years we will be very much about change - changing our culture, changing our services and changing our structure. Our staff will be central to that change in terms of how they work with each other, relate to customers, partners and contractors. We are likely to be a smaller organisation, as we seek to share back office functions with partners and become more of an enabling body. We have some way to travel, but we are on the road having come through job evaluation, developed our approach to competencies, improved appraisals and some of our management information. We are also getting to know more about our staff and what they think, providing us with a baseline as we roll out our change programme.

Staff by Department November 2010				
	People	Jobs	Excluding schools	
			People	Jobs
Chief Executive's	50	50	50	50
Community Services	1,583	1,627	1,583	1,627
Corporate Support	1,008	1,101	1,108	1,101
Development	358	361	358	361
Children & Young People	8,017	10,013	1,494	1,660
Council-wide	11,016	13,152	4,493	4,799

Staff survey

42 Our 2010 staff survey had a 58% response rate, with 2,617 completed returns. This was a considerable improvement on 2007, with the great majority of responses more positive than last time. The biggest improvements were around staff getting customer feedback, manager feedback and motivation, learning and development, pay being fair and enjoying the job. Only 11 areas out of 58 went backwards, the worst being job security, not surprisingly given the national public finances situation in 2010, feeling action will be taken on the survey, induction information and feeling able to challenge how things are done. We did better than previously against local government comparisons, though there is still a way to go against major private sector employers. We are currently analysing the results on a service basis and will be responding to the findings. Key issues are around managing change well and staff feeling engaged in the change process.

Highlights from our autumn 2010 Staff Survey			
Select questions and positive responses	Plym 2007	Plym 2010	Nat 2009
Morale is good where I work	37%	36%	45%
I feel my job security is good	33%	19%	49%
Manager gives regular feedback on how I do	52%	67%	55%
Manager motivates me to be more effective	43%	59%	48%
Directors/senior man provide effective leadership	26%	33%	33%
Directors/organisation manage change well	21%	29%	28%
Directors/senior man open/honest in staff coms	28%	30%	34%
Directors/senior man aware of what I have to do	24%	22%	29%
I am able to challenge ways things done	34%	26%	39%
I believe action will be taken on survey	33%	22%	39%
Happy how development needs identified	47%	65%	54%
Job makes good use of my skills and abilities	74%	79%	77%
Cooperation between teams good	56%	66%	61%
Get customer feedback	38%	57%	38%
Act on customer feedback	46%	69%	51%
Treated with fairness	60%	74%	67%
I feel my pay is fair	42%	60%	43%
I am happy/proud to work for council	51%	78%	72%
Would tell others good place to work	50%	58%	63%

The table compares our 2010 performance against that in 2007 and other local government agencies in 2009, with red scores negative, green ones positive for us.

Staff absence

43 We lose 6.59 days per year per employee in sickness absence, rising to 9.6 days when school staff are excluded from the equation. The former figure is near the 6.4 national average using CBI data and below the 8.3 public sector average from the same data; with the figure

Staff absence by department – days per year				
	FTE	EMP	Excluding schools	
			FTE	EMP
Chief Executive's	7.24	7.15	7.24	7.15
Community Services	14.76	11.98	14.77	11.98
Corporate Support	13.56	10.23	13.56	10.23
Development	10.70	9.86	10.71	9.88
Children & Young People	8.00	5.40	11.02	7.91
Council-wide	9.23	6.59	11.85	9.36

clearly higher when we look at non school staff. Our immediate aim is to get down to the 6.4 day national average.

Staff appraisals

44 We are now achieving a high percentage of appraisals, at 94.4% of those it was possible to complete. Our staff survey states that 77% of staff felt their appraisal was accurate and fair, with 68% feeling their manager helped them focus on performance. This compares to 82% and 61% in 2007. Last year 11% of staff did not meet expectations and there have been improvements amongst those staff since, which is good. This year, with appraisals now linked to grade progression 3.9% did not meet expectations, 84.7% met them and 11.3% exceeded them.

Staff profile

45 Employment in the council is skewed towards the older age range, with 69% of staff over 40 and 38% over 50. This profile is slightly more exaggerated in Community Services where the comparable figures are 71% and 41%. Only 9.4% of staff are in their twenties and 0.3% are teenagers. More than two-thirds of our posts, 68%, are occupied by women. This profile is even more exaggerated in Children's Services where the comparable figure is 83%. Only Development bucks this trend with 52% of posts occupied by men. Women account for 48.35% of those in the top 5% of earners within the council.

46 Our workforce is predominately white. Of those 88% of posts where ethnic origin is identified on our system, 94.7% are 'white British' with this rising to 98.1% when 'other white background' and 'white Irish' are added. The black and minority ethnic (BME) grouping as a whole accounts for 5.3% of posts in the council; whereas BME staff account for 16% of Plymouth NHS staff. The BME population of Plymouth is around 6.6%, having trebled in the last 10 years, and is expected to rise to around 10% by 2012. Staff identified from employment records as having a disability account for 3.7% of posts; with the figures for Community Services and Corporate Support being 4.6% and 4.2% respectively. This percentage is almost certainly lower than the city's economically active populations with a disability and may reflect, in part, people either not wanting or not feeling the need to identify a disability, particularly if it does not impact on their work.

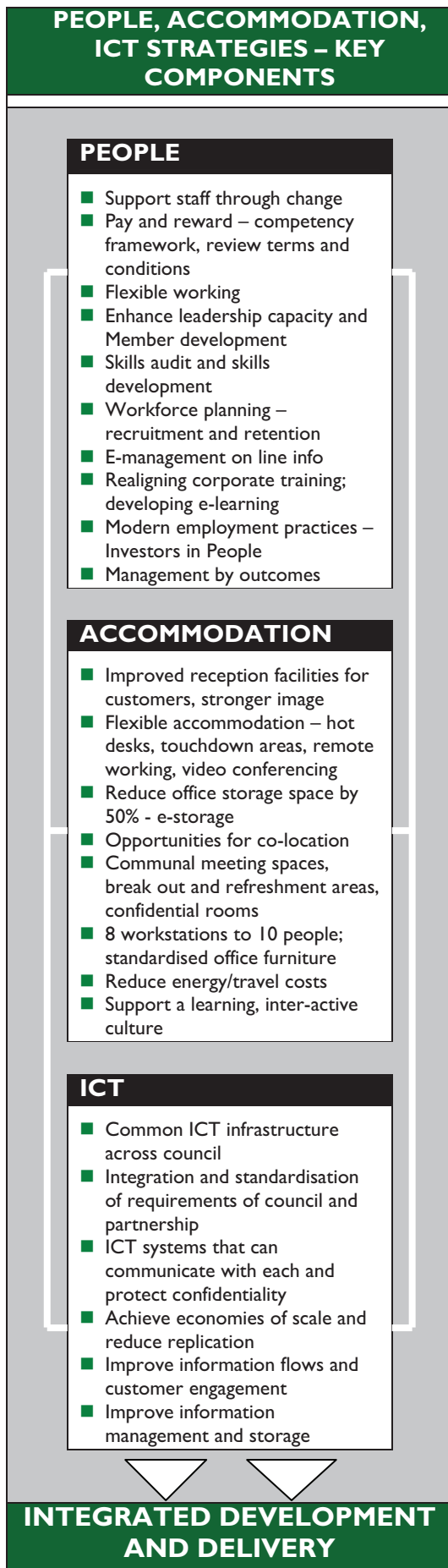
Developing our workforce

47 Our organisation will continue to change over the next few years, though the pace of change will need to be much faster than it has been. Staff will need to get used to managing change on a continuous basis, supported by clear strategic direction and good communication. As stated earlier we are forecasting a reduced wage bill of £18m over the next three years, which equates to approximately 500 ftes and will carefully manage this process in full consultation with staff and unions.

48 We have seen changes in recent years, such as the Amey contract around road maintenance and setting up of Plymouth Community Homes; but these have not significantly altered the way

Staff profile and transformation points

- The potential loss of experience and knowledge will be an issue for the council, particularly at a time of financial constraints, staff reductions and less recruitment. Succession planning and talent management should help here. Our use of apprenticeships could be further developed, together with internships, albeit with the caveat around recruitment restrictions
- Greater representation of men and women in what are often 'non traditional' male/female occupations and a stronger balance across higher paid posts as part of transformational change
- Having a workforce that represents more accurately the changing demographics of the city as part of transformational change
- Ensuring we are providing opportunities for people with disabilities as part of transformational change



the council works. A much greater cultural change is required if we are to modernise the council as we move deeper into the 21st Century. Over the past two years, we have been aligning our people, accommodation and ICT approaches and requirements. Progress has been made in some on-line management information, office redesign, desk ratios and ICT connectivity, but we need to be making even stronger progress now. These are all areas that are critical to achieving the kind of efficiencies we want and attracting people to work for and with us, if we are to be an employer and partner of choice.

49 We must manage people better on the basis of outcomes. We must also ask people to be far more resourceful and innovative. We need to be more demanding here. While people should be given more responsibility, this must go with more accountability. We need more and better change, project and contract management, either through developing our staff, buying in or a combination of the two. Our staff will need to be more flexible and multi-skilled.

50 We plan to do a staff audit as part of our on-line management information programme. This will enable us to identify and make better use of skills we already have, as well as identifying areas we need to develop.

Managing the business

Evaluating and delivering outcome measures

51 With less national focus on top down performance indicators and inspection we have greater freedom to do what we think is best for our circumstances. That does not mean that we can forget about performance indicators, as we need measures to evaluate our performance and get an indication of how we are progressing. In the past there has been a fixation nationally around targets and this has sometimes led to perverse outcomes, as people adjust behaviour to meet targets, often at the expense of equally or more valid outcomes. We will focus on what the measure is telling us about our performance to date, how that sits with the trajectory we need to be on to meet our ambitions and what, if anything, we need to do to alter performance. The emphasis will be on analysis, trends and decisions. Similarly, we will have better plans in place for achieving our outcomes, with resources more effectively aligned behind them. More time needs to be spent on effective scoping, planning and risk assessment, with strong but not overly bureaucratic programme management.

Reducing strategies, plans and partnerships

52 We will be rationalising the number of strategies and plans that we have and ensuring that those that remain relate to each other much better. We will have an overarching, high level Plymouth Plan with our partners. This will replace the Sustainable Communities Strategy and be about strategic delivery. It will focus on the four priorities, the relationship between key strategies that feed into it and how we organise ourselves and our resources to achieve our aims as a partnership. Below this will sit fewer more detailed strategies and plans with the focus on delivery in critical areas. The Plymouth Plan will not replace the major strategies we have, some of which are statutory requirements, but show how they fit together. We are also rationalising the number of partnership we have across the city. Again, the focus will be on delivery, with greater simplicity and less duplication. This should also help to streamline reporting arrangements.

Integrated business planning across the partnership

53 We have developed an integrated business planning approach with our key partners in Health, the Police and Fire and Rescue Service to align key planning milestones; operate to a shared intelligence base; develop shared priorities; allocate resources behind those priorities and plan future delivery across headline areas. The key components of this approach are:

- Alignment of key planning milestones rather than a single planning process
- Plymouth Report as shared intelligence base
- Four shared priorities across the partnership arising from analyse of Plymouth Report
- Level 1 outcome measures for Plymouth 2020 partnership and Level 2 outcome measures covering contribution of key partners
- Development of shared high level plans and overarching Plymouth Plan

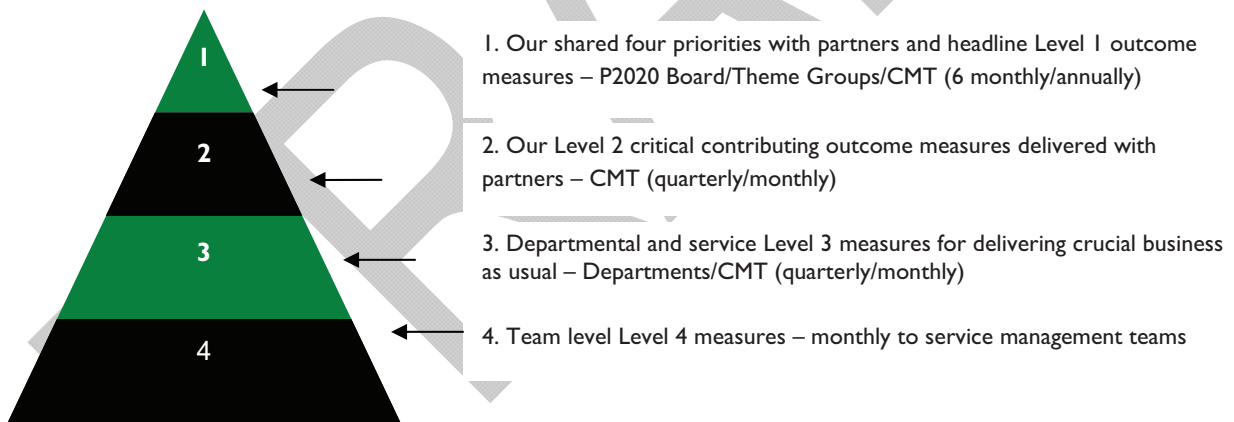
Council planning cycle

54 The aim of the planning cycle is to ensure the right decisions are made at the right time. With headline priorities established for a number of years it is envisaged that this process will become more light touch in future years, as resources and outcome focus are refined and adjusted rather than developed from scratch.



Plymouth’s pyramid of priority outcome measures

55 The aim of the pyramid approach we adopt is to allocate responsibility clearly and also ensure that issues are resolved at the earliest level



Key delivery and accountability arrangements

56 We are about to review our various partnership and scrutiny arrangements to respond to new legislative challenges, build on our past success, reduce managerial and governance overheads where we can and be more focused on delivery. This work is also linked to a reduction in strategies and plans generally. The key aims are:

- Partnership arrangements that are focused on delivery with clear plans and outcomes

- Stronger resource alignment behind focused delivery
- The focus on making decisions that impact on actions, rather than receiving and noting information
- Better linkages on delivering priorities to identify cross cutting impacts and combined pressures on resources
- More streamlined reporting arrangements with the focus at the right level
- More streamlined and integrated scrutiny arrangements

Risk management

57 Good risk management and the actual taking of risks in some cases are critical for a council with an ambitious vision and a difficult financial terrain to negotiate. Risks are managed at a project, departmental and corporate level and also form part of the competency framework and appraisal process. We also risk assessed our budget delivery proposals. The major risks facing the council, with their ameliorating factors, are outlined here.

- Significant reduction in formula grant following Comprehensive Spending Review – response: MTFS and budget delivery plans
- Reduced Homes and Communities Agency investment into new affordable housing and regeneration programmes – response: Local Investment Plan and prioritisation
- Capital programme reductions, including school build – response: prioritising and re-aligning programme generally, while awaiting national developments on schools

- Listing of Civic Centre and impact on council estate and alternative development options – response: market testing being undertaken to assess selling options
- Social Care client IT management system (Carefirst) which has problematic history – response: support team in place, programme management arrangements operational, process re-engineering work progressing
- Achieving carbon reduction commitment – response: working group in place, energy reduction measures adopted
- Increase in children subject to a protection plan or in care – response: focusing on preventative programmes to divert children from care
- Adult Social Care costs – response: Programme Board monitoring plans and costs
- Energy from waste PFI and linked landfill allowance – response: monitoring situation as likely to exceed allowances from 2011/12, while waste solution might not be operational for 2014; recycling rates need to improve

Equality impacts

58 Key equalities issues facing the council over the coming years are outlined here. We have impact assessed our budget delivery proposals and other major work strands.

- Community Cohesion in Plymouth is in the lowest 25% in the country. We will need to improve this, particularly in the West of our city
- We recognise the current economic pressures and will work to minimise the affect this has especially on our vulnerable groups

- As the population grows and diversifies, services will need to adapt to meet this change. There could be greater demand on health and care related services as our population ages.
- Our BME communities are expected to grow and reach similar levels to other cities our size. We anticipate three or four communities to increase in number with some new smaller groups emerging. It is crucial that we involve and engage with them in service planning and delivery.
- We are determined to reduce the inequality gap particularly in health, between communities. We will align our activities to those neighbourhoods and diverse communities, where the gap is most acute.

Sustainability

59 Plymouth's commitment to a more sustainable city was reaffirmed in 2008 with the adoption of the Sustainable Development Framework 'Securing a Sustainable Future'. We will work closely with key partners and take the lead in ensuring that the growth of the city is sustainable, that we address social inequalities and support the responsible management of our environmental resources. In these recessionary times, working within sustainable limits also ensures we get value for money and that cost effective services can be maintained. A key focus for the council and city partners is the reduction of our carbon footprint to mitigate the economic and environmental effects of climate change. Plymouth has one of the lowest carbon footprints in the country at 5.5 tCO₂ per person in 2008 and we want to keep it that way. Groups like 'Plymouth 186', a citywide Low Carbon Network, have been set up to help businesses and public sector bodies cut

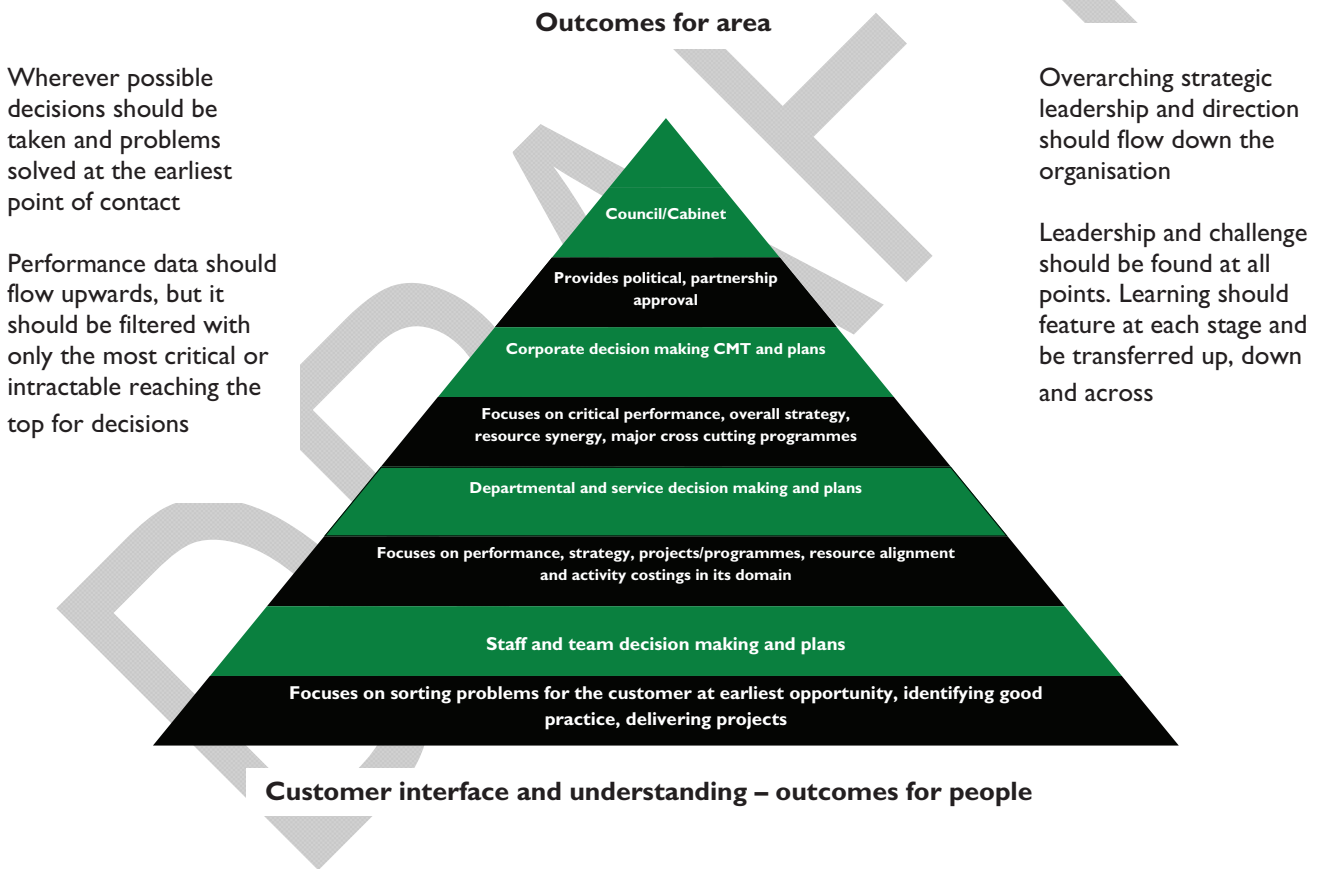
their carbon footprint. The immediate focus is on utilising our shared expertise, changing behaviour and taking action.

- Reduce the council's carbon footprint by 20% by 2013 and 60% by 2020, as part of our contribution to the city's overall carbon reduction
- Ensure the council and the city minimises the waste it produces and has the right facilities in place for meeting the targets for recycling and sustainable disposal.

- Refine the council's target to reduce its consumption of water by 20% by adopting a Water Management Plan to make savings of up to £50,000 from our major buildings.
- Support knowledge transfer, building on existing sustainability expertise in the city
- Development of sustainable growth within environmental limits – including adoption a long term Local Carbon Framework and the commitment to action for a greener economy that this brings the city.

Bringing it all together

60 As a large, complex organisation working across many fields of activity and with many partners it is important that we have a strong sense of how things hang together and where decisions are best managed, with the diagram below showing this fit.



Working more effectively across the council and with our partners we will deliver our ambitious agenda for modernising our services and delivering the vision for the city.

Pages 31 – 36 reserved for to follow report

Pages 31 – 36 reserved for to follow report

Pages 31 – 36 reserved for to follow report

Pages 31 – 36 reserved for to follow report

Pages 31 – 36 reserved for to follow report

Pages 31 – 36 reserved for to follow report

Growth

Deliver growth: Develop Plymouth as a thriving growth centre by creating the conditions for investment in quality new homes, jobs and infrastructure

Level 1	LI Increase the number of jobs in Plymouth (Executive Lead: Doug Fletcher)	LI An increase in the headline gross value added per head index at current basic prices (Executive Lead: Doug Fletcher)	LI: Offering a good range of housing in safe, inclusive and sustainable communities (Executive Lead: Ian Gallin)	LI: Deliver connectivity with key regional, national and international markets (Executive Lead: Doug Fletcher)
	An increase in the average weekly pay of full time workers (Executive Lead: Doug Fletcher)			
	Hectares of Employment Land delivered per annum Partner contributions: PCC	Deliver Strategic and Local Infrastructure - total infrastructure investment through the Infrastructure & Delivery Programme - Partner contributions: PCC, NHS, D&C Const., D&SF&RS	Deliver a Sustainable Environment Partner contributions: PCC, D&C Const., D&SF&RS	Improved rail journey times and frequency to key cities Partner contributions:
Level 2	Percentage of developments meeting quality of design and place-making criteria Partner contributions: PCC	Improvement in public perception of violent crime levels and ENTE related image of city (public and business) Partner contributions: PCC, D&C Const., D&SF&RS	Rate of non-domestic property fires (per non domestic properties) Partner contributions: D&SF&RS	% of households/businesses connected to fast broadband
	* Economic Sector Growth (Gap) - Partner contributions: PCC, NHS, D&C Const., D&SF&RS		NI 155 Number of affordable homes delivered (gross) Partner contributions: PCC	Improved road journey times and frequency to key cities
			NI 154 Net additional homes provided Partner contributions: PCC	

Aspiration

Raise aspirations: Promote Plymouth and encourage people to aim higher and take pride in the city

Level 1	NI 164 Increase in the percentage of working age people with level 3 and above qualifications (Executive Lead: Doug Fletcher, Growth/Viv Gillespie, Wise)	LI Increase in graduate retention rates in the city (proxy- this refers to Plymouth only includes the University of Plymouth and University College Plymouth St Mark and St John) (Executive Lead: Viv Gillespie)	LI Increase in the number of visitors coming to the city (Executive Lead: Doug Fletcher)	NI 05 Overall / general satisfaction with local area (Executive Lead: Ian Gallin)	Rate of small business' with a turnover greater than £100k - (Executive Lead: Doug Fletcher)
	NI 075 Achievement of 5 or more A*-C grades at GCSE or equivalent incl Maths & English Partner contributions: PCC	Graduation retention rate (Gap - discuss with Part 2 agencies) Partner contributions: Part 2 agencies	Number of active interventions through Positively Plymouth Partner contributions: PCC	Public sector staff perception Partner contributions: PCC, NHS, D&C Const., D&SF&RS	(Gap) - Partner contributions:
Level 2	NI 80 Achievement of a Level 3 qualification by the age of 19 Partner contributions: PCC			Rate of anti social behaviour incidents per 10,000 population Partner contributions: PCC, NHS, D&C Const., D&SF&RS	
	NI 112 Reduce the Under 18 conception rate Partner contributions: PCC, NHS			LI General satisfaction with public sector organisations Partner contributions: PCC, NHS, D&C Const., D&SF&RS	
	NI 117 16-18 year olds not in education, employment or training (city wide target required) Partner contributions: PCC, NHS, D&C Const., D&SF&RS			Leadership & Institutional (GAP) Partner contributions: PCC, NHS, D&C Const., D&SF&RS	

Inequality	
Reduce inequalities: Reduce the inequality gap, particularly in health, between communities	
Level 1	<p>LI Reduce the gap in life expectancy by at least 10% between the fifth of areas (eight neighbourhoods) with the lowest life expectancy and the population as a whole by 2020 (based on 2017-19 data) from the 2010 baseline(based on 2007-2009 data) (Executive Lead: John Richards)</p> <p>NI 116 Reduce Child Poverty (Executive Lead: Bronwen Lacey)</p>
	<p>LI Reduce the rates of premature mortality (<75 years) in men from all causes by 40% by 2020 (based on 2019 data) from the 2010 baseline (based on 2009 data). (Executive Lead: John Richards)</p> <p>NI 130 Social Care clients receiving self directed supp.(direct payments & ind budgets) Partner contributions: PCC, NHS</p> <p>NI 116 Reduce the gap in attainment at Key Stage 4 between the most and least deprived localities in the city Partner contributions: PCC</p> <p>NI 64 Child protection plans lasting 2 years or more Partner contributions: PCC, NHS, D&C Const.</p> <p>% of vulnerable families scoring four or more of the 26 factors that contribute to the definition of 'vulnerability' Partner contributions: PCC, NHS, D&C Const., D&SF&RS</p> <p>Access to services and opportunities Partner contributions: PCC</p>
Level 2	<p>Narrow the gap in CHD mortality (Directly standardised rates per 100,000 population) (3 year rolling averages) Partner contributions: NHS, PCC</p> <p>Reduce rates of adult smoking in Plymouth Partner contributions: PCC, NHS, D&SF&RS</p> <p>Reduce the rate of alcohol-related admissions by 2020 (based on 2019/20 data) to 2010 levels (based on 2009/10 data). Partner contributions: PCC, NHS, D&C Const.</p> <p>Narrow the gap in overall crime Partner contributions: PCC, D&C Const.</p> <p>Reduce the rate of accidental dwelling fire casualties (per population) Partner contributions: PCC, D&S F&RS</p> <p>Housing decency - Number of Category 1 Hazards removed Partner contributions: PCC</p> <p>To decrease the rate of childhood obesity in Year 6 children by 10% by 2020 (based on 2019/20 data) from the 2010 baseline (based on 2009/10 data) Partner contributions: PCC, NHS</p> <p>17 VSB11/ NI53 Prevalence of Breastfeeding at 6-8 weeks (tier 2 vital signs) Partner contributions: NHS</p>

Value for Communities

Value for communities: Work together to maximise resources to benefit customers and make internal efficiencies

<p>Level 1</p>	<p>LI Increase the value of commissioned goods and services by civil society organisations (Executive Lead: George Plenderleith)</p>	<p>LI Customer satisfaction of all public service offering vfm (Executive Lead: Ian Gallin)</p>	<p>NI 04 people who feel they can influence decisions in their locality (Executive Lead: Ian Gallin)</p>	<p>NI 186 Per Capita CO² emission in the LA area (Executive Lead: Ian Gallin)</p>	<p>Use NI 001 % people who believe people from different backgrounds get on well (Executive Lead: Ian Gallin)</p>
<p>Increase the value of commissioned goods and services by civil society organisations (different targets for each agency)</p>	<p>LI Customer satisfaction with the public sector offering vfm (different targets for each agency)</p>	<p>The percentage of priorities identified at neighbourhood meetings that have been resolved</p>	<p>CO² reduction from Public Sector operations (different targets for each agency)</p>	<p>Number of racist, disablist, homophobic and faith, religion, belief incidents</p>	<p>Partner contributions: PCC, NHS, D&C Const., D&SF&RS</p>
<p>Level 2</p>	<p>LI Increase use of volunteers (recruitment of specials, Police volunteers, street reps, Nhood Liaison officers etc)</p>	<p>NI 192 Percentage of household waste sent for reuse, recycling and composting</p>	<p>Level of community engagement in Local and Neighbourhood Plans</p>	<p>Partner contributions: PCC, NHS, D&C Const., D&SF&RS</p>	<p>Partner contributions: PCC, NHS, D&C Const., D&SF&RS</p>
<p>Partner contributions: PCC, NHS, D&C Const., D&SF&RS</p>	<p>LI First point of contact resolution and percentage of avoidable contact (different targets for each agency)</p>	<p>Partner contributions: PCC, NHS, D&C Const., D&SF&RS</p>	<p>Partner contributions: PCC, NHS, D&C Const., D&SF&RS</p>	<p>Partner contributions: PCC, NHS, D&C Const., D&SF&RS</p>	<p>Partner contributions: PCC, NHS, D&C Const., D&SF&RS</p>

CITY OF PLYMOUTH

Subject: 2011/12 Indicative Budget (Revenue & Capital) allocated to corporate priorities

Committee: Cabinet

Date: 14 December 2010

Cabinet Member: Councillor Bowyer

CMT Member: Director for Corporate Support

Author: David Northey, Head of Finance

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

Ref: djn061210

Key Decision: Yes

Part: 1

Executive Summary:

This report sets out Plymouth City Council's 2011/12 Indicative Revenue and Capital Budget. It builds on the income assumptions set out in the latest published Medium Term Financial Strategy and its impact on the Council Tax. The budget brings together the elements of the Council's income and expenditure strategy, summarised by each department, together with its Capital strategy. It also reviews the impact on future revenue and capital plans for 2012/13 and 2013/14.

We knew that the end of the three year Comprehensive Spending Review in 2010/11 would present further pressure on future funding arrangements. All indications were that Government funding would substantially reduce in the period 2011/12 to 2013/14. As a Council, we have been preparing for unprecedented reductions throughout 2010/11 budget period, applying in-year budget reductions of £4m. At the time of publication of this report, we are still awaiting full clarification of our Settlement and implications on Grant allocations.

We have taken a new approach to the development of this year's budget. In summary, we have rolled forward the revenue reductions of £4m in 2010/11; revised our assumptions on inflation and growth; challenged down future years spending profiles; stopped some activity linked directly to withdrawn grants and set new, reduced targets linked to the four top level priorities. These priorities are to Deliver growth; Raise aspirations; Reduce inequality; and Provide value for communities. Eleven Budget Delivery Groups were set up to review expenditure across the Council and target savings were agreed and applied. These reductions have then been converted into clear 3 year departmental budgets.

Budget Delivery Plans have been developed to address the requirement to reduce spend whilst maintaining and improving priority services over the next three years.

Corporate Plan 2011-2014 as amended by the four new priorities for the City and Council:

The budget is central to the successful delivery of the Corporate Plan 2011-14.

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

Once approved the 2011/12 budget will become the base year for the Medium Term Financial Strategy (MTFS) 2011-14. The MTFS will be revised and updated in March 2011 following the final settlement announcement. Human resources, ICT and asset implications have been fully considered and referred to throughout the report.

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

All Departmental Delivery Plans are covered by Equalities Impact Assessments, signed off by the relevant Director. Each delivery action has considered the impact on: council priorities, legal obligations, customers and other services and partners. Each separate action has been risk assessed in terms of potential barriers to implementation with corresponding mitigation stated where relevant.

Recommendations & Reasons for recommended action:

This report contains a high level summary of the Corporate Plan. The draft Corporate Plan will be published on 4 January and the Leader will refer the document straight to Scrutiny on January 12 and January 17 to inform Scrutiny's deliberations on the Council's proposed priorities and budget.

It is recommended that:

1. the Cabinet authorise the Leader to agree the draft Corporate Plan, for the purposes of consultation and scrutiny, in accordance with the budget and policy framework procedure rules;
 2. the proposed revenue target budget requirement of £194.2m for 2011/12 and five year capital programme of £189.4m is recommended for consultation;
 3. Cabinet consider findings from consultation, feedback from budget scrutiny and any material changes announced in the final settlement for Plymouth City Council in early February '11 and recommend the final revenue budget for 2011/12 to Full Council on 28 February 2011
-

Alternative options considered and reasons for recommended action:

Statutory requirement under Section 33 Local Government Finance Act 1992 for the Council to produce and deliver a balanced budget and to set a Council Tax.

Background papers:

- Finance Settlement Papers Department of Communities and Local Government (CLG)
- The Prudential Code for Capital Finance in Local Authorities
- Equality Impact Assessments
- The Local Government Act 2003 and The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003
- 2010/11 Budget / Prudential Code Working Papers
- Medium Term Financial Strategy
- Capital Financing Regulations
- Workforce development Strategy
- ICT Strategy
- Asset Management Plan
- Accommodation Strategy

Sign off

Head of Fin	DJN10 11.012	Head of Leg	TH 6/12/1 0	Head of HR	MG01 0/1006 -001	Head of AM	CGT/ 058/ 0612 10	Head of IT	ICT .00 48 NJ C	Head of Strat Proc	PWC 1011 .003
Originating SMT Member Malcolm Coe											

1. Introduction and Contents

- 1.1. This report details how the Council has allocated its revenue and capital resources across departments and priority areas for 2011/12 to improve outcomes for local people. It is fully linked and underpins the Council’s Corporate Plan 2011-14.
- 1.2. The proposed 2011/12 budget needs to be considered in the context of the national environment with regards funding assumptions for the Authority. Assumptions have been used to formulate the anticipated income for 2011/12 and the following two years. Although there have been indications of funding policy announced in the Comprehensive Spending Review issued October 2010, we will not have the full picture until the Settlement is announced and analysed in detail. The Settlement date has moved from “late November” to 2nd December, and is now indicated to be either 9th or 16th December 2010.
- 1.3. Any amendments required to this indicative budget, as a result of the December settlement and after consideration of our consultation process and the proposals from the January Scrutiny, will be presented to Council for approval in February 2011.
- 1.4. Funding allocations are made within the framework of the Council’s Medium Term Financial Strategy, (MTFS), which sets targets and principles for setting three year revenue budgets and five year rolling capital budgets. The MTFS will be revised, updated, and published, in March 2011 upon approval of the 2011/12 budget and formal approval of the Council Tax.
- 1.5. Appendices to this report provide the main detail and delivery plans that underpin the 2011/12 budgets:

Appendix A	Departmental Indicative Budgets
Appendix B	Breakdown of Revenue ‘Invest to Save Reserve’
Appendix C	Local Government Act 2003, Section 25 Section 1: Analysis of Budget Robustness Section 2: Adequacy of Reserves
Appendix D	Capital Investment Programme 2010/11 to 2014/15
Appendix E	Directorate Revenue Budget Delivery Plans

- 1.6. This report is a commentary on where the Council finds itself in terms of the national context and challenges. Each department describes its departmental context, progress and investment against challenges and pressures faced and lays out a summary of what the department intends to do to deliver a balanced revenue budget in 2011/12, and the plans for 2012-2014.

2. The Medium Term Financial Outlook

- 2.1 The Council is facing a series of very challenging issues into the medium term. A new four year funding settlement for 2011/12 to 2014/15, yet to be confirmed, will require the Council to have robust plans if it is to continue to improve services with reducing revenue resources. In addition, the new Government has instigated a full review of Public Sector pension provision. The results, and therefore impact on Plymouth City Council, will not be known until Spring 2011
- 2.2 The City Council, like everyone else, finds itself operating in the midst of a serious, unprecedented economic downturn. There was a General Election in 2010 which resulted in a Coalition Government, an emergency budget in June, and a Comprehensive Spending Review published in October 2010.
- 2.3 The current economy continues to cause budget pressures, as we experience the impact of reduced income from our car parks and falling income from commercial rents. The downturn has also brought reduced interest rates and therefore reduced income for our treasury investments.
- 2.4 Our ability for future capital investment in the city to stimulate growth and regeneration will also be restricted. Capital grants and spending will significantly reduce by as much as 40% in some areas and funding for programmes that were previously planned, such as Building Schools for the Future, have already been withdrawn. The capital programme will require robust management to ensure that outcomes are maximised and the impact on the Council's revenue budget is kept to a minimum.
- 2.5 Against this, the Council face increasing spending pressures moving forward. In addition to the reported increase in the number of children in care and impact of the growing elderly population on adult social care budgets, waste disposal costs for the Council will significantly increase in the coming years, particularly in advance of the planned delivery of the waste to energy PFI scheme. Demand for Housing Benefits and personal finance advice has also significantly increased over the last 18 months, directly linked to the economic situation.
- 2.6 At this date, although we know the headlines from the Comprehensive Spending Review (CSR), we are still awaiting details and the full impact on Plymouth City Council. We have national headlines rather than the individual grant allocations for our Authority; the earliest we can expect to have more detail is after the proposed Settlement date of mid December 2010.
- 2.7 The CSR national headlines are a real terms reduction of 28% in local authority revenue budgets over the next four years. The fall in grant is more than 7% a year. In addition, we are awaiting confirmation of what specific items are covered by grants. This is because there are moves to include a number of specific grants within the formula grant, and exclude others previously included.
- 2.8 The council has, for some time, been modelling a year on year real term reduction of 5% in its formula grant with a Council Tax freeze applied for each of the three years within our Medium Term Financial Strategy. The Government has indicated that financial support of 2.5% will be awarded to councils, (in the form of a grant), that freeze council tax in 2011/12. This 2.5% grant added to the 5%

reduction modelling that we have applied to our formula grant means that we do not materially differ from the 7% year on year reduction as detailed in the headline CSR. Certainty on revenue resources will not be known until the existing, and new, specific grants for Plymouth City Council are clarified.

- 2.9 The Council is not unusual in facing these issues and is prepared for the challenge. The Council will need to take some difficult decisions in the future about what services it does and what services it doesn't provide. The Council will need to continue to radically change shape over the coming years if it is to continue to improve the City and the Council itself. The stock transfer process is a good example of what the Council needs to do more of – working closely with other partners in the public and private sector to provide the best solution for the Council tenants and, in this example, hand services over to another organisation with the resources to dramatically improve the service.
- 2.10 Despite reducing resources and increasing spending pressures, Plymouth City Council continue to remain ambitious with our future plans. For example, the build of The Plymouth Life Centre will generate significant benefits to the residents of Plymouth. Such projects demonstrate our determination to press on with the regeneration and economic growth of the City in order to achieve our long term vision, meeting long term growth aspirations of 50,000 increased population and more than 40,000 new jobs by 2026.

3. Executive Summary

- 3.1 This is a combined Revenue and Capital budget report setting out the City Council's 2011/12 income and expenditure.
- 3.2 Plymouth City Council has continued to make tangible improvements to client facing services whilst driving efficiencies throughout 2010/11. This principle underlies the strategy for the budget for 2011/12. The Authority has to direct scarce resources away from the support functions and towards the frontline services, but maintain the ability to provide the necessary level of support, not just for 2011/12 but the coming years.
- 3.3 This report needs to be read in conjunction with the Council's Corporate Plan 2011-14. A complete revision of the Corporate Plan will be published on 4 January 2011 and will include chapters providing overviews on the council's Treasury Management Strategy, ICT Strategy, Workforce Development Plan and Asset Management Plan. This document will be made available for the January '11 budget scrutiny.
- 3.4 With effect from the 11/12 financial year, the Council needs to have a sharper focus on a fewer number of priorities to continue to drive improvement. The evidence based 'Plymouth Report' has led to the adoption of four city and council priorities, which will be set out in detail in the Corporate Plan.
- 3.5 In setting the 11/12 budget, we have deliberately targeted diminishing resources in to spending areas that contribute most to the city's four top level priorities. The council has developed robust, risk assessed delivery plans to underpin the achievement of the 11/12 budget as well as striving to achieve a balanced

revenue position for the '12/13 and '13/14 financial years. These plans will now be subject to a thorough consultation and scrutiny process throughout December '10 and January '11 prior to finalising the budget in February 2011.

- 3.6 This year's budget setting process has seen much closer working across Plymouth 2020, (the Local Strategic Partnership), with partners aligning priorities and key decision dates.

4. Priority focus

- 4.1 Following our analysis of the Plymouth Report we have reduced our priorities for the city, the council and our key partners to four: deliver growth, raise aspirations, reduce inequalities and provide value for communities.
- 4.2 We have recommitted to our growth agenda and recognised that we need to focus on it much more strongly if we are to achieve the step change required to achieve our vision for the city. This is the agenda that makes Plymouth distinct.
- 4.3 Closely tied to that is the need to raise aspirations. We not only want our children and young people to set their sights higher, but for those in contact with them to have higher expectations; for people to want to come to Plymouth as a place where they can develop and prosper. We do not want the local population to be held back by deprivation and inequalities, but to contribute to and share in the city's growth.
- 4.4 At the same time, we recognise that we are operating in tight financial circumstances and need to be innovative, resourceful, more customer focused and provide greater value for money. These priorities are all interlinked.
- 4.5 Together with partners we have agreed a set of Level 1 outcome measures and for which we share collective responsibility. The priority descriptors and outcome measures for these are listed in *figure 1*.
- 4.6 Our aim is to match our resources to our priorities, moving away from those areas which are "less important" and where we can stop doing things. In 2011/12 we are focusing on value for communities and the efficiency agenda. We are also protecting budgets around growth.
- 4.7 We must have a sustained focus to deliver improved outcomes.

Figure 1: City and Council top level priorities

Plymouth 2020 priority descriptors			
Deliver growth	Raise aspiration	Reduce inequality	Provide value for communities
Develop Plymouth as a thriving growth centre by creating the conditions for investment in quality homes, jobs and infrastructure	Promote Plymouth and encourage people to aim higher and take pride in the city	Reduce the inequality gap, particularly in health, between communities	Work together to maximise resources to benefit customers and make internal efficiencies

Level 1 Outcome Measures			
Increase the number of jobs in Plymouth	Increase in the percentage of working age people with level 3 and above qualifications	Reduce the gap in life expectancy by at least 10% between the fifth of areas with the lowest life expectancy and the population as a whole by 2020	Increase the value of commissioned goods and services by the third sector
An increase in the headline gross value added per head index at current basic prices	Increase in graduate retention rates in the city from local colleges	Reduce the rates of premature mortality (<75 years) in men from all causes by 40% by 2020	Increase the % 'age of customer satisfaction of all public service offering VFM
An increase in the average gross weekly pay of full time workers	Increase in the number of visitors coming to the city	Reduce level of childhood obesity	Increase the % 'age of people who feel they can influence decisions in their locality
Offering a good range of housing in safe, inclusive and sustainable communities	Overall / general satisfaction with local area	Reduce Child Poverty	Increase in customer contacts resolved at the first point of contact across the public sector bodies
Deliver connectivity with key regional, national and international markets	Rate of small business growth with turnover greater than £100k		Per Capita CO2 emission in the LA area
			Increase % of people who believe people from different backgrounds get on well together

Some slight refinement of outcomes still in progress

5. Revenue Resources

- 5.1 Our resource assumptions through to 2013/14 reflect expected formula grant reductions for 2011/12 and 2012/13 and 2013/14 of 5% year on year, as shown in *figure 2*. This is unprecedented in terms of local authority funding to date. We are used to seeing a year on year increase.
- 5.2 We are also modelling a Council Tax freeze, as recommended by the Government, for the same period.
- 5.3 CMT and Cabinet have been made aware of our modelling assumptions over the past months and our Medium Term Financial Strategy, (MTFS), showing the impact of funding reductions has been published on our website for quite some time. It was important to start planning our resources early, rather than wait for confirmation from central Government.

- 5.4 The National context highlights a 28% reduction (7% per year) in funding over the next four years. Our model assumes a 5% year-on-year reduction, accumulating to just over 21%. However, our assumption of this 21% reduction is coupled with an assumption of a zero Council Tax increase for each year.
- 5.5 The message from Central Government is that there will be a Council Tax Grant allowance in 2011/12 equivalent to 2.5% of the Council tax base.
- 5.6 We are confident that our overall assumptions are robust and have therefore continued to model our spend allocations on the figures below. However, we continue to carefully monitor, and report on, the impact of changes to numerous specific grants (both revenue and capital) which could have a material impact in certain service areas. The detail of such grants will not become clear until late December '10 / early January '11. When known, the specific grant analysis will be fed into the budget scrutiny process on 12 and 17 January 2011.

Figure 2: Revenue resource assumptions stated in the council's MTFs

	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

Note: Council Tax level for '11/12 will be finalised at Full Council in February 2011.

- 5.7 We are used to getting in the region of a £5 to £6m year on year increase in revenue funding, to fund pay increases, general inflation costs, and the ever increasing demands on our services.
- 5.8 Every 1% Council Tax rise generally adds revenue of approx. £950k, and a 1% drop in Formula Grant represents a reduction of £1.06m. For 2011/12, we are modelling a 5.0% decrease in our formula grant; this represents a reduction in 2011/12 of £5.3m compared to our 2010/11 budget base
- 5.9 In 2010/11 our Council Tax base increased by 2.89%, which meant the Authority still has the lowest average Council Tax in the region. A similar increase for 2011/12 would have generated an extra £2.8m of income.
- 5.10 In response to the impact on Plymouth City Council of the June 2010 emergency budget, we applied a £4m in-year reduction in funding. We adopted an approach of reducing in year spend by more than the actual amount of grant reduction applied in 2010/11 in order to proactively plan for the challenges ahead. The significant areas of reductions applied in '10/11 related to Area Based Grant (£1.8m) and other specific service based grants such as the Housing and Planning Delivery Grant (£0.375m). These income streams were accounted for in the 'Corporate Items' budget heading.

- 5.11 The £4m reduced spend in '10/11 was allocated, on a priority basis, across each department with the corresponding reduction in the income budgets within 'Corporate Items'. Each department produced additional Delivery Plans for 2010/11 to reflect these reductions with several of these plans helping to contribute towards closing the revenue gap in future years.
- 5.12 This £4m reduction has been rolled forward into the income assumptions for the 2011/12 budget and subsequent periods.

6. Expenditure Assumptions:

- 6.1 The approach to the budget setting process has changed for 2011/12.
- 6.2 In response to the unprecedented reduction in funding, the Council set up eleven "Theme" budget delivery programmes, which cut across the departments of the council. Each theme was sponsored by a Director, supported by a team drawn from all areas of the council.
- 6.3 The 2010/11 budget of £201.8m was restated to reflect the in-year targets and changes to grant funding. Spending assumptions within our MTFs were then robustly challenged resulting in removing £2.3m of spend planned for 2011/12 (and future years), relating to items such as:
- activities that we have stopped since the withdrawal of grant funding (for example free swimming);
 - removal of planned revenue support costs for Building Schools for the Future;
 - reduction in revenue contribution for treasury management activity (linked to a forecasted reduction in the future capital programme);
 - standardising inflation allocations for all departments at 0%, 0%, 2% over the next three financial years;
 - removal of any pay award allocations in 2011/12 and 2012/13 (retaining a 2% award for 2013/14 financial year)

This gave us a revised base budget £199.5m.

- 6.4 The remaining future year spend requirements over and above the 2010/11 revenue budget, as detailed in the MTFs, amount to an allocation of £2.9m to Directorates for 2011/12;
- £0.7m for increased numbers of Children in care
 - £1.0m to cover an anticipated increase in pension contributions
 - £0.2m pay increase for lower paid workers
 - £1.0m to cover demographic changes in Adult Social Care
- 6.5 Percentage reductions were then applied on a priority basis, to the 11 Budget Delivery Groups in order to set overall budget targets within the projected revenue resources available (i.e. £196.5m as stated in *figure 2*). These savings targets amounted to £8.2m for 2011/12 as detailed in *figure 3*.

Figure 3: Three year revenue reduction targets by delivery group

	Budget for Reduction £000	Reduction 2011/12		Reduction 2012/13		Reduction 2013/14	
		% 'age	£000	% 'age	£000	% 'age	£000
1 Policy, Performance & Partnerships	2,201	-15.0%	-330	-25.0%	-550	-40.0%	-880
2 Business Support & Corporate Coms	6,051	-15.0%	-908	-25.0%	-1,513	-40.0%	-2,420
3 Corporate Support Services	18,823	-15.0%	-2,823	-25.0%	-4,706	-40.0%	-7,529
- ICT - Direct Costs to Departments	3,484	-3.0%	-105	-5.0%	-174	-8.0%	-279
4 Adult Social Care & Health	70,999	-1.5%	-1,065	-3.0%	-2,130	-6.0%	-4,260
5 Children & Young People Social Care	25,762	-1.5%	-386	-3.0%	-773	-6.0%	-1,546
6 Children & YP (exc Social Care)	22,502	-1.5%	-338	-3.0%	-675	-6.0%	-1,350
7 Customer Services (inc Revs & Bens)	4,171	-1.5%	-63	-3.0%	-125	-6.0%	-250
8 Growth & the Economy	15,229	-1.5%	-228	-3.0%	-457	-6.0%	-914
9 Culture, Sport & Leisure	10,680	-5.0%	-534	-9.0%	-961	-13.0%	-1,388
10 Blue collar services / client side	14,596	-5.0%	-730	-15.0%	-2,189	-25.0%	-3,649
11 Accommodation costs	5,862		-750		-1,500		-1,500
Miscellaneous small budgets	1,464						
Reduction Applied	201,825		-8,260		-15,753		-25,966

- 6.6 Saving targets range from year one 1.5% for areas such as Adult Social Care and Children's Services to 40% in year three for Business Support & Corporate Support areas. The targets also clearly demonstrate that we continue the drive to reduce spend in back office support functions and allocate resources to improving front line service delivery.
- 6.7 The £8.2m applied reduction in 2011/12, £15.7m in '12/13 and £25.9m in 13/14 is slightly more than required when compared with our future year revenue resource predictions (accounting for changes to our spend assumptions following the challenge process)
- 6.8 The extent of the savings needed to balance the revenue budget necessitates a programme of transformation across the whole of the council. We need to do things differently. Therefore, target savings have been applied to all departments and services. However, we must ensure that the reduced funding does not lead to a drop in the level of service provided in core priority areas.
- 6.9 The advantage of the 'Budget Delivery Group' approach is that it enables the council to look at entire spend for a specific function, (such as Policy & Performance), across all departments and the corporate centre, identify duplication and overlaps, and make recommendations for what structures and processes are required in the future. However, to maintain departmental 'ownership' of budgets and corresponding delivery plans, the spend reductions

applied to the 11 delivery groups have been translated back to existing departmental structures to provide clear revenue targets for Directors and their management team.

- 6.10 2011/12 revenue targets, by department showing the impact of base budget challenges, (-£2.3m), spending reduction targets, (£-8.2m), and revised spend assumptions, (+£2.9m) are detailed in *figure 4*.

Figure 4: PCC indicative revenue budget 2011/12

Service Description	2010/11 Revenue Budget £000	2010/11 Restated Budget £000	2010/11 Base Challenge £000	2010/11 Revised Base £000	2011/12 Reductions £000	MTFS Additions £000	2011/12 Budget £000
Children and Young People	52,461	51,111	0	51,111	(1,241)	750	50,621
Corporate Items	(14,212)	(9,905)	(1,862)	(11,767)	0	1,200	(10,567)
Community Services	112,711	110,977	(200)	110,777	(2,723)	1,000	109,054
Development & Regeneration	16,193	16,234	(50)	16,184	(295)	0	15,890
Chief Executives	1,880	1,728	0	1,728	(211)	0	1,517
Corporate Support	32,792	31,679	(200)	31,479	(3,790)	0	27,689
Total Revenue Budget:	201,825	201,825	(2,312)	199,513	(8,260)	2,950	194,203

- 6.11 A more detailed analysis of budgets at Service level within each department is shown as **Appendix A** to this report.

7. Review of Reserves, Risk Management & Invest to Save

- 7.1 A vital element of effective financial management for future years is our ability to commission, and deliver, invest to save projects that will transform the council, improve services provided to our customers and generate efficiencies in the way in which we work.
- 7.2 In previous years we have been successful in setting up first a 'transformational change reserve' and then a 'Corporate Improvement Priority, (CIP), reserve' in order to provide pump prime funding for major change initiatives. Again, for 2011/12 we have undertaken a fundamental review on all of our reserves and provisions in order to create an 'invest to save reserve'
- 7.3 Circa £1m of revenue funding that we had earmarked for the Delivery of our Building Schools for the Future programme has been transferred into 'Invest to Save' as has any unused balances from the previous CIP fund. In addition, any small reserves of under £100k that had not been drawn upon for at least a two

year period have been subsumed. This has provided a 'one off' invest to save reserve of £2.3m to lead the required transformational change initiatives moving forward. A breakdown of this £2.3m is shown as **Appendix B**

- 7.4 In addition to revenue, we have openly reported the council's intention to support capital 'invest to save' initiatives, part funded through generated capital receipts. The first of these initiatives approved through Cabinet, and subsequently Full Council, was the Accommodation Strategy Phase 1. This entails a one off capital investment of £6.4m and one off revenue investment of up to £0.8m to rationalise our office premises, generating year on year revenue savings of £1.5m and fundamentally changing how we work both in terms of office layout as well as customer interaction.
- 7.5 Corporate Management Team and Cabinet have considered, and will continue to consider, further invest to save proposals as part of the 2011/12 budget setting process. Other key initiatives for which funding will be allocated include:
- developing the Care First system to improve our management of client information;
 - improving the quality of our asset base through investment in preventative maintenance – redistributing funds from reactive maintenance budgets;
 - launching a new website for our customers, allowing 24/7 access and much greater functionality enabling us to increase the level of, more efficient, electronic transactions with the council;
 - ICT investment to enable flexible working environments in all of our core office buildings (as part of Accommodation Strategy Phase 1). This will also provide greater opportunity for co-location working with key partners such as Health.
- 7.6 Further invest to save proposals continue to be worked up and will be presented as part of the January '11 Scrutiny process. For example, two schemes within Children & Young People to (a) help reduce the costs of expensive out of City residential placements and (b) working with partner agencies to reduce the overall trend of increased number of children entering the formal care system.
- 7.7 In terms of Reserves, the council retains a prudent approach to risk management. Our core working balance, as at 31 March 2010, at £11.5m is 5.7% of our net revenue budget and remains in line with Unitary council average. Our plans are to retain this Working Balance level throughout 2011/12 (compliant with the objectives set within our MTFS)
- 7.8 In addition to the Working Balance, specific earmarked reserves are forecasted to reduce to £13.0m at the end of March 2011 and forecasted to reduce further to £11.4m by 31 March 2012. Specific reserves are set to cover known or estimated future costs for specific activities and / or liabilities. For example, Waste Management Reserve (£1.5m) to meet the short term revenue costs of waste disposal in the intervening period of building the new PFI waste to energy plant, an Education PFI reserve (£1.4m) to meet the scheduled future PFI costs etc.
- 7.9 A detailed analysis of the robustness of the budget, considering relevant risks, is detailed in **Appendix C** along with an analysis of actual, and planned, movement across all key council Reserves.

8. ICT Strategy & Investment

- 8.1 Plymouth City Council's ICT service benchmarks nationally as a cost effective delivery service. As ICT strives to reduce the number of applications used by the Council and seeks to consolidate around enterprise wide applications, savings proposed, within the 2011/12 budget, will require the full cooperation of all departments. We will also need to improve our ability to manage physical assets such as PCs, laptops and mobile phones. Every requirement will need to be prioritised.
- 8.2 Investment in ICT is fundamental to the successful transformation of the council. Having one consistent, joined up, reliable source of information on the customer, enabling flexible working across all of our buildings, increasing the use of e-learning facilities, and implementing a new greater functionality interactive website all form part of the overall ICT strategy moving forward.
- 8.3 However, investment, both in terms of finance and capacity, needs to be prioritised to ensure that smooth implementation is achieved in the areas of greatest need. To date, the elements of the ICT strategy that have been approved and are actively progressing relate to the Accommodation Strategy and replacement website. Further ICT 'invest to save' proposals will be developed and presented for approval over the coming months.
- 8.4 Further proposals for investment are to be made which will seek to engage the whole Authority in a business process review. It's aim is to increase efficiency across the whole of the organisation. This, corporate, approach aims to develop a wider, higher skill base in the use of common tools across us and our partners, it will seek to improve the way every member of staff communicates and works with information. It is intended that the new corporate ICT architecture will be designed and delivered with the help of key partners bringing both expertise and capacity to ICT at a critical time.

9. Human Resources and Workforce

- 9.1 The Council directly employs approximately 4,800 staff (3,718 FTE) and a further 5,000 staff within maintained schools. The impact of the Council's budget proposals affect only those employed directly as schools have delegated budgets for staffing.
- 9.2 The total wage bill for the Council (including on-costs) is around £130million. Each year the Council's budget includes a savings target of 3% for 'vacancy savings' which is naturally achieved from vacant positions and natural wastage/turnover.
- 9.3 The Council will enter into negotiations and consultation with recognised trade unions in January 2011 to address the likely impact of the reduction in grants and the Council's settlement from central government. Whilst the level of settlement is not entirely clear, we are preparing for a significant 'frontloading' of savings to be applied to the financial years 2011/12 and 2012/13.

- 9.4 The Council aims to reduce the direct and in-direct costs of the workforce through:
- Natural wastage / turnover
 - Planned retirements / use of temporary contracts
 - Recruitment controls and improving redeployment opportunities
 - Reducing the overheads of the workforce (direct and indirect)
 - Negotiated workforce reductions
 - Modernisation and workforce re-modelling
 - Maintaining capacity and improving productivity (which will also require some investment from the Council in skills, training and support)
 - Reducing the overall size of the workforce
- 9.5 There will be a review of management structures across the organisation including senior and middle managers. We cannot rule out compulsory redundancies but we are actively seeking to avoid this situation. All options remain on the table.
- 9.6 We are not proposing a pay cut across the board as employees have already had a pay freeze in 2010/11 and the Council is supporting a continued freeze in pay in 2011/12 as part of the national negotiations. A pay cut results in a temporary saving only for as long as pay is frozen.
- 9.7 We have a positive and mature relationship with trade unions at a local and regional level. We will be seeking to agree the terms of reductions where possible through negotiations. We will also communicate directly with all staff about the proposals and progress of any negotiations.
- 9.8 The budget proposals seek to minimise disruption to front-line delivery services and those working with vulnerable groups (e.g. children, older people and people with disabilities) as well as focussing our resources on the city wide and Council priorities as set out in the Corporate Plan.
- 9.9 Support services (back office) and administration will see the most significant changes related to proposals set out for improvements to customer services, ICT modernisation, accommodation rationalisation and changes in working practices.
- 9.10 As a result of the medium term financial plan for the next three years we will be looking to reduce the combined direct and indirect costs of the workforce (including overheads) by £18 million. This represents around 14% of the total wage bill over the 3 year plan.
- 9.11 We estimate that the workforce will reduce by around 500 posts over the next three years. This does not mean 500 redundancies as demonstrated by our workforce reductions to date in 2010/11.

10. Capital Resources and Prioritisation

- 10.1 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.
- 10.2 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 Priorities.
- 10.3 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 Comprehensive Spending Review indicated that local authority funding for capital schemes was facing a reduction of up to 45%. Until the full implications of the CSR, have been identified, a hold has been placed on any further new commitments against any un-ringfenced funding within the Capital Programme. The indicative programme for 2011/12 onwards will change once further details of where funding will be available are released in mid December.
- 10.4 The revised programme for the period 2010/11 to 2014/15 of **£189m** was approved by Full Council on 11 October 2010. Further monitoring (presented to Cabinet in November) and new projects are subject to approval by Full Council on 6th December 2010, and produce a programme as follows:

Figure 5: Five year Departmental Capital Programme

	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s	2014/15 £000s	Total £000s
Children's Services	34,357	19,091	14,953	-	-	68,341
Community Services	25,770	18,428	939	-	-	45,137
Development & Regeneration	28,820	16,042	6,203	6,530	7,656	65,251
Corporate Support/items	3,232	6,398	560	500	-	10,690
	92,179	59,899	22,655	7,030	7,656	189,419

This expenditure will be funded by:

	<u>£000</u>
* Capital Grants/Contributions	88,721
* Supported Borrowing	33,260
* Unsupported Borrowing	28,473
* Capital Receipts	28,283
* Section 106 / Revenue / Funds	<u>10,682</u>
	189,419

10.5 The current programme has little new investment showing in years 2013/14 and 2014/15. This will however change as new grant allocations are confirmed for the City. For example, we await confirmation of funding to replace the previous capital grants for investment in Schools, the Local Transport Programme etc. Full details are included as **Appendix D**

10.6 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).

Significant schemes that will be delivered by 2014 include:

- £46.5m on The Plymouth Life Centre;
- £37.5m on the state of the art new college, Tor Bridge;
- £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);
- £20m on improving transport access in Eastern side of the City Centre;
- £3.88m on bringing Devonport People's Park 'back to life';
- £0.5m on a new Library for Plympton

Note 1: total project costs, some of which were incurred prior to 2010/11

10.7 In addition, we are developing our long term waste disposal solution with Torbay and Devon County Councils, building a multi million pound Waste to Energy plant, with the Waste Partnership looking to announce a preferred delivery partner in 2011.

10.8 We will continue to 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 the last couple of years due to significantly falling land and property prices.

10.9 In reviewing the capital programme as part of 2011/12 budget setting we have continued to **reduce our reliance on capital receipt funding, now £28.2m 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 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.

10.10 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 Delivery 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.

11. Asset Management Plan

- 11.1 The Council's Asset Management plan will provide an update on the previous year's plan together with more detailed information on the Corporate Operational Portfolio around key metrics i.e number, size, value and condition & performance of the assets.
- 11.2 It will also review the shape and opportunities of the estate building on the Property Performance model and service asset strategies. There will be an update on the Accommodation Strategy including further potential for co-location with partners.
- 11.3 The document will also include the council community asset transfer strategy which will respond to the new government agenda on devolving more control to communities and also support several elements of the council's budgetary delivery plans.
- 11.4 The Plan will detail information on the management of assets including the provision of a new corporate property database, the ongoing maintenance strategy, statutory compliance, corporate property forum and new developments around the Single Point Of Contact (SPOC) for Corporate Support and Corporate Buyer function.
- 11.5 There will also be an update on Carbon Management including the Carbon Management Plan and the council's approach to the Carbon Reduction Commitment.
- 11.6 An Executive Summary of the Asset Management Plan will be published within the overall Corporate Plan documentation on 4 January 2011 and made available for the budget Scrutiny.

12. Value for Money & Efficiencies

- 12.1 The Authority continues to encourage initiatives for identifying VFM efficiency gains with good success. With the demise of the National Indicator reporting requirement, the channel and accountability for reporting of efficiencies within the Council has now changed. With effect from 18 October 2010 Councils are no longer required to report efficiencies to Central Government through NI 179 and the overall requirement for central data reporting is currently being reviewed by DCLG.
- 12.2 Many of the Departmental 2011/12 budget delivery plans will continue to generate the efficiencies that are required to achieve our cumulative target. Each department will adopt a VFM/Efficiency plan which will be supported by staff from the corporate centre and form part of regular quarterly performance and finance reporting, to maintain or improve performance.
- 12.3 The internal challenge and reporting of efficiencies has continued to improve substantially across the Council through the introduction of cross departmental Improvement Boards which focus on the implementation of budget delivery plans for each Directorate (all cashable efficiency savings are being reported against

plans to achieve budget targets as well as general efficiencies to improve services to customers).

- 12.4 The Council continues its commitment to undertaking annual robust benchmarking against our council ‘family group’ as well as top performing councils. All services and / or corporate areas that spend +/- 10% compared to average are highlighted and reported through CMT and individual Departmental Management Teams as are areas that significantly underperform against key performance indicators. Such information is used to inform Budget Delivery Plans to ensure that greater savings are driven out from areas of high spend where possible.
- 12.5 The overall VFM programme of major projects is continuing to identify considerable cross-Council efficiencies for the Council these include:

Procure 2 Pay

This project will deliver better control of expenditure across the Authority through development of a more efficient and effective purchasing process. Centralised buying through professional and trained buyers will drive significant savings on external spend.

Order to Cash/Debtor Management

This project will be improve cash collection and standardise debtor management processes across the Council saving capacity and spend on legal services support and the use of external bailiffs

Adult Social Care

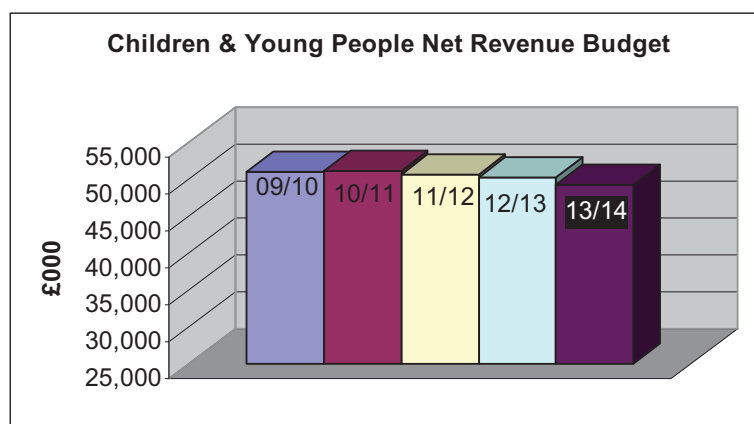
We are working to transform our Adult Social Care provision through effective “Category Management” of all external contracts, fully considering alternative service delivery options and radically changing the existing care management processes.

13. Departmental Prioritisation and Budget Delivery Plans

- 13.1 The Council has adopted a strategic approach to allocating its limited revenue and capital resources across departments based on clear prioritisation and a need to deliver against the City and Council’s four Corporate Priorities.
- 13.2 Within this corporate framework, each department continues to focus on improving front line service delivery and drive efficiencies whilst tackling challenges and funding pressures through additional service demand. This section summarises the strategic direction that each department is adopting and plans that it will put in place to deliver improved services within the available budget.
- 13.3 Revenue Budget Delivery Plans that specify planned action to achieve three year reduction targets are detailed in **Appendix E**. Progress against these plans will be incorporated within regular quarterly performance and budget reporting.

14. Children and Young People

	<u>Net Revenue</u> <u>Budget £000</u>
09/10	51,049
10/11	51,111
11/12	50,621
12/13	50,302
13/14	49,288



National context

- 14.1 The Education White paper pushes schools and the LA to drive up education standards. Measures include open procurement of education support services by schools, which presents challenge and opportunity for existing LA services. A school improvement role remains for the Local Authority, but swifter improvements are required, with failing schools expected to make structural reforms where necessary. Two academies are currently operating, with a significant number actively exploring academy status.
- 14.2 The recent increase in the birth rate has bucked the historic trend of declining schoolchildren numbers and will place ongoing pressure on school accommodation capacity. The demand for primary school places is now reaching the point where it will outstrip supply and in certain localities this has already been reached. In addition, there is a significant issue of a backlog maintenance liability and suitability of an ageing asset stock remains. Funding for five new schools was recently put on hold when the Secretary of State for Education stopped all Building Schools for the Future projects that have not reached Financial Close.
- 14.3 Plymouth has seen an increasing number of referrals to Children's Social Care – a 40% increase between 2007/8 and 2009/10. Additional pressures include legislative changes such as the Southwark judgement and increases in the number of homeless young people presenting to Children's Social Care, as well as continued requirements around adoption and placement for children in Care. The national Munro review of child protection will require shifts in both structural and professional systems across all agencies in order to meet the needs of children and young people.
- 14.4 Strong changes in policy direction towards prevention and early intervention are coming from both the Department of Health and Department for Education. While there exists a strong prevention element within Services for Children and Young People, the requirement for more intensive and targeted services for the most

vulnerable is outlined in both the education and public health White Papers. This includes marginalised young people, families experiencing difficulties, Children in Care, special educational needs, disability, and a focus on mental health, sexual health, alcohol and drug use.

- 14.5 In 2010/11, Services for Children and Young People received £57.7 million in grant spend with an additional £6.9 million via Area Based Grants. A significant number of staff are employed via grant spend. We are continually tracking changes in grant determinations to assess and plan for the impact on Services for Children and Young People.

Current year

- 14.6 2010/11 has also presented some significant challenges not least the emergency budget in June. The current year end forecast, based on the second quarters published report, highlights pressures of £1.8m largely arising from the number of children in care, associated legal costs and the additional numbers of children with complex needs requiring support with transport. As a result of these cost pressures a Commissioning and Finance Board was quickly established to look at the range of options to improve efficiency and also to make choices about services. This ranged from releasing agency staff, removing administration posts to looking at new ways of preventing children from needing to come into care, where the risk could be managed differently so that we could focus on the most vulnerable children. The Commissioning and Finance Board continues to look at options to deliver a balanced budget by year end.

Staffing trends/forecasts

- 14.7 There has been a number of actions taken with regard to the establishment as a result of cost pressures on the department further to the emergency budget in June. This has resulted in a significant reduction of agency staff, the deletion of several vacant posts (to reduce the establishment) and redundancies.
- 14.8 In addition, other workforce interventions have been implemented which include recruitment controls, encouraging (where appropriate) flexible working, close monitoring of overtime and the use of agency staff permitted only on an exceptional basis. This has been coupled with an additional focus on timely solutions for sickness absence, disciplinary and grievance cases to increase workforce capacity.
- 14.9 Over the next three years there will be further redundancies as a result of departmental changes and the reduction of grant funding.

2010/11 Delivery Plans

- 14.10 There have been a number of actions within the underlying assumptions in achieving a balanced 10/11 budget much of which was delivered prior to or within the early part of the year. Administration reductions have already been removed and every attempt to maximise external grant has been made. Furthermore,

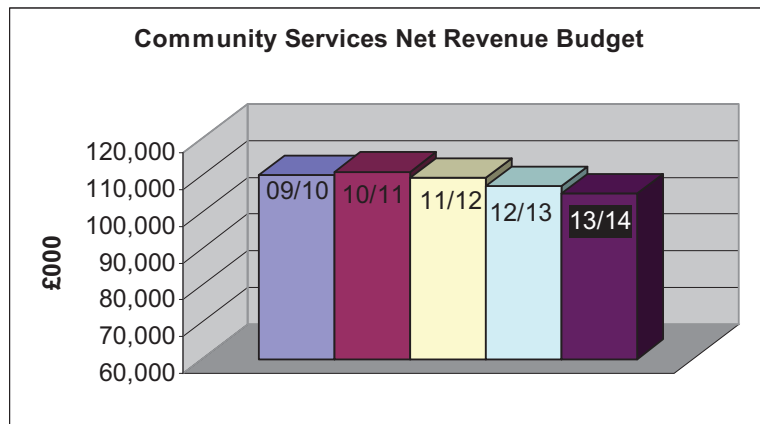
wrap around services within Social Care also continued the journey of reducing dependency and diverting children from care using a risk managed approach.

Future Delivery Plans to achieve 3 year budget

- 14.11 The departments Commissioning and Finance Programme board will oversee the delivery of an ambitious programme of change designed to ensure services are provided efficiently within resources.
- 14.12 In Children's Social Care the focus will be the continuation of wrap around services and risk managed diversion strategies to ensure that Children are able to stay with families in a safe environment wherever possible. Policy reviews such as the Transport review and the work regarding Special Educational Need will address underlying pressures whilst ensuring the most vulnerable are supported.
- 14.13 The back office, as with all departments, will also be reviewed to deliver efficiencies. The programme will inevitably lead to significant changes and the partnership with schools will also be a key feature in shaping the size and transformation of the department in future.

15 Community Services

	<u>Net Revenue</u> <u>Budget £000</u>
09/10	109,889
10/11	110,777
11/12	109,054
12/13	106,905
13/14	104,943



National context

15.1 Community Services covers four customer facing departments:

- Adult Social Care
- Environmental Services
- Culture, Sport and Leisure
- Safer Communities

15.2 The services face a range of challenges in the current economic situation and all face significant policy changes and demands. These include:-

Adult Social Care

15.3 Major government changes are proposed for reforming the system of social care in the recently published Vision for Social Care: Capable Communities and Active Citizens. It is proposed that services will be more personalised, more preventative and more focused on delivering the best outcomes for those who use them. Adult social care and health services are expected to join up to enable integrated delivery where possible.

15.4 At the same time, the NHS also faces major changes following the publication of the White Paper, 'Equality and Excellence: Liberating the NHS'. This contains proposals to ensure the NHS is a truly world-class service that:

- Is easy to access
- treats people as individuals and
- offers care that is safe and of the highest quality.

15.5 These proposals include plans to abolish Primary Care Trusts, (PCT), and Strategic Health Authorities, (SHA), develop GP based commissioning consortia and transfer the PCT public health improvement functions to local authorities.

Councils will also be required to establish 'health and wellbeing boards' to join up the commissioning of local NHS services, social care and health improvement.

- 15.6 Nationally, Adult Social Care is facing increasing pressures due to the growth in demography and increasing levels of long term care needs for high dependency service users. We are projecting a 17% (6,800) increase of over 65s and 12% (700) increase of over 85s by 2015.
- 15.7 Within the service, the Personalisation Agenda has been given extra pace this year with targets around direct payments and personal budgets. This will change both our commissioning activity and service delivery going forward. The impact will need to be transformational hence the number of work streams that we have to make these changes. Alongside this we have seen the plans the PCT have needed to develop in order for them to have separate provider services by 2011 (Transforming Community Services). Their proposal is to become a social enterprise. We are expected to ensure a more joined up response with health colleagues and have needed to work within their timescales and this new agenda. The programme to deliver quality, innovation, productivity and prevention (QIPP) within the NHS is also underway and plans are being developed in partnership with the Council through Adult Social Care.

Environmental Services

- 15.8 Environmental Services is a highly visible front line service with enormous challenges especially in the areas of waste disposal, waste collection and recycling. Managing public expectations of enhanced levels of service against a very tight budget is difficult.
- 15.9 The percentage of waste going to landfill remains on target at 59.1%. However, landfill tax is set to increase by £8 per tonne each year until 2014. The Council also faces fines of up to £150 per tonne if we landfill more biodegradable waste than our landfill allowance (LATS).

Culture, Sport & Leisure

- 15.10 The Department for Culture, Media and Sport received a significant in year budget cut which has impacted on a number of areas, e.g. 3% cut for all funded bodies this financial year and 4% for Arts Council England. Within the city this had an impact on the free swimming for under 16s and over 60s. The Arts Council has recently issued 'Achieving Great Art for Everyone', their 10 year strategic framework for the arts. It provides the rationale for their investment in the arts and will inform their future funding decisions.
- 15.11 The city is currently investing a significant amount in providing the new Plymouth Life Centre, which will be of international quality and will provide top class sport and leisure facilities in the city.

Safer Communities

- 15.12 There are proposals for changes to the way police forces are governed, with elected police commissioners to replace police authorities. Although Community Safety Partnerships are set to continue, commissioners will bring a new

dimension to the council's partnership role in delivering crime reduction. Both policing legislation and the government's place-shaping agenda is likely to see increased focus on councils and other public services engaging with communities at neighbourhood level. Our approach to neighbourhood engagement therefore needs to be able to respond to this.

- 15.13 Economic pressures are likely to see increased demands for services such as personal financial advice and will also present challenges in terms of crime reduction. The government is encouraging a focus on crimes with the most impact on victims e.g. alcohol-related violence and sexual assaults. These areas will demand a strong focus on working in partnership and commissioning services to respond. However, there are challenges associated with grant reductions for some of this work.
- 15.14 Despite a relaxing of national requirements to provide gypsy sites, the government has said councils should consider need in their area and take this into account in reaching decisions locally. We are seeing increases in unauthorised encampments and will need to consider how to respond to this.
- 15.15 The city's growth agenda means our population will increase and diversify further. Our services will need to be able to respond to the changing demands this will bring; and ensuring good community cohesion between different communities will be a vital part of successfully managing the change.
- 15.16 New equalities legislation means a renewed focus on the requirement for the council to assess the impact of proposed changes, including budgets and policies, on different groups in the population. However, less emphasis on national standards and targets means our equalities work will focus more on local priorities e.g. differences in life expectancy.

Current year

- 15.17 The current year has been particularly challenging in order to deal with the continued pressure within Adult Social Care and also the rising costs of providing front line services within Environmental Services. Services are continually reviewed to deliver within budget and address a £1.5m year end forecast overspend in addition to the £1.5m budget reductions as a result of the emergency budget in June. Opportunities to maximise grants have been taken as a short term measure and a learning disability delivery plan has been put in place.
- 15.18 As a result of continuing cost pressure in Adult Social Care, a cross departmental Programme Board has been in place since 2009/10. This Board has developed, and overseen, several new delivery plans to address in year budget pressures in 2010/11.
- 15.19 Safer Communities has delivered within budget during 2010/11, with some under spend identified towards the year end which has contributed towards reducing in-year pressures.

- 15.20 The forecasted annual overspend within Environmental Services is around £600k. This can be mainly attributed to increasing vehicle and maintenance costs due to an ageing refuse fleet and the high cost of specialist repairs. Income from trade waste continues to be lower than budgeted despite making a moderate surplus of around £80k.
- 15.21 Culture, Sport and Leisure budget pressures are largely due to significantly increased costs and commercial underperformance at Mount Edgumbe. This is being partially offset by savings elsewhere in the department. The leisure management contract is making good progress with contract award due for April 2011. The Plymouth Life Centre construction programme is on target for an Autumn 2011 opening.

Staffing trends/forecasts

- 15.22 The number of employees within Community Services is approximately 1630 and during the year there was a reduction of 82 employees.
- 15.23 Adult Social Care plans delivered a reduction in staffing through the closure of Whitleigh Respite Home at the end of 09/10. This year we have reduced management posts in particular around specialist teams. Following the Cabinet decision on the 16th November 2010 we are embarking on the work to implement the decisions around Welby and Colwill, Frank Cowl and Stirling which will further reduce staffing this financial year.

2010/11 Delivery Plans

- 15.24 Community Services is largely on track to deliver the £4.6m delivery plans contained in the 2010/11 budget. The main challenge has been to deliver a wide programme of modernisation within Adult Social Care which has been very resource intensive, some notable successes around decommissioning, re-provision of services and our contributions policy has come about due to some excellent consultation with service users.

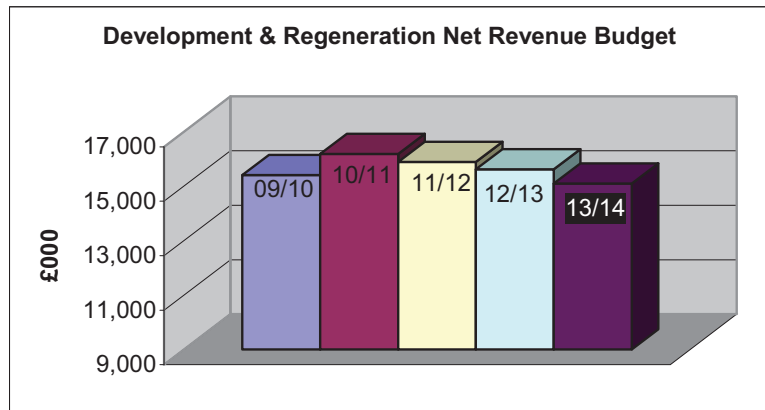
Future Delivery Plans to achieve 3 year budget

- 15.25 Adult Social Care plans going forward are around better commissioning and procurement. Ensuring value for money and a more targeted approach through the use of category management. We also want to look at integrating commissioning activity within the Council and rebalancing spend across all user groups through personal budgets. We are developing much leaner business processes.
- 15.26 Environmental Services has put forward action plan savings/transformation of the service to achieve target budget for the next three years. The plans are ensuring that front line services are protected during 2011/12. The proposals will involve transferring responsibility for some assets to others and an increase in fees.

- 15.27 The main focus of Culture, Sport and Leisure services will be to award the leisure management contract and open the Plymouth Life Centre. Other areas which will form part of the delivery plan will be modernisation of the library service, reduced support for the Theatre Royal and Pavilions, with a raft of smaller initiatives in order to balance the budget.
- 15.28 The Museum service gets significant funding under the 'renaissance' programme from the Museum, Libraries and Arts (MLA) national programme. The MLA is being disbanded and the programme is changing from a core funding agreement to a more commissioned project board approach. The implications of this are being assessed.
- 15.29 Safer Communities is making service changes to deliver budget reductions, part of which is linked to wider corporate rationalisation of policy performance and partnerships.
- 15.30 There are also a number of plans linked to reducing back office support within the department and ensuring a more consistent and standardised approach is in place in support areas.

16 Development & Regeneration

	<u>Net Revenue</u> <u>Budget £000</u>
09/10	15,411
10/11	16,184
11/12	15,890
12/13	15,617
13/14	15,094



National Context

- 16.1 Since the change of government in June 2010, there has been significant reform put forward by the Coalition government in terms of how they support the growth and regeneration agenda, planning, housing, transport and economic development. The theme of localism and decentralisation are at the heart of the new approach.
- 16.2 Major changes in structural terms have included the planned removal of regional structures, in particular the Regional Development Agencies, pan regional boards, and Regional Government offices. The removal of the RDAs and their replacement with Local Enterprise Partnerships (LEPs) has led to the removal of funding streams that the RDAs have traditionally been able to provide to support economic development based activity. These changes have also put a greater onus on the City Council to lead the growth agenda through greater partnership working with the private sector.
- 16.3 The removal of the regional structures has also been accompanied by the commitment of the Coalition government to breakdown regional strategies and support mechanisms. This has included the intention to abolish the regional spatial strategy and the framework it provides for the setting of housing numbers as well as the removal of mechanisms such as the Regional Funding Allocation (RFA) process which has been used to support transport priorities over the region for the past decade. Funding and priority decisions on Major transport schemes now falls back to the DfT, with no new schemes to be brought forward in the current 4 year spending review period. Transport funding through the integrated block has also been significantly reduced and is to be replaced with a Local Sustainable Transport Fund, requiring competitive bidding to secure funds for key infrastructure projects.
- 16.4 Within the planning arena, the government's intentions are to radically reform the current planning framework (Local Development Framework – LDFs) and develop a new collaborative planning approach through the creation of a new form of Local Plan centred on neighbourhoods and incentivising development.

There are also new funding mechanisms such as of the commitment to a Community Infrastructure Levy and a New Homes Bonus.

- 16.5 Similarly, significant changes are proposed in relation to housing tenure, policy, allocations, statutory duties and funding, of both new homes and personal benefits. Announcements have been made which paves the way to increase the rate of new 'affordable rents' to 80% the level of the market rate, while existing tenants have retained protection. At the same time, reductions have been made in the direct level of support for grant funding towards the provision of affordable housing. The Housing and Communities Agency (HCA) remains, but its budgets have been reduced and its role directed towards enabling, although they will still have the ability to provide gap funding but on a reduced scale.
- 16.6 In summary, the national context within which the development and regeneration agenda will operate moving forward is very different to that of the past decade. The department, the private sector, developers, the third sector including social enterprise will therefore need to work together within this new environment to maximise opportunities that will arise. At the same time the government, the council along with its partners, needs to continue to respond to the envisaged reduction in the size of the public sector supporting the private sector in the process of rebalancing the economy, creating wealth and new jobs.

Current Year

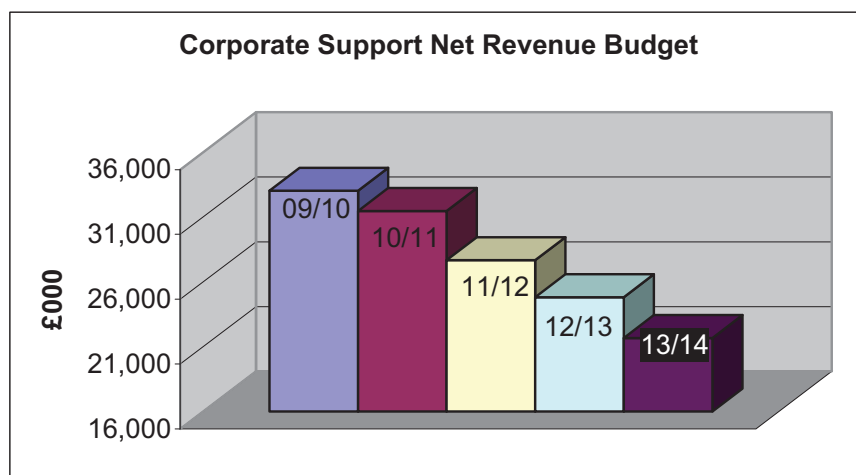
- 16.7 Within the current year, the Development and Regeneration department has put in place a series of delivery plans, which show the department is on target to deliver a balanced budget for 10/11. This is dependant upon a number of factors, in particular the ability to meet required levels of income from revenue sources such as car parks, planning fees and rental income; and that the draw on support for funding such as concessionary fares does not over-heat.
- 16.8 In setting the budgets for 11/12 and beyond, the department had to grapple with the planned percentage reductions for the next three-year funding period, the continuing pressure to ensure income levels are maintained and increased wherever possible but also overcome the withdrawal of some specific grant funding, including New Growth Point and Family Intervention Service grants.
- 16.9 In setting the budget for 11/12 and beyond the department needs to ensure that services continue to be provided and that capacity and support remains in place to support the delivery of the growth agenda, working collaboratively with public, private and voluntary partners to support job and housing growth. This needs to be seen within the context of steps already taken across the department over the past two years where there have been 21 % reductions in planning and 15% reductions in transport and housing staff numbers. It is therefore vital that as far as possible, the capacity is retained within the department to support the delivery of the growth priority. This is essential to ensure the Council and the city has the ability to respond to any new opportunities for funding that will emerge in the coming months such as the already announced Regional Growth Fund, the homes bonus scheme and the soon to be announced sustainable transport fund.

The Development and Regeneration Delivery Plan

- 16.10 To meet a balanced budget for 11/12, the department has undertaken a series of actions to reduce overall costs and raise income. The department has gone through a comprehensive exercise which has examined what we can stop doing, where we can look to increase or generate new forms of income, review budgets on a line by line basis, amalgamate budgets and make savings. The actions that have been taken can be summarised in headline terms as follows:
- a) Planning – focusing on maintaining planning and building control income in the face of a recession, generating extra income from new charges and making some further staff reductions;
 - b) Transport - focusing on maintaining income from parking, replacing lost New Growth Point funding and providing greater focus on the interventions required to offer sustainable transport solutions;
 - c) Economic Development - A commercial review of our estate to maximise income. Increased partnership working with the private sector to creatively drive new models of delivery and lever in new investment;
 - d) Housing - maximising income and external funding, refocusing neighbourhood teams to support localities, and reviewing housing options services to ensure we have capacity to help people in housing need.
- 16.11 However, in light of the reductions in grant funding and the reductions in the overall settlement to local government, the following actions need to be taken as outlined in the within the department's delivery plan to deliver a balanced budget.
- a) Merging of the Family Intervention and Anti-Social Behaviour work to provide a more stream-lined service addressing anti-social behaviour across the city;
 - b) A review of a number of transport services across the city, seeking to make savings and/or increase income streams;
 - c) Saving of the annual core funding that was attributed to the City Development Company, (CDC). However, a legacy pot created as a result of the closure of the CDC remains and will be used to support inward investment, branding and sector support activity over the next two to three years in collaboration with the private sector working through the Chamber of Commerce.
- 16.12 As well as providing and maintaining key direct delivery services into the future, including for example development control, estate management, homelessness prevention and an efficient parking enforcement team; the key objective of the department is to support and enable the delivery of the growth agenda across the city. The development of a 'ring-fenced' growth fund is proposed which will look to maximise opportunities provided through new funding schemes such as the new homes bonus, alongside income from existing assets and potential match through ERDF urban programmes such as the Jessica financial instrument. The creation of such a fund will be used to offset any losses due to the removal of the growth point funding and provide a route to support, enable and bring forward growth and regeneration related projects.

17 Corporate Support

	<u>Net Revenue</u> <u>Budget £000</u>
09/10	33,044
10/11	31,479
11/12	27,689
12/13	24,826
13/14	21,675



National Context

- 17.1 Nationally, the new Government have embarked on both a radical new legislative programme and a phased reduction in public sector expenditure which both significantly impact on Plymouth City Council. Given the services that Corporate Support provide we will be involved either directly or indirectly in working through the implications of all proposals.
- 17.2 In addition, and obviously linked to the above, the current economic uncertainty has a significant effect on the Council and the department. For example we are managing an increasing demand from people applying for benefits. The new government is proposing a radical overhaul of the benefits system which we will need to ensure is delivered.
- 17.3 The new government has committed to reduce bureaucracy that Local Authorities face nationally. One significant outcome of this is the phased abolition of the Audit Commission, which Corporate Support has a key relationship with, and we await clarity on the new arrangements with interest.
- 17.4 There is a push nationally for increased openness from the public sector and we already publish senior salaries and will be publishing expenditure over £500 on a monthly basis by the end of January 2011. We have just embarked on our first web based consultation on the budget for next year and the results will be fed into the scrutiny process in January.
- 17.5 The current climate has created a considerable uncertainty for our workforce and through Human Resources and Organisation Development we are heavily involved in working with our staff and Trade Union colleagues. We have just completed an all staff survey with an encouraging 58% return and have committed to both publish the results and learn the lessons for the future. Appraisals completed currently stand at 94% across the organisation and we want to maintain and improve this. We see this as critical for our transformation programme.

- 17.6 We have already done work with some of our partners to share services and nationally this is being actively encouraged. We set up the Devon Audit Partnership with Devon County Council and Torbay Council from April 2009 and this is already bringing benefits to the three partners and is looking to expand its business. We are in discussions with other partners in the City to establish the scope for further sharing of services looking to maximise employment opportunities in the City. In the context of significant financial reductions for all partners there is currently a real spirit of co-operation.

Current year

- 17.7 The Department faced significant challenges to achieve the 10/11 budget, in particular managing the increasing demand whilst reducing resources. We have significantly reduced our spend across the department whilst still achieving our key performance targets. The Corporate Support budget was reduced at the start of 2010/11 and absorbed a further £820k revenue cuts as part of the council's target reduction of £4m in year. However, through proactive management, we are forecasting an end of year balanced budget.
- 17.8 The finance service has gone through a major restructure, removing numerous posts whilst creating greater career structure at the lower end of the pay scales and reducing management posts. This has generated on-going revenue savings of over £300k
- 17.9 Revenues and Benefits have radically reformed the way in which they work, integrating all processes for housing benefit assessment and council tax around the needs of the customer. Work patterns have been changed resulting in greater efficiencies and reduced overtime accumulating savings of £400k per year. This will be further increased in 2011/12 through a formal restructure with Customer Services.
- 17.10 Throughout the department, we have promoted, and been focused on, creating a dynamic environment, cutting waste, optimising the use of our systems and data, joining up work, where practical, across the department and across the council and improving our customer focus in all areas.

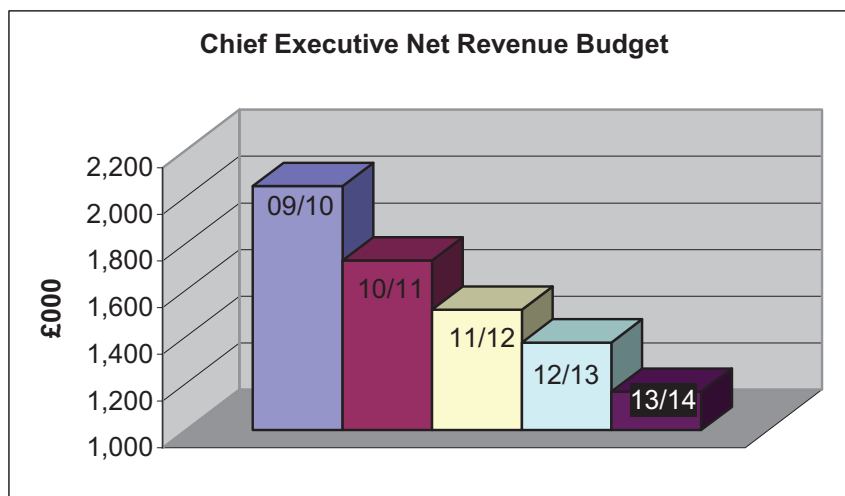
Future Delivery Plans to achieve 3 year budget

- 17.11 The next three years will require further radical transformation for Corporate Support, building on the work we have done already. We have been set the challenge of achieving cumulative reductions of the order of 34%.
- 17.12 A large proportion of Corporate Support spend is employee related. It is inevitable that there will be a reduction in the number of posts in most areas across the department. We have been preparing for this for some time, for example, holding and deleting vacant posts, and will continue to minimise the need for compulsory redundancies.

- 17.13 Moving forward, with reduced resources, we will need to define a standard level of service that we provide and then sticking to that level. It will require ensuring that all our customers (both external and internal) are clear about how they access our services and that we deal with our customers first time.
- 17.14 We are prioritising and investing in initiatives that will transform the way in which we work whilst generating significant financial savings. For example, we are replacing our out of date telephony system and will be investing in a replacement web site which will enable a radical transformation of our front line customer service. Moving forward, many more services will be directed through our corporate contact centre and/or will be available directly through our web-site 24 hours a day.
- 17.15 The recently approved Accommodation Strategy investment will really start to deliver benefits from 2011/12 both financial, and cultural in terms of changing the way in which people work and interact with the public.
- 17.16 A key delivery action for us is to radically revise the way in which we procure items from outside of the council. Better category management, effective challenge and co-ordinated ordering from pre-negotiated contracts will generate significant financial savings across the council for many supplies and front line services.
- 17.17 Human Resources will be leading on a major piece of work to revise and standardise employee terms and conditions throughout the council as well as evaluating alternative options for the delivery of staff training in the future.
- 17.18 The critical remaining piece of the jigsaw is the further transformation of ICT. We will need to invest further in our ICT during the next three years over and above already planned investments. We will need to be clear about how we deliver new ICT projects and how we can work with partners across the City to maximise outcomes.

18 Chief Executives

	<u>Net Revenue</u> <u>Budget £000</u>
09/10	2,046
10/11	1,728
11/12	1,517
12/13	1,376
13/14	1,165



National Context

- 18.1 The operating context for both the council and the city is changing. Whilst budgetary constraints are putting greater pressure on managing resources more efficiently internally and engaging in more collaborative working across partnerships, other changes impact in this area too. These include the move away from top down target setting and overall inspection with the abolition of the Comprehensive Area Assessment, ending of Local Area Agreements, downgrading of the national indicator set and closing of the Place and Tellus Surveys.
- 18.2 At the same time, there is likely to be an enhanced role for Ofsted and possibly a refocused one for the Care Quality Commission, with the Annual Performance Assessment of Adult Social Care having just been abolished. The move towards greater local autonomy can also be seen in the removal of Regional Development Agencies and Government Offices for the Regions, along with less stress placed on nationally prescriptive partnership approaches.
- 18.3 The future change in responsibility for public health, from Primary Care Trusts to councils, is a further important aspect of this changing context; while the growing move from provider to enabling councils, with an enhanced role for commissioning, is another crucial ingredient in the mix. Although regulation is being eased considerably, the tight financial context in which the council and partnership will be operating in means it is even more important that they both know their business and how they are performing.
- 18.4 In terms of communications, there will be a greater need to achieve efficiencies in driving out duplication in the function across the Council, and improving the focus and clarity of both internal and external communications.
- 18.5 The above factors form the scope for the realigned Chief Executive's function. There will be greater emphasis on having a sharper strategic focus, meaningful and qualitative performance measures, self and peer assessments and more

efficient and effective means of working together, with strong programme and project management to ensure delivery. Similarly, in order to achieve a step change in performance, the realigned function will need to demonstrate how it positively impacts on the performance management and communications functions of the Council.

Current Year

- 18.6 In addition to the efficiency targets for 2011-12 and beyond, grant funding for partnership support, which currently derives from Local Area Agreement Performance Reward Grant is ceasing in March 2011. This funding supported the bulk of the staff responsible for the support of Plymouth 2020's Board, Executive and Theme Groups, as well as production of the city's Sustainable Communities Strategy.

Future Delivery Plans

- 18.7 The Chief Executive's delivery plans focus on integrating current arrangements for supporting the performance management, policy and communications functions across the authority, reviewing governance arrangements for the Council and its partners and providing a stronger, single focus for communication activity.
- 18.8 There are currently a range of roles, teams systems and processes across the Council engaged in the above functions which are not integrated. The scope of the delivery plan includes the amalgamation and streamlining of teams and management structures to provide a performance management, policy, partnership and communication function that serves the requirements of the whole organisation, resulting in a reduction in numbers, but an increase in the quality of outputs.

19 Equality Impact Assessments

- 19.1 We have taken steps to ensure our budget plans are as fair as possible. To help achieve this, and ensure we comply with equality legislation including the general duty under the Equality Act 2010, we have completed Equality Impact Assessments (EIA's) on the budget delivery plans.
- 19.2 The Equality and Human Rights Commission has issued guidelines on how EIA's assist in relation to spending decisions. Their guidelines make it clear that the equality duties within legislation: "do not prevent you from making decisions such as reorganisations and relocations, redundancies and service reductions nor do they stop you making decisions which may affect one group more than another. What the equality duties do is enable you to demonstrate that you are making financial decisions in a fair, transparent and accountable way, considering the needs and rights of different members of your community. This is achieved through assessing the impact that changes to policies, procedures and practices could have on different equality groups."
- 19.3 We will complete further EIA's on the implementation stage of key decisions, where necessary.
- 19.4 Decisions which may affect one group more than another are referred to as "differential impact" below and we have considered the nine "protected characteristics" within the Equality act. Issues identified by the EIA process include the following:

Chief Executive and Cross Cutting Functions

- 19.5 Cross-cutting issues include potential redundancies and changes to commissioning. Where any changes lead to redundancies, we will ensure that staff are not unfairly selected for redundancy e.g. on the basis of them having a particular protected characteristic within the Equality Act 2010. We will also seek to avoid any indirect impact on staff within these groups that we cannot objectively justify. Where changes lead to commissioning services in different ways, we will use our strategic procurement procedures, which include specific reference to equality, to ensure we meet equality requirements.
- 19.6 There is minimal differential impact in relation to changes proposed for the Chief Executive's department. However, some limited impact is possible within the structures we set up for data analysis, performance management arrangements and consultation. This also effects other departments.
- 19.7 To address this we will take steps to align our equality and diversity work to city wide priorities and current action plans, while also retaining the ability to effectively engage with diverse communities across the nine protected characteristics. While reducing costs in relation to printing, publicity and advertising we will continue to be mindful about the provision of accessible information through a range of mediums.

Children and Young People

- 19.8 There is potential for both negative and positive impacts across all nine of the protected characteristics except in relation to the proposed locality restructure and the changes to schools catering. We are committed to undertaking further EIAs on certain decisions as well as closely monitoring the changes during implementation.
- 19.9 We have identified that changes to transport arrangements, disability service restructure and changes to Special Educational Needs (SEN) may have more impact on older children, those with disabilities and boys (and their parents/carers). So during implementation we will prioritise those with the greatest need and make children and parents aware of alternative options e.g. by publishing and promoting alternative cheap travel information.
- 19.10 Within our Social Care Services for children, young people and their families our intention is to divert children from care into alternative community support interventions. There is the potential for limited differential impact on older children, those with attention deficit and hyper activity disorder (ADHD), young people with emotional and behavioural disorders and those with disabilities. We will closely monitor the take up of our services by these children/young people and any negative trends will be addressed by our Finance and Commissioning Board. We will also target and evaluate the use of our mediation and family group conferencing to ensure it has maximum impact and produce an analysis of need to ensure community alternatives are accessible.
- 19.11 With regard to the protected characteristics of faith, religion, belief; gender; gender reassignment; race and sexual orientation impact has been assessed as none or minimal. However, we will ensure that we continue to give relevant attention to the needs of those where religious considerations are significant (e.g. Muslims).
- 19.12 Admissions into care will be monitored to ensure disproportionate representation does not develop. We will target care towards those most in need of protection and safeguarding.

Community Services

- 19.13 As part of our plans to modernise and personalise our adult health and social care services, bespoke EIA's have already been conducted on "enabling and floating support" and "better care standards".
- 19.14 Most care recipients are over 65 and 61% of our disabled service users are over this age. Changes will therefore affect older people and those with disabilities because this is our service user profile rather than because of an age or disability related differential impact. This is the same in relation to gender as 62% of service users are women.
- 19.15 We have a (2%) Black Minority and Ethnic (BME) service user profile but we do not anticipate a disproportionate impact. We will continue to encourage take up of our services within BME groups to reflect proportions in our wider older population. There is potential for service decommissioning to have some differential impact on some protected characteristic groups like carers from BME groups. Specific service re-modeling or decommissioning will be accompanied by

an individual EIA so that any impact can be identified and mitigated against where feasible.

- 19.16 We anticipate that front line services will be unaffected as individual care needs, identified through the care management process, will continue to be met in line with our statutory duties. However, we will monitor services and individual packages to ensure that there is no additional age or disability-related impact and our assessed lack of impact in relation to faith, religion, belief; and sexual orientation remains the same.
- 19.17 Our plans in relation to culture, sports and leisure services have the potential to have some differential impact on children under the age of five and their parents/carers, older people, people with disabilities and women. We will monitor use of relevant services against the protected characteristics and if any groups are under represented we will target information to encourage take-up. We will also continue to make reasonable, adjustments to improve access, where practicable.
- 19.18 We intend to make our Translate Plymouth service self funding and provided partners buy-in to this service it will not have an impact on end-users (people with disabilities and those who do not speak or read English as their first language). However to fully gauge impact, we will undertake a full EIA on the specific implications across the protected characteristics, at an appropriate stage of implementation.
- 19.19 There is no differential impact identified in relation to rationalisation of environmental services structure as work will be targeted according to need.
- 19.20 Proposals to transfer public toilets to community ownership involve a commitment to continue to meet quality standards and availability, and this should mitigate against any potential impact on older people, people with disabilities, carers and younger children.
- 19.21 Transferring some playgrounds to community ownership will have minimal impact on young people, their families/carers and people of all ages with disabilities. This is because we have more play spaces than required under the maximum “walking/accessibility distance” and current play spaces are under used. Transferring bowling greens to community ownership may have limited differential impact on older people and those with disabilities. However community control should be able to extend current arrangements which will mitigate against any this.
- 19.22 Increasing fees for cemeteries and crematoria may have a differential impact in relation to race and faith, belief and religion (e.g. for our Chinese and Muslim communities). Therefore, we will ensure that we offer a range of appropriate and quality services that are both value for money and meet customer requirements and satisfaction levels.

Corporate Support Services

- 19.23 Changes to our print and document arrangements have the potential for some differential impact on older people and those with disabilities who require information in a range of accessible formats. This will be mitigated in contract monitoring with providers who we will expect to maintain accessibility.

- 19.24 Moving towards cashless payment systems, integrating our customer services and revenues and benefits, and increasing the use of our self service/website arrangements may affect older people, some people with disabilities and those who do not speak/use English as their first language. As part of our financial inclusion and health inequality work, we will ensure that older people and those with disabilities take up the benefits to which they are entitled and that this is not made more difficult. There will be no impact in relation to gender, faith, religion, belief or sexual orientation and some positive benefit for younger people and those that rely on technology due to their disability. In the longer term, backed by other support mechanisms like computers in public places and promotional activities about alternative ways to do business with us, these moves should have positive impacts across all the protected characteristics, reducing costs and increasing accessibility.
- 19.25 Our debt collection arrangements are currently fragmented and inconsistent. A co-ordinated service will allow us to identify the total debt owed by individuals and ensure that debt is controlled and repayment arrangements affordable. We will give specific consideration to vulnerable groups and utilise our contracts with financial advice service providers to minimise differential impact within each of the protected characteristics such as learning disability and mental health.
- 19.26 Changes to our training arrangements, human resources, business support, information technology (ICT) and legal services have the potential for differential impact on some staff groups within the protected characteristics. Reasonable adjustments such as specific ICT equipment for staff with disabilities will be provided to mitigate this. There is also a potential for front line services delivered by other service areas to be affected e.g. prioritisation of legal advice to front line services will need careful planning given the proposed reductions. Robust contracting arrangements will help ensure that this differential impact is minimised.

Development and Regeneration

- 19.27 The work of our family intervention project and anti-social behavior team impacts most in relation to young people, parents and their families but especially lone parents who tend to be women. Its work has an indirect correlation to fear of crime and sense of wellbeing for older peoples, women, BME and lesbian, gay, bisexual and trans communities. We will ensure that changes to these services target those most in need, reduce duplication with other services and promote its successes to address fear of crime.
- 19.28 We will also monitor anti-social behaviour and take action if we become aware of any adverse effect on community cohesion.
- 19.29 Any reduction in subsidised bus fares or increase in parking fees could have a differential impact on older people, women and people with disabilities. Before any such changes are proposed, we will ensure that EIA impacts and required mitigation are fully considered.

20 Budget Consultation

- 20.1 The Council has continued to improve how it communicates with partners and the public in relation to its budget setting and spending plans. Throughout 2010/11 summary accounts have been made available within locations such as local libraries and Schools, articles published in the local newspaper and budget details issued in Plymouth People (the Council's newsletter) which is delivered to every household within the City.
- 20.2 This year we have launched a new on-line consultation tool "You Choose". Members of the public, staff and business partners have the opportunity to suggest increases or decreases for each Council service and provide suggestions about additional areas of income and reductions in expenditure.
- 20.3 The Council continues to keep its partners fully informed of its corporate priorities and financial position through comprehensive quarterly performance and finance reports. As per previous years, presentations and discussions will be held with all key stakeholders such as political groups, Chamber of Commerce, local MPs, Unions and the LSP and Civil Society representatives, throughout December 2010 and January 2011.
- 20.4 Planned consultation activity will culminate in a thorough two day scrutiny of the corporate planning and budget documents on 12th and 17th January 2011 where feedback will be presented for the panel's consideration.
- 20.5 The recommended budget presented within this report is draft and subject to any necessary changes and amendments made through the consultation and scrutiny process (as approved through Cabinet and Full Council). It is also subject to any necessary changes as a result of the final settlement for Plymouth City Council that will announced later this month.

21 Corporate Items / Adjustments

- 21.1 Although the overall revenue and capital budget allocations stated in this report are accurate based on the information known to us at the time of writing, there are a number of corporate adjustments that are required within the overall revenue total.
- 21.2 The Corporate Items budget and individual departmental budgets will need to be updated and adjusted to account for:
- a) Virements undertaken during the period September to 31 December 2010;
 - b) Final allocations re: increased revenue costs of job evaluation;
 - c) Final allocations re: revenue impact of housing stock transfer;
 - d) Pay award allocations of £250 for lower paid workers;
 - e) Changes to employer superannuation contributions rates.

- 21.3 Details of all such corporate adjustments will be incorporated within the papers for the January 2011 scrutiny of the budget and corporate plan. Corporate adjustments will not materially affect the departmental revenue reduction targets or corresponding budget delivery plans as detailed within this report.

22 Summary

- 22.1 This budget has been set under very challenging conditions, with unprecedented income reductions. The new Government has initiated significant policy changes with the full impact on the Council still needing to be understood.
- 22.2 Despite this operating environment, we are continuing our aims of transforming, modernising and increasing efficiency across the whole council.
- 22.3 This budget builds on, where possible, protecting frontline services whilst rationalising and reducing the back office running costs.
- 22.4 All areas are under review, including initiatives to make savings from greater procurement efficiency, and invest to save projects, both revenue and capital, which will reduce future cost pressures.
- 22.5 As the Council undertakes transformation, there will be a need to reduce staff numbers, but this will continue to be managed in such a way as to reduce the need for redundancies.
- 22.6 The Council remains very ambitious and over the next year we will be delivering, amongst other projects, The Plymouth Life Centre at an investment of £46.5m; three new schools in Estover, the Tor Bridge campus; an ambitious Accommodation Strategy; a new Plympton Library and a new homeless hostel.
- 22.7 This is a draft budget report for consultation. Cabinet will consider all consultation responses, along with the output from the January 2011 budget scrutiny and any material changes from the CSR settlement in early February '11 prior to recommending a final budget for adoption by Full Council on 28 February 2011.

APPENDIX A

Departmental Net Budget Analysis

Department/Service	Adjusted Budget 2010/11	Budget Prioritisation Review	Budget Delivery Target	Indicative Budget 2011/12
<u>Children and Young People</u>	£000	£000	£000	£000
Schools	0	0		0
Funded Programmes	752	0		752
Performance and Policy	3,096	0		3,096
Learner and Family Support	9,354	0		9,354
Lifelong Learning	11,885	0		11,885
Social Care	27,206	750		27,956
Departmental Budget Reduction Target	(1,181)	0	(1,241)	(2,422)
Total Children and Young People	51,111	750	(1,241)	50,621
<u>Corporate Items</u>				
Other Corporate Items	(21,194)	748		(20,446)
Corporate Items - major projects	(820)	400		(420)
Capital Financing	10,599	(300)		10,299
Departmental Budget Reduction Target	1,510	(1,510)	0	0
Total Corporate Items	(9,905)	(662)	0	(10,567)
<u>Community Services</u>				
Adult Health and Social Care	72,646	1,000		73,646
Public Protection services	0	0		0
Culture Sport and Leisure	10,762	(200)		10,562
Street services	25,864	0		25,864
Safer Communities	1,541	0		1,541
Service, Strategy and Regulation	1,760	0		1,760
Departmental Budget Reduction Target	(1,596)	0	(2,723)	(4,319)
Total Community Services	110,977	800	(2,723)	109,054
<u>Corporate Support</u>				
Departmental Management	181	0		181
Finance, Assets & Efficiencies	15,335	(100)		15,235
HR Organisational Development	2,920	0		2,920
ICT information systems	5,974	0		5,974
Customer Services	2,257	0		2,257
Democracy and Governance	5,831	(100)		5,731
Departmental Budget Reduction Target	(820)	0	(3,790)	(4,610)
Total Corporate Support	31,679	(200)	(3,790)	27,689
<u>Development and Regeneration</u>				
Planning Services	1,404	0		1,404
Strategic Housing	3,087	0		3,087
Business Support	307	0		307
Transport	12,592	0		12,592
Waste Management Project Team	519	(50)		469
Property & Economic Developmen	(1,437)	0		(1,437)
Departmental Budget Reduction Target	(237)	0	(295)	(532)
Total Development & Regeneration	16,234	(50)	(295)	15,890
<u>Chief Executive</u>				
Departmental Management	489	0		489
Policy Performance and Partner	818	0		818
Corporate Communications	571	0		571
Departmental Budget Reduction Target	(150)	0	(211)	(361)
Total Chief Executive	1,728	0	(211)	1,517
Total Council Revenue Budget	201,825	638	(8,260)	194,203

Reserves & Provisions Review for Invest to Save

Reserve	Balance @ 31.3.10 £000	Transfer to Invest to Save Reserve £000	Comments
Insurance Reserve	1,179	-179	Merge funds to create one reserve and set balance at £1m
Risk Mgt Fund	50	-50	

Transfer to new Invest to Save Reserve

Strategy for Change	250	-250	Corporate Reserve set up to part fund the revenue cost of developing the Building Schools for the Future project. Project ceased.
Statutory Licensing Scheme carry forward from 2009/10	30	-30	This is money set aside from a budget carry forward. Costs to be met from revenue budget.
CIP Reserves	2,299	-1,425	Uncommitted balance to be transferred/ amalgamated into new 'Invest to Save'. £761k relates to Building Schools for the Future
Care and Repair Reserve	21	-21	Costs met from current budgets
DSO Reserve Fund	43	-43	Accumulated surpluses from trading activities under Compulsory Competitive tendering (CCT). These accounts now form part of general fund budgets.
City Centre Partnership Fund	18	-18	Surpluses on sponsorship/commercial activities.
Artificial Turf Pitch Reserve	54	-54	Match funding set aside for Manadon Changing rooms. Transfer balance in full and address funding requirement if proposal to proceed with scheme at later date.
Tamar HA Reserve A/c	58	-58	Handback costs/repairs liabilities- costs being met from revenue budget.
PSECETS Initiatives Fund Plymouth	26	-26	Transfer balance in full, address funding if proposal to proceed with project.
Waste Transfer Station	15	-15	Set up as guarantee in event of leachate contamination. Council policy to treat such guarantees as contingent liability rather than make formal provision.
Leachate Treatment Reserve	93	-93	
Weston Mill Cemetery	71	-71	Separate consideration ongoing re cemetery improvements, including funding options.
TOTAL	4,207	-2,333	

Risk to Budget Proposals

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

SECTION I - DELIVERY OF BUDGET		
<p>1. Delivery of a Balanced Revenue Budget</p> <p>(a) Comprehensive Spending Review and Settlement The Council is still awaiting details of its actual settlement for 2011/12 and future years and as a result the full impact of the October 2010 CSR is still not known</p> <p>There is an expected reduction in resources of 28% over the 4 year settlement period. The current MTFS is modelled on 5% reduction each of the next 3 years</p> <p>Consultation earlier in the year re changes to the formula indicators and base data could result in wide swings of resources between individual authorities</p> <p>Significant changes to grant funding is expected with much of the ringfencing to be removed. More grants will be rolled up with the actual settlement grant.</p> <p>(b) Risk of non-delivery of budget plans Directors have identified a number of pressures within their budgets for 2011/12 and future years.</p>	<p>Departments have been requested to find savings over and above their departmental allocations to provide a contingency should the settlement be less than estimated</p> <p>Departmental allocations will be reviewed and further work undertaken if necessary including reprioritisation and seeking partner contributions to ensure a balanced budget can be set in the period leading up to the Council Tax setting meeting on 28 February 2011.</p> <p>Additional revenue resources have been prioritised and allocated to front facing services in 2011/12 to contribute towards known budget pressures.</p> <p>Budget variation targets remain at 1% overspend and 2% under spend.</p>	RED

Risk to Budget Proposals

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

<p>Directors have produced and signed up to high level plans to deliver a balanced budget. Resources required to deliver plans may lead to plans being phased resulting in planned savings being deferred</p> <p>Future year budget plans need further work as Medium Term Financial Forecast still showing shortfall in resources.</p>	<p>Financial Management procedures remain in place regarding carry forwards. A monthly combined performance and finance scorecard is considered by CMT and Cabinet Planning</p> <p>Detailed quarterly reports are presented to Cabinet and subject to Scrutiny</p> <p>Detailed project plans are being developed to support the high level delivery plans.</p> <p>Delivery Plans have been subject to a robust challenge at CMT and DMTs. There has been Portfolio challenge of the delivery plans prior to the final budget proposals.</p> <p>Progress reports against Delivery Plans are incorporated into finance and performance reporting and will continue to be presented and challenged by Cabinet and Scrutiny.</p> <p>Reserves consolidated to form a revenue invest to save reserve. This reserve is available to support initiatives including to meet set up costs of delivery plan projects.</p> <p>Invest to save reserve in both capital and revenue to enable pump prime investment to generate revenue savings in future years.</p> <p>The Council continues to include a contingency provision in the budget of £0.5m in line with previous years</p>	
---	--	--

Risk to Budget Proposals

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

<p>2010/11 forecasted revenue budget overspend as reported in September quarterly monitoring report will add pressure if CMT are not able to return a balanced situation by year end.</p>	<p>The Bellwin Scheme is available for emergency expenditure – this provides 85% funding of costs that exceed the Council's threshold of approximately £0.700m.</p> <p>All departments are seeking to minimise the overspend in 2010/11 and return a breakeven budget.</p>	
<p>2. <u>Service Specific Issues</u></p> <p>(a) Children and Young People</p> <p>The number of Children in the care of the local authority has increased mainly due to the high profile national and local media cases which has been reflected in the budget (budgeted at current levels). The cost of caring for an individual child varies depending on their particular needs</p> <p>There are potential capacity issues within the social work area due to the requirement to implement the Laming recommendations on case loads. Recommended 15 – 20 but in Plymouth currently range from 20-31.</p> <p>There has been a significant increase (up to 90%) in the number of children subject to protection plans where the risk has been managed within the community rather than being taken into the care system. Such a high increase will be extremely challenging to sustain.</p> <p>Strong changes in policy direction towards prevention and early intervention from Department of Health and Department for education will require more intensive and targeted services.</p>	<p>Continued rigour with the decision making process of the placement review panel.</p> <p>The successful implementation of the 'Payment for skills' foster care payment scheme will enable more placements to be made appropriately within Plymouth by increasing the number of carers into the profession and through the higher quality factors increase the councils capacity to care for children with more complex needs.</p> <p>Continued investment in workforce development, particularly with newly qualified social workers.</p> <p>Successful implementation of a fully functioning Care First system will help to mitigate the requirement for additional social workers.</p> <p>The transfer of some children in need cases to other agencies through the Common Assessment Framework will ensure that the needs of the children are met by the body best placed to support them and help to contain the pressure on the Council.</p>	<p>AMBER</p>

Risk to Budget Proposals

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		
<p>Court ordered assessments may add financial costs where the court determines that a parent and child assessment is required in deciding if and how a child is safeguarded. Currently, the court determine who and how the assessment is undertaken</p> <p>The Education White Paper pushes schools and the LA to drive up education standards with failing schools expected to make structural reforms where necessary. Two academies are operating with a significant number actively exploring academy status.</p> <p>A significant number of staff are funded from Government grant. The full impact of changes to grants funding under the CSR are not yet known.</p>	<p>There is a robust process for considering the additional services allocated (if any) for each potential case.</p> <p>The Council is working with the courts to agree an 'in house' approach to parent and child assessments which would reduce the risk of the family being sent away for an assessment</p> <p>There is a management group to oversee the Corporate impact of the Academy agenda.</p> <p>The Department has been reducing staffing and encouraging flexible working</p>	
<p>(b) Adult Social Care</p> <p>Within Adult Social Care there are nationally recognised demographic changes which impact the budget, due to both an ageing population and increased complex needs.</p> <p>The services are volatile and small changes in service user numbers of those with high care needs can impact on the budget.</p> <p>The government's personalisation and modernisation agenda will present challenges and lead to the transformation of the service.</p>	<p>Accurate and timely monitoring information provided to lead officer for Adult Social Care.</p> <p>Review of data quality, linked to Carefirst project and other systems.</p> <p>The Director of Community Services has established a Programme Board to manage the delivery of action plans and the transformation of adult social care services.</p>	AMBER

Risk to Budget Proposals

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		
<p>The planned transfers of funding from health to Local Government may be insufficient to cover the obligations transferring eg Learning Disability</p> <p>Service and funding decisions made by NHS Plymouth (previously known as Plymouth Primary Care Trust) can impact on the costs incurred by the Council. In particular, the NHS Plymouth Transforming Community Services and the Quality, Innovation Productivity and Performance (QIPP) agendas could have implications for the Adult Social Care services, but may also present opportunities</p>	<p>Track the outcomes of the Comprehensive Spending Review to determine the implications</p> <p>A Health and Social Care Integration Board is in place to improve our partnership arrangements. The Director of Community Services and the Chief Executive of NHS Plymouth meet regularly to discuss high risk issues with the patient/service users at the heart of the agenda</p>	
<p>(c) Stock Transfer</p> <p>As part of the transfer the Council has been required to provide a number of warranties. There may yet be residual costs and claims that will fall to the Council, eg public liability claims.</p> <p>The Council faces financial issues into the future relating to the stock transfer</p> <p>An application to CLG to formally close the HRA, and thus allow the residual HRA Working Balance to transfer to GF, cannot be made until the final subsidy claim has been certified by the external auditor.</p>	<p>The Council has negotiated monies, as part of stock transfer, via VAT shelter and Right to Buy receipts, whilst these monies are a capital resource they have not been allocated to the capital programme. These monies are to assist in tackling issues relating to stock transfer.</p> <p>Quarterly joint liaison meetings take place with PCH.</p> <p>The Corporate Items budget for 2011/12 and departmental budgets have been and will continue to be adjusted for stock transfer implications.</p> <p>The final subsidy claim has been submitted for audit and is expected to be certified by 31 December 2010.</p> <p>Cabinet have approved the appropriation of all remaining land and property which will further support the application for closure.</p>	AMBER

Risk to Budget Proposals

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		
<p>(d) Environmental Services Landfill tax is set to increase by £8 per tonne each year until 2014. This will add a budget pressure of £650k per year. The Council also faces fines of up to £150 per tonne if we landfill more biodegradable waste than our landfill allowance (LATS)</p>	<p>Targets to reduce the percentage of waste going to landfill have been set.</p> <p>The Council will need to consider purchasing LAT's in 2012/13 and 2013/14.</p> <p>The Council is entering into a Private Finance Initiative, (PFI), with Devon County and Torbay Councils to build a new 'waste into energy' plant. The procurement process is progressing well with a preferred bidder expected to be announced early 2011 and subject to approval contracts signed within a few months, this will provide more certainty around future revenue costs</p>	RED
<p>(e) Development The removal of regional structures, in particular the Regional Development Agency (RDA), and their replacement with Local Enterprise Partnerships has led to the removal of funding streams that the RDA have traditionally been able to provide to support economic development based activity</p>	<p>Council Officers are closely involved in discussions relating to successor arrangements</p>	AMBER
<p>3. <u>Corporate Issues</u></p> <p>(a) Maintenance Liabilities</p> <p>Inadequate budget provision to meet maintenance liabilities</p> <p>Provision has been made in the revenue budget to meet the costs of the routine maintenance of the Council's operational buildings. Improvement works are charged to the capital budget.</p>	<p>Asset management keep under review all the Council's assets including identifying and considering assets for disposal.</p>	GREEN

Risk to Budget Proposals

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		
<p>The asset management strategy identifies that there is a significant backlog in maintenance obligations.</p> <p>Risks include health and safety issues that may arise during the year and the uncertainties over the future of the Civic Centre.</p>	<p>Accommodation reserve set up to meet one off repairs to Civic Centre (and other Council Offices) pending outcome of negotiations on the future of Civic Centre.</p> <p>The Accommodation strategy will reduce the number of offices and thus the ongoing maintenance liability</p> <p>The insurance reserve can be used to meet the costs of urgent health and safety repairs.</p>	
<p>(b) Redundancies</p> <p>Impact of redundancies on revenue budget The budget delivery plans will result in a reduction of staffing across the Council.</p> <p>Redundancies result in one-off costs, including a contribution to the pension fund.</p> <p>International Financial Reporting Standards (IFRS) require the cost of redundancies to be accounted for in the year they are declared not when they are paid.</p>	<p>A redundancy reserve has been set up and a top up will be considered as part of the year end corporate health considerations as appropriate.</p> <p>The reserve can be carried forward to future years to enable resources to match accounting requirements</p> <p>We will minimise the number of redundancies through vacancy management, effective redeployment practices and close working with the unions.</p> <p>There may be an opportunity to apply for a Capitalisation Direction in 2011/12 if redundancy costs exceed thresholds. However this will impact on Capital Programme.</p> <p>The Council could consider spreading the pension fund top-up over three years.</p>	AMBER

Risk to Budget Proposals

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

<p>(c) Equal Pay The Council has received a number of equal pay claims and grievances. These will be dealt with by way of grievance hearings and through the Employment Tribunal system. Formal dates for the hearings have yet to be set</p>	<p>The Council secured a Capitalisation Direction to cover equal pay claims in 2007/08. This can be used for any claims submitted prior to 31 March 2008.</p> <p>Equal pay reserve set up 31 March 2009 for claims submitted after March 2008. (£350k).</p> <p>Regulations allow impact of equal pay claims to be deferred until actual payment.</p> <p>The Council can apply for a capitalisation direction in 11/12 if costs exceed threshold.</p>	AMBER
--	--	-------

SECTION II – IMPACT OF MAJOR PROJECTS / CORPORATE ITEMS

<p>4. <u>Major Projects</u></p> <p>Delivery of Major Projects- timing and resources The Council currently has a number of cross cutting major projects either in progress or planned for the medium term. The key risk is delivering the projects on time and to budget.</p> <p>The requirement to reduce staffing to balance budgets may impact on the ability to adequately resource projects.</p> <p>Many projects require services to be delivered in an innovative way. There may need to be a requirement for external advisors which puts pressure on budgets.</p>	<p>Clear project plans in place for key areas.</p> <p>Revenue and Capital Funding allocated to Corporate priorities under budget process.</p> <p>Invest to save principles have now been established</p> <p>Progress on Major Projects overseen by a Project Delivery Board with finance input.</p>	AMBER
---	---	-------

Risk to Budget Proposals

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

<p><u>The main projects are:</u></p> <p>(a) Care First The Council has begun a 3 year programme to harmonise the Children's & Family and Adults Social Care Teams onto a single computer system. The costs of this project will span a number of years in which time costs can fluctuate.</p>	<p>A Care First Project Board has been set up, chaired by the Assistant Chief Executive.</p> <p>Approval to fund the project from the Invest to Save fund is to be sought for 2011/12 onwards.</p>	AMBER
<p>(b) Plymouth Life Centre The construction of the Plymouth Life Centre is a complex design and build project with a mixed funding stream including several grants with certain conditions.</p>	<p>The Plymouth Life Centre and Leisure Related Projects Programme Board in place. Board meets monthly to monitor progress.</p> <p>The construction is part of a robust contract which details construction milestones and financial milestones. The contract will be closely monitored by the Council's appointed project managers EC Harris.</p> <p>Costs and risks well understood and subject to robust scrutiny.</p>	GREEN
<p>(c) Waste PFI The cost of disposing the City's waste is due to rise sharply over the coming years. Since closing the Council's landfill site, Chelson Meadow, we have entered into a contractual arrangement to dispose our waste in Cornwall for the immediate future.</p> <p>The Council is currently developing a Energy from Waste PFI solution in partnership with Torbay and Devon County Councils. The capital and</p>	<p>A waste management reserve has been created with the balance of this reserve currently at £1.5m. Consideration to top up this reserve will be given as part of the year end corporate health adjustments.</p> <p>The Council is entering into a Private Finance Initiative, (PFI), with Devon County and Torbay Councils to build a new 'energy</p>	RED

Risk to Budget Proposals

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		
<p>revenue costs of this project are significant and volatile to change.</p>	<p>from waste' plant. The procurement process is progressing well with a preferred bidder expected to be announced early 2011 and subject to approval contracts signed within a few months, this will provide more certainty around future revenue costs</p> <p>Outwith the procurement process, the successful bidder will need to apply for and obtain planning permission and environmental permits</p> <p>Revenue & capital costs are updated and communicated through robust governance arrangements.</p> <p>External finance advisors are assisting with financial modelling.</p> <p>PFI credits to support the scheme when operational have been confirmed</p>	
<p>(d) Eastern Corridor The bidding approval process, under which PCC was seeking to secure £77m of funding for transport works to support future housing growth on the Eastern corridor of Plymouth, was suspended in the recent Comprehensive Spending Review.</p>	<p>The Capital Delivery Board will keep the situation under review and adjust the MTFP as appropriate in the light of any reduction in resources</p>	RED
SECTION III - IMPACT OF ECONOMY		
<p>5. <u>Economic Impact on Income</u></p> <p>Reduced income from fees and charges</p>		GREEN

Risk to Budget Proposals

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		
<p>The economic climate continues to see a reduction in income such as car parking and commercial rent income</p> <p>Vat increase may impact on usage and income receivable</p>	<p>Departments have reviewed underlying income assumptions.</p> <p>Key PIs in relation to collection rates reported/monitored in bi-monthly monitoring report.</p> <p>Increase in Vat to be passed on to users where appropriate</p>	
<p>6. <u>Treasury Management</u></p> <p>(a) Borrowing risk – portfolio imbalance PWLB/LOBO</p> <p>Currently there is a high proportion of market loans to PWLB which reduces the Council's ability to restructure its debt portfolio.</p> <p>Increase in PWLB interest rate as part of Comprehensive Spending Review will make new borrowing more expensive.</p> <p>Average interest payable on loans exceeds rate of interest receivable on investments increasing pressure on budget.</p>	<p>New long term borrowing to be taken from PWLB to address the imbalance.</p> <p>Devon Debt brought in house during 2010/11 which will enable greater flexibility over debt repayment.</p> <p>Continue strategy to make greater use of variable rate debt and maximise short term temporary borrowing options.</p> <p>Use balances and reserves to meet cash flow and borrowing requirements.</p>	GREEN
<p>(b) Investment losses – Iceland Banks</p> <p>Recovery of monies in Landsbanki and Glitnir subject to court proceedings</p> <p>Council continues to incur legal fees.</p> <p>Capitalisation Direction utilised in 2009/10- delays in court proceedings on Landsbanki and Glitnir mean borrowing costs now being incurred.</p>	<p>Plymouth City Council representation on the Local Authority Iceland Bank Steering Committee.</p> <p>Capitalisation Direction maximised in 2009/10 enabling any potential losses to be spread over a 20 year period. Reserve set up as part of closedown 2009/10 used to meet legal fees and costs of borrowing in the first instance. Reserve topped up by interest recovered on dividend payments.</p>	RED

Risk to Budget Proposals

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

	<p>Dividend payments being received from Heritable £1.431m (45.39%) recovered to date. Dividend payments continue to include interest up to 8 October 2008.</p>	
<p>7. Capital Programme Current housing market makes it difficult to generate sufficient capital receipts to fund capital programme at assumed level.</p> <p>Impact of Credit Crunch on Treasury Management with knock on effect on Capital Programme.</p> <p>Any shortfall may require additional temporary borrowing which will impact on revenue budget.</p> <p>There is uncertainty over central government grants in future years due to the pressure on public sector finances</p> <p>The impact of decisions made on programmes receiving grant or supported borrowing may have an impact on future allocations.</p>	<p>Constant review of capital receipts position and other financing options as part of monitoring.</p> <p>Review of capital programme to reduce dependency on capital receipts undertaken as part of budget setting.</p> <p>Capital Financing reserve set up – balance of £0.975m which can be used to fund temporary borrowing costs to plug timing differences in receipt of capital receipts.</p> <p>The level of grants will be constantly monitored, with projects being delivered over several years not being commenced until there is certainty over linked grant funding</p> <p>Continuing dialogue with the relevant Government departments</p>	<p>AMBER</p>

Risk to Budget Proposals

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

SECTION IV – FURTHER BUDGET ASSUMPTIONS		
<p>8. Inflation assumptions Difficult to identify impact of inflation / deflation as economic uncertainty continues.</p> <p>RPI remains high at around 4.5%, but there is a move by the Government to use the lower CPI rate eg future pension increases.</p>		
<p>(a) Pay award The budget for 2011/12 assumes a pay award freeze. Details are still awaited on the recommended increase for low pay staff.</p>	<p>Budget provision is held corporately for the potential increase for low paid staff.</p>	GREEN
<p>(b) Energy costs <u>Gas and Electricity</u> The Council procures general energy directly from the wholesale markets and is therefore subject to changing market conditions. The Council's Corporate contract will fix British Gas' administrative charges and margin but does not fix the cost of energy and the network charges.</p> <p><u>Streetlighting (Unmetered Electricity)</u> The Council forward purchases electricity for street lighting through Laser - a government procurement organisation that hedge buys on behalf of its members. The Council has forward-procured electricity for Oct 2010 to Sept 2011 but has seen an increase in overall price of 23%.</p>	<p>The price of the transmission network is regulated by Ofgem and is subject to five yearly reviews.</p> <p>Currently, the consortium is buying forward for next financial year (April 2011 - to March 2012)</p> <p>The accommodation strategy and the move to reduce carbon tax emissions should lead to a reduction in energy consumption.</p>	AMBER
<p>(c) Other Inflationary increases have been contained for social care commissioning (private and independent sector), with exceptions relating to previously agreed medium term contracts. Irrespectively, these contracts will all need careful management to contain costs and drive service improvements.</p>	<p>This is consistent with guidance from commissioning colleagues.</p> <p>Contracts will need to be closely monitored.</p>	AMBER

Risk to Budget Proposals

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

SECTION V - OTHER		
<p>9. <u>Partners</u></p> <p>(a) New deal For Communities (NDC) Grant – Devonport Regeneration Community Partnership (DRCP) NDC funding ends on 31 March 2010. The Council will remain responsible for closing down the project and making the final grant submissions.</p> <p>The Council may incur residual costs should spend by the projects miss grant cut off dates.</p> <p>The Council may incur redundancy costs.</p> <p>There is also an inherent risk to the Council of grant clawback should grant conditions not be met or if assets are disposed of in future years.</p>	<p>Monthly meetings held between senior Council Officers, DRCP staff and GOSW.</p> <p>The Council continues to hold monies in reserve as a result of the agreed flexibility sought in 2007/08 to maximise grant spend. This reserve is earmarked for specific DRCP projects. Approval from GOSW that this reserve can be carried forward after 31 March 2011 with no penalty giving flexibility to fund project slippage.</p> <p>DRCP taking action to downsize staffing levels in advance of grant end.</p> <p>Statutory redundancy costs to be met from NDC grant</p> <p>Succession plan signed off by CLG. Currently awaiting clarification on grant asset disposal clawback conditions</p>	AMBER
<p>(b) NHS</p> <p>There is a close relationship between the costs incurred by adult social care and NHS Plymouth (previously known as the Plymouth Community Primary Care Trust).</p> <p>Both organisations face future budget pressures and challenging transformation agenda's</p>	<p>The Council has strengthened its relationship with NHS Plymouth through Memorandum of Understanding and a Health Social care Integration Board.</p> <p>Regular liaison and meetings will be maintained.</p>	AMBER

Risk to Budget Proposals

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

<p>10. <u>Insurance Cover</u></p> <p>The adequacy of the authority's insurance arrangements to cover major unforeseen risks</p> <p>There was a shortfall in the insurance provision at the end of 2009/10 requiring a top-up. Monitoring during 2010/11 indicates the provision may also be insufficient to meet all known liabilities. This is as a result of an increase in the number of new serious injury claims received.</p> <p>Any shortfall in the provision at year end would be met from the earmarked insurance reserve and/or general balances.</p>	<p>The Council continues to keep the adequacy of its insurance fund under review.</p> <p>An increase to internal premiums has been implemented for 2011/12</p> <p>The internal premiums have been reapportioned across departments based on revised claims history.</p> <p>A number of pro-active risk management measures are being implemented in response to the identification of problem areas.</p> <p>The Council is seeking reimbursement of costs incurred from contractors</p> <p>The Bellwin Scheme is available for emergency expenditure – this provides 85% funding of costs that exceed the Council's threshold of approximately £0.700m.</p>	AMBER
<p>11. <u>Outstanding Liabilities-Risk Management</u></p> <p>Contingent Liabilities</p> <p>The Council is aware of the following contingent liabilities:</p> <p>Municipal Mutual Insurance Ltd- Scheme of Arrangement PLUSS Organisation Ltd Section 117 refunds Single Status Equal Pay claims Civic Centre Connexions (Careers South West). Contaminated land Treasury Management- Icelandic banks Warranties under Housing Stock Transfer agreement, including</p>	<p>The Council operates a system of internal control to identify and manage risk.</p> <p>Contingent liabilities are added to the risk register but specific budget provision is not normally made in the accounts.</p> <p>The Council keeps under review all its outstanding financial liabilities.</p> <p>Contingent liabilities identified and reported as part of Statement of Accounts.</p>	AMBER

Risk to Budget Proposals

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		
<p>environmental and asbestos warranties. Local Land Charge income</p> <p>Further information is available in the Statement of Accounts 2009/10.</p>	<p>Provision accounts set up as appropriate once certainty of liability known, but not expected to be settled by year end.</p>	
<p>12. Pension Fund Deficit</p> <p>The Council's balance sheet shows a pensions fund deficit of £470m at 31 March 2010.</p> <p>A triennial pensions review is currently underway. This will set the pension contribution rates for the next 3 years. The outcome of the review is not expected to be finalised until March 11. Outsourcing/transferred services- Legislation requires pensions liabilities to be fully funded for all staff transferring under TUPE arrangements.</p> <p>The Government is currently undertaking a pensions review</p>	<p>The deficit is reported as part of the Council's Annual Statement of Accounts and is therefore subject to Member scrutiny.</p> <p>The FRS17 deficit in the Statement of Accounts is not calculated on the same basis as the triennial review which takes a much longer term view. The Council makes a 'top-up' to the fund when staff are made redundant.</p> <p>Indicative discussions with Actuary indicated contribution rates will remain static.</p>	AMBER
<p>14. Conclusion</p> <p>This Appendix represents the risks associated with the budget and the actions required to mitigate the risks. These have been taken into account in the budget setting process.</p> <p>It should be noted that the Council also operates a system of internal control to identify and manage risk, with a key element the maintenance of strategic and operational risk registers.</p> <p>The departmental delivery plans are also subject to a vigorous risk assessment process and have been risk rated. Details are shown on the delivery plans themselves.</p>		

Section 2

LOCAL GOVERNMENT ACT 2003, SECTION 25 STATEMENT

SECTION 2 - ADEQUACY OF RESERVES

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

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

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

- The level of earmarked reserves, which are shown in Annex 1 to this Appendix.
- There is always some degree of uncertainty over the timing and the full effects of any economy measures and/or service reductions that will be achieved. Directors have been requested to be prudent in their assumptions and that those assumptions, particularly about demand led budgets, will hold true in changing circumstances.
- The Bellwin Scheme Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. The local authority is able to claim assistance with the cost of dealing with an emergency over and above a threshold set by the Government (Plymouth City Council's threshold for 2011/12 has yet to be confirmed but will be set at 2% of net revenue budget, and is currently estimated as around £0.700m). The assistance is usually 85% of any eligible costs over the threshold. Any incident for which assistance is sought must involve conditions, which are clearly exceptional by local standards and the damage to local authority infrastructure or communities must be exceptional in relation to normal experience. In the first instance these initial costs will have to be met from reserves.
- The continuing economic climate which is having an impact on income levels.
- The continuing financial climate which has seen a reduction in interest rates and Government support to prop up the UK banking industry.
- The risk of major litigation, both currently and in the future.
- Risks in the inter-relation between the NHS and Social Service authorities .
- Unplanned volume increases in major demand led budgets.

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

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

The Council has a good track record of delivering the budget. Variations from approved budget since becoming a Unitary authority have been within the range +0.3% to -1.7%. In 2009/10 a favourable variation of (£1.515m) or (0.8%) was achieved prior to the final corporate health adjustments for the year.

The Council continues to set Directors a budget variance tolerance of no more than +1% overspend and -2% under spend of their budget allocation for any financial year, and performance against this target is reported to Cabinet as part of the performance and budget monitoring reports.

The achievement of delivery plan actions has been closely monitored during 2010/11 with regular reporting on a risk rated basis (RAG) to CMT. CMT and cabinet planning also receive monthly scorecards highlighting performance and finance issues and whilst budget pressures have continued to be experienced across all Directorates in 2010/11, the reporting and implementation of timely corrective or alternative actions has seen the overall forecast deficit reduce from £5.727m in June 2010 to £3.342m at the end of the September reporting period. The Council is still aiming to achieve a breakeven position at the end of the year.

The medium term financial strategy outlines in more detail the Council's policy on reserves for the period 2011/12 to 2013/14. The Council regularly reviews the appropriateness and use of reserves throughout each financial year. Where relevant, recommendations for changes are reported to Cabinet on an on-going basis. As a minimum, **all** specific reserves will be reviewed on an annual basis in March as part of the end of year accounting closedown arrangements.

The Council's 'Working Balance' is the revenue reserve that is put aside to cover any significant business risks that might arise outside of the set budget. This reserve stood at £11.517m at 31 March 2010, representing just under 6% of net revenue budget. It is forecast that the balance will remain at this level at the end of March 2011.

Taking all the above into account, it is recommended that the Working Balance for 2011/12 should equate to at least 5% of net revenue spend. This is in line with the Council's medium term strategy objective.

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

RESERVES

1. As part of the 2011/12 budget process, a review has been undertaken of the Council's earmarked reserves to identify the purpose of each reserve, and the estimated movement on these balances in 2011. A summary of the estimated movement is shown in Table 1 to this Annex.
2. In total, current balances are considered to be sufficient to meet existing commitments, and overall, whilst some of the reserves are required to be ring-fenced or do have restricted use, it would be possible to use some of these balances to supplement the Working Balance and support the 2011/12 and future budgets if required, whilst still leaving adequate balances remaining to support existing commitments and unforeseen events which might require financing from these reserves.
3. Whilst, historically, it has been the Council's policy to maintain separate reserves for those services which operated as trading services, (the major ones are On Street Parking, Off Street Parking, Pannier Market), there is no requirement to keep separate reserves for many of these activities. Transfers from these balances to supplement the general Working Balance or support the overall budget have become commonplace and although most of the balances on these reserves have become exhausted, annual transfers to reserves will continue to be made from trading surpluses allowing, an albeit reduced, continued level of support to the general fund.
4. Reserves may also be established at the end of the financial year to carry forward certain unspent balances from the budget to finance the cost of specific commitments which may have slipped over into the following year or for one-off projects. The existing policy is that up to 50% of revenue under spends may be carried forward at year end providing they were declared in the mid year report and that all overspends should be carried forward unless Cabinet determines otherwise.
5. Following a review of all reserves in August 2010, a sum of £2.333m was identified as available for reallocation. In November 2010, Cabinet approved that this amount should be transferred to a new Invest to Save Reserve to be utilised to support the set up costs of delivery plan projects.
6. Other reserves held by the Council in the current year include:
 - Capital Financing Reserve
 - Waste Management Reserve
 - Equal Pay
 - Accommodation Reserve
 - Redundancy Reserve
 - Commuted Maintenance Reserves
 - Insurance Reserve

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

7. Schools Balances

In addition to the reserves detailed in the table, the Council also holds significant balances for schools. Schools are expected to manage within the delegated budgets which are allocated to them and at the end of each financial year schools are required to carry forward any budget variations to the following year. At 1st April 2010, school balances totalled £6.114m (net).

Appendix C
Section 2 Adequacy of Reserves

	Balance as at 31/03/2010	Transfers to Reserves	Transfers from Reserves	Balance as at 31/03/2011	Transfers to Reserves	Transfers from Reserves	Balance as at 31/03/2012	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Off Street Parking	0	(1,640)	1,640	0	(1,569)	1,569	0	Represents Accumulated trading surplus. Used to support Spending priorities in department
On Street Parking	0	(1,381)	1,381	0	(1,142)	1,142	0	Represents Accumulated trading surplus. Used to support Spending priorities in department
City Market	(0)	(216)	216	(0)	(216)	216	(0)	Represents Accumulated trading surplus. Used to support Spending priorities in department
Commuted Maintenance	(1,104)	(25)	30	(1,099)	0	20	(1,079)	Contribution from developers /section 106 agreements to provide for future maintenance and enhancement spend over a period of years.
Education Carry Forwards	(2,063)	(760)	2,047	(776)	(52)	828	(0)	Schools ringfenced resources mainly from grants
Taxis	10	(42)	0	(32)	(52)	0	(84)	Represents Accumulated trading position- funds ringfenced to taxi Account
Street Trading	(111)	0	0	(111)	0	0	(111)	Represents Accumulated trading surplus
Land Charges Development Fund	(52)	(35)	35	(52)	(35)	35	(52)	To fund improvements in the LLC service- legislation
Accommodation Reserve	(1,812)	0	250	(1,562)	0	250	(1,312)	To meet costs of repairs to Office Accommodation, mainly Civic Centre
Insurance Reserve	(1,179)	179	219	(781)	0	50	(731)	To meet any unforeseen/increased costs of insurance claims or works to minimise insurance risk
Carry Forwards	(1,163)	30	943	(190)	0	0	(190)	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.
JE contingency	(1,345)	(590)	1,935	0	0	0	0	Utilised in 2010/11 budget
Pensions Fund	(238)	0	0	(238)	0	0	(238)	Reserve set up at Closedown 2009/10 to partially offset pension increases
Redundancies	(582)	(452)	1,034	0	0	0	0	To meet redundancies costs regarding budget delivery plans
Invest to save fund	0	(2,333)	0	(2,333)	0	0	(2,333)	New reserve agreed by cabinet November '10 to support set up costs for revenue Invest to Save and efficiency projects
C/FW	(9,639)	(7,265)	9,731	(7,173)	(3,066)	4,110	(6,130)	

Appendix C
Section 2 Adequacy of Reserves

	Balance as at 31/03/2010	Transfers to Reserves	Transfers from Reserves	Balance as at 31/03/2011	Transfers to Reserves	Transfers from Reserves	Balance as at 31/03/2012	
B/FW	(9,639)	(7,265)	9,731	(7,173)	(3,066)	4,110	(6,130)	
DRCP	(1,164)	0	800	(364)	0	318	(46)	Reserve set aside to meet future expenditure in Devonport, in lieu of grant funding in 2007/08, and fund DNIM post
CIP	(2,298)	1,425	873	(0)	0	0	(0)	Fund set up to support Corporate Improvement Priorities- balance on fund at end of 2010/11 transferred to new Invest to Save Fund.
Capital Reserve	(975)	0	0	(975)	0	100	(875)	To be used to support the capital programme and meet the temporary borrowing costs as a result in timing differences in achievement of capital receipts
Waste Balancing Reserve	(1,500)	0	0	(1,500)	0	0	(1,500)	Reserve set up to proactively provide and manage the anticipated revenue shortfall prior to implementation of the PFI 'waste to energy' plant.
PFI reserve	(1,343)	(84)	0	(1,427)	(72)	0	(1,499)	PFI credits received in advance- balancing account will be required to meet costs in future years
Job Evaluation/Equal Pay	(350)	0	0	(350)	0	0	(350)	To meet the costs of any successful back dated JE claims. All claims subject to tribunal hearings.
Commercial rents sinking fund	(73)	(80)	0	(153)	0	0	(153)	RDA rents sinking fund re Tamar House, to be used to cover any shortfall in rental income/maintenance liabilities- re-payable to RDA under the funding agreement
Strategy for Change (BSF)	(250)	250	0	0	0	0	0	Fund set up to support bidding process for BSF. Following removal of programme, balance on fund transferred to Invest to save Reserve.
Iceland Bank	(131)	(69)	400	0	0	0	0	Fund utilised to meet temporary borrowing costs of capitalisation Direction and ongoing legal costs of recovery of investment
Urban Enterprise Fund	(367)	(127)	163	(331)	0	163	(168)	Match funding to ensure that Plymouth gains access to the European funding available to the region to support Urban Enterprise
Other Reserves	(1,219)	357	112	(749)	(42)	62	(729)	All reserves have been reviewed and a number of balances have been transferred to the invest to save Reserve.
Sub Total	(19,310)	(5,593)	12,079	(13,024)	(3,180)	4,753	(11,451)	
Working Balance	(11,517)	(250)	250	(11,517)	0	0	(11,517)	General Balance available to meet unforeseen expenditure. This balance represents 5.7% of net revenue expenditure and is in line with Unitary Council averages
Grand Total	(30,827)	(5,843)	12,329	(24,541)	(3,180)	4,753	(22,968)	

() Means favourable

Capital Programme 2010/11 - 2014/15

2010/11 Capital Programme	2010/11					Latest Forecast Sep 2010 £m
	Original Budget Plus Slippage £m	Latest Budget Approved at October '10 Full Council £m	Other Re-profiling Sep 10 £m	Other Variations Sep 10 £m	New Approvals to Full Council £m	
Childrens Services	38.488	35.636	0.068	(1.347)	0.000	34.357
Community Services	29.029	25.462	(0.317)	0.085	0.540	25.770
Corporate Support	0.820	3.232	0.000	0.000	0.000	3.232
Development	31.604	28.812	0.000	0.008	0.000	28.820
Total Capital Programme	99.941	93.142	(0.249)	(1.254)	0.540	92.179

Financing of 2010/11 Latest Forecast					
Capital Receipts £m	Unsupported Borrowing £m	Single Capital Pot Supported Borrowing £m	Grants & Contrbns £m	Revenue / Funds / S106 £m	Total Funding £m
0.700	2.284	0.054	31.087	0.232	34.357
3.295	12.146	3.274	6.922	0.133	25.770
0.278	1.056	0.000	0.454	1.444	3.232
3.170	1.229	4.838	16.443	3.140	28.820
7.443	16.715	8.166	54.906	4.949	92.179

Five Year Capital Programme	2010/11	2011/12	2012/13	2013/14	2014/15	Total £m
	LATEST FORECAST £m	LATEST FORECAST £m	LATEST FORECAST £m	LATEST FORECAST £m	LATEST FORECAST £m	
Childrens Services	34.357	19.031	14.953	0.000	0.000	68.341
Community Services	25.770	18.428	0.939	0.000	0.000	45.137
Corporate Support	3.232	6.398	0.560	0.500	0.000	10.690
Development	28.820	16.042	6.203	6.530	7.656	65.251
Total Capital Programme	92.179	59.899	22.655	7.030	7.656	189.419

Financing of 2010/11 to Future Years					
Capital Receipts £m	Unsupported Borrowing £m	Single Capital Pot Supported Borrowing £m	Grants & Contrbns £m	Revenue / Funds / S106 £m	Total Funding £m
2.121	3.784	5.154	56.824	0.458	68.341
13.493	19.946	3.275	7.963	0.460	45.137
5.778	3.014	0.000	0.454	1.444	10.690
6.891	1.729	24.831	23.480	8.320	65.251
28.283	28.473	33.260	88.721	10.682	189.419

Capital Receipts Summary	Capital Receipts b/fwd from Previous Year £m	Forecast Capital Receipts (GF) £m	Housing £m	Total Receipts Expected £m	Capital Receipts Required for Funding (as above) £m	In Year (Shortfall) / Surplus of Capital Receipts £m
2010/2011	2.257	4.661	0.005	6.923	7.443	(0.520)
2011/2012		2.532		2.532	19.572	(17.040)
2012/2013		5.078		5.078	0.768	4.310
2013/2014		9.702		9.702	0.500	9.202
2014/2015		2.650		2.650	0.000	2.650
Total	2.257	24.623	0.005	26.885	28.283	

The temporary shortfall of required capital receipts is to be funded by short term unsupported borrowing that is to be financed from the Capital Finance Reserve

Chief Executive Delivery Plans

APPENDIX E

ONLY ACTIONS IN EXCESS OF £50K TO BE INCLUDED ON THE FORM!

1	Balancing the budget : Areas for savings, efficiency gains or increase income	Implementation		Projected Savings			Feasibility & Risk				
		Lead Officer	Capital Costs	2011/12 £,000	2012/13 £,000	2013/14 £,000	Risk	Probability, Impact, Risk			Response
								P	I	R	
	Performance and Intelligence: rationalise performance management, completion of government returns and data analysis across the council. 1/3rd of total planned savings applied to Chief Executives at this early stage of development.	Claire Oatway	0	100	190	190	Failure to support external inspection and provide statutory returns. Lack of corporate working	2	3	6	Risk assessment included in PID. Main risks highlighted here
	CHIEF EXECUTIVE DIRECT PLANS TOTAL:		0	100	190	190					

Savings delivered on behalf of, or reliant on, other departments

2	Consultation: Better joined up / rationalised small team of dedicated consultation staff. Look at duplication between departments and ensure consultation activity is relevant and required	Ian Gallin	0	100	200	200	Public feedback will have broader impact on services and decision-making avoiding consultation overload over time	3	2	6	Consultation continues to occur on ad hoc basis; statutory requirements not achieved	Full assessment of current activity and review of statutory requirements as part of detailed development of PID
3	Corporate Subscriptions: challenging the need for subscriptions to professional organisations. Joining up subscriptions and/or removing non essential spend.	Ian Gallin	0	100	100	100	Revised list of corporate subscriptions will represent better value for money for customers	2	2	4	Limited risks e.g. need for individual subs. not fully understood; depts may already have cancelled subs.	To be scoped out as part of the review of the current list of subscriptions
4	Printing, Publicity and Advertising: challenge the current demand across the council and rationalise future publicity & advertising activity. Notional saving for department based on reducing 25% of total council spend.	Claire Oatway / Richard Longford	0	100	100	100	Ineffective advertising could have a negative impact on service delivery e.g. Recruitment of Foster Carers	3	4	12	Need to determine the actual savings attributable to Chief Executives Dept in future years.	Need clarity on the savings that apply to Chief Executives for 11/12 onwards
	CHIEF EXECUTIVE INDIRECT PLANS TOTAL:		0	300	400	400						

TOTAL OF ALL DELIVERY PLANS FOR CHIEF EXECUTIVES: 590

TOTAL SAVINGS TARGET FOR CHIEF EXECUTIVES: 562

SURPLUS / (SHORTFALL) IF ALL PLANS ARE DELIVERED: 28

Children & Young People

APPENDIX E

ONLY ACTIONS IN EXCESS OF £50K TO BE INCLUDED ON THE FORM!

1	Balancing the budget : Areas for savings, efficiency gains or increase income	Implementation		Projected Savings			Impact				Feasibility & Risk				
		Lead Officer	Capital Costs	2011/12	2012/13	2013/14	Impact on Council Priorities	Impact on Legal Obligations	Impact on Customers	Impact on Other Services and Partners	Risk	Probability, Impact, Risk			
				£000	£000	£000						P	I	R	Response
1	Transport: Cease concessionary transport, review Special School routes and develop a more flexible approach for Special Educational Needs Transport from Sept '11	Maggie Carter	0	280	490	510	Inequalities	None	Parents and pupils with Special Educational Needs - financial and safety	Schools	NEETs increase, Non attendance, Public acceptance	3	5	15	
2	Locality Restructure	Maggie Carter	0	100	100	200	Inequalities	None	Reduced level of service	Service reduced to schools and families	Increase need for Specialist Services	3	2	6	
3	Disability Service Restructure	Maggie Carter	0	70	70	70	Inequalities	None	Reduced service to families	PHNT sharing services	Political and public acceptance	3	4	12	
4	Review staffing requirements in the light of changes to statutory Special Educational Needs policies	Maggie Carter	0	0	80	80	Inequalities	Statutory obligations and timescales	Parents and pupils with Special Educational Needs	Schools	Parental concern, not meeting statutory obligations, increased tribunals	4	3	12	
LEARNER & FAMILY SUPPORT TOTAL:				0	450	740	860								
5	Equalities and Diversity reconfiguration	Colin Moore	0	0	0	70	Inequalities Aspiration	None	Reduced levels of service to schools and settings	Social Inclusion Unit	Review plan to meet equalities	3	2	6	
6	Reduce Primary Advisory support	Colin Moore	0	0	0	20	Inequalities Aspiration	None	Reduced levels of service to schools and settings	Schools	Service to schools	3	2	6	
7	Early Years - reduction in staffing	Colin Moore	0	0	0	170	Inequalities Aspiration	None	Reduced strategic management	Early Years settings	Impact on standards	3	2	6	
LIFELONG LEARNING TOTAL:				0	0	0	260								
8	Recommissioning of placements years 0-24 in line with 'Division of Children From Care' PLAN	Mairead McNeil	0	400	750	1,500	Inequalities	Risk of judicial review. Failure to meet statutory requirements.	Variable Service quality & Assessment duplication. Risk of inconsistent accommodation	Limited placement less choice from Independent Sector. Increased pressure on Housing	Clear plan required	4	5	20	Strategic Project Management Support to be allocated to help AD to implement changes
9	Staff reductions - Impact of reducing services	Mairead McNeil	0	0	100	400	Inequalities				Impact on remaining social workers.	3	5	15	Keep under review linked to reducing number of children in care
10	Secure Budget - Trends show that there has been a reduction in court ordered placements (£150K Transport (£30k)	Mairead McNeil	0	180	180	180	Inequalities	Failure to meet statutory requirements	Based on current trend		Based on current trend. Risk of trend not continuing	3	3	9	Keep under constant review through monthly monitoring.
11	Youth Offending Service - reduce PCC Contribution by 10%	Mairead McNeil	0	50	50	50	Inequalities			Impact on service if YOS partners decide to reduce funding	Risk of partnership funding being withdrawn	2	3	6	Low risk. Council still maintaining 90% of contribution.
12	Review and reduce financial support and non statutory payments made to Care Leavers and review B&B	Mairead McNeil	0	130	130	130	Inequalities	Failure to meet statutory requirements. Need to ensure only non statutory element is considered	Variable Service quality & Assessment duplication. Risk of inconsistent accommodation	Limited placement less choice from Independent Sector	Risk of Judicial review.	3	4	12	Ensure that only non statutory payments are considered. Keep under review.
13	Integration of various child care services - restructuring to deliver efficiencies	Mairead McNeil	0	0	70	140	Inequalities					3	5	15	
CHILDREN SOCIAL CARE TOTAL:				0	760	1,280	2,400								

Savings delivered to Children & Young People by other budget delivery groups:

14	Performance and Intelligence: rationalise performance management, completion of government returns and data analysis across the council. 1/3rd of total planned savings applied to Children & Young People at this early stage of development	Claire Oatway	0	100	180	180	180	180	180	Streamlines decision making – planning, tracking and evaluation to support priorities.	Risk to statutory return production if poorly managed	Thorough identification of need and promotion of customer needs	Supports local market development for voluntary and community sector and private sector. Clear, robust data presented to key partnerships	Failure to support external inspection and provide statutory returns. Lack of corporate working	2	3	6	Risk assessment included in PID. Main risks highlighted here
15	Administration & Business Support Review: Rationalise Business Support & Administration across the council. Includes savings generated from Charteris and Care First project	Claire Oatway	0	tbc	tbc	tbc	tbc	tbc	tbc	Value for Communities: reduced cost of Support Services	Risk to statutory timescales if poorly managed	Risk to customer care standards	None	Need to determine the actual savings attributable to Children & YP.	3	4	12	
16	Printing, Publicity and Advertising: challenge the current demand across the council and rationalise future publicity & advertising activity. Notional saving for department based on total council spend.	Claire Oatway	0	100	100	100	100	100	100	Value for Communities: reduced cost of Support Services	None	Ineffective advertising could have a negative impact on service delivery e.g. Recruiting of Foster Carers	None	Need to determine the actual savings attributable to Children & YP	3	4	12	
17	Reduction in Senior Management: consistent with other departmental plan, objective of reducing senior management by 20%	Bronwen Lacey	0	0	100	100	100	200	200			Accessibility of Senior Managers with large spans of control	Potential loss of strategic direction and expertise of senior management	Senior Managers with large spans of control	2	3	6	
18	School Catering: Charge Schools for packed lunch catering arrangement* (Blue Collar Group)	Maggie Carter	0	60	60	60	60	60	60	None	None	May cause disruption in schools if choose not to pay for service	Greater cleaning pressure if schools use classrooms for packed lunches	School acceptance to proposal	3	4	12	
SAVINGS FROM OTHER DELIVERY GROUPS:			0	260	440	540	540	540	540									
TOTAL OF ALL DELIVERY PLANS: CHILDREN & YOUNG PEOPLE:				1,470	2,460	4,060	4,060	4,060	4,060									
TOTAL SAVINGS TARGET FOR CHILDREN & YOUNG PEOPLE:				1,241	2,309	4,274	4,274	4,274	4,274									
SURPLUS / (SHORTFALL) IF ALL PLANS ARE DELIVERED				229	151	(214)	(214)	(214)	(214)									

Community Services Delivery Plans

ONLY ACTIONS IN EXCESS OF £50K TO BE INCLUDED ON THE FORM!

1	Balancing the budget : Areas for savings, efficiency gains or increase income	Implementation		Projected Savings			Impact				Feasibility & Risk					
		Lead Officer	Capital Costs	2011/12	2012/13	2013/14	Impact on Council Priorities	Impact on Legal Obligations	Impact on Customers	Impact on Other Services and Partners	Risk	Probability, Impact, Risk		Response		
				£000	£000	£000						P	I		R	
1	Domiciliary Care Services: maximisation of block contracts and standardisation of unit rates, efficiencies across in house and externally provided services	Pam Marsden	0	390	850	1,000	None	None	None	Private and Voluntary sector will need to be developed	Market response	4	3	12	Clear consultation process. Development of market	
2	Supported Living: remodeling of services and standardisation of unit rates	Pam Marsden	0	320	640	800	Contractual commitments presently in place which will need reviewing	Some services will cease with some service users having to be transferred to alternative provision	Some service providers may see a reduction in income.	Challenge from providers	4	4	16	Clear communication plan, robust assessments of need. Work with SPU		
3	Care Management Services: reviewing of high cost packages and alternative service provision	Pam Marsden	0	350	640	800	Need to ensure reviews of service users are completed in line with statutory duties	Some service users will experience change in provision	Some service providers may see a reduction in income.	Challenge from providers	4	3	12	Clear communication plan, robust assessments of need. Work with SPU		
4	Day Care: remodelling of services and standardisation of unit rates	Pam Marsden	0	200	200	200	Will need to ensure reviews of service users are completed in line with statutory duties	Some service users will experience change in provision	Some service providers may see a reduction in income.	Challenge from providers	3	3	9	Clear communication plan, robust assessments of need. Work with SPU		
5	Enabling and Floating Support: remodelling of services and standardisation of unit rates	Pam Marsden	0	290	290	290	Contractual commitments in place will need reviewing.	Some service users will experience change in provision	Some service providers may see a reduction in income.	Challenge from providers	4	3	12	Clear communication plan, robust assessments of need. Work with SPU		
6	Residential Care - Under 65: remodelling of services and standardisation of unit rates	Pam Marsden	0	220	220	220	None	None	Some service providers may see a reduction in income.	Challenge from providers	4	3	12	Develop provider market		
7	Workforce re-modelling: linked to CareFirst 6 and Charteris Business Process Re-design	Ian Gallin / Pam Marsden	tbc	320	950	950	None	Improved response from service	None	CareFirst project and remodelling takes longer than anticipated	4	4	16	Effective project management & communication		
ADULT SOCIAL CARE TOTAL:				0	2,090	3,790	4,260									
8	Events, grants and other funds initiatives	James Coulton	0	140	170	290	varied	none	reduction in levels of service plus support for some external organisations	significant where grants removed	various	4	4	16		
9	Reduction in revenue support grants - Theatre Royal & Pavilions	James Coulton	0	120	130	130	negative	none	reduction in levels of service at operations	some impact on TR/Pavilions operations	ACE reduce by same	3	5	15	discussions to give advanced warning	
10	Library Service: modernisation of service.	James Coulton	0	370	480	620	improve value for Communities, greater partnership working	need to ensure statutory responsibilities are met	reduced level of service/opening hours	poss enhanced customer access for greater range of Council services.	security issues, political and public opposition/ potential partners unable to assist.	5	4	20	Needs detailed PID and Comms plan	
11	Museum: restructure	James Coulton	0	50	50	50	improved VFM	none	little impact	none	reduced service level	3	3	9		
12	Leisure Services Management	James Coulton	COMMERCIALLY SENSITIVE				Can not provide further information at this stage due to the commercially sensitive nature of the activities									
13	Transfer of assets: transfer of assets / facilities to local community ownership.	James Coulton	0	0	80	80	increased VFM, poss negative re equality and public reaction	Comm asset transfer has legal implications	reduced level of provision	Depending upon solution adopted	opposition political and public. No local partner interested	5	4	20	early decision and time to organise poss transfer.	
CULTURE, SPORTS & LEISURE TOTAL:				0	680	910	1,170									

Community Services - Savings delivered through other Budget Delivery Groups:

14	Performance and Intelligence: rationalise performance management, completion of government returns and data analysis across the council. 1/3rd of total planned savings applied to Community Services at this early stage of development	Pete Aley / Claire Oatway	0	100	180	180	Streamlines decision making - planning, tracking and evaluation to support priorities.	None	None	Clear, robust data presented to key partnerships	Failure to support external inspection and provide statutory returns. Lack of corporate working	2	3	6	Rationalised structure will ensure capacity to address their issues.
15	Administration & Business Support Review: Rationalise Business Support & Administration across the council.	Pete Aley / Claire Oatway	tbc	tbc	tbc	tbc	Value for Communities: reduced cost of Support Services	None	focus maintained on services which have biggest impact on council priorities.	None	Actual savings attributable to Community Services yet to be identified.	3	4	12	Rationalised structure will ensure capacity to address their issues.
16	Printing, Publicity and Advertising: challenge the current demand across the council and rationalise future publicity & advertising activity. National saving for department based on total council spend.	Claire Oatway	0	100	100	Value for Communities: reduced cost of Support Services	None	Ineffective advertising could have a negative impact on service delivery	Need to determine the actual savings attributable to Community Services	None	Need to determine the actual savings attributable to Community Services	3	4	12	Corporate work being undertaken to identify savings.
17	Equalities: Transforming Translate Plymouth to self financing model and other reshaping of the service to reflect national changes, local priorities & deliver efficiency savings.	Pete Aley	0	70	70	Re-shaped service will contribute to targeted action to reduce inequalities	Delivery of relevant statutory requirements will be delivered through re-shaped service	Partners to pay for translation & interpretation services; SLAs with external providers will be written/amended to reflect revised requirements	Services to customers will be delivered via alternative service model	Partners don't buy in to new Translate Plymouth model	Partners don't buy in to new Translate Plymouth model	2	2	4	Service could be reduced or discontinued to deliver savings
18	Bulky waste: Increase bulky waste collection charge	Jayne Donovan	0	tbc	tbc	Any impact on equalities will be assessed before finalisation of plans	None	Significant short term impact	Increase flytipping will impact on enforcement and may increase waste collection costs in picking up flytipping	Increase in fly tipping	Increase in fly tipping	3	3	9	
19	Management of Toilets: Transfer some public toilets from PCC to be maintained by others	Jayne Donovan	0	200	200	Any impact on equalities will be assessed before finalisation of plans	None	Significant short term impact	None	None	Political and public acceptance	3	3	9	
20	Playgrounds: Transfer some playgrounds to local community ownership	Ian Gallin	50	50	50	None	None	None	None	None	Public perception and acceptance	3	4	12	Effective communication and promotion
21	Bowling Greens: Transfer some bowling greens to clubs / local community ownership	Ian Gallin	0	160	160	Positive	None	Public acceptance of asset transfer.	None	None	Lack of community take up - Opposition to proposal	3	4	12	Effective communication and promotion
22	Cemeteries & Crematoria: increase fees above the rate of inflation	Jayne Donovan	tbc	300	350	400	None as will re prioritise work	None	Reduced service level in some areas	Reduced service level in some areas	Acceptance that output/service will be reduced in some areas	5	3	15	
23	Rationalisation of Environmental Services Structure	Jayne Donovan	0	120	120	70	None	Minimal impact	None	None	Public perception and acceptance	3	3	9	
24	City water features: to be delivered by others	Jane Donovan	0	70	70	200	None	Minimal impact	None	None	Potential loss of strategic direction - Senior Managers with large spans of control	2	3	6	
25	Reduction in Senior Management: consistent with other departmental plan, objective of reducing senior management by 20%	Carole Burgoyne	0	0	100	200									
SAVINGS FROM OTHER DELIVERY GROUP TOTAL:			50	1,170	1,400	1,550									

TOTAL OF ALL DELIVERY PLANS FOR COMMUNITY SERVICES:	3,940	6,100	6,980
TOTAL SAVINGS TARGET FOR COMMUNITY SERVICES	2,723	5,873	10,235
SURPLUS / (SHORTFALL) IF ALL PLANS ARE DELIVERED:	1,217	227	(3,255)

Development & Regeneration

APPENDIX E

ONLY ACTIONS IN EXCESS OF £50K TO BE INCLUDED ON THE FORM!

1	Balancing the budget : Areas for savings, efficiency gains or increase income	Implementation		Projected Savings			Impact				Feasibility & Risk						
		Lead Officer	Capital Costs	2011/12	2012/13	2013/14	Impact on Council Priorities	Impact on Legal Obligations	Impact on Customers	Impact on Other Services and Partners	Risk	Probability, Impact, Risk					
				£000	£000	£000						P	I	R	Response		
2	Family Intervention and Anti Social Behaviour: Review and rationalise the service to account for a total loss in Revenue Grant £682k	Stuart Palmer	0	210	210	210	Potential negative impact on societal issues	Potential reduced capacity to take forward action through legal system	Reduced ability to address Anti-social behaviour. Reduced number of families supported	less ability to target 'edge of care' families	reduced ability to tackle families in need	4	3	12		Will need to chase and secure RSL income and concentrate on ASB	
3	Package of Transport Options: considering options for increased income and/or revised service provision. For example, subsidised bus fares, shop mobility, car park charges etc.	Clive Perkin	0	300	300	500	Statutory requirement to consider supporting services	None	Reduction in accessibility and mobility support	Potential reduced access to services/facilities	Concerns with further reductions in services	4	4	16	Minimise reductions and find alternative ways to fund the growth/regeneration work		
4	Loss of Grant Funding: New Growth Points revenue grant removed (£1.02m). Replacement grant funding still requires further clarification	Anthony Payne	0	(1,020)	(1,020)	(1,020)	Negative Impact on Growth priority.	None	Reduced ability to support inward investors, developers, private sector and 3rd sector to deliver growth	Requires partnership support to deliver the growth agenda	Reduced capacity to support/enhance growth	3	4	12	Look to create new fund to support growth agenda or reduce ability to deliver growth		
5	Create a Growth Fund: creating a 'ring fenced' revenue growth fund from potential new revenue streams which are currently out to consultation and will become live from April 2011.	Anthony Payne	0	550	770	1,050	Direct link to delivering the City priority for Growth	None	Supporting growth in the economy including sector support and increased housing supply	Need to work closely with partners to maximise growth delivery	Yet to receive formal adoption of new grant funding (New Homes Bonus)	3	4	12	Ensure that CMT sign up to revenue funding from new funding streams for growth fund		
6	Economic Development: removal of remaining contribution to City Development Company.	David Draffan	0	200	200	200	Reduced PCC support for Economic Development	None	Potential impact in relation to support for businesses to create new jobs	Potential reduction in joint working with private sector partners	Negative impact on job creation	3	3	9	Enhanced working with private sector & identification of future funding opportunities linked to creation of growth fund		
DEVELOPMENT DIRECT PLANS TOTAL:											0	240	460	940			

Savings delivered to Development by other budget delivery groups:

6	Administration & Business Support Review: Rationalise Business Support & Administration across the council.	Gill Peelle	0	tbc	tbc	tbc	Value for Communities: reduced cost of Support Services	None	Reduced support for front line services & growth agenda	None	Need to determine the actual savings attributable to Development in future years.	3	4	12			
7	Printing, Publicity and Advertising: challenge the current demand across the council and rationalise future publicity & advertising activity. Notional saving for department based on total council spend.	Gill Peelle	0	100	100	100	Value for Communities: reduced cost of Support Services	None	Potential reduction in communication and consultation with customers & increased reliance on website	None	Need to determine the actual savings attributable to Development in future years.	3	4	12			
8	Reduction in Senior Management: consistent with other departmental plan, objective of reducing senior management by 20%	Anthony Payne	0	0	100	200			Minimal impact	Potential loss of strategic direction and expertise of senior management	Potential loss of strategic direction - Senior Managers with large spans of control	2	3	6			
SAVINGS FROM OTHER DELIVERY GROUPS:											0	100	200	300			
TOTAL OF ALL DELIVERY PLANS FOR DEVELOPMENT & REGEN:				340	660	1,240											
TOTAL SAVINGS TARGET FOR DEVELOPMENT & REGENERATION:				295	568	1,091											
SURPLUS / (SHORTFALL) IF ALL PLANS ARE DELIVERED				45	92	149											

Corporate Support Services

APPENDIX E

ONLY ACTIONS IN EXCESS OF £50K TO BE INCLUDED ON THE FORM!

1	Balancing the budget : Areas for savings, efficiency gains or increase income	Implementation		Projected Savings			Impact				Feasibility & Risk			
		Lead Officer	Capital Costs	2011/12	2012/13	2013/14	Impact on Council Priorities	Impact on Legal Obligations	Impact on Customers	Impact on Other Services and Partners	Risk	Probability, Impact, Risk		Response
				£000	£000	£000						P	I	
1	Finance: further refinement of the staff structure	Malcolm Coe	0	100	100	100	Statement of Accounts - robust monitoring etc.	Reduced 'visibility' at DMTs. Monitoring undertaken on 'exception' basis	Challenge to support all major project developments	Reduced by 17 FTEs in 2010/11. Further cut could reduce quality and/or accuracy	3	3	9	Clarify with depts what won't be done as a result of reductions.
2	Corporate Property: Management restructure and efficiency savings on Facilities Management	Malcolm Coe	0	100	180	180	Propose staff and function transfer to be managed legal services	Little impact - management of function changing - service delivery staying constant	Minimal impact	Span of control in legal too great. Potential lack of expertise of new management	2	3	6	Ensure robust consultation & implementation of changes
3	Cashiers: Revise and refine the council's approach to cash collection	Malcolm Coe	tbc	100	150	150	Legal obligation to have appropriate arrangements to collect income	Need to implement suitable alternatives e.g. ATM, on line, PayPoint at Post Offices etc	Collection of cash from Schools needs to be considered	Ability to implement suitable alternatives to cash collection. Requires some investment	3	4	12	Options paper being drafted. Linking with partners for solutions
4	Debt Management: better co-ordination of existing processes. Challenge the effective use of legal services / bailiffs etc	Malcolm Coe	0	100	150	200	Challenge how and when legal become involved in the debt collection process	Co-ordinated debt recovery. Need to be sensitive of client finance income strand.	An increased income collection rate - positive impact on departmental budgets	Ability to positively impact the culture for change / challenge existing practices	3	3	9	Initial meetings held with cross service staff group
5	Income Generation: increase selling of support services externally and explore the potential for advertising on corporate assets	Malcolm Coe	0	50	100	100	Compliance with statutory and discretionary charging legislation	Possible fee increase in some areas	Increase in charges will mainly impact on other departments or projects	Not able to generate the additional income stated.	4	3	12	Effective communication and promotion of proposed changes
6	Audit Fee: Negotiate a reduction in external and internal audit scope and associated fees	Malcolm Coe	0	50	100	100	Statutory requirement to maintain an effective, independent audit function	Possibly a reduction in internal audit capacity / support	Risk of not being able to negotiate reduced fees	Risk of not being able to negotiate reduced fees	3	2	6	5% reduced internal audit. Less external audit grant work.
7	Customer Services & Revenues & Benefits: integration of services, including Single Point of Contact & increased use of the Council website	Malcolm Coe / JP Sanders	250	300	500	600	Needs still standalone cost centre and complies with all relevant legislation	Need to ensure more efficient queue management & availability of online options for all services	Minimal	Risk that increased service demand, lack of integrated online services delays savings	3	4	12	Need approval for online go-live & support from HR through restructure process
8	Human Resources: staff restructure (relies on e-transactions, shared services & investment). To include a review of Trade Union Facilities	Mark Grimley	tbc	50	150	250	Ensure that there is capacity to support managers with compliance in employment law & health and safety legislation.	Will be changing the way the service is delivered - more self service / automated processes and information provided online.	Changing the way the service is delivered - more self service / automated processes & online information.	Technology is not available to deliver efficiencies / automation. Not enough capacity to deliver organisational change.	3	3	9	Ensure e-solutions are delivered to agreed timescales.
9	Training & Development: review the provision of training throughout the department / council	Mark Grimley	0	350	400	450	Minimal	Overall costs should reduce and will still be able to offer range of training courses	Requirement for more e-learning across the council	Staff development could be impacted if not carefully managed.	3	4	12	Need to closely monitor and manage and ensure robust competitive contract.
10	Democratic Services: reduce the level of civic engagements and restructure the democratic support service	Tim Howes	0	200	200	200	Only core required committees will be supported.	50% reduction in civic engagements. Reduction in committee structure.	Raising profile of City via public events.	Subject to council agreeing revised constitution in Jan '11	4	4	16	Need to communicate impact and alternatives.
11	Legal Services: Restructure the service and reduce support in non-critical areas	Tim Howes	0	230	230	330	Legal work will be transferred to non-legal staff and ad hoc legal work will be outsourced	A reduction in legal capability means a reduction in capacity to do work in-house and at all.	Increase risks in other services. Stop income generation	Demands for work will not diminish requiring external legal support.	4	4	16	Need absolute clarity on priorities and risk taking.
12	Registration Service: challenge the structure and increase fees and charges	Tim Howes	0	80	80	80	Legal obligations will be maintained	Customers will see substantial increase in fees in discretionary areas	Limited	May see a reduction in customer base and income	3	3	9	Assess market and pitch fees accordingly.
13	ICT Support: Reduce support provided to departments and minimise duplication across the council (will need some ICT investment)	Neville Cannon	0	150	150	150	None	Reduced service and reduced numbers of mobile phones etc. Less ability to undertake future change on projects as focus will be on business as usual.	Ability to work with partners on projects will be curtailed and more reliance on external contractors/consultants to deliver change	Little risk to current operations but risk of reduced efficiency for the organisation	4	3	12	Ensure priority services/individuals have access to services

14	ICT direct costs: Reduce licence costs, lease costs, phone rentals, licences etc	Neville Cannon	0	100	150	280	None	Risk of contractual disputes	Risk of slower service for citizens as access to systems could be reduced	Risk of fewer staff being able to access systems simultaneously - processing could take longer	Reduced processing efficiency and customer dissatisfaction could rise	3	3	9	Consolidate systems and ensure systems are flexible. Seek enterprise agreements where practicable.
----	--	----------------	---	-----	-----	-----	------	------------------------------	---	--	---	---	---	---	--

Balancing the budget : Areas for savings, efficiency gains or increase in income	Implementation		Projected Savings				Impact						Feasibility & Risk		
	Lead Officer	Capital Costs	2011/12	2012/13	2013/14	Impact on Council Priorities	Impact on Legal Obligations	Impact on Customers	Impact on Other Services and Partners	Risk	Probability	Impact	Risk	Response	
			£000	£000	£000										
Data Quality Project. Reduction in duplication across different systems	Neville Cannon	tbc	50	100	100	Value for Communities - best use of council assets	Require to amend data controller ownership and inform public	Will require compromise and potential authorisation approval	Impact on Strategic direction and expertise of senior management	Departments unwilling to relinquish control of 'their' information assets	4	4	16	Will need central control & discipline to be mandated	
Senior Management: Reduce Senior management structure/ costs by 20%	Adam Broome	0	0	100	200		Legal requirement to have a nominated, qualified 'Monitoring Officer' & 'Section 151 Officer'	Minimal impact		Potential loss of strategic direction - Senior Managers with large spans of control	3	2	6	Evaluate need based on changing shape of support services.	
CORPORATE SUPPORT DIRECT TOTALS:		250	2,010	2,840	3,470										

Savings delivered on behalf of, or reliant on, other departments

Procurement: Procure To Pay / Buyer roll out. Driving efficiencies out of external purchasing	Malcolm Coe	0	850	1,500	4,000	Value for Communities. Ensuring that we drive VFM from external spend	Changes to procedures need to comply with legal requirements	Potential for further savings re: collaborative procurement with partners.	Risk of not being able to identify savings made across departments.	4	4	16	Establish 'buyer' roles and implement system to capture savings.		
Customer Contact Centre: bring in services from other departments into contact centre. Improve service & reduce costs	JP - Customer	0	100	200	250	Value for Communities - best use of Council assets, increased customer satisfaction	Need to ensure compliance with all relevant service specific legislation	Will require close work with department staff to reengineer & standardise processes	Risk that lack of funding for transformation or corporate buy in delay / derails process and negates savings	3	4	12	CMT and Cabinet have agreed approach, and planning underway		
Employee Terms & Conditions: review and revise Terms and Conditions across the whole council	Mark Grimley	0	Subject to negotiation.			VFM, Transformational Change Programme.	Consultative mechanisms and nationally set terms and conditions.	Positive impact in resolving current operational issues and increasing flexibility. Will reduce redundancies.	Dispute with trade unions leading to failure to agree. Potential imposition.	3	3	9	Communications have been regular with Trade Unions regarding potential changes and key rationale.		
Workforce Management: remove duplication with staff based within departments	Mark Grimley	tbc	70	100	120	automate processes and strip out duplication. Relies on investment in Diagonal	N/A	none.	Risk of resistance from other departments who feel their needs are not properly being considered.	2	4	8	Consultation with departments to ensure systems and centralised support meets needs.		
Print and Document Services (PADS) - consider options for future service delivery and/or increase productivity	Malcolm Coe	tbc	0	80	100			Possibly commissioning print services from an external supplier	Early stage of development. Risk that revenue savings are not achievable	5	4	20	Continue to link into and contribute to 'mutual services' group		
Accommodation Phase 1 Phase 2 (additional)	Malcolm Coe	6,400	715	1,500	1,500	Value for Communities - best use of council assets	Legal issues around existing lease agreements	All services need to adapt their office layout to accommodate flexible working	Negative culture for change	3	4	12	Governance set up with defined work streams. All depis involved		
Business Support: restructure across the Council - anticipated savings attributable to Corporate Support	Tim Howes	0	50	100	100			More work transferred to more senior posts	Lack of revenue savings	3	4	12	Revises processes to limit impact		
CORPORATE SUPPORT INDIRECT TOTAL:		6,400	1,935	3,730	6,370										

TOTAL OF ALL DELIVERY PLANS CORPORATE SUPPORT:	3,945	6,570	9,840
---	--------------	--------------	--------------

TOTAL SAVINGS TARGET SET FOR CORPORATE SUPPORT:	3,790	6,653	9,804
--	--------------	--------------	--------------

SURPLUS / (SHORTFALL) IF ALL PLANS ARE DELIVERED:	155	(83)	36
--	------------	-------------	-----------

OVERVIEW AND SCRUTINY MANAGEMENT BOARD

22 September 2010

CABINET PROGRESS UPDATE ON BUDGET SCRUTINY RECOMMENDATIONS

The schedule below sets out the recommendations arising from scrutiny of the Budget and Corporate Plan which took place on 15 and 17 February, 2010, the responses to those recommendations and details of any progress made.

<i>To the Overview and Scrutiny Management Board</i>			
<i>No.</i>	<i>Detail</i>	<i>Progress</i>	
R 1.1 GP	Following the adoption of the Council's budget on 1 March, the first meeting of the Overview and Scrutiny Management board should receive the recommendations from this scrutiny of the Budget and Corporate Plan to enable preparation of scrutiny work programmes.	Initial report received at meeting on 30 June with subsequent progress update scheduled for consideration at 22 September meeting.	
<i>To the City Council</i>			
<i>No.</i>	<i>Detail</i>	<i>Progress</i>	
R 1.2 TH	That the Overview and Scrutiny Management Board and Audit Committee terms of reference should be amended to ensure alignment of activities relating to finance and governance arrangements.	Revised terms of Reference were agreed at the meeting of the Overview and Scrutiny Management Board on 28 July 2010 and have now been approved by Council.	
<i>To Cabinet</i>			
<i>No.</i>	<i>Detail</i>	<i>Cabinet Response</i>	<i>Progress</i>
R 2.1 GP	That the review of arrangements for performance management of the Local Strategic Partnership and other key partnerships be considered by the Overview and Scrutiny Management Board, with special emphasis given to Local Area Agreement targets.	No comment received from Cabinet.	The Executive Group of Plymouth 2020 Partnership has carried out a review of performance management within the partnership and agreed a series of recommendations to avoid the issues experienced with LAA targets (particularly 2007-10 stretch targets). These cover target-setting/negotiation, leadership/governance, management of performance, data and culture. If there are to be any future negotiations to agree targets, they are likely to be very different from what took place in 2006/7.

R 2.2 MG	The People Strategy is amended to reflect more specifically the support that will be given to the Council's workforce in addressing the significant changes envisaged during the lifetime of the strategy.	Recommendation agreed.	The Organisational Development Team are developing a plan to review the strategy in line with the development of the Accommodation and ICT strategies.
R 2.3 MC	Progress at developing and implementing value for money plans and targets for Departments should form part of the Council's reporting cycle including the Overview and Scrutiny Management Board, and any possible impact on service recipients should be made clear.	Recommendation agreed. As 3.6 below.	Improved visibility of efficiency targets reported under NI179, This is now reported in the quarterly Performance and Finance report. Benchmarking will be undertaken in Sept 10 and this will feed into the budget setting for 11/12 and beyond.
R 2.4 GP	That a review of the arrangements surrounding the negotiation of the stretch targets for the Local Area Agreement 2007-10 be carried out, to highlight any lessons to be learned for future negotiations of this kind.	Recommendation agreed.	See 2.1 above.
R 2.5 PA	That appropriate interim targets are put in place so that progress towards addressing major inequalities across the city can be measured effectively through the performance management cycle.	Recommendation agreed. This will be addressed through a review of Corporate Improvement Priorities during the coming year (as per 2.7 below).	A small basket of key measures is being developed to reduce the inequalities gap and improve health as part of the council's contribution to the P2020 priority to reduce inequalities - e.g. improving housing decency, reducing the education gap at neighbourhood level.
R 2.6 GP	An action plan is prepared setting out the measures that the Council and partners will take to ensure that population data influencing revenue support and strategic planning is accurate and consistent.	Recommendation agreed. This will form part of the preparations for Census 2011.	The 2011 Census of population preparations has seen the introduction of a formal partnership arrangement between the Office of National Statistics (ONS) and Local Authorities. As part of this partnership, the ONS have identified 7 work streams that LA's are to support in. The underlying plan of work contains over 60 actions and will require us to draw on support from our

			<p>partners within the City where appropriate.</p> <p>In addition to the work being undertaken through the partnership with the ONS, PCC will ensure that its master address database is as accurate and complete as possible as this is the area that the authority can have the most impact on and the area that can have biggest effect on our revenue support allocation.</p> <p>A paper (2011 Census Address register maximisation Options analysis) dated 10 August is currently being considered by senior management and a decision on how best to proceed will be made in the coming weeks.</p> <p>A letter to all Councillors will be sent out in October giving further details of preparations, this will also start to highlight the role Councillors have to play in Census preparations. Councillor briefings will be scheduled for late October.</p>
<p>R 2.7 IG GP All</p>	<p>That a review of the corporate improvement priorities should be conducted, so that overriding priorities within them are highlighted, and ensuring that targets and milestones are SMART.</p>	<p>Recommendation agreed. There is an existing commitment to review Corporate Improvement Priorities during the coming year.</p>	<p>14 Corporate Improvement Priorities were a part of a rolling 3 year corporate planning process, 2010/11 is the 3rd and final year. We are currently working with our key LSP partners to reduce and refine the number of City & Council strategic priorities. Cabinet will be asked on 14 September to agree a revised set of 4 corporate and citywide priorities following consultation and agreement by the LSP Board. This is</p>

			due to be considered by Council on 11 October 2010.
R 2.8 None	That further clarity is needed into how all corporate improvement priorities (CIPs) are being resourced, with specific attention to cross cutting CIPs.	Resources have been allocated to deliver CIPs within mainstream budgets or corporate items. Disaggregation of mainstream budgets against individual priorities is not considered appropriate.	
R 2.9 MC	That, in the interests of openness and transparency, governance arrangements for the allocation of 'Invest to Save' resources, including the role of scrutiny panels are prepared and published.	Recommendation agreed.	The first Invest to Save major project (Accommodation Strategy), has been agreed through Cabinet and openly challenged and discussed through the scrutiny process, we will continue to submit all future Invest to Save proposals in the same way,
To Cabinet			
No.	Detail	Cabinet Response	Progress
R 3.1 MC JP	Overall impact on customers is used as a measure of the benefit of efficiency savings rather on whether savings come from the 'back office' or 'front line' service delivery.	Recommendation agreed. This recommendation will be incorporated within value for money planning.	This is being built into the customer service business case for CMT in Sept / Oct 2010
R 3.2 None	Confirmation required that the Place Survey is accepted as part of the city's performance management framework, and that targets set against Place Survey responses will be used to measure progress against objectives.	The Leader and Chief Executive provided this confirmation to the Board in the closing session. A range of other customer perception measures will also be used to measure progress against objectives.	We are no longer required to carry out the Place Survey. We are looking at surveys we are planning to do over the next six months and how comprehensive they are in terms of partnership needs. Place Survey data and other customer data was used in Plymouth Report.
R 3.3 JP	A thorough review is conducted of how customer satisfaction will be measured, monitored and assessed, and in particular of how and what targets will be set.	Recommendation agreed. This recommendation will be incorporated within Corporate Improvement Priority 1 'Improving Customer Service'.	This will be addressed in the Customer Service business case for CMT in Sept / Oct 2010 – and will ensure corporate statistics are compiled and published in the wake of latest government guidance.
R 3.4 MC	Clarification is sought of the overall approach to all key income collection streams during the recession, including a	Recommendation agreed.	Improved visibility of key income collection streams through regular reporting in the quarterly Performance

	review as to whether targets are sufficiently challenging.		and Finance Report, we have continued to improve collection rates despite the current economic climate. Challenging targets continue to be set for future improvement.
R 3.5 NC	A comprehensive and prioritised list of ICT support for corporate improvement priorities including 'business as usual' is published and maintained throughout the year.	Recommendation agreed.	Programme and project work is prioritised according to relevance or individual weighting against CIPS . This overall programme is currently provided to CMT (as the programme board)for approval. It is planned that this programme will be captured in Microsoft project Server and will then be shared with stakeholders. 'Business as Usual' is not currently monitored to record CIP related activity as this is based on adhoc requests from departments and general maintenance of systems to support the services provided by the Council.
R 3.6 MC MG NC	Measures of success for the combined ICT, Accommodation and People Strategies are developed and monitored through scrutiny. Firm plans for cooperation with partners addressing a range of measures to share resources including buildings, people and ICT are included in the relevant strategies.	Recommendation agreed – this recommendation will be incorporated into the review of the above strategies.	The Accommodation / ICT & People strategies were challenged (4 th time) at Corporate Support Scrutiny in July 2010. Scrutiny members were content that there is much closer alignment between the 3 strategies. We continue to maximise opportunities for shared location with key partners and have strategic Asset Management meetings with partners such as PCT & Strategic Health Authority
R 3.7 MC	Data sources for value for money judgements of all relevant services should be agreed and published as part of overall financial and performance monitoring arrangements.	Recommendation agreed (as 2.3 above).	Data sources for VFM such as benchmarking will all top performing unitary councils continue to be measured on a regular basis. These will be used to help inform the 2010/12 budget setting and MTFS review and will be openly available for Scrutiny

			process.
R 3.8 MC	Proposals for major changes in office accommodation are set out in the Asset Management Strategy or associated plans, and are communicated more effectively across the organisation	Recommendation agreed.	The Accommodation strategy has been discussed at length at Cabinet and scrutiny, we have engaged fully with Trade Unions and departmental management teams regarding the objectives and direction of the strategy. A cross department project board has been set up to further clarify the implementation of the strategy. Part of the role of the board will be development of a clear communication plan
To Cabinet			
No.	Detail	Cabinet Response	Progress
R 4.1 IG	A risk assessment of the impact of the delay in addressing issues in the Care First management system on adult social care is prepared and published.	Recommendation agreed. This has already been prepared.	A risk register is in operation for the CareFirst programme and is updated to reflect current status on a regular basis. There is a revised project plan and timetable in place which is currently on track and reported and monitored through CareFirst Board and also reported to both the Children's and Adult Social Care Programme Board.
R 4.2 MC	The revenue delivery plan for Community Services is fully completed and includes a risk assessment for delivery with mitigation measures.	The plan has been updated during the budget setting process and will be reported as part of the bi-monthly performance and finance process.	Improvement board has been set up within Community Services to oversee the entire delivery plan process for the department. The improvement board includes relevant representatives from other departments; high level progress is reported through the quarterly performance report.
R 4.3 PA	Monitoring and evaluation of the Localities project, including contributions from partners be prepared, together with an assessment of resource requirements.	Recommendation agreed. As part on ongoing evaluation of the project.	Baseline evaluation criteria were agreed by Customers and Communities Overview and Scrutiny Panel on 19/07/10. There will be ongoing monitoring and evaluation against these

			criteria to support the 12 month review proposed for June 2011.
R 4.4 AD's within CS	Targets should be set for all relevant National Indicators and Place Survey results for Community Services, with reasons given when no targets are set.	This work is being completed as a matter of course as baseline data becomes available.	Work is ongoing to ensure that all relevant National Indicators have targets set. The Place Survey has now been abandoned.
To the Culture Board			
No.	Detail	Cabinet Response	Progress
R 4.5 JC	A progress report be provided by the Culture Board detailing objectives, achievements and plans for the coming year.		A report has been prepared for submission to the Overview and Scrutiny Management Board and is attached as Appendix A to this report.
To Cabinet			
No.	Detail	Cabinet Response	Progress
R 4.6 JD	What specific actions are being taken to address our failure to achieve recycling targets, and how are they to be funded?	Action against this performance indicator will be reported as part of the performance and finance cycle.	30,000 additional households have been included in the garden waste collection scheme and through reconfiguring processes the recovery rate at the materials recycling facility has been greatly improved. Areas identified as being poor performers have also been targeted.
To the Overview and Scrutiny Management Board			
No.	Detail	Cabinet Response	Progress
R 4.7 PM	The Dementia Strategy is subject to scrutiny, and includes realistic delivery arrangements.	Recommendation agreed.	To be considered as part of Health and Adult Social Care OSP work programme on 10 November, 2010.
To the Building Schools for the Future Sub-Committee			
No.	Detail	Cabinet Response	Progress
R 5.1 GS	Formal engagement between school governors and Third Sector organisations takes place over the memoranda of understanding with new schools to maximise the extent to which their facilities are available and accessible to local communities.	This is an existing commitment within BSF.	A report to go to the Children and Young People Overview and Scrutiny Panel in November.

To Cabinet			
No.	Detail	Cabinet Response	Progress
R 5.2 BL AB	Plans are published for better coordination of 'back office' functions between Children and Young People's services and the rest of the organisation to avoid duplication and to gain efficiencies.	Recommendation agreed – this is a priority for the coming year.	A new budget delivery group has been set-up. A progress update will be presented to the Children and Young People Overview and Scrutiny Panel in November. This is a focus for the Policy, Performance, Partnerships delivery group as part of the corporate plan and budget process.
R 5.3 BL	Performance management arrangements between the Children's Trust and the Council's executive and scrutiny arrangements are harmonised and clarified.	Recommendation agreed.	Panel chairs to take part in workshops to review the council and partnership governance arrangements.
R 5.4 MM	That, in light of the poor results of the recent unannounced inspection in Children's Services, the department responds to concerns raised over caseloads of Children's Social Workers, resources for Foster Care and the lack of evidence of new and innovative ways of making efficiency savings in co-operation with other departments and partners.	Cabinet recognise that there are issues to address arising from the unannounced inspection but does not recognise that the description of either the service or the inspection outcome as poor.	An action plan was implemented following the unannounced inspection and the subsequent full inspection of Safeguarding and Children in Care found the service across the city to be good with some outstanding aspects
R 5.5 IG	The Board responsible for the improvement of the CareFirst management system clarify the key elements of the project plan with respect to children's social care, including investment, people resources and key milestones and timelines.	This detail is already available.	The CareFirst Programme Board regularly reviews progress against the key elements of the project plan. The programme board reviews and manages budget, recruitment programme and against the key milestones on a monthly basis. A detailed project plan is in operation and used as a working document to track progress.
R 5.6 MC	Further details are provided of efficiency savings contained within the budget reduction in Lifelong Learning.	Action against this budget line be reported as part of the performance and finance cycle.	We continue to improve our reporting process. Progress against NI 179 has shown that in 2009/10 we exceeded the required target. We will continue to

			report progress in the quarterly Performance and Finance report.
R 5.7 MC	Scrutiny input is requested into the decision as to whether to apply for grant support for free school meals and how match funding is identified.	No comment received from Cabinet.	<p>The Free School Meals (FSM) pilot for primary schools was not signed up to due to affordability of match funding and based on learning from other pilots.</p> <p>The scheme would have cost in the region of £3m-£6m, based on a minimum 50% and maximum 100% take up. In addition, match funding would have been needed for 50% of the costs which would have been funded by the schools and LA (£1.5m-£3m). As the pilot was for one year, learning from other LA's also indicated the staff involved in the FSM assessment would not be needed for a year impacting on the year after the pilot and also losing the ability to capture crucial FSM data which is used in formula funding to calculate schools funding, this being particularly important around funding deprivation factors. Therefore, Schools Forum's decision was not to participate, based on affordability in the current financial climate and the impact after year one was too great.</p> <p>The coalition government subsequently withdrew the grant as part of its initial spending review in June 2010.</p>
R 5.8	Initiatives contributing to the reduction of teenage pregnancy should be part of an overall plan, and properly highlighted to relevant stakeholders.	Recommendation agreed.	A Joint Task and Finish Group pulled together a report – A Focus on Reducing Teenage Conception Rates in the City. The report went to management board on 28.07.10 and will go to Cabinet on 19.10.10.

To Cabinet			
No.	Detail	Cabinet Response	Progress
R 6.1 SP	The results of the Peer Review of private sector housing in March are submitted to Scrutiny, and should include benchmarking to test the level of both people and financial resources currently committed by the Council in this area.	No comment received from Cabinet.	This was reported to G&P scrutiny panel on 12 th July , and the panel accepted the review and requested that they receive a progress report on the Improvement Plan action by March 2011
R 6.2 SP	Use of 'invest to save' resources is considered to prioritise bringing abandoned property back into use, including consideration of greater use of private or not for profit sector partners.	All suitable business cases will be considered.	The service has prioritised capital programme budgets where possible , and is working closely with private and not for profit partners to bring properties back into use. Further consideration will be given to this work after the results of the October Comprehensive Spending review are known.
R 6.3 GP	A map of key executive boards is produced showing terms of reference and governance arrangements.	Recommendation agreed.	This is being discussed by the OSMB and the LSP but it is too early given new government legislation – January?
R 6.4 MC	Asset management strategy should better reflect innovative use of the Council's estate and partner contributions during the recession, including asset transfer to the Third Sector.	Recommendation agreed – as 3.8 above.	The Accommodation strategy is phase one of a strategic approach on how we use Council Assets. There will be future phases of strategy that will package up with other blocks of Council assets with a clear strategic view as to their potential future use.
To the Plymouth City Development Company			
No.	Detail	Response	Progress
6.5 DD	The objectives and targets of the Plymouth City Development Company, including the added value anticipated in return for its increased subsidy should be published.		Due to confirmation that core funding will no longer be available from the HCA (one of the three core funding partners) from 11/12 onwards and the announcement by the government of the planned abolition of RDAs (the second core funding partner), the Board of the CDC took the decision to close the organisation down with effect from

			autumn 2010. Therefore, this recommendation has been overtaken by events. The legacy of the CDC work and its initiatives is being conducted.
To the Overview and Scrutiny Management Board			
No.	Detail	Response	Progress
R 6.6 CP	The Transport Asset Management Plan be included in scrutiny work programme.		The TAMP is currently being worked up to first draft. It is anticipated that this will be complete in 3 months' time, at which stage it can be discussed through the scrutiny process.
To Cabinet			
No.	Detail	Cabinet Response	Progress
R 6.7 CP	A review of the Amey contract should be undertaken, including the key learning points for future similar partnering arrangements.	This is already part of contract management arrangements.	Whilst the partnership is reviewed on a regular basis through the terms of the contract, a wider assessment of progress to date is being commissioned corporately to inform any future decisions on services.
R 6.8 MC	A position statement be provided setting out the Council's current status with respect to DDA compliance of its key public buildings.	Recommendation agreed.	Our current performance against DDA compliance remains a challenge. We have targeted specific work to improve our performance and currently aim to increase our compliance from 14% to 20% within the current year. Stepped change in compliance with DDA will be achieved through further rationalisation of the asset base, for example, Accommodation strategy, Life Centre build.
R 6.9 CP	An analysis be prepared on the budgetary impact of the recent cold weather emergency on Transport.	Issues will be highlighted during the finance and performance cycle.	Annual reviews are already taken following winter services to ensure that the most effective systems are in place to deal with adverse weather. However, the costs of meeting the minimum standards of gritting etc. are born by Amey through the contractual terms of

			<p>the partnership. In respect of the impact of increased gritting and salting on the network, which invariably leads to greater deterioration of the road surface and more potholes, a working group has already been established on the Growth and Prosperity scrutiny committee to consider the implications.</p>
--	--	--	--

APPENDIX A

PLYMOUTH CULTURE BOARD

The Plymouth Culture Board (PCB) is charged with ensuring the effective delivery of *The Vital Spark: a cultural strategy for Plymouth 2009-2020*. One of the board's key objectives for 2010/2011 is to establish and progress infrastructure priorities and ensure that the cultural dimension is reflected in all planned developments across the city. The board recognises that achievement of this objective is dependent on high level advocacy, robust partnerships, accurate intelligence and an integrated approach - particularly when the political and economic landscape is changing radically and at speed. To this end we have:

- drawn up and disseminated a PCB action plan 2010/2011
- commissioned research from SERIO/University of Plymouth: *Culture and Regeneration: opportunities for Plymouth* (completed August 2010, for launch October 2010)
- convened two meetings of the Plymouth Culture Forum (a broad-based grouping of individuals and organisations that are the driving force behind much of the city's culture) to ensure grass roots involvement, with a third meeting planned for November 2010
- hosted a recession-busting dinner for senior city figures during a visit by Jon Zeff (Director, Media: Department for Culture, Media and Sport) to discuss the emerging government agenda for culture
- planned a high profile summit - *Culture means business: a summit on the regenerative power of culture on the economy* - for city and regional leaders from the public, private and third sectors, to be held on 7 October 2010 at the National Marine Aquarium, Plymouth. Partnership venture with Plymouth Chamber of Commerce, University of Plymouth and Plymouth City Council and endorsement from Secretary of State. Guest speakers: Cllr Gary Millar (Liverpool City Council culture lead during 2008 Capital of Culture) and David Barrie (director of a range of award-winning urban regeneration initiatives incl. Wakefield Council/Channel 4's *Castleford Project*).
- Brokered agreement from senior tier city and regional representatives (incl. Laura Dyer, Arts Council England Area Executive Director Midlands and South West) to join a re-constituted PCB
- progressed negotiations with Plymouth City Council and Arts Council England South West to secure a two-year senior executive post to lead and progress the work of the PCB.

This page is intentionally left blank



Plymouth City Council

Annual Audit Letter 2009-10

20 October 2010

Final

Contents

1	Introduction and Key Messages	1
2	Audit of Accounts	3
3	Use of Resources	7
4	Closing Remarks	13

Appendices

A	Reports Issued	14
B	Audit and Other Fees	15

1 Introduction and Key Messages

Purpose of this Letter

- 1.1 This Annual Audit Letter (Letter) summarises the key issues arising from the work that we have carried out at Plymouth City Council (the Council) during our 2009-10 audit. The Letter is designed to communicate our key messages to the Council and external stakeholders, including members of the public. The letter will be published on the Audit Commission's website at www.audit-commission.gov.uk and also on the Council's website.

Responsibilities of the external auditors and the Council

- 1.2 This Letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).
- 1.3 We have been appointed as the Council's independent external auditor by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.
- 1.4 Our annual work programme is set in accordance with the Code of Audit Practice (the Code) issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks, when reaching our Code conclusions.
- 1.5 It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

What this Letter covers

- 1.6 This Letter covers our 2009-10 Code audit, including key messages and conclusions from our work on:
- auditing the 2009-10 year end accounts (Section 2);
 - certifying that grant claims and returns to various government departments and other agencies are fairly stated and in accordance with terms and conditions (Section 2); and
 - assessing the Council's arrangements for securing economy, efficiency and effectiveness in the use of its resources, including specific reviews in response to locally identified risks and issues (Section 3).
- 1.7 A list of all the reports issued during the year is provided at Appendix A whilst Appendix B sets out our actual and budgeted fees for 2009-10.

The Economy

- 1.8 In the current financial climate, the Government's most urgent priority is to reduce the deficit whilst ensuring the economic recovery continues. Savings of over £6 billion are planned from Government spending during this financial year, including some £1.1 billion in reduced grants to local government. At the same time, the Government aims to reduce top-down government and devolve power and greater financial autonomy to local authorities by a range of measures including:
- abolishing Comprehensive Area Assessment;
 - reducing ring-fenced central government grants; and
 - undertaking a full review of local government finance.
- 1.9 Council tax in England is also to be frozen for at least one year, with a possible freeze for a second year in partnership with local authorities.
- 1.10 This Annual Audit Letter has been written in the context of the significant change agenda in which the Council is operating, including the ongoing increase in demand for social care, the delivery of an ambitious capital programme and the need to generate cash releasing efficiency savings of some £14 million in 2010-11, against a backdrop of expected further significant reductions in revenue and capital funding.

Key areas for Council action

- 1.11 We have set out below, the key areas where action should be taken by the Council to further improve its arrangements during 2010-11:
- The Council has identified that some £14 million of savings are required in 2010-11. The latest financial position for the year to September 2010 shows a shortfall in the cost improvement plans and overspending in directorate budgets which amount to a £3.3 million overspend against the net revenue budget. The Council needs to ensure that action is taken to get the planned efficiency savings back on track and address the underlying reasons which creating the directorate overspends.
 - As the Council implements a range of changes in the way that it delivers its services and manages its support functions, it needs to ensure that it effectively evaluates how the projects have been managed and that the planned benefits have been realised. Further, it needs to ensure that the experience from each project is shared across directorates to ensure that key issues and lessons are identified to improve the effectiveness of future projects.
 - As the financial environment becomes increasingly challenging, the Council needs to ensure that it is maximising the opportunities of working more effectively with its partners. It has a good track record within individual areas where strong partnership arrangements have been developed and, moving forward, these need to be replicated across all relevant service to ensure that scarce resources are maximised and services delivered in the most efficient and effective way.
- 1.12 The context for these key messages can be found in this Letter. Management has agreed to the implementation of these recommendations.

2 Audit of Accounts

Introduction

- 2.1 We issued an unqualified opinion on the Council's 2009-10 accounts on 24 September 2010, ahead of the statutory certification deadline. Our opinion confirms that the accounts give a true and fair view of Council's financial affairs at 31 March 2010 and of its income and expenditure for the year .
- 2.2 Prior to giving our opinion on the accounts, we are required to report significant matters arising from the audit to those charged with governance (defined as the Audit Committee at the Council). We presented our Annual Report to those Charged with Governance to the Audit Committee on 24 September 2010 and summarise only the key messages in this Letter.

Audit of the accounts

- 2.3 The Council performed well in producing a timely set of accounts against a tight timetable. We were presented with the draft financial statements at the Audit Committee on 28 June 2010. The working papers produced to support the accounts were of a high standard and provided within the timescale we agreed in advance and the finance staff dealt with the queries arising from our audit in a timely and efficient manner. In particular, we were pleased that the Council had implemented our recommendations from previous years and incorporated the key lessons from previous audits within the closedown guidance issued to all directorates.
- 2.4 Our audit work concluded that the Council had taken appropriate action to address or adequately mitigate all of the key accounts risks identified in our Financial Statements Audit Plan, that was presented to the Audit Committee on the 26 March 2010. In particular:
- the accounting treatment for the PFI scheme were consistent with the requirements set out in the SORP and IFRIC12;
 - the disposal of the councils housing stock through an LSVT and the sale of its shareholding in Plymouth Citybus were appropriately accounted for and disclosed in the financial statements;
 - the changes introduced by the 2009 SORP were correctly incorporated into the accounts; and
 - the review and impairment of the Council's investment in Icelandic Banks was appropriately documented and reflected in the financial statements, with full use being made of the capitalisation direction.
- 2.5 Our audit identified a small number of areas where additional disclosures were required to be reflected within the statement of accounts, but none of these impacted upon the final reported out-turn position. Specifically, the Council provided an explanation within their Post Balance Sheet Event note, of the impact of the change in the future pension liabilities arising from the Governments announcement to base future increases in pensions on the Consumers Price Index (CPI) as opposed to the Retail Price Index (RPI) which has been

used previously. At the Balance Sheet date, this would decrease the value of the net pension liability by 8.6% to £410.5 million.

- 2.6 The Council also clarified the profit arising from the sale of Plymouth Citybus within the Income and Expenditure account by disclosing the £17.5m as a "Gain on the sale of a subsidiary" instead of including it within the "Other income" heading.
- 2.7 There was one audit adjustment that the Council did not process through the accounts on the grounds of materiality, which we were satisfied to accept. This related to a decrease in the valuation of unfunded liabilities for the teachers' pension scheme of £1.66 million. The Council accepted that its arrangements for seeking a regular valuation of this liability needed to be improved and has now implemented enhanced procedures. Set against a total pension liability of over £410 million, we accepted that the adjustment did not need to be processed.
- 2.8 Our audit also highlighted the need for all elected members to complete an annual declaration of material transactions with related parties. Five members did not respond to the annual declaration and we were required to undertake additional procedures to satisfy ourselves that there were no material transactions that would impact upon our opinion. The Council have responded positively to our comments in this area and is further strengthening its arrangements to ensure that all elected members comply with this requirement in future years.

Financial performance

- 2.9 The Council reported a £1.5m revenue surplus at 31 March 2010 and set a balanced budget for 2010-11 and for the period of the current Medium Term Financial Strategy (MTFS). Whilst there was a revenue overspend of £1.2m at the year end, due to an overspend in adult social care as a result of an increase in both number and complexity of cases and in children's services following additional referrals, this was offset by a refund from HMRC of overpaid VAT of £2.1m and additional funding through specific grants that had not been anticipated.
- 2.10 At the end of the financial year, the General fund reserve was some £11.5m, representing 5.7% of the net revenue budget and at the level determined as being the minimum prudent required by the Council. This out-turn reflects the tight financial control that the Council has exercised over the last year with strong financial management arrangements in place to identify and address areas of overspending at an early stage.
- 2.11 The Council's financial position remains extremely challenging as it seeks to remain in financial balance whilst facing significant cost pressures impacting across local government. The latest budget monitoring report (September 2010) shows that the overall Income and Expenditure forecast is a deficit of £3.3m at the end of the financial year. The Council's budget remains under considerable pressure, particularly in children's services with increased placement numbers and higher than planned use of high cost residential provision and community services where adult social care costs, mainly relating to learning disability services, is overspending.
- 2.12 Additional pressures are being introduced through in-year Government announcements where specific grants and funding are either being reduced or withdrawn completely. The Council currently estimates that the impact of this is some £4m to date, in addition to the pressures already being experienced in directorate budgets.
- 2.13 The scale of the challenge faced has been recognised by Members. The Cabinet and members of the Council are kept up to date through regular Joint Performance and Finance reports, which continue to be enhanced to provide relevant and timely information. These

monitoring reports summarise the key issues and risks facing the Council and provide a risk assessed position for each of the directorate delivery plans which detail the planned areas of cost savings. We will continue to keep the Council's financial position under review as part of our 2010-11 audit.

Financial systems

- 2.14 We undertake sufficient work on key financial controls for the purpose of designing our programme of work for the financial statements audit. Our evaluation of the Council's key financial control systems did not identify any control issues that presented a material risk to the accuracy of the financial statements.
- 2.15 We reviewed the work of internal audit and concluded that the scope and conduct of internal audit work was appropriate to support our work in auditing the Council's 2009-10 accounts. We also performed a high level review of the general IT control environment as part of the overall review of the internal control system and concluded that there were no material weaknesses within the IT arrangements that would adversely impact our audit of the accounts.
- 2.16 We have made a number of recommendations where the Council could further enhance its arrangements and these are being acted upon by appropriate officers. In particular, the Council needs to demonstrate that it is realizing the benefits that it planned to achieve through the introduction of the new shared internal audit service across the three councils of Devon, Plymouth and Torbay and that the partnership is working effectively.

Annual Governance Statement

- 2.17 We examined the Council's arrangements and process for compiling the Annual Governance Statement (AGS). In addition, we read the AGS and considered whether the statement was in accordance with our knowledge of the Council. Our work confirmed that the AGS was consistent with our knowledge of the Council and no issues arose from our work.

Other issues

- 2.18 We have also completed our audit of the Council's Whole of Government Accounts submission. This is the first year that the submission will be used to produce published whole of government accounts. Our review only identified a small number of areas where amendments to the submission were required and these were processed and the audited return was submitted within the timescales prescribed.
- 2.19 We did not receive any questions from members of the public nor were we required to undertake any additional audit procedures other than those originally planned in relation to our audit of the financial statements.

International Financial Reporting Standards

- 2.20 The Council is required to prepare its accounts in accordance with International Financial Reporting Standards (IFRS) from 2010-11. The IFRS transition at the Council is being led by a dedicated project team and a project plan is in place.

2.21 Our audit confirmed that the Council has undertaken a significant amount of work in their preparations for transition but they had yet to restate their 2009-10 opening balances. We recognise that the Council has engaged a wide range of specialists outside of the finance function, including the property services team to assess property assets and leases held by the Council. Moving forward, the Council now needs to ensure that its overall project plan remains on track with progress against the key milestones being closely monitored. We will continue to review progress as part of our planned programme of work for 2010-11.

Certification of Claims and Returns

2.22 Each year we review and certify a number of grant claims and returns in accordance with the arrangements put in place by the Audit Commission. The Council has good overall arrangements in place and we continue to work with the Council to identify opportunities where further improvements could be made.

2.23 This year we are required to certify 9 claims and returns, representing income and expenditure of over £200 million. We will be reporting the key messages arising from our certification of these grant claims and returns in January 2011, when our work has been completed.

2.24 Our report of the findings from our certification work last year (2008-09 claims) identified that there was scope for the Council to introduce improved arrangements in the following areas:

- our review of the housing and council tax benefit return identified a high proportion of errors in the assessment of cases included within the claim and unreconciled items in the underlying benefit (Academy) system; and
- ensuring that an accurate record of assets is maintained where these are funded through grant monies.

2.25 We will assess and report the progress made to address these areas as part of 2009-10 grant certification report.

3 Use of Resources

Introduction

- 3.1 We issued our annual VFM conclusion on 24 September 2010, at the same time as our accounts opinion, and ahead of the required deadline. We concluded that, for 2009-10, the Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2010.
- 3.2 Prior to giving our VFM conclusion, we set out the basis of this conclusion and the results of our assessment against the use of resources framework, in our report presented to the Audit Committee on 24 September 2010. In this Letter, we summarise the key messages from this work alongside relevant findings.

2009-10 VFM conclusion and UoR assessment

- 3.3 The Audit Commission's Code of Audit Practice requires us to assess whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In discharging this responsibility, we are required to review and, where appropriate, examine evidence that is relevant to the Council's corporate performance management and financial management arrangements.
- 3.4 Our 2010 Value for Money conclusion has been informed by work carried out on Use of Resources up until the abolition of Comprehensive Area Assessment, and other local risk based work carried out in accordance with our 2009-10 Audit Plan.

Use of Resources Assessment

- 3.5 We have assessed the progress made by the Council in implementing the recommendations that we made following of review of the Council's arrangements against the criteria previously specified by the Audit Commission. This identified that the Council had implemented a range of improved arrangements that were producing some strong, demonstrable outcomes.
- 3.6 The key developments in the Council's arrangements include:
 - a significant and improved stakeholder consultation process with a network being established with key representatives from all key directorates to enhance community engagement;
 - benchmarking has identified that value for money has been achieved in a number of directorates with action plans developed to drive further improvements;
 - arrangements for producing relevant and reliable data to support decision making and manage performance have been improved, with a significant improvement in the quality of data relating to revenue and benefits;
 - there is evidence of strong risk management processes in place with some significant projects being managed with effective consideration and monitoring of risks; and
 - the joint provision and co-location of teams with major partners are being actively pursued with some good examples of partnership working within the adult social care and PCT teams.

- 3.7 Whilst there has been strong progress made, there remains a number of areas where further focus would produce improved outcomes. We have considered those areas where the Council should seek further improvement against the new value for money criteria determined by the Audit Commission of securing financial resilience and prioritising resources within tighter budgets. In particular, the Council should:
- further develop its understanding and identify opportunities where it might share resources with key partners to maximise value for money and ensure that resources are used effectively to drive local improvement targets;
 - collect data on the use of natural resources across all significant buildings that it utilises to ensure it has a sound understanding of the resource use and clear targets to manage and reduce this, wherever possible; and
 - ensure that there is a robust process in place to clearly identify the skills gaps across departments, develop workforce development plans which align to departmental and corporate business plans and implement action plans to address any gaps.

Use of Resources reviews

- 3.8 To support our assessment of the Council's use of resources, we have completed four specific reviews to address locally identified risks and developments:
- Performance Management Arrangements;
 - Arrangements for Complying with Age-related Equalities legislation;
 - Joint Strategic Needs Assessment; and
 - Corporate Restructuring.
- 3.9 The key issues from these reports are summarised within this Letter. We have provided and discussed our more detailed reports with management.

Performance Management Arrangements

- 3.10 Sound performance management and reporting arrangements are integral to the proper management of an organisation and are an essential contribution to ensuring the proper use of resources and the achievement of objectives. The integrity, reliability and timeliness of the information which underpins an effective performance management system is fundamental if it is to inform decision making, business planning, budget setting and strategic development.
- 3.11 Our review recognised the significant effort that had been made across the Council in developing its performance management arrangements and we identified a number of positive aspects to the local arrangements for monitoring and reporting progress against corporate priorities.
- 3.12 The key areas where we considered that the Council could focus further improvement related to:
- the clarity of different roles in relation to performance management that were being undertaken corporately and within service departments; and
 - developing a clearer relationship between financial and performance reporting to demonstrate how additional investment or changes in funding had impacted on service outcomes.
- 3.13 We are pleased to note that since our report was issued in March 2010, good progress has been made against our recommendations.

Arrangements for Complying with Age-related Equalities Legislation

- 3.14 The Employment Equality (Age) Regulations have made it unlawful for employers to discriminate against workers, employees, job seekers and trainees on the grounds of their age. These requirements completed the existing legislation which covered discrimination on the grounds of sex, race, disability, sexual orientation, gender realignment and religion or belief. Our review assessed the arrangements that the Council had put in place and how it had minimised risks through effective internal controls.
- 3.15 Our overall conclusion was that the Council had sound arrangements in place for ensuring equality and diversity across its workforce and in its dealings with the public through appropriate policies, processes and infrastructure. Whilst we did not identify any significant recommendations to further improve its arrangements, we considered that a review by the Councils own HR function of the impact of current and emerging legislation on the existing workforce would produce some valuable information for future resource planning.

Joint Strategic Needs Assessment

- 3.16 Since 1 April 2008, local authorities and PCTs have had a statutory duty to produce a Joint Strategic Needs Assessment (JSNA) which should be used to inform the Local Area Agreements and Sustainable Communities Strategies as well as the operational plans for both types of organisations. The JSNA is intended to provide 'the big picture' in terms of the health and well-being needs, together with the identified inequalities, within the local population.
- 3.17 Our review assessed how well the Council and PCT had worked together to develop their JSNA considering the effectiveness of their partnership working, their engagement with the local communities to develop a full understanding of needs and quality of the underlying evidence used to inform the assessment.
- 3.18 We found that a considerable amount of effort has been invested in developing the JSNA which is underpinned by ten key domains, e.g. life style; physical health and well-being, mortality and life expectancy; each of which are supported by a report that provides a detailed perspective of the key issues and challenges. Our review confirmed that the development is still 'work in progress' and that, moving forward, the Council needs to translate the intentions of the JSNA into a wide range of actions within service plans, supported by key targets and measures that partners will be able to use to monitor progress.
- 3.19 Since our review was completed, the coalition government have announced significant changes to the way that health services are to be managed and delivered. Consequently, the Council, with its partners, need to review and further refine their JSNA to ensure that it reflects the new arrangements, as these become clearer, and is able to respond to any new or emerging challenges.

Corporate Restructuring

- 3.20 Over the last two years the Council has undertaken a significant corporate restructuring, redefining the role of individual directorates and rationalising other corporate roles. This project was set against the context of the significant change and improvement in the Council's performance over recent years and the need to structure itself in order to continue its transformation as a strongly performing Council.
- 3.21 Our review recognised that any such restructuring brought with it inherent risks that would need to be managed effectively if the process was to run effectively and the delivery of high quality services during the period change were to be maintained.

- 3.22 We concluded that the restructuring project was managed effectively with no detrimental impact upon service performance. As the Council concludes the process, it recognises that it needs to demonstrate that the original planned benefits have been realised and that efficiency savings have been delivered.

Overall Value for Money Conclusion

- 3.23 On the basis of the work completed, we issued an unqualified Value for Money conclusion.

Follow-up of Previous Reports

- 3.24 As part of our planned programme of work for 2009-10, we followed up progress made by the Council in implementing outstanding recommendations from current and previous years' audit reports.
- 3.25 Our audit of the statement of accounts and the underlying control environment confirmed that all of the issues identified in previous years had been acted upon. The recommendations arising from our audit this year principally arose from new developments, such the implementation of IFRS, or changes in the Councils arrangements, such as the introduction of a new Internal Audit Partnership across the three largest Councils within Devon. As such, we will continue to work with the Council to monitor the progress made against the areas for improvement identified and raise further recommendations, where appropriate.
- 3.26 We have also completed follow up audits of our 2008-09 reviews relating to the Council's customer access and partnership arrangements. Our work indicates that good progress has been made in addressing the areas we identified as requiring improvement.

Customer Access Arrangements

- 3.27 At the time of our original review the Council was already engaged in a great deal of development work on customer access arrangements. This work has now become part of the wider business transformation plan which involves the effective alignment of accommodation, people and ICT. Significant progress has been made against our original recommendations and the Council now needs to focus on ensuring that the planned outcomes are being delivered and are improving the overall customer experience.

Partnership Arrangements

- 3.28 Our review found that good progress had been made against the majority of our recommendations. The Council has developed a comprehensive guide to managing partnerships and specific guidance in relation to risk management within partnerships. However, at the date of our review, this guidance had not been formally approved or disseminated to officers to use. We also identified that strong corporate governance arrangements were in place for significant partnerships, but that they were less clear for other partnerships.
- 3.29 Moving forward, we have made further recommendations to enhance the Council's partnership arrangements, with specific emphasis on ensuring the partnership agreements, risk registers and data/information sharing protocols being put in place for all partnerships in order that the success and impact of the partnership can be readily measured and monitored.

Review of disposal of Plymouth Citybus

- 3.30 In addition to the specific work that we have completed to inform our use of resources conclusion, we undertook a specific review of the council's processes and arrangements in the disposal of its 100% shareholding in Plymouth Citybus.

- 3.31 On the 30 November 2009 the Council approved the sale to Go Ahead Holding Ltd. During the lead up to the sale, the Council kept us fully informed and we were satisfied that adequate arrangements were being maintained throughout the process. However, due to the scale, significance and wide interest in the project, we agreed that we would undertake a detailed post-project review to identify the key issues and areas where lessons could be learnt for future major projects. In addition, our review considered the range of issues raised by interested parties and members of the public.
- 3.32 Overall, we concluded that the project was managed well and delivered a successful outcome in the terms expected by the Council. It was a commercially sensitive project where confidentiality and speed were critical if the value to be obtained from the sale was to be maximised.
- 3.33 We found that the project manager exercised strong project management skills and supplemented the experience available within the Council with external advisors to provide specialist advice. The project was successfully completed within a six month timescale, avoided the unauthorised release of confidential information and provided decision makers with sufficient information to make a informed decisions.
- 3.34 Our review identified that a detailed project risk register had been developed and updated throughout the project with significant risks being managed and appropriate mitigating actions being taken, when necessary. The Council had sound arrangements in place to demonstrate that value for money was achieved both at the initial and with regard to any future developments, such as the future re-development of the depot site should that become possible. The governance arrangements put in place for the project were appropriate with regular scrutiny throughout the process by leading officers, members of the project board and elected members. Officers also ensured that, as the external auditors, we were provided with regular updates as the project progressed and at key milestones.
- 3.35 Our review did identify a number of areas where the Council could further enhance its arrangements for the delivery of major projects although we recognised that, to an extent, some of these arose as a result of the nature and approach adopted by the Council. These improvements were summarised under the following key themes:
- ensure that there is effective transparency in the decision making arrangements with a robust challenge to ensure there is an appropriate balance between maintaining the confidentiality of information and providing sufficient information to facilitate a well informed decision;
 - develop robust arrangements to monitor and report progress against project plans and financial reporting against budget; and
 - enhance the documentation within the risk management arrangements ensuring that any risks which impact upon the corporate improvement priorities are considered for inclusion on the strategic risk register.
- 3.36 The Council has considered our report and accepted the recommendations made to inform future major projects.

Approach to local value for money audit work from 2010-11

- 3.37 The Audit Commission has reviewed its work programme for 2010-11 onwards given the scale of the pressures facing public bodies in the current economic climate. As part of this exercise, the Commission has been discussing possible options for a new approach to local value for money audit work with key national stakeholders.

- 3.38 From 2010-11 we will apply a new, more targeted and better value approach to our local VFM audit work. This will be based on a reduced number of reporting criteria specified by the Audit Commission, concentrating on:
- securing financial resilience
 - prioritising resources within tighter budgets.
- 3.39 We will determine a local programme of VFM audit work based on our audit risk assessment, informed by these criteria and our statutory responsibilities. We will no longer make annual scored judgements relating to our local VFM audit work. Instead we will report the results of all the local VFM audit work and the key messages for the audited body in our annual report to those charged with governance and in the annual audit letter.

4 Closing Remarks

- 4.1 This Letter was discussed and agreed with the Chief Executive and Director for Corporate Support and presented to the Audit Committee on 15 November 2010.
- 4.2 We would like to take this opportunity to express our appreciation for the assistance and cooperation provided during the course of the audit.

Grant Thornton UK LLP
20 October 2010

A Reports Issued

Report	Date Issued
Audit Fee Letter	March 2009
Financial Statements Plan	March 2010
Review of Plymouth Citybus	February 2010
Review of Performance Management Arrangements	March 2010
Review of Arrangements for Complying with Age Related Equalities Legislation	April 2010
Interim Audit Report	April 2010
Follow Up: Customer Access Arrangements	August 2010
Annual Report to those Charged with Governance	September 2010
Follow Up: Partnership Arrangements	September 2010
Review of Joint Strategic Needs Assessment	September 2010
Review of Corporate Restructuring	September 2010
Value for Money Conclusion	September 2010
Annual Audit Letter	October 2010
Certification Report 2009-10 (<i>Planned</i>)	<i>December 2010</i>

B Audit and Other Fees

Audit Area	2009-10	2008-09
	£	£
Financial statements (inc WGA)	208,614	208,614
VFM conclusion / Use of resources	110,827	110,827
Total Code of Practice fee	319,441	319,441
Additional work in relation to Plymouth Citybus	-	19,388
Certification of grant claims and returns	80,000	70,000 <i>(current estimate)</i>
Total fees	399,441	408,829



www.grant-thornton.co.uk

© 2010 Grant Thornton UK LLP. All rights reserved.

"Grant Thornton" means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton UK LLP is a member firm within Grant Thornton International Ltd ('Grant Thornton International'). Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered by the member firms independently.

No responsibility can be accepted by us for loss occasioned to any person acting or refraining from acting as a result of any material in this publication

BUDGET CONSULTATION

On-line consultation (You Choose) results



Introduction

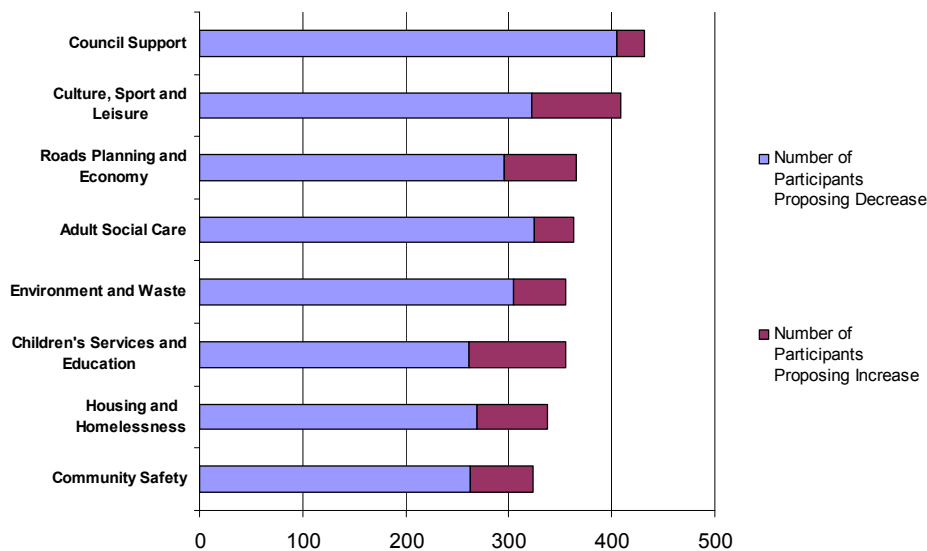
This year, the main way that the public was invited to comment on the Council’s budget was through ‘YouChoose’ an on-line consultation tool developed by the London Borough of Redbridge in association with YouGov and the Local Government Group. Promoted through the Council’s website and local press for residents to use at home or through publicly accessible computers in libraries and the Civic Centre, the purpose of the on-line tool was to engage residents in the difficulty of the decisions faced by the Council in response to the Comprehensive Spending Review (CSR) and Local Government Settlement 2010/11. Using YouChoose, a total of 466 people responded by 20 December 2010. Results received up to this date provide the basis for this report. Respondents proposed an average council tax decrease of 8%, as well as suggested savings, income and further efficiencies across a range of service areas highlighted below.

Proposed adjustments to our budgets

The most frequently selected areas for budget adjustment were Corporate (Council) Support and Culture Sport and Leisure. The service area least selected for a proposed decrease is Children's Services.

The table below provides an overview of responses received by 20 December 2010, showing the number of respondents proposing (i) a decrease and (ii) an increase in each service area listed.

Table 1: Total number of responses

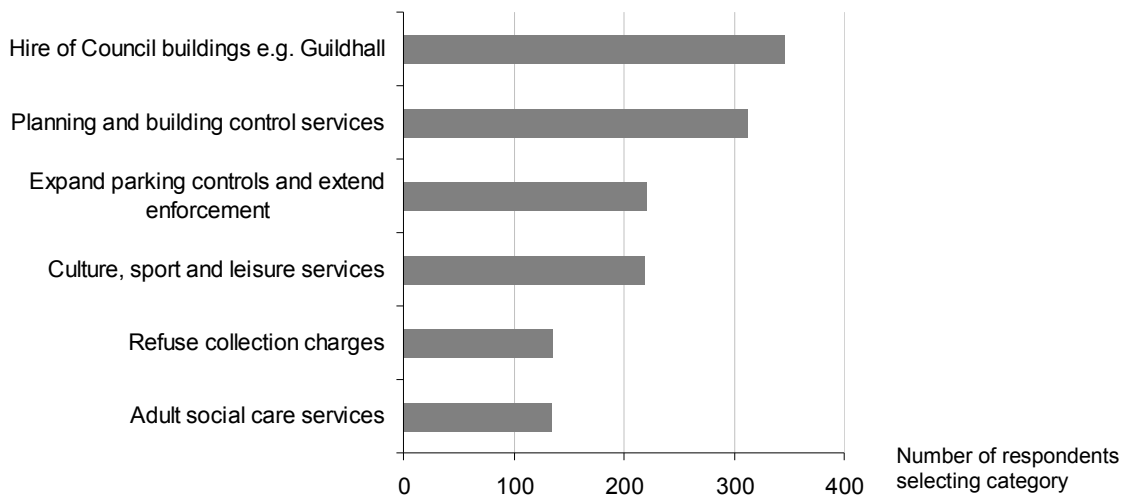


Income Generation

As well as being asked to comment on budget allocation by service area, residents were asked to suggest areas for increased levels of income and other efficiencies (e.g. more efficient ways of delivering our services).

'Hire from Council Buildings' (75%), 'Planning and Building Control services' (67%) and 'Expand parking controls and Extend Enforcement' (47%) were identified as the three top areas the Council should focus in terms of generating more income. The least selected option for income generation was Adult Social Care (29%). Other results are shown in Table 2 below.

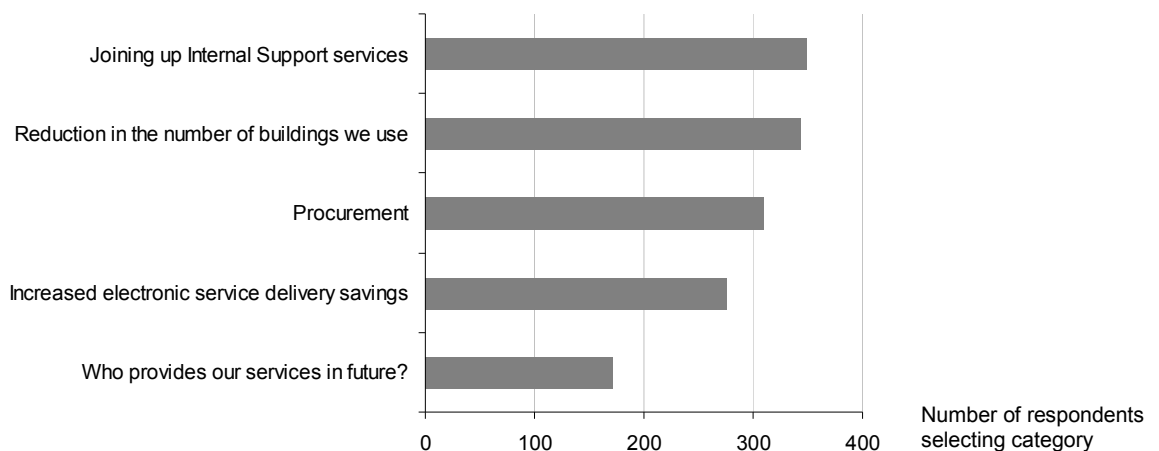
Table 2: Income Generation



Efficiencies

'Joining up Internal Support services' (75%) and the 'Reduction in the number of buildings we use' (74%) were identified as key areas where efficiencies should be explored. The least selected in terms of generating efficiencies was 'Who provides our services in future'. Other results are shown in Table 3 below.

Table 3: Proposed efficiencies



YouChoose will remain on-line until the end of December 2010.

This page is intentionally left blank

BUDGET CONSULTATION

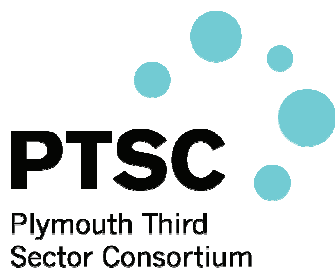
On-line consultation - supplementary information
(Table I)



Table 1: Total Number of responses – supporting information

	Nos. of participants proposing a decrease	Nos. of participants proposing an increase
Service	%	%
Council Support	94	6
Culture, Sport & Leisure	79	21
Roads, Planning and Economy	81	19
Adult Social Care	90	10
Environment and Waste	85	15
Children's Services & Education	74	26
Housing & Homelessness	80	20
Community Safety	81	19

Percentages shown above represent the number of people proposing an increase or a decrease for each service area based on the total number of respondents for each service area.



Ernest English House
Buckwell Street
Plymouth
PL1 2DA
Tel: 01752201766
Email: admin@plymouthtsc.org.uk

Cllr David James
Plymouth City Council
Civic Centre
Plymouth
PL1 2DA

23rd December 2010

Dear Councillor James

Priorities and Budgets Feedback for City Council Budget Scrutiny Panel 5th Jan 2011

As Chair of the Plymouth Third Sector Consortium I am writing on behalf of our members and Directors with feedback on the current City priorities and planned budgets.

We were invited to a meeting and workshop in the Council House on 7th December. We had presentations by City Council officers and an opportunity for feedback on the cities partnership priorities and the Draft Budget for Plymouth City Council 2011/12. Over 20 of our member organisations attended the meeting to take part in the workshop sessions. Following the meeting all our 140 member organisations, sector networks, Consortium Directors and partnership representatives were sent briefing notes and asked to give their feedback. We have now gathered all the comments, feedback and ideas to enable us to formally respond to the City Council Budget Scrutiny Panel.

Whilst we understand the need to make efficiency savings and reduce budgets, in times of funding cuts and change, we would like to highlight key areas for consideration. These are also key areas of work for Civil Society organisations in the city, areas where the sector feels it can contribute most and deliver priority outcomes. We have grouped the feedback into common areas that we received comment upon from members. This does not represent the total feedback but summarises and reflects the key points.

Equalities:

- Continue to support efforts focussing on equalities and work around cohesion issues.

- Support work that addresses inequalities within areas, as well as gaps between more and less affluent areas.
- Important to fund Asylum seeker and Refugee organisations and services.

Health and Social Care

- Community health services and child social care should be priorities.
- Social care and wellbeing services should address health inequalities, healthier and economically active people contribute to the local economy.
- Preventative health and wellbeing activities and services should be maintained.
- Mental health services including counselling are important, particularly with the potential increased demand due to current cuts, redundancies and financial problems.

Children and Young People

- Invest in the future, support for next generation by investing in services for the young.
- Ensure adequate resources are available for children and young peoples services, including, all areas of safeguarding, child protection, care leavers and vulnerable homeless.
- Preventative work with families and children who need additional support needs to be maintained.
- Advice and assessment services for 16+ young people should be maintained.
- Floating support services for homeless young people are important.

Highways Infrastructure

- Not to reduce road maintenance budgets including highways improvements, particularly when it impedes access which enables those with mobility issues to safely have independence.

Volunteering

- There needs to be a continuing commitment to involving diverse communities in the delivery of services to reduce inequalities, reduce crime and increase take up of health, education etc., through the use of volunteers.
- Build on existing services and other support for volunteer recruitment, training and specific projects.

Support services for frontline 3rd Sector Civil Society organisations

- Continue practical advice, training and support for 3rd sector organisations to develop and deliver services.
- Continue to support the engagement and involvement of 3rd sector organisations with planning, commissioning and monitoring of service delivery in the city.
- Develop strategic support for Social Enterprise to create new funding and income opportunities for the delivery of partnership priorities and outcomes.
- Explore and encourage new income streams and lever additional funds into the city through funding advice and business planning.

General cost savings also should be considered

- Apply logic and discipline to back room support, merge where possible HR departments and IT.
- Review and if necessary reallocate current budgets from inefficient providers
- Focus on efficiencies by reducing duplication and support much more joint partnership work with health, Plymouth City Council and Civil Society organisations.
- Commission local Civil Society organisations to provide local services
- Avoid reducing funds granted to organisations which directly deal with vulnerable people.

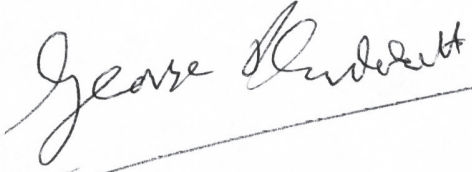
Overall the City Council and other statutory organisations should protect services to vulnerable people, especially in the light of welfare cuts and the effect those might have on the four strategic priorities which the city has set itself. It is possible that these can be delivered locally on a smaller scale and therefore be more relevant, timely and productive as well as more cost effective.

It is also important not to lose sight of the value of investing in preventative services which are often provided by Civil Society organisations, which when properly targeted actually save money by preventing the need for crisis intervention by statutory services.

Finally, it should be recognised what local civil society organisations already achieve through targeted delivery of frontline services.

Civil Society organisations and the Plymouth Third Sector Consortium will continue to work in partnership with the City Council through these difficult times to the benefit of Plymouths citizens.

Yours sincerely



A handwritten signature in black ink, reading "George Plenderleith". The signature is written in a cursive style and is underlined with a single horizontal line.

George Plenderleith, Chair
Plymouth Third Sector Consortium

This page is intentionally left blank

Barry Keel
Chief Executive
Plymouth City Council
Plymouth PL1 2AA

21 December 2010

Dear Barry

City Council budget for 2011/12

Thank you for having given the Chamber early insight to the City Council's thinking with regard to next year's budget. I would like to take this opportunity of stating that I believe the consultation process has been much more effective this year and hope that the same process can be repeated for future years.

Our comments on the budget have been derived through:

- the presentation given by Malcolm Coe to the Chamber Stakeholder group on 22 November;
- a meeting held between myself, Charles Evans, director of the Chamber, and Giles Perritt on 29 November;
- a brief review of the 14 December Cabinet Paper : 2011/12 Indicative Budget (Revenue & Capital) allocated to corporate priorities.

Our comments are numbered for ease of reference as follows:

1. We are pleased to see that the number of priorities being addressed by the council has fallen from the 14 CIPS used in previous years to the four now being proposed. We believe that this approach will enable the council to become more focussed in its activities.
2. We are particularly pleased to see that the Council is proposing that Delivering Growth is the top of these four priorities. Delivering Growth will secure revenue streams for the city as a whole and so make the remaining three priorities that much easier to achieve. Indeed we would go so far as to suggest that were Delivering Growth not the top priority then the other three would be almost impossible to address successfully.
3. We were asked to comment on the relevance of the proposed outcomes. Broadly we believe that they are relevant. We would however suggest that the outcome "Rate of small business growth with turnover greater than £100k" might be better placed in the Delivering Growth priority as this impacts more on Growth than Aspirations. We think that the turnover threshold should be that required for VAT registration, ie £70,000 as there are many businesses operating in the city which are not recognised

as they are not VAT registered. It would be also much simpler to record as a measure.

4. We were asked to comment on where we believe the Council should concentrate its attention on efficiency savings. Our primary suggestions are that the Council should :
 - a. make greater use of ICT to streamline its processes further and to reduce manual paper-based activity. This should occur both within internal operations in the Council and in its “front-line” services when dealing with public. Recent research suggests that the cost of a “transaction” delivered over the internet can be as little as 25 pence, compared with as much as £18 when a personal face-to-face approach is used. Such a move will undoubtedly require more investment in ICT systems within the Council and we are pleased to see that this forms part of the “Invest To Save” programme;
 - b. explore the possibility of sharing services with other local authorities, in areas such as council tax collection and other basic activities for which the overall functional requirement is the same. This approach could extend to the sharing of staff across local authorities and we note that South Hams and West Devon Borough Councils have already taken this step by having a shared Chief Executive. We suggest that sharing resource across other neighbouring local authorities may be possible, and indeed desirable, for Economic Development, particularly as the proposed Devon & Somerset LEP is likely to require that delivery is focussed on the Plymouth Travel To Work Area, not just within the city boundaries. We note from the budget documentation that the broad concept of shared services is not cited as a possibility;
 - c. develop more actively its procurement function such that a wider number of private sector organisations are invited to bid for the delivery of Council goods and services. We have been somewhat disappointed that the Council has not made full use of the Sell 2 Plymouth initiative which informs private sector organisations of contracts for up to £25,000. We believe that full use of the system would offer the Council the opportunity to procure many goods and services at significantly lower cost than is currently the case. We note that no mention is made of Sell 2 Plymouth in the budget documentation.
5. Our final comment relates to a major cross-cutting theme for the city, namely Digital Connectivity. While such a programme may not intuitively form part of the budget, we also note that it does not currently form a major thrust within the LTP3. Given that Digital Connectivity can :
 - a. facilitate the delivery of the economic strategy;
 - b. reduce the need to travel and so reduce the city’s carbon footprint;
 - c. offer the ability to share services with other local authorities;
 - d. allow better sharing of information with other public sector agencies such as the NHS, police and fire service to provide a more joined up delivery of services to the public;

we believe this programme does deserve a formal place in the city's thinking and strategic development. It is not clear to us as to how the Council plans to ensure that the concept is embraced across all Council departments and we would like to suggest that this topic is an important agenda item for early 2011.

I hope that you find our comments to be of value and constructive. Thank you once again for having given us this opportunity to comment on the budget at this formative stage in its development.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. S. Parlby'.

David Parlby
Chief Executive

Copy : Doug Fletcher, Chairman
Charles Evans, Director
Giles Perritt, PCC
Cllr David James

This page is intentionally left blank

BUDGET SCRUTINY – PLYMOUTH CITY COUNCIL
Consultation with Devon and Cornwall Police – Written Submission
Author: Chief Superintendent Andy Bickley, Plymouth Police Commander

Introduction

The context for partnership working and the landscape surrounding this is rapidly changing. Underpinning substantial cuts in public spending the police and their partners are also responding to the emerging localism and devolution agenda, social innovations with the “Big Society”, significant health reforms and a changing regional and sub-regional landscape, including the development of Local Enterprise Partnerships and the introductions of community (place based) budgets.

The government’s proposals are taking shape through three principle bills which have consequences for partnership governance, accountability and delivery:

- The Policing and Social Responsibility Bill
- The Localism Bill
- A major health and social care Bill

Locally the city’s partnership arrangements have strong leadership, a robust infrastructure, excellent relationships and a proven record of responding to critical emergencies and business planning dilemmas. Whilst no one underestimates the nature of the economic challenge and its consequential impact, the city’s partnership character and pedigree should serve us well as we re-shape services across the city and work to a new financial reality.

City Priorities

City priorities and outcomes have been set to visualise the 2020 vision for the city. This vision, supported by outcomes, aligned to partnership and single agency targets and driven forward by a cross-cutting work programme provides a clear route plan for the city and direction for the Local Strategic Partnership. It is acknowledged that the financial climate will require flexibility with activity designed to deliver the 2020 vision. In support of this the council’s proposed budget realignments which rationalise the performance, intelligence and consultation functions are welcomed.

There are two key over arching challenges to the city’s priorities. Firstly, cohesion across our communities and inequality in its broadest sense (not just health inequalities) is a real risk. The CSR cuts represent a potential disproportionate impact on the vulnerable and community organisations that support hard to reach groups. Secondly, the cessation of Performance Reward Grant funding challenges activity that was planned to deliver an enhanced “third sector”. The withdrawal of this funding and the absence of readily identifiable funding, post CSR, will potentially hamper the development of third sector capacity to support changes across the city. This has been picked up with the LSP Executive but is a risk to be noted at this stage.

Impact on Partners and Partnerships

1. Policing services will have greater alignment to areas of community and individual risk, harm and vulnerability and I, therefore, welcome the high priority presented in the budget proposals afforded to Children's Services and Vulnerable Adults.
2. The loss of grant funding in areas which support violence, domestic abuse and sexual assault is a concern particularly as key service contracts in these areas are due to be renewed in April 2011. Assessment and planning to remodel the service is advanced and should sustain service provision in 2011/12. Beyond this significant remodelling and re-prioritisation will be necessary to take us forward.
3. Children and Young People
The strategic direction on intensive prevention and early intervention and targeted work with families has clear links with the police service's work through local neighbourhood teams and specialist youth workers. The force's requirement to make £47 million savings over the next four years will necessitate a new way of working which will result in a wider more diluted remit for our neighbourhood teams than at present. It is too early to commit to detail but work with children and young people on a preventative basis will need to be integrated with the proposals as presented by Plymouth City Council's budget.
4. Children and Young People – Youth Offending Service
The reduction in the YOS contribution across all contributory partners needs a full assessment of impact. I currently contribute posts and £75,000 to support the Youth Offending Service in the city. Although a force decision on this area has not been made, I am considering a proposal to remove the funding and re-distribute to other priorities.
5. Development and Regeneration
The loss of grant funding (£682,000) for family intervention and anti social behaviour over the next three years will be keenly felt within the city given the community facing work and relief that their work contributes to. Anti Social Behaviour remains a key neighbourhood priority (despite significant reductions in recorded anti social behaviour incidents). A greater focus on repeat victimisation and vulnerable victims (disabled) should form the core service if this is achievable within the constraints presented.
6. Safer Communities
The introduction of Police and Crime Commissioners and Police and Crime Panels in 2012 will present challenges both in terms of managing the transition over the next two years with the current Police Authority arrangements as well as preparing for the introduction of new accountability measures that the Commissioner will bring. How this will dovetail with current partnership arrangements (Community Safety Partnership, Local Criminal Justice Board, LSP) is unclear. I do recognise that the force wide remit of the Police and Crime Commissioner will be a demanding role given the localised nature of much of the work that we do on a local partnership basis.

The BCU Commander's Fund grant which was distributed previously via Government Office and equated to £167,000 in 2010/11 has now been removed. During the last year this fund has commissioned drug treatment services, counter terrorism work, work within anti-social behaviour and the Sexual Assault Referral

Centre to name but a few. I will be working through the full impact of this funding loss with Directors of Service within Plymouth City Council.

Opportunities

1. Governance

There is an opportunity to review the current partnership governance structure and processes in order to empower leaders and focus on key activity which makes a difference. The relaxation of top down performance targets should help provide a greater space for leadership and innovation across the city.

2. Locality working

The locality structures and locality working should be maximised during this period of change. Greater emphasis should be placed across the partnership to share information, priorities, engagement activity and delivery of services across the six locality areas. This is where individual members of the community have the greatest sense of services actually being delivered in support of their needs.

3. GP Consortia

There is an opportunity to begin to shape the alignment of GP Commissioning services to areas such as domestic abuse, sexual assault and alcohol harm. Whilst it is recognised there is no template for this way of working, leaders in the city should maximise the opportunities that this new arrangement presents.

4. MASH (Multi Agency Strategic Hub)

Devon has implemented a MASH which co-locates partners focused on the Safeguarding Children agenda. There is the potential for greater efficiencies, prioritisation of work and ownership of risk across all agencies which could be realised within the area of Children's Services should the partnership assess this as a viable model for the way forward.

5. Shared Services

There is opportunity to look with greater determination at sharing more services locally across partner agencies including admin support, vehicle maintenance and management, call handling, training. The proposed Public Services Board, championed by the Assistant Chief Executive of Plymouth City Council, should provide the forum to explore new ways of collaboration.

Conclusion

The budget planning process adopted by the Plymouth City Council is focused, highlights key strategic drivers, risks and deliverables. Integrated business planning which was adopted by the LSP during 2010 has further enhanced the ability of the partnership to break down "silo working" and look at impacts across the communities of Plymouth.

I am sorry I am not available to the Scrutiny Committee in person but I trust that this submission addresses the areas that you would wish to explore. Please be assured of my commitment and support to all aspects of partnership work in the City as we move forward.

A. Bickley
Chief Superintendent
Plymouth

This page is intentionally left blank