



#plymcabinet

**Democratic and Member Support**

Chief Executive's Department  
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Published 31 October 2016

## Cabinet

Tuesday 8 November 2016  
4.00 pm  
Council House, Plymouth

**Members:**

Councillor Bowyer, Chair  
Councillor Nicholson, Vice Chair  
Councillors Mrs Beer, Mrs Bowyer, Darcy, Downie, Jordan, Michael Leaves, Ricketts and Riley.

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

This agenda acts as notice that Cabinet will be considering business in private if items are included in Part II of the agenda.

This meeting will be broadcast live to the internet and will be capable of subsequent repeated viewing. By entering the Warspite Room and during the course of the meeting, Councillors are consenting to being filmed and to the use of those recordings for webcasting.

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**Tracey Lee**

Chief Executive

# Cabinet

## 1. Apologies

To receive apologies for absence submitted by Cabinet Members.

## 2. Declarations of Interest (Pages 1 - 2)

Cabinet Members will be asked to make any declarations of interest in respect of items on this agenda. A flowchart providing guidance on interests is attached to assist councillors.

## 3. Minutes (Pages 3 - 8)

To sign and confirm as a correct record the minutes of the meeting held on 6 September 2016 and 11 October 2016.

## 4. Questions from the Public

To receive questions from the public in accordance with the Constitution.

Questions, of no longer than 50 words, can be submitted to the Democratic Support Unit, Plymouth City Council, Ballard House, Plymouth, PL1 3BJ, or email to [democraticsupport@plymouth.gov.uk](mailto:democraticsupport@plymouth.gov.uk). Any questions must be received at least five clear working days before the date of the meeting.

## 5. Chair's Urgent Business

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

## 6. Capital and Revenue Monitoring Report 2016/17 - Quarter 2 (Pages 9 - 24)

Councillor Darcy will present the Capital and Revenue Monitoring Report 2016/17 – Quarter 2. This report outlines the finance monitoring position of the Council as at the end of September 2016.

## 7. Medium Term Financial Strategy (MTFS) (Pages 25 - 68)

Councillor Darcy will present the Medium Term Financial Strategy (MTFS). Under the Council's Financial Regulations, the Responsible Financial Officer is required to report the medium term budget prospects. Cabinet is therefore asked to consider the Medium Term Financial Strategy for 2017/18 to 2019/20.

**8. Corporate Fees and Charges Policy (Pages 69 - 74)**

Councillor Darcy will present the Fees and Charges Policy. This policy is Plymouth City Council's approach to setting fees and charges and allowing concessions. It sets out the principles that the Council will use when setting a charge for services and ensures consistency in charging customers and community groups. Cabinet are requested to approve the revised Fees, Charges and Concessions Policy.

A background paper (the equality impact assessment) can be accessed at the Council's website Council and Democracy/Councillors and Committees/Library/Cabinet background papers or using the following hyperlink – <http://tinyurl.com/jdrod5m>

**9. Plymouth History Centre (Pages 75 - 84)**

Councillor Jordan will present a report on the Plymouth History Centre. The purpose of the report is to update the Cabinet on the progress of the project and to report the outcome and implications of the funding applications.

A background paper (the equality impact assessment) can be accessed at the Council's website Council and Democracy/Councillors and Committees/Library/Cabinet background papers or using the following hyperlink – <http://tinyurl.com/jmfp8fj>

**10. Modernisation of Waste and Street Services (Pages 85 - 102)**

Councillor Michael Leaves will present a report on the Modernisation of Waste and Street Services. As part of the ongoing transformation and improvement of Council services, the objectives of the service changes are to increase household recycling rates to 40% in the short term to improve performance levels and meet the targets in the Energy from Waste partnership contract; and to reduce the overall ongoing costs of the service.

A background paper (the equality impact assessment) can be accessed at the Council's website Council and Democracy/Councillors and Committees/Library/Cabinet background papers or using the following hyperlink – <http://tinyurl.com/ztnpf49>

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DECLARING INTERESTS – QUESTIONS TO ASK YOURSELF

What matters are being discussed?



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Does the business relate to or is it likely to affect a disclosable pecuniary interest (DPI)? This will include the interests of a spouse or civil partner (and co-habitees):

- any employment, office, trade, profession or vocation that they carry on for profit or gain
- any sponsorship that they receive including contributions to their expenses as a councillor or the councillor’s election expenses from a Trade Union
- any land licence or tenancy they have in Plymouth
- any current contracts leases or tenancies between the Council and them
- any current contracts leases or tenancies between the Council and any organisation with land in Plymouth in they are a partner, a paid Director, or have a relevant interest in its shares and securities
- any organisation which has land or a place of business in Plymouth and in which they have a relevant interest in its shares or its securities

No

Yes




Declare interest and leave (or obtain a dispensation)




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Does the business affect the well-being or financial position of (or relate to the approval, consent, licence or permission) for:



- a member of your family or
- any person with whom you have a close association; or
- any organisation of which you are a member or are involved in its management (whether or not appointed to that body by the council). This would include membership of a secret society and other similar organisations.

Yes      No       You can speak and vote



Will it confer an advantage or disadvantage on your family, close associate or an organisation where you have a private interest more than it affects other people living or working in the ward?

Yes      No

Speak to Monitoring Officer in advance of the meeting to avoid risk of allegations of corruption or bias

Declare the interest and speak and vote

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Cabinet members must declare and give brief details about any conflict of interest\* relating to the matter to be decided and leave the room when the matter is being considered. Cabinet members may apply to the Monitoring Officer for a dispensation in respect of any conflict of interest.

\*A conflict of interest is a situation in which a councillor’s responsibility to act and take decisions impartially, fairly and on merit without bias may conflict with his/her personal interest in the situation or where s/he may profit personally from the decisions that s/he is about to take.

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## Cabinet

**Tuesday 6 September 2016**

### **PRESENT:**

Councillor Bowyer, in the Chair.

Councillor Nicholson, Vice Chair.

Councillors Mrs Beer, Mrs Bowyer, Downie, Jordan, Michael Leaves, Ricketts and Riley.

Apologies for absence: Councillor Darcy.

Also in attendance: Alan Knott (Performance & Research Officer), Tracey Lee (Chief Executive), Siobhan Wallace (Acting Head of Service – Safeguarding & Permanence) and Lynn Young (Democratic Support Officer).

The meeting started at 4.00 pm and finished at 4.27 pm.

*Note: The full discussion can be viewed on the webcast of the City Council meeting at [www.plymouth.gov.uk](http://www.plymouth.gov.uk). At a future meeting, the Council will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.*

14. **Declarations of Interest**

There were no declarations of interest made by members in respect of items on this agenda.

15. **Minutes of the meeting held on 9 August 2016**

Agreed the minutes of the meeting held on 9 August 2016.

16. **Questions from the Public**

There were no questions from members of the public.

17. **Chair's Urgent Business**

There were no items of Chair's urgent business.

18. **Response to Child Sexual Exploitation Scrutiny Report Recommendations**

Councillor Mrs Beer (Cabinet Member for Children and Young People) and Siobhan Wallace (Acting Head of Service – Safeguarding & Permanence), presented a report setting out the recommendations made in the Child Sexual Exploitation (CSE) Scrutiny report.

Cabinet –

- agreed to endorse the recommendations made in the CSE Scrutiny report

- noted progress in this area of work both within the Council and across the partnership.

Councillors Mrs Bowyer, Jordan and Riley expressed their thanks to Councillor Mrs Beer and Siobhan Wallace (and her team) for their hard work and dedication on this very important issue, and were reassured that the Council and their partner agencies take this matter very seriously.

### 19. **Corporate Plan 2016 - 19/Performance Framework**

Councillor Bowyer (Leader) introduced Alan Knott (Performance & Research Officer) who presented the Draft Corporate Plan 2016-19. He highlighted the changes that had been made to the performance framework and pointed out that no changes had been made to the 'plan on a page' since it was previously considered by Cabinet and Council.

Cabinet agreed –

1. The Draft Corporate Plan 2016 –19 and recommend it to Full Council for adoption.
2. The proposed performance framework to deliver the Draft Corporate Plan 2016-19, is noted.



**Cabinet**

**Tuesday 11 October 2016**

**PRESENT:**

Councillor Bowyer, in the Chair.  
Councillor Nicholson, Vice Chair.  
Councillors Mrs Beer, Mrs Bowyer, Darcy, Downie, Jordan, Michael Leaves, Ricketts and Riley.

Apologies: Anthony Payne (Strategic Director for Place), Carole Burgoyne (Strategic Director for People), Lesa Annear (Strategic Director for Transformation and Change) and Andrew Hardingham (Assistant Director for Finance).

Also in attendance: Tracey Lee (Chief Executive), Alison Botham (Assistant Director for Children, Young People and Families) for Carole Burgoyne, Ruth Harrell (Interim Director of Public Health), Paul Cook (Head of Financial Planning and Reporting), Ross Jago (Scrutiny Lead Officer), Councillor Ball, Giles Perritt (Assistant Chief Executive), Theresa Brooks (Policy and Business Planning Officer), Simon Arthurs (Senior Financial Analyst) and Amelia Boulter (Democratic Support Officer).

The meeting started at 4.00 pm and finished at 4.30 pm.

*Note: The full discussion can be viewed on the webcast of the City Council meeting at [www.plymouth.gov.uk](http://www.plymouth.gov.uk). At a future meeting, the Council will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.*

23. **Declarations of Interest**

There were no declarations of interest made by members.

24. **Minutes**

Agreed the minutes of the meeting held on 13 September 2016.

25. **Questions from the Public**

One question was submitted by the public. The question and the response were circulated and in the absence of Ms Soper, the written response would be sent to her.

Question submitted by: Jemima Soper
To the Cabinet Member for Street Scene – Councillor Michael Leaves
Question:  Have risks of changing to fortnightly bin collections been evaluated? Risks to include, but not limited to, increased fly-tipping, additional emergency street cleaning due to overspill from full bins, increase in rodents. What is the estimated cost of these unintended, yet inevitable, consequences? Will you publish Council analysis of this?

Response:

The service is undergoing a modernisation of street cleansing and waste collection activities. This includes reviewing enforcement activity, reactive and planned work alongside the review of collecting domestic waste. To ensure we are more effective in dealing with reactive work such as fly tipping we are working more closely with our enforcement colleagues to gather a greater intelligence across the city and tackle offenders more timely.

26. **Chair's Urgent Business**

There were no items of Chair's Urgent Business.

27. **Efficiency Plan**

Councillor Darcy introduced the Efficiency Plan. It was reported that in March 2016, the Secretary of State wrote to all councils offering four year settlements and councils were asked to submit an Efficiency Plan by 14 October 2016. The Efficiency Plan addresses the financial risks facing the council and provides the maximum resources achievable to address key policy areas.

Councillor Ball, Vice-Chair of the Select Committee on Budget and Policy Proposals under the Medium Term Financial Strategy attended the meeting to submit the recommendations from the Joint Select Committee Review and gave thanks to officers involved in the consultation and to the public and council stakeholders who took part. This was an extremely professional piece of work, which took into account both public comments and those of stakeholders such as the business community and voluntary and community sectors was invaluable when the committee developed its lines of enquiry and recommendations.

Agreed that Cabinet approves the Efficiency Plan for submission to the Department of Communities and Local Government.

28. **Delivering the Plan for Child Poverty 2016 - 2019**

Councillor Downie presented his report Delivering the Plan for Child Poverty 2016 – 19. The delivery plan activities would enable progress towards addressing the four child poverty priority areas over the next three years. Councillor Mrs Beer added that she has been involved in the Child Poverty Working Group since 2012 which continues to successfully work cross party and reported that good progress was being made against the priorities.

Agreed that Cabinet notes the delivery plan for the Plan for Child Poverty 2016 – 2019 and thank the Child Poverty Working Group on the cross party work undertaken to produce the plan.

29. **Sharing Services Group**

Councillor Darcy presented the Sharing Services Group Report. It was reported that this report sets out the opportunity to create a sharing services company to enable not for profit partners to access Plymouth ICT services, efficiently. The first partner to benefit from this would be Livewell SouthWest (formerly Plymouth Community Healthcare). This means

more money can be diverted to vital front line services within organisations such as Livewell Southwest.

This also means that DELT, the Council's IT provider would be able to grow its business through a larger contract with the Council. Furthermore, to create future opportunities the company would be set up to grow and look for future opportunities to increase the range of services and potentially increase the number of not for profit organisations that could benefit.

Agreed in conjunction with the Part II paper to -

1. Approve the setting up for the sharing services group in the form of a company limited by guarantee to enable Livewell Southwest and the Council to share ICT services.
2. Nominate the Strategic Director for Transformation and Change to represent the council as member representative and to exercise all voting rights on behalf of the council (subject to Key Decisions being reserved to the Leader/Cabinet) and take any necessary action to protect, safeguard, and effectively manage the council's interest in the company.
3. Delegate to the Strategic Director for Transformation and Change:
  - a. the decision to agree the final name for the Company;
  - b. to nominate officers of the council to act as the Executive Board Directors of the company;
  - c. to nominate an officer to fulfil the seconded role as Chief Executive for the company (approximately 3-4 hours per month).

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## PLYMOUTH CITY COUNCIL

<b>Subject:</b>	Capital and Revenue Monitoring Report 2016/17 – Quarter2
<b>Committee:</b>	Cabinet
<b>Date:</b>	8 November 2016
<b>Cabinet Member:</b>	Councillor Darcy
<b>CMT Member:</b>	CMT
<b>Author:</b>	Andrew Hardingham (Assistant Director for Finance)
<b>Contact details</b>	Tel: 01752 312560 email: <a href="mailto:andrew.hardingham@plymouth.gov.uk">andrew.hardingham@plymouth.gov.uk</a>
<b>Ref:</b>	
<b>Key Decision:</b>	No
<b>Part:</b>	I

**Purpose of the report:**

This report outlines the finance monitoring position of the Council as at the end of September 2016.

The primary purpose of this report is to detail how the Council is delivering against its financial measures using its capital and revenue resources, to approve relevant budget variations and virements, and report new schemes approved in the capital programme.

As shown in Table I below, the estimated revenue overspend is £2.822m, reflecting an improved financial position of £0.979m since the previous quarter. The overall forecast net spend equates to £189.524m against a budget of £186.702m, which is a variance of 1.51%. This needs to be read within the context of needing to deliver £24m of savings in 2016/17 on the back of balancing the 2015/16 revenue budget where £21m of net revenue reductions were successfully delivered.

Additional management solutions and escalated action to deliver further savings from the council's transformation programme will be brought to the table over the coming months in order to address the in year forecasted overspend.

**Table I: End of year revenue forecast**

	Budget £m	Forecast Outturn £m	Variance £m
Total General Fund Budget	186.702	189.524	2.822

The latest approved Capital Budget covering 2015/16 to 2019/20 stands at £447m which was agreed at Council on 19 September 2016. The report sets out in Table 6 proposed increases to the Capital Budget of £28m, which results in a proposed budget of £475m, now for the period 2016 – 2021.

**The Council Corporate Plan 2016/19**

This quarterly report is fundamentally linked to delivering the priorities within the Council's Corporate Plan. Allocating limited resources to key priorities will maximise the benefits to the residents of Plymouth.

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

Robust and accurate financial monitoring underpins the Council's Medium Term Financial Plan. The Council's Medium Term Financial Forecast is updated regularly based on on-going monitoring information, both on a local and national context.

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

The reducing revenue and capital resources across the public sector has been identified as a key risk within our Strategic Risk register. The ability to deliver spending plans is paramount to ensuring the Council can achieve its objectives to be a Pioneering, Growing, Caring and Confident City.

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**Equality and Diversity**

Has an Equality Impact Assessment been undertaken? No

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**Recommendations and Reasons for recommended action:**

That Cabinet:-

1. Note the current revenue monitoring position and action plans in place to reduce/mitigate shortfalls;
2. Approve the non-delegated revenue budget virements (shown in Table 5);
3. Increase the Capital Budget 2016-21 is increased to £475m (shown in Table 6);

**Alternative options considered and rejected:**

None – our Financial Regulations require us to produce regular monitoring of our finance resources.

**Published work / information:**

2015/16 Budget Reports [Delivering the Co-operative Vision within a 4 year budget](#)

**Background papers:**

Title	Part I	Part II	Exemption Paragraph Number							
			1	2	3	4	5	6	7	

**Sign off:**

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Originating SMT Member: Andrew Hardingham, AD for Finance													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

## SEPTEMBER 2016 FINANCE MONITORING

**Table2: Revenue Monitoring Position**

Directorate	Gross Expenditure	Gross Income	2016/17 Latest Approved Budget	Forecast Outturn	Forecast Year End Variation	Movement from previous quarter
	£m	£m	£m	£m	£m	£m
<b>Executive Office</b>	4.429	(0.414)	4.015	4.040	0.025	0.025
<b>Corporate Items</b>	11.153	(10.007)	1.146	1.146	0.000	(0.792)
<b>Transformation and Change</b>	150.219	(115.542)	34.677	35.700	1.023	1.006
<b>People Directorate</b>	275.598	(153.282)	122.316	123.375	1.060	(0.642)
<b>Public Health</b>	20.007	(19.644)	0.363	0.363	0.000	0.000
<b>Place Directorate</b>	69.644	(45.459)	24.185	24.899	0.714	(0.576)
<b>TOTAL</b>	<b>531.050</b>	<b>(344.348)</b>	<b>186.702</b>	<b>189.524</b>	<b>2.822</b>	<b>(0.979)</b>

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**Table 3: Plymouth Integrated Fund**

Plymouth Integrated Fund	Section 75 indicative position	2016/17 Latest Budget	Forecast Outturn	Forecast Year End Overspend / (Underspend)
	£m	£m	£m	£m
<b>New Devon CCG – Plymouth locality</b>	331.000	354.026	354.026	0.000
<b>Plymouth City Council</b>	*131.000	137.000	137.000	0.000
<b>TOTAL</b>	<b>462.000</b>	<b>491.026</b>	<b>491.026</b>	<b>0.000</b>



The financial position above for the Plymouth Integrated Fund is at August 2016.

\*This represents the net People Directorate budget plus the gross Public Health Commissioning budget (which is financed by a ring fenced Department of Health Grant)

**Table 4: Key Issues and Corrective Actions**

Issue	Variation £M	Management Corrective Action
<p><b>EXECUTIVE OFFICE</b></p> <p>Democracy and Governance support cost pressures. £0.224m relates to a stretch target for efficiencies in this area.</p>	0.025	<p>The £0.224m Democracy &amp; Governance Legacy received in October 2015 and the addition of the reallocation of the MTFS is continuing to be actively managed. Further savings plans are being developed but are difficult to quantify at present including the upcoming service review. Despite this, there is confidence this variation will be reduced.</p>
<p><b>CORPORATE ITEMS</b></p>	0.000	<p>The centrally held pressures have been apportioned out to each directorate.</p>
<p><b>TRANSFORMATION and CHANGE – Finance</b></p> <p>Currently forecast to come in on budget despite the significant savings target set for 2016/17.</p>	0.195	<p>Finance Fit is delivering savings, with over £0.700m banked towards the £1.500m target. Plans are in place to deliver the sustainable project benefits. Any shortfall will be met from one off in year savings.</p>

<b>TRANSFORMATION and CHANGE – Legal</b>	(0.020)	Small underspend due to Court costs currently being less than budgeted for.
<b>TRANSFORMATION and CHANGE – Customer Services</b>	1.047	<p>Following a full review of the HB subsidy a significant pressure has been identified. £1.000m relates to the subsidy gap; a significant proportion of this is due to claimant error, much of which is notified through the HMRC/DWP RTI system.</p> <p>A further £1.150m pressure is the expected contribution to bad debt provision which will be addressed in line with the end of year adjustments that are reviewed at outturn. This reflects the difficulties of recovering this type of debt, even allowing for the predicted improvement in collection as a result of a pilot scheme to collocate debt recovery specialists from Customer Services and Finance. The resources devoted to overpayment debt recovery have also been increased.</p>
<b>TRANSFORMATION and CHANGE – Human Resources &amp; OD</b>	(0.388)	£0.310m efficiency target delivered in full. Underspend reflects the reduction in training budget as agreed.
<b>TRANSFORMATION and CHANGE – Departmental</b>	0.189	Reallocation of Commercialisation and CST programme targets as agreed. Further apportionment to take place within Directorate.

<p><b>TRANSFORMATION and CHANGE – Transformation and Portfolio</b></p>	<p>0.000</p>	<p>£0.500m efficiency target on track for delivery.</p>
<p><b>TRANSFORMATION and CHANGE – ICT Commissioned Service</b></p> <p>There is currently a nil variance to report.</p>	<p>0.000</p>	<p>Processes and Service Levels monitored through the ICT Review Group.</p>
<p><b>PEOPLE – Children Young People and Families</b>  The Children Young People and Families (CYP&amp;F) Service are continuing to report a budget pressure of £0.643m.</p> <p>The Service continues to face unprecedented pressures, care applications are up, and the service are struggling to purchase cost effective placements to adequately meet demand. In the last 11 months, Plymouth has observed an increase in the number of children in care of 5.4%. The number of children in care has decreased by 1 in September 2016 to now stand at 406 however the overall increase in numbers of children in care is in line with national and regional trends.</p> <p>There are risks that continue to require close monitoring and management:</p> <ul style="list-style-type: none"> <li>• Increased number of young people in care since budget setting autumn 2015.</li> <li>• Lack of availability of the right in-house foster care placements creating overuse of IFA's.</li> </ul>	<p>0.643</p>	<p>A piece of work has been undertaken to ensure a systematic review of all young people in supported living and new arrangements for plans for them are in place. This will ensure appropriate plans are in place for young people improving timeliness and reducing cost pressure.</p>

<ul style="list-style-type: none"> <li>• Use of Residential Placements due to lack of foster care placement sufficiency across the Peninsula. The lack of availability of foster care is leading to a small number of children being placed in residential care as an alternative to fostering.</li> <li>• Court ordered spend continues on Parent &amp; Child Assessment placements.</li> <li>• There are still a small number of individual packages of care at considerably higher cost due to the needs of the young person.</li> <li>• There are currently 27 Residential Placements with budget for only 20. We are currently forecasting for 27 placements in line with young peoples plans.</li> <li>• There are currently 98 Independent Foster Care (IFA's) placements with budget for only 70. We are aiming to achieve savings from the transformation of our In House Foster Care Service.</li> <li>• A region wide lack of placements due to an increase in demand for placements.</li> </ul>		<p>As part of the transformation project for 2016/17, CYP&amp;F are expected to make savings of over £2.100m (in order to contribute to the £9.214m Directorate target). Circa £1.000m has been saved to date through EVRS and the Transformation of Services together with an anticipated £0.800m through review and commissioning of placements and a further £0.300m from an extensive piece of work across the peninsular to provide children's secure places.</p> <p>In addition, Children's Improvement Board will be considering a project to address in year pressures including accelerating the In House Fostering Action Plan.</p>
<p><b>PEOPLE – Strategic Co-operative Commissioning</b></p> <p>The Strategic Co-operative Commissioning (SCC) service is again reporting a budget pressure of £0.542m. There are a number of areas that are contributing to this pressure around increased costs and client numbers of care packages, with particular areas of pressure including:</p> <ul style="list-style-type: none"> <li>• Supported Living</li> <li>• Residential &amp; Nursing, and</li> <li>• Day Care</li> </ul> <p>being offset, in part, by underspends on Domiciliary Care and Direct Payments. Although overall client numbers seem to be</p>	0.542	<p>As part of the transformation project for 2016/17, the SCC budget will need to make savings of over £5m (in order to contribute to the £9.214m Directorate target) with the activities and actions that will drive delivery forming part of the transformation programme. These will be achieved via savings around reduced client numbers, reviews of high cost packages and contract.</p>

<p>fairly static at the moment, the cost of the care packages is increasing significantly, and is currently being reviewed by commissioning officers.</p>		
<p><b>PEOPLE – Learning &amp; Communities</b></p> <p>Learning and Communities is reporting an overspend of £0.025m at the end of month 6.</p> <p>This pressure is being offset in part due to Star Chamber exercises that have taken place within the Service and these will continue to drive out savings during the year, to mitigate emerging pressures.</p>	<p>0.025</p>	<p>During 2016/17, the Learning and Communities budget will need to make savings of £1.269m (in order to contribute to the £9.214m Directorate target) with activities and actions that will drive delivery forming part of the transformation programme. Approximately £0.967m has been saved to date through EVRS and the transformation of services.</p>
<p><b>PEOPLE – Housing Services</b></p> <p>The Housing Service is forecasting a budget savings of (£0.150m) from month 5 following a detailed budget review identifying saving options and maximising income to the service.</p> <p>Emergency B &amp; B placements average April - September is 30 per week. This exceeds the profiled budget of 28 placements per week and action is ongoing to contain the overall cost pressure through lower placements and prevention work.</p>	<p>(0.150)</p>	

<p><b>PEOPLE – Management &amp; Support</b></p> <p>A balanced budget is projected for 2016/17 however further plans are needed to offset the recent movement of additional delivery plans into the Directorate of £0.667m.</p>	0.000	
<p><b>PUBLIC HEALTH</b></p> <p>Although the 16/17 Public Health ring-fenced grant was cut by £1.293m for Plymouth City Council, the Directorate is on track to achieve a balanced budget.</p> <p>Through additional management activity, Public Health is able to make contributions of £0.400m towards schemes in other Council departments, and will continue to prepare plans to achieve the anticipated further reduction of approx. £0.400m in the ring fenced grant in 2017/18.</p>	0.000	<p>This will be achieved through management of vacancies, contract activity and values, and a focus on increased commercialisation and income generation.</p>
<p><b>PLACE - Strategic Planning and Infrastructure</b></p> <p>Planning application fees are still uncertain due to Brexit but are currently slightly behind budget. This is being mitigated by increasing commercialisation opportunities, reduced take-up of concessionary fares based on monitoring to date and reducing non-essential spend in general across the whole service..</p>	(0.165)	<p>We are monitoring the impact of Brexit in relation to intelligence being gathered around property and housing investment decisions which are being widely reviewed by investors. This is partly being mitigated by other income lines in transport and the withdrawal of the Boringdon planning inquiry.</p>

<p><b>PLACE - Economic Development</b></p> <p>Previously reported pressures within Economic Development will be mitigated via management actions and the use of reserves.</p>	0.000	Internal pressures within Economic Development are being managed through one off actions to remove the pressure whilst additional steps are being taken to remove the one-off pressures for next year focusing on an ability to generate income in future years.
<p><b>PLACE - Management Support</b> (Director's budget)</p> <p>£127k Redistribution of formerly centrally held targets for 2016/17. A thorough review of all areas has identified savings of (£114k) in consultancy spend.</p>	0.013	Review all areas to identify savings and the removal of non-essential spends.
<p><b>PLACE - Street Services</b></p> <p><b>Waste:</b> There is a projected overspend within the waste service of £749K. The main pressures that account for this projected overspend are on-going vehicle cost pressures (£120K), staffing cost (£140K), loss of income at the RTS which is now close to being resolved with a new occupant (£220K) but the financial effect will not materialise until next year, and the decision not to charge for non-domestic waste at Household Waste Recycling Centres (HWRCs) (£140K).</p> <p>Costs at HWRCs (£174k) are being managed through better resource allocation at Recycling centres and capitalisation of certain items.</p>	0.866	<p>Plan for Waste has been prepared and is due to be considered by Cabinet. It is a savings plan of extensive modernisation through changes in working practices and implementation of revised waste policies to deliver savings and generate income.</p> <p>This will address both the waste demand pressure, and the fleet size – which is tied together intrinsically. This will not mitigate pressures until 2017/18.</p>

<p><b>Fleet and Garage:</b> The fleet and garage has delivered savings and income of £1.335M over two years. There is still an additional target of £445K, however the handing back of certain parts of the fleet are linked to changes to operational arrangements that are still be to be completed. This pressure has been mitigated by (£177k) through delays in purchasing and therefore a reduction in borrowing costs. They are also looking to find (£50k) of additional savings within the service. Fleet are therefore forecasting an overspend of £217k.</p> <p><b>Street Cleansing and Grounds:</b> Street Cleansing and Grounds are reporting to budget.</p> <p><b>Highways and Car Parking:</b> Highways, Parking &amp; Marine will find savings of (£100k) within the service to contribute to Street Services overall gap by a range of one-off efficiency savings, service reductions and increased income has been exhausted presently until the next phase of service modernisation commences. This requires political approval.</p>		<p>The re-profiling of fleet vehicle purchases has reduced borrowing costs by £170k.</p> <p>An Immediate Action plan has been put in place to reduce any unnecessary spend across the whole of street services to mitigate the budget pressures.</p>
<b>TOTAL</b>	<b>2.822</b>	

### Overall Comments Finance AD

At this mid-point of the financial year it is expected that the reported adverse variances can be addressed by management action, either within the relevant service area or across a directorate as a whole. At the time the budget was approved there were some plans still to be finalised. However, directors were confident that working with Portfolio holders these plans would deliver the savings required in year. Progress is being made in Directorates, but the increasing adverse variance on housing benefit will need to be managed.



The position with housing benefit overpayments is particularly difficult because of subsidy losses and the need to put an adequate year-end bad debt provision in place. If the pilot scheme is successful and the team is able to make a significant impact, the need for additional bad debt provision could be substantially reduced. The continued delivery of Transformation and Change savings already assumed in the 2016-17 budget will need to be watched carefully. These include Customer Services Transformation and Commercialisation.

There continue to be a number of adverse variances in Place. Some of these reflect a reduced level of economic activity and others reflect the implementation timeline of planned savings but it is too early to forecast the full year effect.

Within People the position on children's and adults' placements is being carefully monitored throughout the year. Ongoing demographic pressures that cannot be resolved are being considered in setting the Council's 2017-18 budget and Medium Term Financial Strategy.

### **Recommendation**

It is recommended that Cabinet note the current monitoring position and action plans in place to reduce/mitigate shortfalls.

## **VIREMENTS**

Table 5 below includes a number of virements between specific directorate budgets. All virements in excess of £0.1m are required to be approved by Cabinet and are shown below.

**Table 5: Virements detail**

	Transfer of approved MTFS (16/17)	*Transfer from/to Corporate Items Departments.	Transfer of inter- departmental budgets; see Note below.	Totals
Directorate	£m	£m	£m	£m
Executive Office	(0.023)	0.091		0.068
Corporate Items	1.008	(2.927)		(1.919)
Transformation and Change	(0.189)	0.432	0.000	0.243
People Directorate	(0.667)	1.003	0.000	0.336
Public Health	(0.002)	0.067		0.065
Place Directorate	(0.127)	1.334		1.207
	0.000	0.000	0.000	0.000

\*Note: Team moves within department and seed fund for Commercialisation.

### **Recommendation**

It is recommended that Cabinet approve the non-delegated virements which have occurred since 1<sup>st</sup> July 2016.

## **Capital Programme 2016-2021**

The latest approved capital budget was reported to Council on 19 September 2016, as £447m. This covered the 5 year period 2016 –2021.

The budget has since been reviewed resulting in an increase in the overall funding for the period 2016 – 21, by £28m to £475m. This is set out in Table 6 below.

**Table 6: Current Capital Resources**

Description	£m
Latest Approved Budget 2016 - 2021	447
Addition of ring-fenced grants 2016-2021	5
Increase in Asset Investment Fund (Borrowing) *	24
Other Changes	(1)
<b>Total Revised Capital Budget for Approval (2016 – 21)</b>	<b>475</b>

\* The Asset Investments principle objective is to invest in land and property to create a future rental income stream for the Council. Business cases will be brought forward for approval as acquisition and investment opportunities arise. The initial fund of £25 million of borrowing has been exceeded and the Asset Investment Fund is currently forecast to invest in projects to the value of £49m.

Within the approved budget (representing forecast resources), the Capital Programme represents projects approved for delivery. Table 7 below shows the revised annual programme for the 2016 – 21 period, as at the end of September 2016.

**Table 7: Revised Capital Programme**

	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Directorate	£m	£m	£m	£m	£m	£m
Transformation & Change	4.626	1.145				5.771
People	12.839	4.726	0.464			18.029
Place	68.715	44.368	17.142	10.823	2.738	143.786
<b>Total</b>	<b>86.180</b>	<b>50.239</b>	<b>17.606</b>	<b>10.823</b>	<b>2.738</b>	<b>167.586</b>

### **Recommendation**

Cabinet are asked to recommend to Council that the Capital Budget 2016 -2021 is increased to £475m (as shown in Table 6).

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**PLYMOUTH CITY COUNCIL**

**Subject:** Medium Term Financial Strategy  
**Committee:** Cabinet  
**Date:** 8 November 2016  
**Cabinet Member:** Councillor Darcy  
**CMT Member:** Lesa Annear (Strategic Director for Transformation and Change)  
**Author:** Paul Cook (Head of Financial Planning and Reporting)  
**Contact details:** Tel 01752 398633  
paul.cook@plymouth.gov.uk

**Ref:**

**Key Decision:** Yes  
**Part:** I

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**Purpose of the report:**

Under the Council's Financial Regulations, the Responsible Financial Officer is required to report the medium term budget prospects. Cabinet is therefore asked to consider the Medium Term Financial Strategy for 2017/18 to 2019/20.

The Strategy reflects the latest funding position. The Strategy sets out Transformation savings over the plan period. The Transformation savings include policy decisions under consideration by Cabinet at this meeting.

The Medium Term Financial Strategy is recommended by Cabinet to Council.

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**The Council Corporate Plan 2016/19:**

The Medium Term Financial Strategy sets out the resources available to deliver the Corporate Plan.

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

The resource implications are set out in the body of the report.

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

The Medium Term Financial Strategy provides the maximum resources achievable to address key policy areas. A risk register is included.

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**Equality and Diversity:**

The equalities impact of specific budget changes will be evaluated item by item.

**Recommendations and Reasons for recommended action:**

That Cabinet approves and recommends the Medium Term Financial Strategy to 21 November 2016

Council.

**Alternative options considered and rejected:**

The Council must have a Medium Term Financial Strategy in place. There are no alternative options.

**Published work / information:**

- Local Government Finance Settlement 2016-17
- Local Government Finance Settlement 2017-18 DCLG Consultation
- 100% Business Rates Retention – closed DCLG Consultation
- Fair Funding – closed DCLG Consultation

**Background papers:**

Title	Part I	Part II	Exemption Paragraph Number							
			1	2	3	4	5	6	7	

**Sign off:**

Fin	pc1617.34	Leg	DVS26645	Mon Off		H R		Ass ets		IT		Strat Proc	
Originating SMT Member Andrew Hardingham													
Has the Cabinet Member(s) agreed the content of the report? Yes													

## 1.0 Introduction

- 1.1 The Medium Term Financial Strategy was considered by Scrutiny Committees in July 2016
- 1.2 A revised Medium Term Financial Strategy was considered by Joint Budget Scrutiny on 22 September 2016. The changes from July 2016 included:
- Provision was made for specified risks and additional costs facing the Council including the capital financing costs of essential schemes that cannot be met from service budgets.
  - An additional allocation of £0.5m was made from 2017/18 to reflect anticipated housing benefit subsidy losses. These arise from claimant error identified and reported by Department for Work and Pensions using the Real Time information system.
  - Provision of £100k is also made for Neighbourhood Initiatives.
  - Accelerated savings (£250k) from the Asset Investment Fund in accordance with existing policies
  - Integrated Health and Wellbeing savings have been allocated more clearly to specific services in accordance with existing strategies
  - The planned use of flexible capital receipts was reduced to reflect the likely availability of surplus receipts for this purpose. (£3m less 2018/19; £1m less 2019/20.)
  - The inclusion of a risk register, this being one of the areas identified by Scrutiny in July. The Register provides more background to the key risk identified corporately of non-delivery of the Medium Term Financial Strategy.
- 1.3 The Medium Term Financial Strategy has now been further revised as set out below.
- 1.4 The 2017-18 New Homes Bonus allocation is increased from £850k to £1.600m. This reflects continuing success in attracting new development and returning empty properties into use. The reference period for the increase is the year to 31 October 2016; hence this information has recently become available.
- 1.5 The forecast level of Better Care Fund has increased.
- The September 2016 Medium Term Financial Strategy addressed losses of New Homes Bonus. Under DCLG proposals allocations earned would only be paid for 4 years, not 6. The mechanism for New Homes Bonus 2017-18 onwards has yet to be confirmed by Government.
  - The September Medium Term Financial Strategy assumed any New Homes Bonus loss would be recycled £ for £ into an increased Better Care Fund. The change would therefore be cost neutral.
  - DCLG have now issued a consultation on the 2017-18 settlement. This states increased Better Care Fund allocations nationally 2017-18 to 2019-20. It also outlines the proposed basis of allocating this resource to individual authorities.
  - It appears the change might be more favourable than the previous Medium term Financial Strategy assumptions. The change would be worth an additional £764k in 2017-18; a further £2.522m in 2018-19; and finally an additional £4.377m in 2019-20.
  - These figures are DCLG exemplifications.
  - The revised Medium Term Financial Strategy assumes these Better Care Fund changes. However the proposed allocations are subject to consultation.
- 1.6 New risks added to the register for 2020 revaluation and commercialisation borrowing risk (Moody's).

- 1.7 The opportunity has also been taken to reduce the length of the MTFS and make it more user-friendly. This will encourage better communication with residents and local businesses, thereby assisting the Council in managing its services and improving its financial position.





# MEDIUM TERM FINANCIAL STRATEGY

## 2017/18 to 2019/20



The Medium Term Financial Strategy takes a 3 year view from April 2017 to 2019/20 and looks at how the Council will fund Plymouth's ambitions and priorities.

## Foreword



**Councillor Ian Bowyer**  
**Leader of Plymouth City Council**

“Plymouth is an ambitious City with huge growth potential and is undergoing exciting changes. The City Council is committed to improving value for money. We want to listen to our citizens and businesses about how we spend the resources we have. This Medium Term Financial Strategy sets out our approach to the financially challenging but exciting times ahead.”



**Councillor Ian Darcy**  
**Cabinet Member for Finance and ICT**

“As Portfolio Holder for Finance I am determined to maximise efficiency and draw in the highest value of external funding Plymouth can achieve. We will strive to maintain services despite reducing funding. The Medium Term Financial Strategy is one of the key stages in finding the answers to this challenge.”



**Tracey Lee**  
**Chief Executive of**  
**Plymouth City Council**

“Since 2013 the Council has improved its services whilst delivering £65m of efficiency savings. The Council is committed to further service improvements whilst delivering £37m of efficiencies over the next 3 years. The Medium Term Financial Strategy shows how our improvements link to the City; people’s jobs, homes, health and how we will pay for the services we provide.”



**Andrew Hardingham**  
**Assistant Director for Finance**

“The Medium Term Financial Strategy is a core part of the Council's strategic framework. The Strategy has a vital role to play in funding the City’s ambition set out in the Plymouth Plan. It enables the priorities of the Corporate Plan to be put into action. Essentially it helps us balance the books.”

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## Introduction

The MTFS links the revenue budget, capital programme and treasury management strategy.

- A central document in our financial planning
- A key role in the budget setting process
- Ensures the budget is prepared in line with Plymouth priorities
- Covers a 3 year period and is updated and approved annually
- Balancing the books and best use of Council assets
- Identify sustainable, alternative and increased sources of income
- Deliver the Asset Management Plan and maximise the community value of our assets

The MTFS is based on a set of financial principles and objectives. These are set out below.

### Financial Principles

Managers must contain their expenditure within budget.

The Council will achieve a balanced budget year on year.

Services will be charged for under the Council's Fees and Charges Policy. Charges will be increased for inflation.

Provision for pay inflation will be made centrally. Available resources will be allocated to service budgets following the local government pay settlement.

Specific grants will be included in service budgets. Any later reduction in a grant must be absorbed by the service budget, except in exceptional circumstances.

If appropriate, cross cutting savings may be held centrally. In-year savings will be reported separately. Savings will be deducted from service budgets the year after implementation.

Service departments are expected to meet the capital financing costs of projects. Corporate or cross cutting schemes may be funded centrally.

ICT expenditure is financed by service departments. Corporate or cross cutting schemes will be funded centrally.

### Financial Objectives

To generate the maximum possible funding towards delivering the priorities as set out in the Plymouth Plan and our Corporate Plan 2016 – 19.

Prioritise capital schemes based on deliverability of tangible outcomes whilst considering the context of the overall capital and revenue affordability.

To support the local Plymouth economy working in partnership with local businesses.

Council Tax increases will be below the level to trigger a referendum.

Maximise income opportunities primarily through structured growth of the City and proactive partnership working.

To continue to maximise savings from our Transformation Programme and seek new opportunities where possible.

Achieve a return on investment of 0.8% in 2017-18, and 1% in later years.

Borrowing not to exceed £300m in 2017-18.

Provide for borrowing costs in the MTFS.

Retain a revenue balance of at least 5% of net expenditure.

# Plymouth

Britain's Ocean City

# THE PLYMOUTH PLAN 2011-2031

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

## WHAT WE WANT TO ACHIEVE...

### LEADING CITY

A city fulfilling its strategic role as a major economic driver and provider of services in the region

### HEALTHY CITY

People live in happy, healthy, safe and aspiring communities

### GROWING CITY

A city which has used its strengths to deliver a prosperous city with a strong economy and quality places

### INTERNATIONAL CITY

Plymouth is internationally renowned as Britain's Ocean City and is the UK's premier marine city, famous for its waterfront

## HOW WILL WE KNOW WE'RE SUCCESSFUL?

Plymouth is recognised as a <b>key regional economic driver</b>	People get the <b>best start to life</b> , enjoy a better quality of life and increased life expectancy	Plymouth's population has grown to more than <b>300,000</b>	Plymouth offers a diverse <b>cultural experience</b> with a major events programme
Plymouth has <b>high quality strategic</b> services and facilities	More people are taking care of themselves or <b>finding care</b> within their community	Plymouth continues to be recognised as a <b>leading Green City</b>	Plymouth is internationally renowned as a leading UK <b>tourist destination</b>
The quality and resilience of Plymouth's <b>transport and digital connectivity</b> has improved	More residents are contributing to and <b>involved in their community</b>	Plymouth has more vibrant, productive and <b>innovative businesses</b>	Plymouth is recognised internationally for <b>marine science</b> and high technology manufacturing
Plymouth's strategic <b>defence role</b> has been safeguarded and strengthened	There is <b>good quality health</b> and social care for people who need it	People have the skills to be <b>school ready and work ready</b> to meet the needs of the city	Plymouth has a reputation for <b>world class universities</b> and research institutions
Plymouth's stunning setting and <b>natural assets</b> have been enhanced	Plymouth has good quality neighbourhoods where people feel <b>safe and happy</b>	Plymouth has the right environment for <b>growth and investment</b>	Plymouth has a reputation as a <b>welcoming and multicultural city</b> with diverse communities

## WHAT PRINCIPLES WILL GUIDE US?



### POWER

People have confidence that they can influence decisions that affect them



### OPPORTUNITY

People can contribute to and benefit from being part of the city's future



### ROOTS

People belong and care about Plymouth's future and their own



### CONNECTIONS

People mix, learn from each other and work together



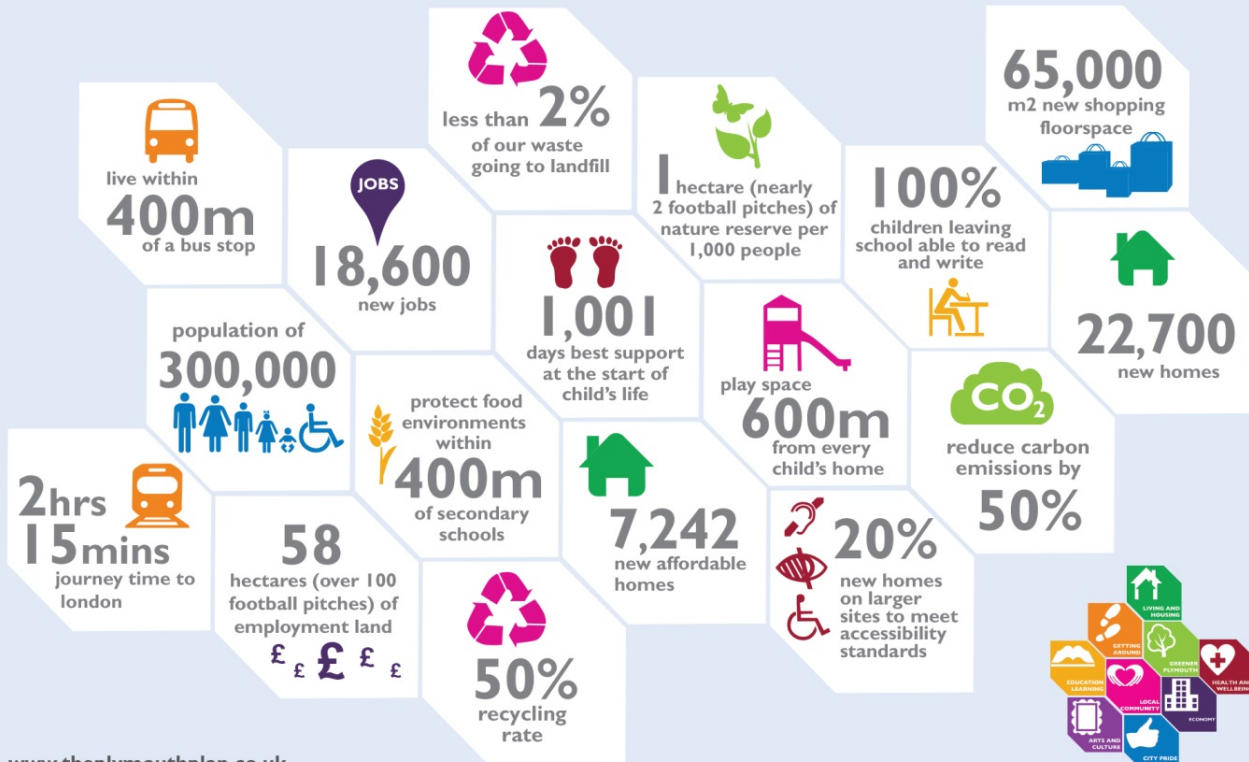
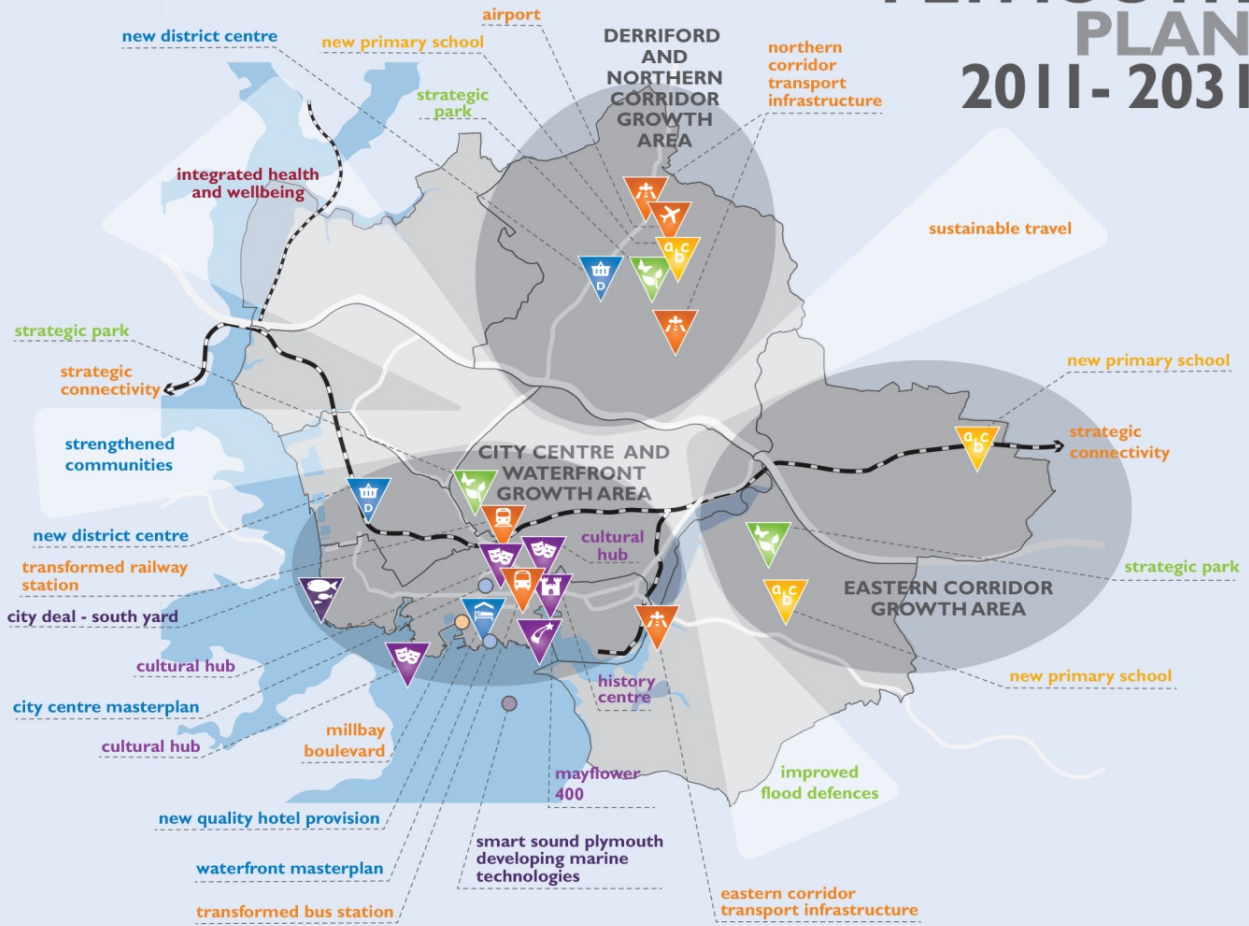
### FLOURISH

People, communities and businesses thrive in a creative and diverse city

# Plymouth

Britain's Ocean City

# THE PLYMOUTH PLAN 2011-2031



www.theplymouthplan.co.uk

## Corporate Plan

The Corporate Plan 2016 to 2019 sets out our vision to be ‘one team serving our city’ and retains our ambition to be a Pioneering, Growing, Caring and Confident City.

# OUR PLAN ONE CITY COUNCIL



## CITY VISION Britain's Ocean City

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

## OUR VALUES

### WE ARE DEMOCRATIC

Plymouth is a place where people can have a say about what is important to them and where they can change what happens in their area.

### WE ARE RESPONSIBLE

We take responsibility for our actions, care about their impact on others and expect others will do the same.

### WE ARE FAIR

We will be honest and open in how we act, treat everyone with respect, champion fairness and create opportunities.

### WE ARE PARTNERS

We will provide strong community leadership and work together to deliver our common ambition.

## OUR VISION One team serving our city

### PIONEERING PLYMOUTH

We will be innovative by design, and deliver services that are more accountable, flexible and efficient.

### GROWING PLYMOUTH

We will make our city a great place to live by creating opportunities for better learning and greater investment, with more jobs and homes.

### CARING PLYMOUTH

We will work with our residents to have happy, healthy and connected communities where people lead safe and fulfilled lives.

### CONFIDENT PLYMOUTH

We will work towards creating a more confident city, being proud of what we can offer and growing our reputation nationally and internationally.

## OUR THEMES

- Quality services focused on customers' needs
- Balancing the books
- New ways of working
- Best use of Council assets
- Working constructively with everyone

- Quality jobs and valuable skills
- Broad range of homes
- Increased levels of investment
- Meeting future infrastructure needs
- Green and pleasant city

- Focus on prevention and early intervention
- Keeping children and adults protected
- Inclusive communities
- Respecting people's wishes
- Reduce health inequalities

- Council decisions driven by citizen need
- Plymouth as a destination
- Improved street scene environment
- Motivated, skilled and engaged workforce
- Setting the direction for the South West

## National Context

### Reform of local Government funding

The Government is undertaking a fundamental review of how local authorities are funded. This is likely to prove the biggest change to local Government finance in decades.

In July 2016 DCLG issued two consultation papers - *Fair Funding* and *100% Business Rates Retention*. The Council's response to Government is summarised in the box below. The Council expects more detailed proposals for consultation will be issued by Government in 2017. The changes could have a significant impact on the Council's budgets from 2020-21 onwards. The level of financial risk faced by the Council might be increased.

The Council will be working to protect its financial position by lobbying and as a member of SIGOMA and the Unitary Authority Treasurers Group.

### Fair Funding and Business Rates

The Council already has significant pressures.

Spending need should be measured by multi-level modelling. Regression analysis of past expenditure should not be used as it is unfair and self-fulfilling.

New burdens are to be devolved to local Government. But Councils must also be given the powers to set service policy and run the devolved services to meet local needs.

Local authorities should not be expected to take on responsibilities where high demographic growth or rapidly increasing demand can be expected.

The Council supports business rates growth being used to support devolution deals.

The system should be re-set periodically to protect individual authorities.

All combined authorities should enjoy the additional powers proposed for Mayoral Combined Authorities.

Appeals risk and safety nets should operate nationally.

All Combined Authorities should have the power to levy a 2p supplementary rate.

Existing powers to levy a business rates supplement should be retained.

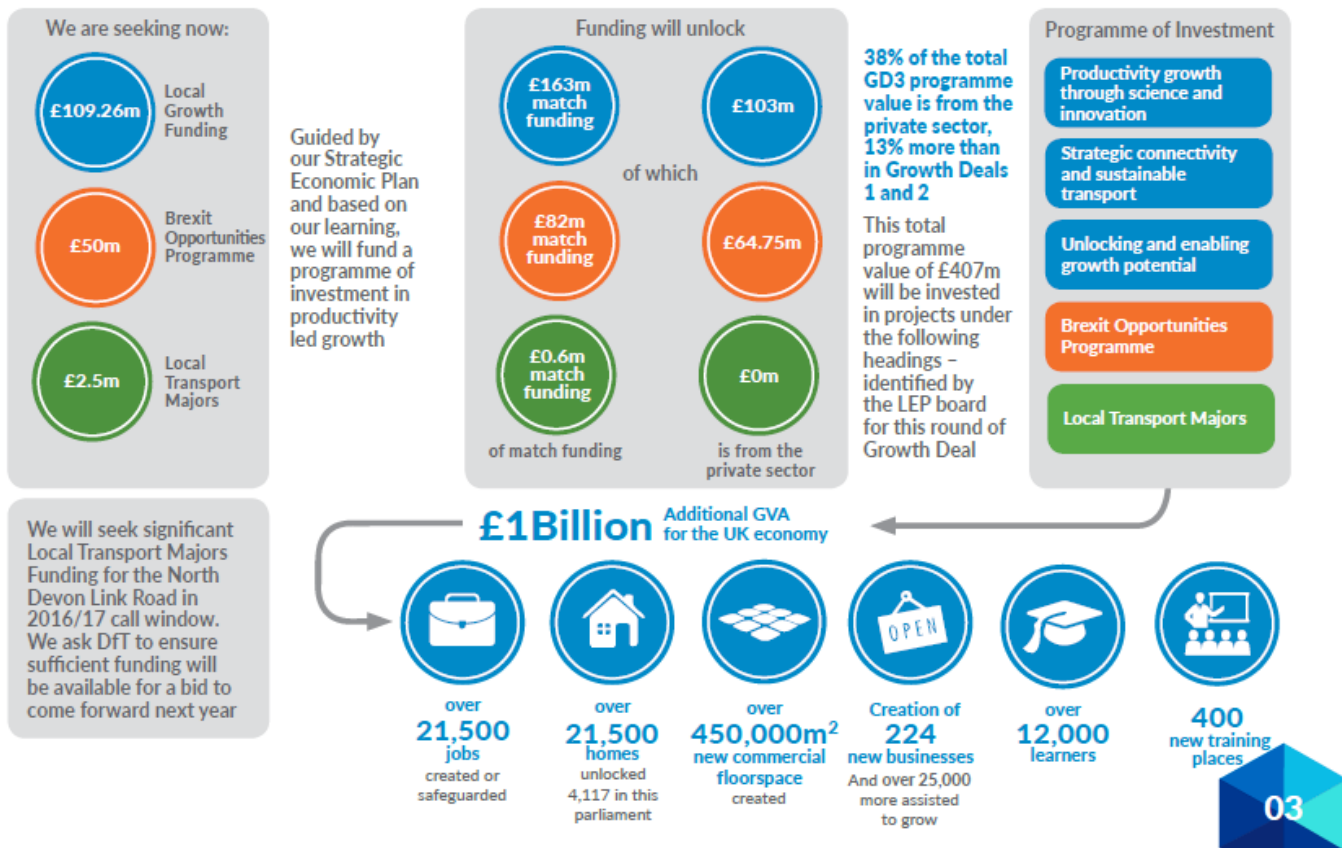


**Devolution**

Since the 2015 election, the Government has reiterated its commitment to devolving power out of Whitehall. Plymouth and Partner Authorities have agreed in principle a combined Authority for the Heart of the South West area (including Councils across Devon, Somerset, Plymouth and Torbay, plus health partners and the Local Enterprise Partnership). The Prospectus is focused on driving up productivity levels by securing greater powers and longer term funding to invest in more housing, jobs and strategic infrastructure.

The Heart of the South West has submitted a bid to Government in July 2016 for Growth Deal 3. The proposal if taken forward will achieve gross value added in relation to Growth Deal 3 of £1bn to the UK economy.

**Our Proposal:  
The Headlines**



**Four Year Local Government Finance Settlement**

In order to assist Local Authorities in their financial planning, the Government offered a four year settlement in 2016. The Council submitted its Efficiency Plan to Government 14 October 2016 in order to lock in Plymouth’s Revenue Support Grant entitlements to 2020.

The Government is consulting on the 2017/18 funding settlement. This proposes to offer a four year settlement for other grants. The City Council would support this on the grounds of reducing financial risk and uncertainty.

### **Flexible use of Capital Receipts**

In the Spending Review 2015 the Chancellor of the Exchequer announced that to support local authorities to deliver more efficient and sustainable services, the Government will allow local authorities to spend up to 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of reform projects.

A Flexible Use of Capital Receipts Strategy will be submitted to Council as part of the 2017 budget process.

### **New Homes Bonus and Better Care Fund**

Government is consulting on New Homes Bonus. The system of incentives is being reviewed, and entitlements are being reduced from 6 years to 4 years. Nationally, the reduction in New Homes Bonus is being re-directed to the Better Care Fund. Provisional Better Care Fund allocations are assumed in the savings table in the Medium Term Financial Strategy. Student accommodation – whilst not subject to Council tax – attracts new Homes Bonus.

### **Leaving the European Union**

The financial and service implications of leaving the European Union are being carefully monitored.

- A downturn in the housing market and new starts could impact on New Homes Bonus.
- Reduction in interest rates could reduce the Council's investment income.
- Reduced development of business premises could impact on Plymouth City Council (PCC) business rates income.
- The Council has significant industrial and commercial holdings and any fall in rental levels or demand for premises could have an adverse impact on income budgets.

Leaving the European Union will also provide opportunities for Plymouth City Council. Reliance on EU support could be replaced by increased devolution to local authorities. This would create increased opportunities for the Heart of the South West Combined Authority.

### **Local Economy**

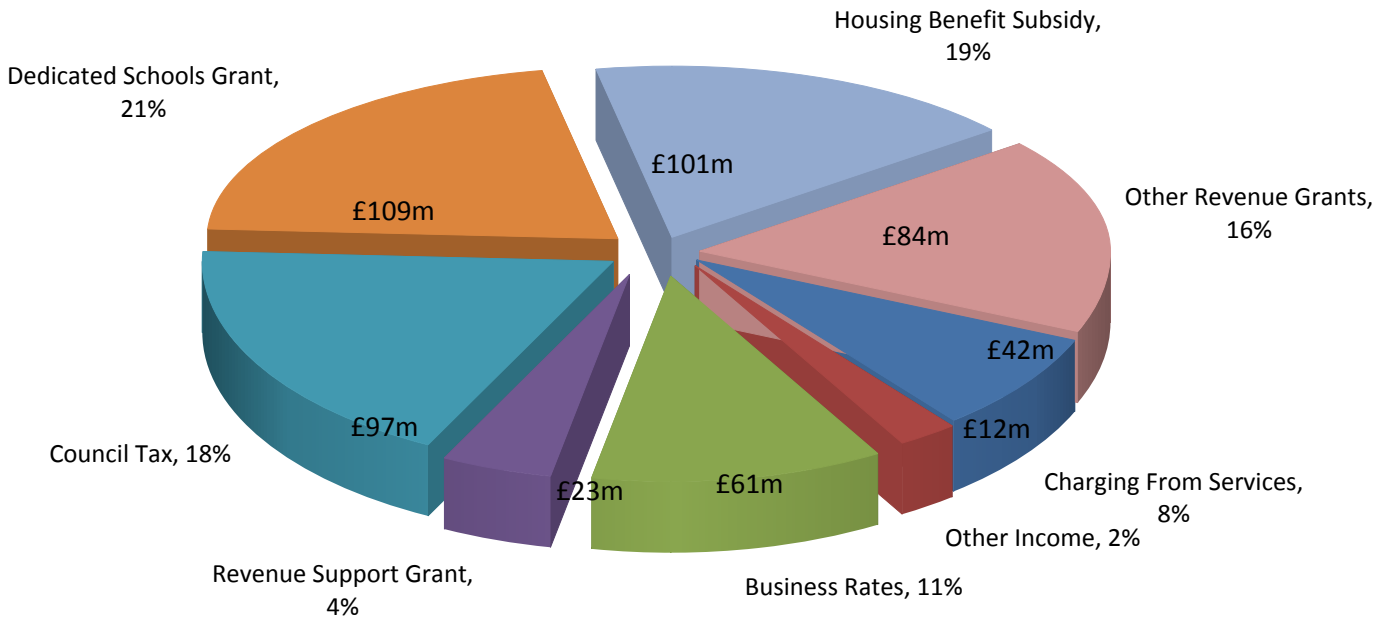
With a population of approximately 262,700, an economic output of £5.2 billion and 108,000 jobs, Plymouth is the most significant economic centre in the south west peninsula and the largest urban area in the Heart of the South West Local Enterprise Partnership, making it a key location for growth. The city's economic performance up to the onset of the global financial crisis and subsequent recession of 2008/9, showed some signs of improvement particularly in terms of nominal Gross Value Added (GVA), relative GVA per job/hour, and employment growth. Following the economic recovery, Plymouth's economy continues to gain strength; there has been a reduction in public-sector dependency (although it is still higher than in other cities) and unemployment is decreasing. House prices are rising in line with the national average and full-time median wages compare favourably with other similar cities.

- Plymouth's total GVA annual total value now exceeds £5 Billion - the highest value ever (2014). GVA per Hour Worked is 92.3% of the national average;
- Plymouth's (2014) Gross disposable household income rises to a record high of £4,059 per household;
- Gap in pay between Plymouth & the HotSW (Annual-Resident full-time) = -2.5% (2015);
- 1,289 new jobs were created in the city (2015).

### Resources available

Although our budget is expressed in net terms of £186m, the actual gross spend for the Council is in excess of £530m per annum. This reflects a number of significant income streams which the Council either manage, or passport on to third parties.

### 2017/18 Revenue Income Sources



## Medium Term Financial Forecast

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
	<b>BUDGET</b>	<b>FORECAST</b>		
<b>REVENUE RESOURCES AVAILABLE</b>	<b>186.702</b>	<b>180.776</b>	<b>178.804</b>	<b>176.920</b>
Baseline spend requirement	193.009	186.702	180.776	178.804
One off savings brought forward		4.876		
Plus identified additional costs	17.564	10.736	7.357	6.403
<b>Overall spend requirement</b>	<b>210.573</b>	<b>202.314</b>	<b>188.133</b>	<b>185.207</b>
<b>In-year shortfall to be found</b>	<b>23.871</b>	<b>21.538</b>	<b>9.329</b>	<b>8.287</b>
<b>Cumulative shortfall</b>		<b>45.409</b>	<b>54.738</b>	<b>63.025</b>
<b>Transformation stretch savings</b>	<b>23.871</b>	<b>19.297</b>	<b>8.647</b>	<b>9.017</b>
<b>REVISED SPENDING FOR YEAR</b>	<b>186.702</b>	<b>183.017</b>	<b>179.486</b>	<b>176.190</b>
<b>Budget Gap</b>	<b>0.000</b>	<b>2.241</b>	<b>0.682</b>	<b>-0.730</b>

- Funding is reducing year on year from £187m in 2016/17 to £177m in 2019/20;
- Most of the increasing costs are outside of the control of the Council such as the National Minimum Wage and the cost of Adult and Children's Social Care;
- Transformation stretch savings offset the gap delivering savings of £37m over the next 3 years.

## Transformation Stretch Savings Summary

Transformation Stretch Savings	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
New Homes Bonus	1.319	0.768	0.144	-0.018
Better Care Fund Gain		0.764	2.522	4.377
Council Tax Support			0.250	
ODPH Directorate	0.202	0.040	0.003	0.002
Chief Executive Office	0.073	0.255	0.035	0.022
Place Directorate including GAME 2	1.715	2.896	0.598	0.176
People Directorate - One System One Aim	9.882	7.117	4.039	3.656
Transformation & Change Directorate (Transformation of Corporate Centre)	3.627	2.645	1.870	0.421
Corporate items	7.054	4.812	-0.814	0.382
<b>Total Savings</b>	<b>23.871</b>	<b>19.297</b>	<b>8.647</b>	<b>9.017</b>

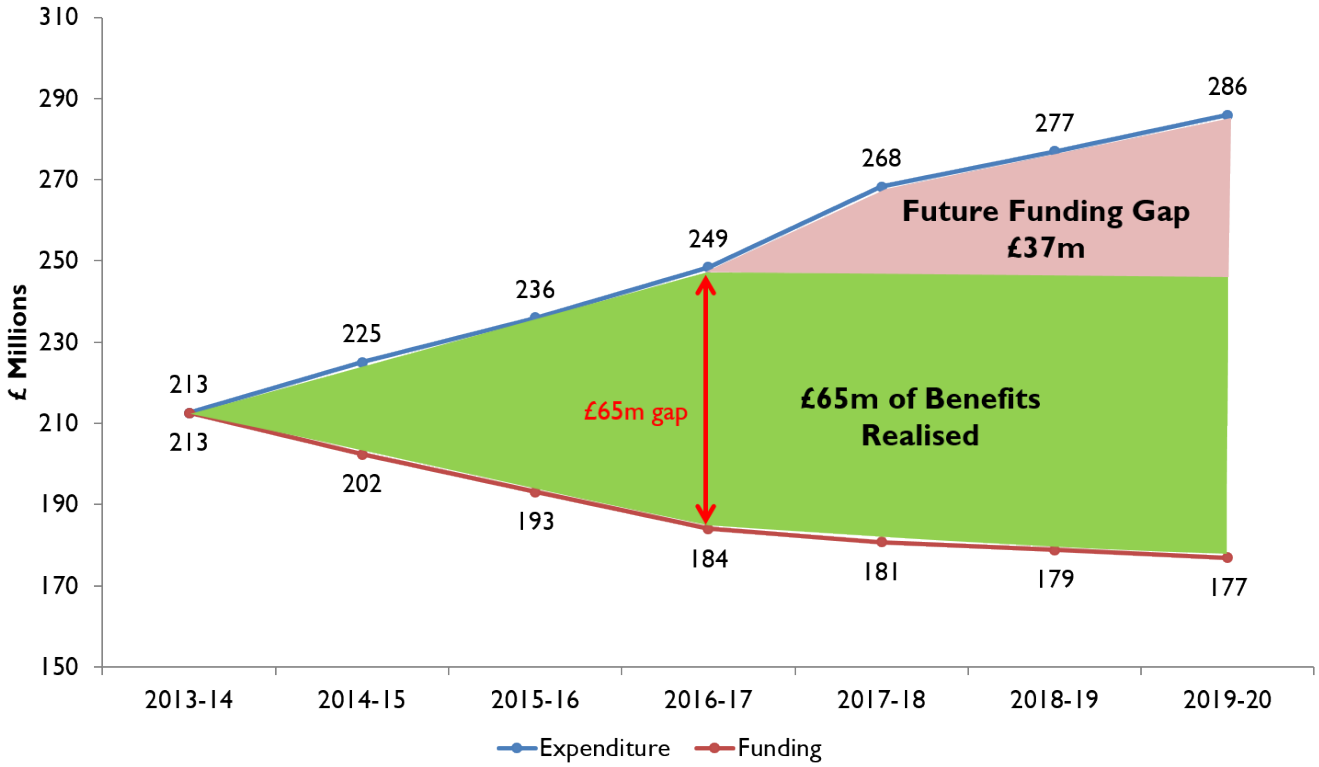
## Transformation Stretch Savings Detail

Transformation Stretch Savings	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
New Homes bonus	1.319	0.768	0.144	-0.018
Better Care Fund Gain		0.764	2.522	4.377
Council Tax Support			0.250	
<b>ODPH Directorate</b>	0.202	0.040	0.003	0.002
<b>Chief Executive Office</b>	0.073	0.255	0.035	0.022
<b>Place Directorate including GAME 2</b>				
Place 15/16 one off savings b/f	0.335			
Reduced Insurance premiums	0.200			
City Deal re-profiling	0.200	0.100	-0.500	
Real time passenger information		0.024		
Economic Development Systems Review - moving towards cost neutrality		0.200		
Commercial Events			0.150	0.050
Energy-Related Initiatives: Dividend from Ernesettle Solar Farm		0.043		
Energy-Related Initiatives: Additional Capitalisation of Low Carbon Team Posts		0.025		
Parking Modernisation Plan		0.500		
Additional Efficiencies	0.127	0.213	0.198	0.126
GAME2 - Asset Investment Fund	0.100	0.750	0.250	
GAME2 - Street Service operations	0.250	0.275		
GAME2 - Highways re-procurement		0.250		
GAME2 - Strategic Planning and Infrastructure Systems Review		0.266		
GAME2 - Waste Modernisation		0.250	0.500	
GAME2 - Commercialisation - Place Directorate Review	0.503			

<b>Transformation Stretch Savings</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>
<b>People Directorate - One System One Aim</b>				
Integrated delivery	0.830	0.775	0.400	0.650
Integrated commissioning	2.331	2.225	0.850	1.000
Children, young people, youth and families	2.100	1.500	0.750	0.750
Learning and Communities	0.300		0.250	0.250
People Directorate review	1.435	0.500	0.250	0.250
Efficiencies People Directorate	2.886	2.117	1.539	0.756
<b>Transformation and Change Directorate (Transformation of Corporate Centre)</b>				
Finance Transformation	1.500			
HR Transformation	0.300			
Legal Department Transformation		0.200		
Corporate Fraud Debt recovery	0.100			
Transformation Review	0.500	0.835	0.500	
Smart working		0.305	0.543	0.234
Administration and Facilities Management		0.125		
Systems Review - Community Facilities	0.048	0.470	0.033	
Systems Review - CST Cross cutting	0.990			
Further Efficiency Savings	0.189	0.317	0.294	0.187
Service Centre			0.500	
<b>Corporate Items</b>				
Systems and IT infrastructure		0.338		
Corporate Training		0.055		
Procurement	0.400	0.300	0.300	
Fees and Charges in accordance with Policy		0.500	0.500	0.500
Treasury Management/MRP/LOBO	1.245	0.500	0.500	1.000
Treasury Management Savings	0.008	0.512	-0.114	-0.118
Strategic Asset Review	0.070			
Sale of Annual Leave	0.200			
Corporate Items Review	0.255			
Reduction in Working Balances	0.950			
MRP	3.926			
Flexible use of Capital Receipts		3.000	-2.000	-1.000
<b>Total Savings</b>	<b>23.871</b>	<b>19.297</b>	<b>8.647</b>	<b>9.017</b>

**Our Financial Position – what we projected**

In 2013 we worked out what the estimated gap by 2016 would be if we did nothing.



Due to transformation savings the Council has overcome the £65m gap identified in 2013. The efficiency challenge moves forward and the chart re-sets the position for setting the 2017/18 budget.

## Financing the Council

### Financial Planning Assumptions

The Medium Term Financial Strategy is based on national and local economic context and local strategic direction.

#### **Key Financial Planning Considerations**

The four-year Revenue Support Grant settlement.

Reductions in other Government grant funding without matching reductions and responsibility for related services provision.

A continuing range of increasing costs in order to meet the demands on the Council and maintain key services, particularly in Adult Social Care and Children's Social Care.

Increased costs of meeting new initiatives.

An expected increase in annual pay inflation of one per cent.

A continued increase in employer pension contributions.

General inflation relating to external spends and contracts have not been accounted for on the understanding that smarter procurement practices will continue to contain significantly increased spending.

#### **Key Assumptions**

Benefit from the Devon-wide Rates Pool continues in 2017/18 and future years.

Build on the strong relationship with key partners such as the NHS N.E.W Devon Clinical Commissioning Group building on the S75 Agreement implemented April 2015 and the Integrated Fund

Maintain a minimum 5% Working Balance. This reserve has been steadily built up over the years and stands at £10.652 million as at March 2016. This equates to approximately 5.5% of the Council's net revenue budget which is about the average for Unitary Councils.



**Revenue Resources**

Plymouth City Council, in line with all other Local Authorities, continues to face diminishing resources and increasing demand and costs.

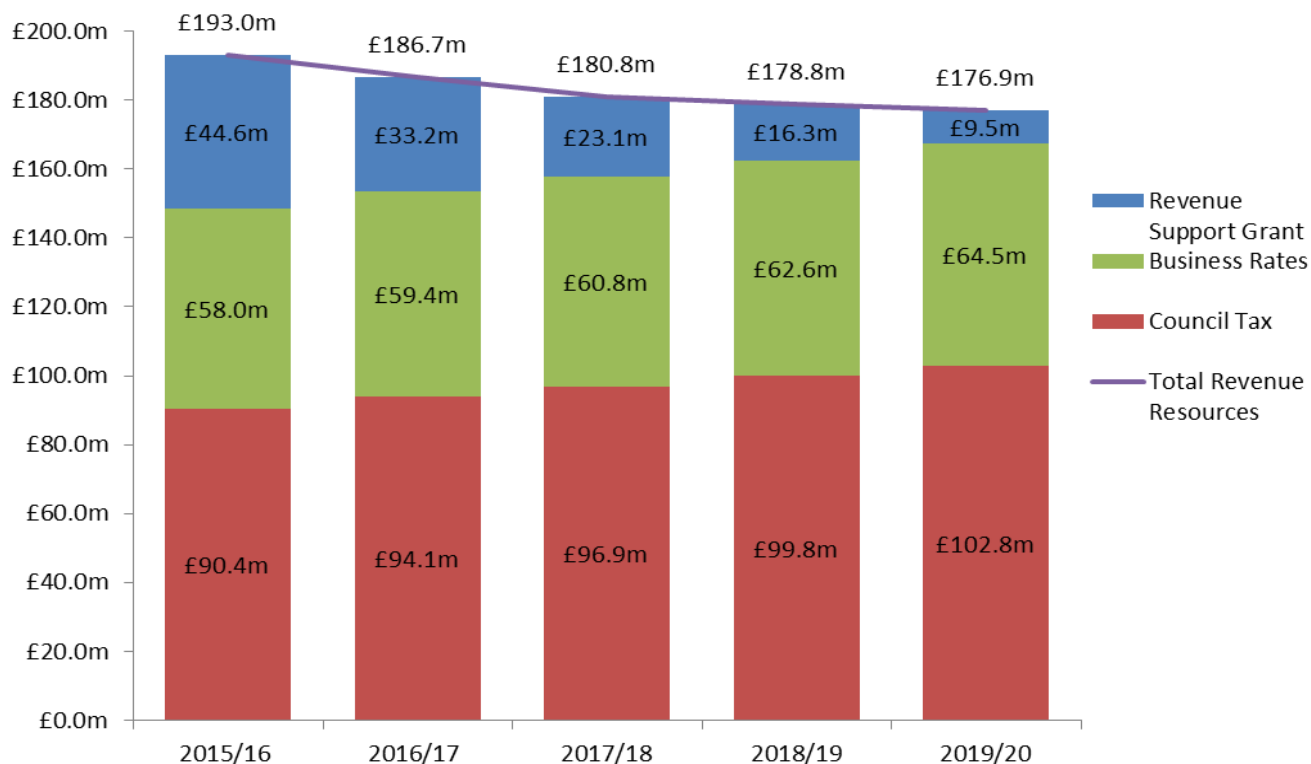
Our Council tax assumptions reflect a steadily increasing tax base, and the levying of an additional 2% Adult Social Care precept in each financial year.

The Business Rates forecast assumes a full growth dividend. It is expected that Devon Business Rates pooling gains will continue. A moderate RPI increase has been assumed.

	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Budget	Forecast		
	£m	£m	£m	£m	£m
Revenue Support Grant	44.550	33.211	23.058	16.323	9.533
Council Tax	90.410	94.082	96.927	99.842	102.845
Business Rates	58.049	59.409	60.791	62.639	64.541
<b>Total</b>	<b>193.009</b>	<b>186.702</b>	<b>180.776</b>	<b>178.804</b>	<b>176.920</b>

The scale of the funding reductions is the financial challenge facing the Council over the next four years. The Council therefore faces a continuing reduction in core central funding from the Revenue Support Grant.

**Revenue Resources**



## Treatment of Specific Grant Funding

### Housing Benefit Subsidy

Normal housing benefit payments are subsidised at 100%. Housing Benefit Subsidy Grant is estimated to be **£101m** in 2016/17. However overpayments attract only a 40% subsidy rate.

Increased levels of claimant error are being notified to Councils by DWP under Real Time Information. An additional £0.5m has been provided to address the subsidy implications.

### Dedicated Schools Grant

The largest specific grant that the Council receives is the Dedicated Schools Grant (DSG) which is **£183m** for 2016/17. The funding is spent either directly by Schools, (Primary, Secondary and Special), through their formula allocations, or by the authority on their behalf. The Schools Forum, (a representative group of Head Teachers and relevant stakeholders), are consulted on the local authority's formula distribution and the amounts administered centrally.

Any over or under spends on the DSG are carried forward to the following financial year with a neutral impact on the Council's general fund. However, accumulated school balances do form part of the Council's overall reserves and provisions.

### Pupil Premium

In addition to the Dedicated Support Grant the Council also receives additional schools funding through the Pupil Premium. This allocates additional funding to schools that have pupils who are:

- Eligible for free school meals;
- Looked after by the City Council;
- Have parents who are currently serving in the armed forces.

### Public Health Grant

This Government Grant supports the Council's public health responsibilities. Grant conditions apply including responsibilities for 0-5 children services which was transferred in October 2015.

For 2016/17 the Public Health grant was **£16.133m**. Plymouth City Council's Public Health Grant was cut by over £0.374m with the provisional 2017/18 allocation being cut by a further £0.398m in 2016/17.

Overall, since 2015/16 Plymouth's allocation has been cut by £1.169m.

Grant funds may only be spent on activities whose main purpose is to improve the public health of our local population. Local Authorities should have regard to the need to improve the take up of and outcomes from their drug and alcohol misuse treatment services.

## New Homes Bonus/Better Care Fund

The New Homes Bonus is a Government scheme which is aimed at encouraging local authorities to grant planning permissions for the building of new houses in return for additional revenue. Local authorities are not obliged to use the New Homes Bonus funding for housing development. The scheme was introduced in April 2011. The amount of NHB that each authority receives is dependent upon two elements;

- The Council tax band of each additional property built, multiplied by the national average Council tax level from the preceding year i.e. 2016/17 allocations are based upon the average Band D Council tax set in 2015/16 at £1,484;
- A payment of £350 for each affordable home;
- Empty homes coming back into use.

In December 2015, the Department for Communities and Local Government published the provisional 2016/17 New Homes Bonus allocations, indicative 2017/18 to 2019/20 allocations and a technical consultation paper “New Homes Bonus: Sharpening the Incentive.”

It was announced that the New Homes Bonus scheme would be extended indefinitely, however Government has issued a consultation to consider how the incentive element may interact with potential full retention of business rates and devolution.

Under the current scheme Local Authorities receive New Homes Bonus for a six year period. Government’s preferred option is to reduce legacy payments from 6 years to 4. The impact of these changes to Plymouth City Council would be a cumulative reduction of NHB of £6.4m by 2020/21. The year on year reductions are shown in the table below.

Government has also considered a further alternative to reduce existing NHB allocations to 3 or 2 years however this is very unlikely to be carried forward. There no information in the consultation paper regarding transition arrangements for this option.

New Homes Bonus projections are detailed below. Government consultation on the redistribution of the national reduction in New Homes Bonus as Better Care Fund CF was issued in October 2016. The net impact is shown in the Medium Term Financial Strategy savings table.

Movement in Schemes	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m
<b>New Homes Bonus</b>					
Existing 6 Year Allocations	4.197	5.516	6.284	6.428	6.411
NHB Year on Year Change		1.319	0.768	0.144	-0.018
<b>Better Care Fund</b>					
New Homes Bonus Proposed DCLG 4 Year Allocations	4.197	5.516	6.284	4.371	4.619
Shortfall – 6 Year to 4 Year Scheme				-2.057	-1.792
Better Care Fund – Additional Funding			0.764	5.343	9.454
Net Change in Funding			0.764	3.286	7.662
Year on Year Change			0.764	2.522	4.377

### The Plymouth Integrated Fund

As part of a collaborative transformation programme, Plymouth City Council and NHS North East and West (NEW) Devon Clinical Commissioning Group (CCG) continue to draw on the Plymouth Integrated Fund. This has been created by pooling or aligning the vast majority of the People Directorate budget and the Public Health commissioned services budget to form a fully integrated health and social care commissioning budget. Implemented via a Section 75 Agreement under the NHS Act 2006, the Plymouth Integrated Fund has a combined net budget of £490m and was established specifically to create an integrated population based system of health and wellbeing for Plymouth.

Our four integrated commissioning strategies, developed in conjunction with the NEW Devon CCG, continue to provide the direction and guidance for a place-based, whole system approach to health and social care outcomes in Plymouth and help identify how the Plymouth Integrated Fund will be used to optimum effect. Each of the two partners contributes to the fund as follows:

- NHS N.E.W. Devon Clinical Commissioning Group: £353m
- Plymouth City Council: £137m

The Plymouth Integrated Fund also incorporates the Better Care Fund, which is a national programme aimed at accelerating integration between the NHS and Local Government. It creates a local single integrated budget to incentivise the NHS and Local Government to work more closely, placing wellbeing as the focus of the health and social care services. For 2016/17 the funding we receive from the Better Care Fund has been confirmed as £19.351m for both partners. The Plymouth Integrated Fund is supported on the basis of a 72% Clinical Commissioning Group 28% Council share of financial benefits and risks. This agreement limits the transfer of any over or under spends between the partners to a defined prudent maximum. The development of the Plymouth Integrated Fund has created greater opportunity to deliver improved outcomes and financial savings, recognising the existing budget pressures in both organisations, which have developed plans to address underlying overspends in the Plymouth Integrated Fund. Livewell Southwest - a Community Interest Company (CIC) - deliver community, physical and mental healthcare to people living in Plymouth, South Hams and West Devon and is an example of how the transfer of the adult social care staff enabled a fully integrated approach to both health and social care assessments for the people of Plymouth.

### Council Tax

The Council increased Council Tax in 2015/16 by 1.99%. Council Tax is assumed to be frozen through to 2019/20 in the MTFs. A 2% Adult Social Care precept has been applied in all years. In the table below we have set out the implications on our overall resources for 2017/18 to 2019/20 of three alternative options on future changes:

- A general Council tax freeze in each year
- A general Council tax increase of 1% year-on-year
- An increase up to the referendum limit of 1.99% in each year.

Every 1% movement in the Council Tax base equates to £0.950m.

	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m
Adult social care precept assumed	94.080	96.927	99.842	102.845
		0.969	0.999	1.029
Based on 1.00% increase 2017/18 only	94.082	97.896	100.841	103.874
		0.960	0.988	1.018
Based on 1.99% increase 2017/18 only	94.082	98.856	101.829	104.892

### Income Collection

The 2016/17 revenue budget and MTFs assumptions are based on achieving the collection targets. Bad debt provisions are kept under regular review by the Assistant Director of Finance.

Type of debt	Target % 15/16	Target % 16/17	Target % 17/18	Target % 18/19	Target % 19/20
Council Tax	98.5	98.5	98.6	98.7	98.8
Business Rates	98.5	98.5	98.6	98.7	98.8
Commercial Rents	97.0	98.0	98.5	98.5	98.5
Sundry Debt	97.0	97.5	98.0	98.0	98.0

The targets for Council tax collection and business rates are stretched for 17/18 onwards. These are ambitious targets and the increase is not currently assumed in the MTFs. The average in-year Council tax collection rate for unitary authorities was 96.9% in 2015/16. The average in-year business rates collection for unitary authorities was 98.0% in 2015/16.

### Additional costs

Additional costs accepted within the MTFs are exceptional in nature with the inherent assumption that spending departments will absorb the increased cost of service demand and inflation through proactive management action and efficiencies through business as usual operations. A clear business case must be approved through the Corporate Management Team (CMT) in order to incorporate future year funding allocations.

Utilities have been a significant additional cost in recent years. However, through office rationalisation, carbon reduction investment and falling prices, we have not incorporated such pressures within our MTFs at this stage.

Likewise, general inflation relating to external spends and contracts have not been accounted for on the understanding that smarter procurement practices will continue to contain significantly increased spending. The additional costs within the 2017-18 MTFs are detailed on page 22. Additional costs are kept under constant review as part of on-going budget monitoring.

Item / area	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m
Salary and Pension Inflation	0.900	0.900	0.900	0.900
Pension actuarial review		0.600	0.900	0.100
Adult Social Care – Care Packages	3.562	2.756	1.854	1.374
Children, Young People and Families – Care Package		1.800		
Major Investments	0.850	0.550	(0.400)	
National Insurance changes April 2016	1.500			
Transport links / Income	0.528			
National Living Wage	2.217	2.520	3.263	3.479
Delt	1.400			
2015/16 savings met from one-offs	5.888			
Specific grants reduction	0.719			
Plymouth Plan (one-off)		0.210	(0.210)	
ICT re-provisioning		0.300	0.300	0.300
Apprenticeship Levy		0.250		
Revenue costs arising from capital investment decisions		0.250	0.250	0.250
Staff costs (EVRS / redundancy)			0.500	
Housing Benefit Subsidy		0.500		
Neighbourhood Initiatives		0.100		
<b>Total</b>	<b>17.564</b>	<b>10.736</b>	<b>7.357</b>	<b>6.403</b>

### Salary and Pension / Inflation

Pay awards have been significantly reduced over recent years, including a prolonged period of staff pay freeze. A one per cent increase in our payroll roughly equates to £0.9m added revenue spend within our base budget. Looking forward, we have assumed a one per cent award for both 2017/18 and 2018/19 with additional funding towards our pension deficit review.

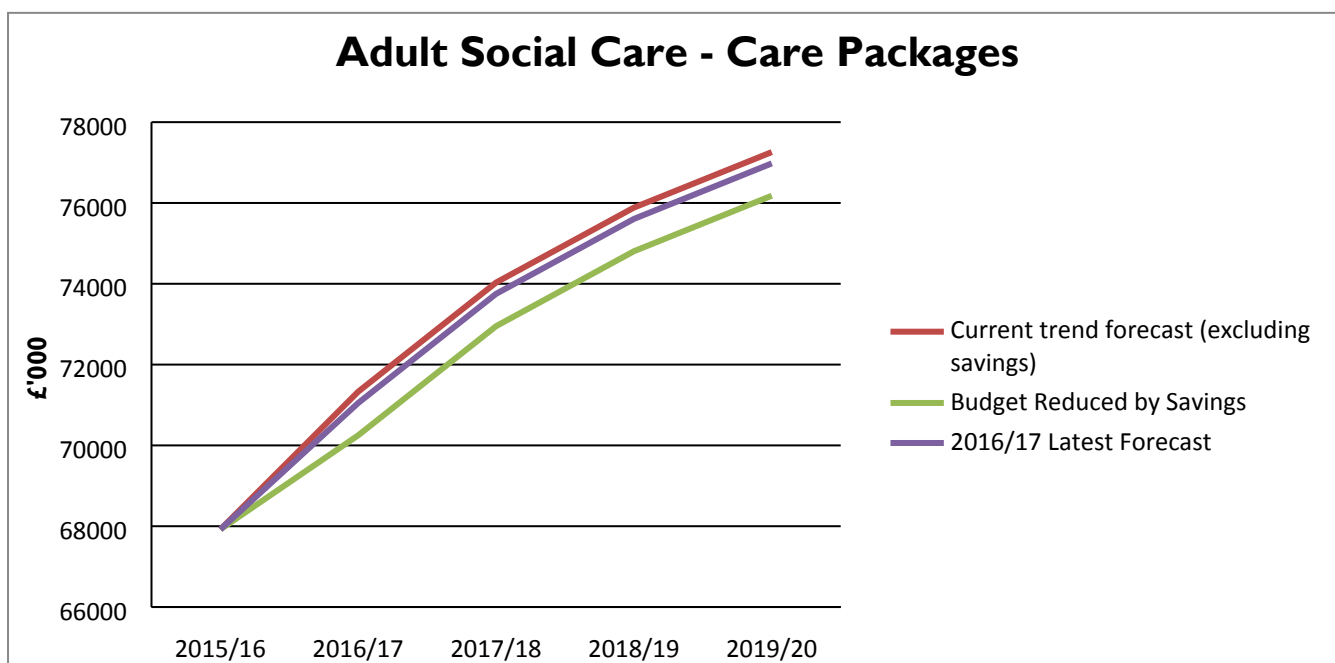
With the move towards alternative service delivery vehicles such as DELT ([www.deltservices.co.uk](http://www.deltservices.co.uk)) and CaterEd ([www.plymouth.gov.uk/catered](http://www.plymouth.gov.uk/catered)), future one off costs will need to be quantified in terms of ensuring that there is no pension deficit at the point of transfer.

### Pensions Actuarial Review

Provision has been made for the impact of the actuary revaluation of the Devon Superannuation Fund. New Rates come in to force in 2017/18.

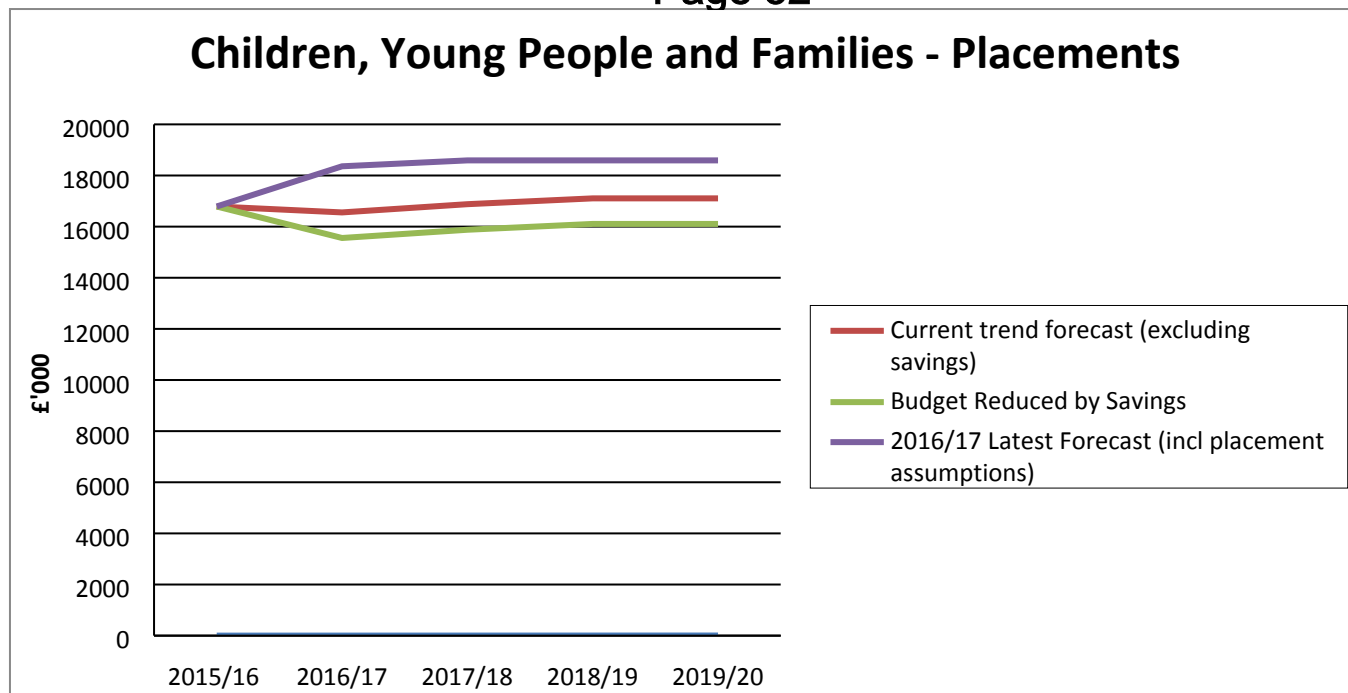
### Adult and Children Social Care

The Medium Term Financial Strategy allocates additional revenue funding to match core spending requirements. Due to diminishing resources, these allocations are exceptional in nature.



	2015/16 Outturn £m	2016/17 Budget £m	2017/18 Budget £m	2018/19 Budget £m	2019/20 Budget £m
Net budget for ASC care packages (before savings)	67.921	71.331	74.087	75.991	77.365
Additional MTFS provision			2.756	1.854	1.374

## Children, Young People and Families - Placements



	2015/16 Outturn £m	2016/17 Budget £m	2017/18 Budget £m	2018/19 Budget £m	2019/20 Budget £m
Net budget for CYPF care packages (before savings)	16.788	17.049	18.849	18.849	18.849
Additional MTFS provision			1.800		

A further allocation in the 2017-18 MTFS for children's packages has been made in respect of the Quarter 1 variation identified. Initial analysis suggested the increase in the total of Looked After Children, a rise of 21 against the 386 costed in the budget (an increase of 7%) was a spike rather than a new base. However, as the year has progressed it is evident that this number is the new base. The number of children in residential care has risen from 20 to 27 with additional costs of £0.900m; children placed with independent foster carers has risen from the budget assumption of 70 to 107 with additional costs of £0.970m.

### Major Investments

We are creating the South Yard Marine Industries Production Campus site. This is a long term investment project which will create employment opportunities and generate commercial income in future years. The MTFS assumes an allocation of £0.850m in 2016/17 to cover start-up and running costs with an additional £0.550m allocated in 2017/18. This reduces back to £1.000m in 2018/19. These running costs will not be required long term.

Plymouth City Council is working towards the 400<sup>th</sup> celebration of the sailing of the Mayflower from Plymouth and has set out ambitious plans to ensure the occasion is marked nationally as well as locally. This allocation is to cover the revenue associated costs of planning and hosting events up to and including 2020.

The additional allocation of £0.528m also includes covering the lost car park income as a result of the closure of some of the city's current sites, and the additional cost of security for the former airport site.



### **National Living Wage**

The new National Living Wage of £7.20 per hour was introduced in April 2016. The MTFS has provided £2.217m in 2016/17 rising by £2.520m in 2017/18; £3.263m in 2018/19; and £3.479m in 2019/20. The Council pays the Foundation Living Wage (currently at £8.25) and this will be reviewed or capped for affordability in future years whilst the new National Living Wage catches up.

### **2015/16 Savings (one-off)**

This was a technical adjustment in 16/17 to build ongoing savings in the base.

### **Plymouth Plan (one-off)**

This covers the anticipated consultation costs in 2017/18.

### **ICT re-provisioning**

The MTFS provides £0.300m in 2017-18, 2018-19 and 2019-20 for ICT re-provisioning. The cost of replacing our current stock of ICT equipment, covering desktop and laptop equipment and printers etc. will fall on revenue resources rather than the capital programme.

### **Apprenticeship Levy**

An Apprenticeship Levy applies from April 2017 and is payable at 0.5% of payroll cost.

### **Revenue costs arising from capital investment decisions**

£0.250m is included for the revenue costs arising from capital investment decisions in 2017/18 stepped a further £0.250m in 2018/19 and £0.250m in 2019/20. Borrowing costs associated with investment projects follow the “Invest to save” principle and are repaid by the project. There will be cases where investment is required, such as Health and Safety, where there is no financial payback. Such investment will be met from allocations.

### **Council Staff costs (Employee Voluntary Redundancy Scheme (EVRS)/Redundancy)**

Our workforce has reduced significantly in the last 3 years with further posts being considered through alternative service delivery mechanisms (e.g. shared services, social enterprises) as a direct result of the actions and solutions that will be delivered within the MTFS period. £0.500m is included in 2018/19 to cover the **Council Staff costs (EVRS / redundancy)**.

### **Housing Benefit Subsidy**

Normal housing benefit payments are subsidised by Department for Work and Pensions (DWP) at 100%. Claimant error is subsidised at 40%, but is recoverable from the claimant. If the claimant is still in receipt of housing benefit there is a regulatory limit to the amount that can be recovered of £10.95 per week.

Since 2014 DWP has compared its database of payroll and family credit information with monthly extracts of Local Authority housing benefit records. Benefits authorities are notified of any claimant error by DWP. Given the increased scale of claimant error and the difficulties of recovering overpayments in many cases, it is prudent to provide £0.5m in the revised MTFS for loss of housing benefit subsidy.

### **Neighbourhood Initiatives**

£100k has been added to the MTFS for this important development.

## Transformation Programmes

Local Government is changing rapidly as traditional sources of funding are reducing and the demand for our services is increasing. We continue to face a £37m funding gap within three years unless we continue to transform the way we do things at pace. We know we cannot do things in the same way we have done in the past and our transformation programme is taking a pioneering and ambitious approach to addressing these challenges while improving services and outcomes for Plymouth citizens.

It means providing services in new ways, joining up with partners wherever possible, investing in ways of doing things more efficiently, making the most of our assets and raising income by taking a more commercial approach.

There are three programmes that involve a wide range of projects touching every area of our work. The transformation programme comprises:

### **Transformation of the Place Directorate (Growth, Assets and Municipal Growth Programme - GAME 2)**

This programme is investing in accelerating Plymouth's economic growth, which will raise income through business rates and Council tax. It includes a wide range of initiatives to create more jobs and deliver more homes in Plymouth, guided by the Plymouth Plan and the Plan for Homes.

We are also maximising the opportunities to increase income by making best use of our assets and taking a more commercial approach to the way we commission and run services.

### **Street Service operations**

The continued modernisation of the Street Cleansing and Grounds service will deliver further savings. A reduced reliance on overtime and agency workers plus changes in working patterns are at the centre of this proposal.

### **Waste**

The Council has a clear policy statement within the Plymouth Plan as to how it intends to manage its waste. With the anticipated housing growth in the City, estimated to be another 12,000 more properties by 2031, it is essential that there is a sustained focus on best practice, sustainable and efficient waste collection operations and increasing recycling levels before the anticipated need for investment in the service to cope with the housing growth.

### **Highways re-procurement**

Our HMI7 project has a clear objective of the Council re-establishing its management of roads and pavements. The in-sourcing of personnel from the current provider will see a review of the resource required to manage our infrastructure. It will involve the establishment of a client function that also draws in Highways, Parking and Marine and the Strategic Transport Planning teams; the latter area's inclusion provides an opportunity for further benefits realisation.

### **Asset Investment Fund**

In 2015/16 we established an Asset Investment Fund to deliver our objective to use the Council's resources wisely by creating a long term additional commercial property income stream while helping create jobs by providing high quality business accommodation.

We have a significant commercial property investment portfolio with a capital value of around £88m and a net income of circa £5m (5.7% net return). The portfolio supports around 2,400 jobs in property assets that local businesses occupy that contribute towards growth in the local economy.

We are in a unique position to benefit from access to long term fixed rate prudential borrowing at low interest rates and to create an Asset Investment Fund to start an investment programme to directly build and acquire additional economic development and job supporting investment properties. This includes re-purchasing long leases on assets where we hold the freehold title, such as the city centre shops. We re-purchased an industrial estate long lease earlier this year which is providing a 10 per cent return.

The adoption of the Asset Investment Framework will provide a sound basis and evaluation criteria on which future property investment acquisitions can be assessed and the performance of the existing commercial estate monitored. This will ensure that the Council's commercial estate will provide a secure long term income stream to help front line service delivery and support the economic development of the city.

### **Growth Dividend**

We will continue to be proactive in securing greater value from our assets and driving projects that deliver growth which brings long term economic and financial benefits for the city such as through securing New Homes Bonus, new Council tax and business rate revenues and additional Community Infrastructure Levy.

These measures include:

- The Plan for Homes which provides a comprehensive delivery framework to respond to need to increase the supply and quality of new housing in the city. The updated Plan for Homes agreed by Cabinet in February 2016 extends the existing plan to 2021, with an £80m commitment to housing investment to deliver over 1,500 new homes in support of the overall delivery of 5,000 homes over the next five years;
- Reviewing the Community Infrastructure Levy to focus the funding secured from development on supporting the infrastructure needed for growth (a new charging schedule is due to be in place by April 2017);
- Focusing the delivery of major projects that will have the greatest impact on revenue such as Drake Circus Leisure, Civic Centre, Seaton Neighbourhood, Railway Station, Colin Campbell Court, Bath Street, Quality Inn Hotel and Millbay;
- Continuing the programme of Direct Development to drive rental income and NNDR across the Land Property portfolio;
- Continuing to drive housing developments on Council land.

**One Public Estate** – Working with public sector partners to deliver savings by better and more efficient and joined up use of public sector land and property. This includes modernising the railway station and surrounding area, creating a Health and Wellbeing hub at Douglass House and master planning the Mount Gould Hospital site. We secured £0.420m central Government funding for One Public Estate Phase 3.

### **One System, One Aim - Transformation of the People Directorate**



A significant proportion of our revenue budget is spent on adult care services and the costs of providing health and wellbeing services are rising as demand increases. The programme has already delivered pioneering changes to our adult social care services by combining them with health services to reduce costs and improve the health and wellbeing of Plymouth residents.

The programme emphasises the need for preventative and early intervention services to improve health, thus reducing demand for services in the longer term to develop a sustainable system.

It comprises multiple work streams currently embedded across:

- Integrated Delivery
- Integrated Commissioning
- Integrating services for Children and Young People and Families
- People Directorate Review
- Efficiencies

As the programme moves into its next phase of aligning to the One System, One Aim programme of activity the projects take on a different shape and feel and will need to subsume the following areas of development and delivery, utilising resources across PCC, CCG, Livewell Southwest, Plymouth Hospitals NHS Trust and other partners to achieve the following aims:

- Review and redesign the Urgent Care System
- Transform services for Children and Young People
- Redesign and remodel the system for Elective Care
- Remove the amount of spend on individual High Cost packages of Care
- Develop an integrated system of Health and Wellbeing Hubs
- Implement the 5 Year Forward View for Mental Health
- Develop and redesign Primary Care as part of the system of Health and Wellbeing

In parallel, the People review will continue to maximise grant funding, identify additional income opportunities and deliver operational efficiencies through the remodelling of teams and services across the whole directorate.

### **Integrated Commissioning**

- Joining up planning and sharing resources
- Implementing the Integrated Commissioning strategies including:
- Working with Primary Care, Community Pharmacies, the voluntary sector and other partners to develop Health & Wellbeing hubs across the city
- Building on our integrated Health & Social Care offer:
  - To allow easier and earlier access to services promoting wellbeing or providing help in a crisis
  - Empowering people to take control of their own health and wellbeing
  - Helping older people who have come out of hospital to stay at home
  - Ensuring that families and carers will not have to chase professionals or ask them to talk to each other
- Working with NEW Devon CCG and Health partners to redesign Urgent and Planned Care across the city
- Redesigning commissioned advice and information services, and develop an implementation plan for a comprehensive 'One Help Plymouth' offer.
- Launching a new Community Operations offer to join together housing, community youth and community safety services to work with partners to improve community engagement in Plymouth.
- Reviewing other areas of the People Directorate to develop smarter and more seamless ways of working.

### **Children and Young People Services**

- Extending of the Gateway offer to widen the support for Children, Young People and Families
- Remodelling SEND services across the system to deliver a joined up approach making use of mobile working technology
- Redesigning targeted support to ensure children and young people get the right help at the right time to ensure services provide early help and support during crisis
- Extending the Permanency team to widen the support for Children in Care
- Developing an improved quality assurance response for children's services
- Launching a new multi-agency hub with partners to safeguard children across the city

- Implementing new ways of working across Children's Social care, which will make use of mobile working to deliver timely assessments and support for children in need
- Reviewing and remodelling the services for Education, Learning and Skills to improve our offer to students, parents and schools across the city

### **System Enablers:**

- Embedding our digital advice and information offer currently delivered through the on line directory
- Remodelling and rationalising existing systems in line with ICT Strategy
- Preparing digital systems to allow for Integrated Digital Health and Care Record functionality by 2020
- Implementing new technology to support business redesign

The People Directorate review will accelerate the review of all areas not within the scope of Integrated Delivery, Commissioning or Children's and Young People. Efficiencies and a reduction in headcount will be achieved through the opening of EVRS and then the subsequent remodelling of teams and services across the directorate.

The Directorate will also continue to seek to maximise all available grant funding and additional income opportunities.

### **Transformation of the Corporate Centre**

This programme has been established to:

- Define and deliver an organisational service centre to deliver universal services and transactions with consistency and commonality
- Deliver digital service transformation across the entire organisation to enable channel shift and process commonality to support delivery to the transformation outcomes
- Implement the Customer Service Strategy and the customer and channel elements of the blueprint through the system review process

The programme is supporting the delivery of the following agreed outcomes:

- Supporting cost effective, easy to use and highly accessible services
- Enabling informed decision making by joining up systems within PCC to create integrated views of Citizens, Costs, Services and outcomes and Performance
- Automating manual/paper tasks to reduce costs and improve quality
- Enabling smart/mobile working to allow services to be delivered where they are needed and reducing accommodation costs
- Delivering modern, high productivity technical tools to staff meeting the needs of a professional workforce and helping to attract and retain talent to the authority

**Service Centre** – this will support all Council departments who manage customer (including internal customer) requests and enquiries. The highest volume of customer contacts are the least complex and it is these transactions that will be managed by the Service Centre. Customer interactions will be simplified and standardised and will provide clear and transparent performance metrics. The Service Centre's capacity to support will increase as System Reviews are completed when suitable high volume, low complexity processes will be migrated and deliver economies of scale.

**Digital Services** - This project is an enabler for channel shift and automation; giving an organisational capability to deliver transformational change in service delivery, assisting with a reduction in call demand, enabling customers to self-serve and reducing paper-based transactions and the manual transfer of information.

**AgileHR** – Modernising the way we provide HR and OD services by restructuring the service, introducing a business partner model and improving and expanding the way we use our self-service workforce management system, iTrent. It is also about developing our workforce to reflect the future needs of the

organisation, using technology, empowering managers and providing staff with the tools they need to meet the challenges in their areas.

**Finance FIT** – Improving the way we deliver financial services to the organisation, ensuring we work in the most efficient way possible and that opportunities for self-service, automation and streamlining processes are maximized.

**SMART working** – Introducing flexible ways of working, using modern IT to enable staff to work more efficiently, while saving money by making the most efficient use of our buildings and assets.

**Asset Management** - Investigating the Council's office requirement for the future and rationalising the way we use our estate and delivering savings enabled by SMART working. Ensuring the Corporate Office buildings are fit for purpose and used in the most efficient way. We will be rationalising the estate by consolidating our office space need into the most efficient size/number of buildings and either releasing unused buildings for sale or leasing freed up space to generate income. The Councils depots will be consolidated to reduce the number and size to meet current and forecast needs with surplus depots sold for alternative uses.

### Other Transformation Activity

**Systems Reviews** - a key element of our transformation is breaking down service silos and joining up the way we work both internally and with partners to deliver better and more efficient services.

Reviewing services in the context of the bigger organisational picture helps to identify opportunities to:

- Significantly reduce the number of times citizens have to contact us for the same service request
- Standardise the way we deal with citizens regardless of how they contact us
- Make it quicker and easier for citizens to contact us and to measure how we are performing against consistent standards
- Use our customer insight and organisational intelligence to improve outcomes from citizens
- Enable customers to access more services online at any time and using any device
- Use intelligence and customer insight to add value to interactions with citizens

This will help ensure we have a consistent approach across the organisation to the way we service Plymouth citizens.

### The Future of Transformation

Our vision is for all Council services to work as one system together with our partners to deliver the most efficient services possible and better outcomes for Plymouth residents.

This involves collaborating with our public sector partners, providing services in new ways, simplifying our systems and processes, delivering transactional services through one point, maximising the use of digital channels and adopting an entrepreneurial culture.

### Our aim as we continue to transform the organisation is to:

- Benefit from economies of scale. We will review all services and centralise those activities that can better be performed universally within a central, consolidated Service Centre.
- Enable maximum contact through digital channels and service as many requests as possible at point of contact and to automate and further streamline processes and opportunities for increase self-service.
- Benefit from a full picture of each customer and their needs based on a centralised data repository and intelligence and to provide a joined-up service to customers using shared business processes.
- Provide a joined-up and intelligent single point of contact for wider servicing of public service needs within the region.
- Explore potential benefits of delivering services by alternative means through a systems review focusing on consolidation, collaboration and sharing –internally and externally.

## Capital Budget and Programme

Over recent years the Council has reviewed its management of the capital programme and is based on specific funding streams, to produce a more strategic capital budget. This capital budget now represents an overall affordability envelope within which a capital programme of projects for delivery sits.

The level of capital resource available has also been diminishing and will continue to do so for some time. Less is now available through direct capital allocation with increased need to bid for specific pots of funding linked to specific outcomes, for example, major road infrastructure projects and large cultural projects such as the History Centre etc. The Council's ability to maximise investment into the city through vehicles such as the Growth Fund and the Heart of the South West Local Enterprise Partnership has become an increasing priority.

We continually challenge and update all capital income streams in order to estimate the total resources at our disposal. Maximising developer contributions, under Section 106 (S106) of the Town and Country Planning Act 1990, and forecasting for the future generation of capital receipts through planned and structured asset disposals, remain vital income streams. There are a number of risks inherent within the calculation of forecast resources, the majority of which are reflected by the use of an appropriate RAG rating.

Funding Source	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£m	£m	£m	£m	£m	£m
Un-ring fenced Grants	10.037	6.540	5.315	3.815	3.815	<b>29.522</b>
Ring fenced Grants	36.421	51.399	44.230	18.555	10.942	<b>161.547</b>
Developer Contributions	19.296	9.381	6.558	6.154	6.153	<b>47.542</b>
External Contributions	2.223	0.500	0.500	0.572	0.500	<b>4.295</b>
Capital Receipts	9.316	1.834	0.619	2.006	0.500	<b>14.275</b>
Investment funds Loans repaid	1.734	0.222	0.326	0.906	0.380	<b>3.568</b>
Borrowing (Plan for Homes)	15.000	47.500	17.500	0.000	0.000	<b>80.000</b>
Borrowing (Asset Investment Fund)	45.204	3.686	0.000	0.000	0.000	<b>48.890</b>
Borrowing - other	47.469	9.994	9.031	6.381	7.000	<b>79.875</b>
Revenue/ funds	1.794	1.3920	1.868	0.300	0.100	<b>5.454</b>
<b>Total</b>	<b>188.494</b>	<b>132.448</b>	<b>85.947</b>	<b>38.689</b>	<b>29.390</b>	<b>474.968</b>

### Income Assumptions

#### Capital Receipts

Capital receipts arise from the sale of an asset. Usually the sale of an asset cannot be used to fund ongoing revenue purposes, without exceptional rules in place (i.e. capitalisation directions, or for one off transformational purposes), thus the sale of assets is used to re-invest in capital investment. Furthermore capital receipts can be ring fenced or un-ring fenced subject to specific circumstances or agreed decisions to earmark a specific capital receipt.

The current methodology for predicting capital receipts is obtained from the Capital Receipts working group which tracks progress against scheduled sales of capital receipts. This results in a relatively straight forward forecast of known assets for sale which is then RAG rated based on expected timing and value.

### **Non Ring Fenced Grants**

Un-ring fenced Grants are best described as the “block allocation” of capital grants awarded to the Council by Central Government, based on a needs assessment. The blocks typically cover education and transport. Historically, the Council allocated the blocks to the applicable services and the services have drawn down against these funds with projects, in essence there has been a ring-fencing of sorts internally. The position is now changed with the Council deciding that all un-ring-fenced resources should first be available to the relevant service area, and if unused be held in a central pool with all priorities being considered. This may mean that funds passed to the Council by the Government for transport may be used for anything else.

The method of prediction is aligned to the spending reviews and settlements. In immediate years the block allocations tend to be announced as confirmed. This is often accompanied by indicative future year announcements (based on an assessment of need). As we move into the future we are using the information provided within these settlements and from central Government announcements.

### **Investment Fund loans repaid**

The Investment Fund of £20m was created from a “top slicing” from a range of all un-ring fenced income sources. A number of investments were awarded as repayable loans. Approved business cases demonstrated that these initiatives could repay the investment. There is therefore an income stream representing the repayment of these investments back to be recycled as a future un-ring fenced resource. The monitoring of loan repayments is based on a scheme by scheme basis. Each cash-flow and return on investment varies.

### **Ring-fenced Grants**

These grants are paid to PCC to deliver schemes, or outcomes, which will be defined in the terms and conditions from the funder, and may include time barring and future obligations for the Council. There will be penalties for the terms and conditions not being met.

Our income assumptions include mandated projects in our pipeline.

### **Borrowing**

Loans are taken out to fund capital expenditure from approved lenders based on the Treasury management knowledge on interest rates and borrowing. The repayment of the loan principle and interest is paid for from revenue.

### **Developer Contributions**

Our Planning department forward forecast this based on known future developments. This is then RAG rated based on expected timing and value.

Community Infrastructure Levy (CIL) (which replaced the S106 Tariff). The levy is used to support new developments by funding infrastructure needs – for example, new road schemes, park improvements or improvements to local school capacity. This is charged on a £ per square metre rate of the proposed new development.

### **Section 106 – Negotiated Obligations and tariff**

Negotiated Element - this is negotiated with the developer and is used to fund specific works, normally linked to the development.

Planning Development Tariff - pooled into categories to be used in such areas such as Transport, Education, Libraries. Regime has been replaced by CIL but resources continue to be collected.



**External Contributions**

Sum provided by a funder, but not specifically as a grant. This is a direct award of resources for a specified purpose; for example the £2.1m contribution from British Land towards the new Mayflower Coach Station.

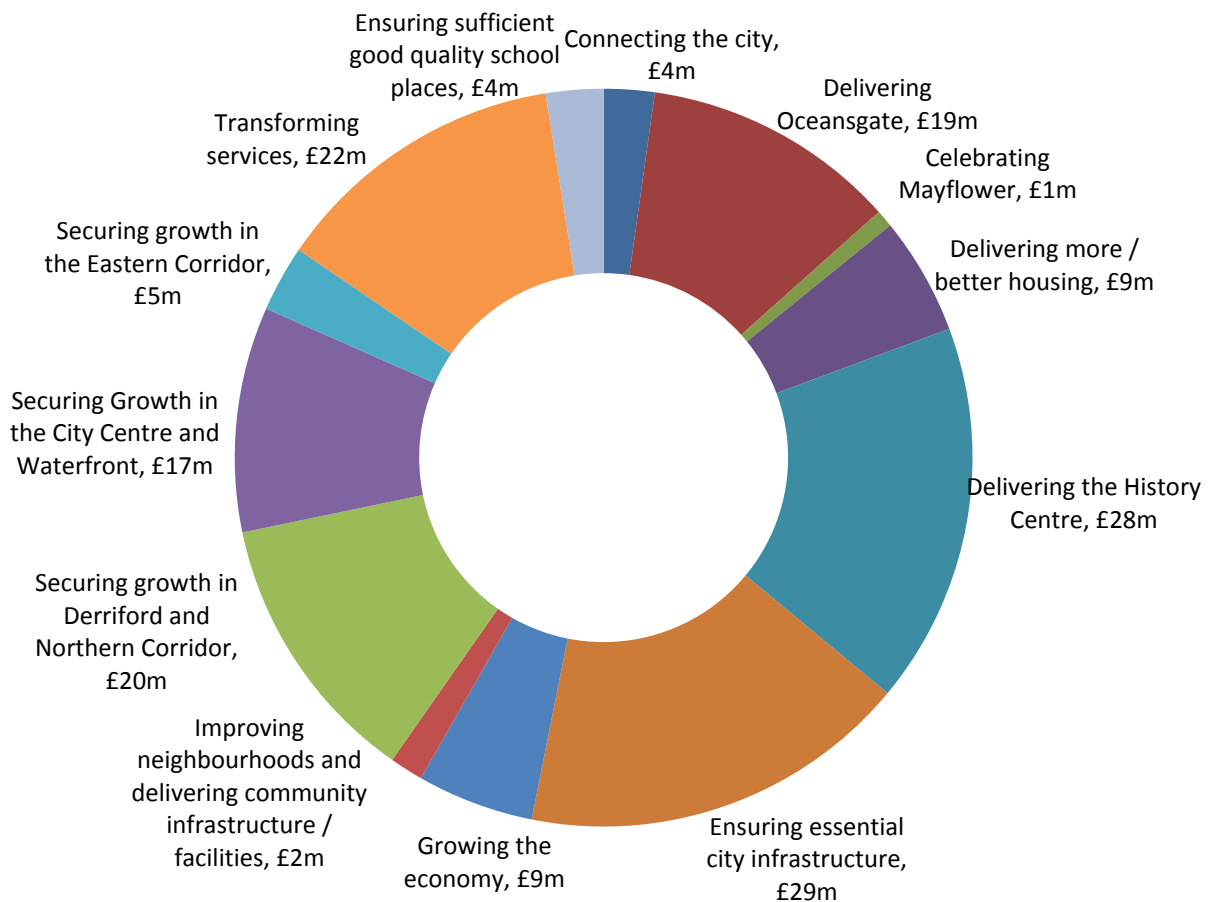
**Revenue**

The use of revenue budget to directly fund capital spend: This is known as an RCCO (Revenue Contribution to Capital Outlay).

Officers will remain proactive at securing external grant funding wherever possible in order to continue to deliver significant, ambitious capital investment in the city. The budget will be continually updated as further details of funding are made available. Projects utilising funding are submitted and approved by our City Council Investment Board (CCIB).

Projects seeking to fund proposals from borrowing will be required to meet the principle of “Invest to save”. Business cases will evidence that a loan to fund capital spend can be repaid from the net revenue benefits achieved from the investment, as evidenced in a discounted cash flow. This ensures a net present value of a capital project over the life of the asset. The repayment of the loan principle and interest is paid for annually from the revenue account. The repayment of loans taken out based on approved capital projects is reported through regular revenue monitoring, until the loan is repaid. Proposed projects will continue to have to meet this “Invest To Save” criteria, and that the revenue impact of this will continue to be met from the relevant service revenue accounts.

It is noted that resource forecasts for the period 2017 – 2021 are reducing, as RAG rated estimates become less certain. The capital programme is also front loaded to deliver the greatest proportion of projects utilising 2017 – 2021 resources in the early periods. The current approved Capital Programme for 2017-21 is £168m.



We remain committed to a significant capital investment programme. The Council will engage with partners in major regeneration of the city, not only contributing towards improvements, but also to sustain local work opportunities, for example, the construction industry. We will ensure that we maximise the outcomes and revenue savings generated through capital investment. For example, we will grow businesses in the city and build more houses to generate business rate income, New Homes Bonus and Council tax. Our Capital Resources to 2020/21 are £475m, and our Capital Programme includes:

### **Investment in Road infrastructure**

We will continue with our £20m capital investment in our road infrastructure with planned carriageway resurfacing to repair pot holes and improve road junctions and traffic flows.

### **Investment in schools**

We will continue to invest in providing improved schools and additional capacity for the increasing number of school age children in the city, ensuring there is a school place for every child and education opportunities which will improve their quality of life.

### **Plan for Homes**

£80m investment to for much needed house building across the city. Individual draw down against this scheme will be subject to due diligence and outcomes delivered in terms of number and types of dwellings to be built.

### **Derriford Transport Scheme**

£12.7m investment will provide new and enhanced transport infrastructure in the form of two major junction upgrades in the Derriford area on the Northern Corridor at Derriford Roundabout and the Tavistock Road / William Prance Road junction. The scheme seeks to optimise the existing transport network and provide additional capacity to improve journey times and reliability whilst freeing up capacity in order to allow large scale development to come forward in the Derriford area and along the Northern Corridor. Public transport is at the heart of the proposals to encourage sustainable journeys to be made. Opportunities to improve pedestrian and cycle links and crossings will also be maximised.

### **Forder Valley Link Road**

£33.4m will be invested to provide a direct link to Derriford and to support future housing developments at Seaton neighbourhood.

### **Asset Investment Fund**

£50m is being invested into strategic property investments that will help grow the local businesses and will create income to support the Council's revenue budget.

### **Strategic Cycle Network**

£8.3m is being invested in the Northern and Eastern Corridors Strategic Cycle Network. This will deliver a network of routes for experienced and inexperienced cyclists that will link each of the neighbourhoods in Plymouth. This will benefit pedestrians and people with mobility and other impairments.

### **Plymouth History Centre**

£30m is being invested to transform the current museum to a cutting-edge cultural centre, three times its existing size, providing 86% more exhibition space and 100% more flexible learning space.

### **Oceansgate**

£20m is being invested in the first phase with 32,400 square metres of new and converted workspace.

### **Plymouth City Market**

£3.5m is being invested to revitalise this integral part of the West End of the City Centre and an important link to the regeneration of this area, linking with the new Mayflower Coach Park.

## Treasury Management

The Council's approach to Treasury Management has been significantly revised due to the global economic environment and by the recent decision to leave the European Market. These events have led to the Bank of England reducing the bank rate to an all-time low.

Despite being risk adverse, we continue to explore opportunities for generating significant revenue returns through close management of the business's working capital and associated cash flows.

The Asset Investment Fund has been investing in local property by borrowing at unprecedented low interest rates. This will enable the Council to increase its investment income as well as supporting its revenue budget.

With falling interest rates on the Council's main bank and call accounts, we have also been proactive in seeking alternative investment vehicles for money that we are able to put aside for a longer time period. For example, our £20m investment in property funds generated a return of more than 4% in 2016/17 and a similar return is forecast for 2017/18.

The Council's published Treasury Management Strategy details our borrowing limits and specifies approved institutes for investment, (with maximum limits), based on credit ratings and other pertinent factors. We also publish Prudential Indicators which set investment and borrowing performance indicators to ensure that we stay within these guidelines. We maintain regular engagement with our Treasury Management advisors, ArlingClose, and constantly seek their advice on our strategic direction and key operational decisions.

### Borrowing Limits

The Council is required to set out its annual Borrowing and Investment Strategy recognising its implications on the Council's revenue budget. It is a statutory duty under the Local Government Act 2003 for the Council to determine and keep under review how much it can afford to borrow. The Council must have regard to the Prudential Code when setting its Authorised Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future Council Tax and Council rent levels is acceptable.

The Council approved its revised Treasury Management and Investment Strategy for 2016/17 in February 2016. In this Strategy we have approved the authorised borrowing limits from April 2016 as:

- 2016/17 £400m
- 2017/18 £440m

The Council will consider the use of borrowing if evidenced by a robust business case which clearly details financial and non-financial outcomes achievable through the proposed capital investment. Such cases require approval through the City Council Investment Board (CCIB) with the associated revenue cost of borrowing the money charged against the relevant service department to which the investment relates.

To ensure that the Council is not over-exposed to risk in terms of the extent of long term borrowing, we have set a target that the overall revenue cost of borrowing must not exceed 10% of the Council's entire net revenue budget in any given year. With future year resources anticipated to fall further over coming years, this target needs to be closely monitored by the Council's Section 151 Officer and Treasury Management Board.

### Minimum Revenue Provision (MRP) Policy

The Council is required to make a revenue charge each year to provide for the repayment of loans taken out to finance capitalised expenditure. Government's Capital Financing Regulations places the duty for an authority each year to make an amount of Minimum Revenue Provision which it considers to be "prudent".

The prudent provision is to ensure that debt is repaid over a period reasonably in line with that over which the capital expenditure provides benefits.

During 2015/16 the Council has undertaken a review of its MRP calculation method and accounting assumptions. The Council's calculations were driven by a very complex spreadsheet that needed a full overhaul. The Council therefore engaged its TM advisors, ArlingClose to review and advise best practice. The main conclusions were that, due to the way we were calculating our annual MRP charge has resulted in an over-provision for many years and it also recommended a change in the calculation method.

The Council wants to match the economic benefits from its assets with the life of those assets. Therefore the Council changed its MRP policy to use the annuity method which not only spreads the cost of the borrowing over the life of the assets but it also takes into account the time value of money.

The Council's previous method of calculating MRP was to spread the cost of borrowing in a straight line over a maximum of 25 years. The current Council tax payers would therefore pay a relative higher charge than Council tax payers in the future. For example, if an asset cost £20m to build and has a life of 20 years then there would have been a £1m charged each year on the straight line basis. The annuity method takes into account the time value because £1m today has a higher value (NPV) than £1m in 20 years' time.

## Financial Governance, Performance and Risk Management

The Council has been working on improving its financial and governance arrangements for a number of years. Financial Management has improved, performance management has improved, scrutiny has developed and an independent audit committee is operating well.

Finance managers are an integral part of Department Management Teams. They offer financial advice and challenge to Senior Management as part of the process. We also have two Senior Financial Analysts, one supporting our GAME transformation programme, the other our Integrated Health and Wellbeing programme.

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

- Corporate Plan and Priorities
- Benchmarking spend and key performance indicator information
- Revenue budget and spending linked to priorities
- Delivery against revenue delivery plans
- Cost and Volume analysis for Children's and Adult Social Care expenditure
- Delivery of the capital programme

We will continue to build upon the existing reporting template which joins up these core elements. In 2010/11 we introduced quarterly integrated reports (supplemented by monthly scorecards) which will continue to be presented and challenged by:

- Corporate Management Team
- Cabinet
- Scrutiny Panels

In addition, we will be producing a joint PCC and CCG monthly finance report to monitor our performance against our aligned budget for health and wellbeing of circa £482m for 2015/16. This report will be a management tool for Cabinet and the CCG Board and also the Integrated Commissioning Board.

The Audit Committee will continue to provide an essential role in ensuring that we provide effective governance. In particular, their quarterly meetings will challenge progress made against the annual governance statement, internal and external audit plan, reports and recommendations. In addition, the audit committee has now assumed the lead member role in challenging and placing assurance on the Council's Treasury Management arrangements. To ensure that our financial procedures and practices are reviewed, up to date and reflect the operational business requirements and risks that the Council faces,

Financial Regulations and levels of Delegated Authority will be submitted to, and approved by our audit committee on an annual basis.

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

The Council has created a number of specific reserves and provisions in order to plan in advance for known and anticipated future revenue costs. We will regularly review the appropriateness and use of these reserves throughout each financial year. As a minimum, all specific reserves will be reviewed on an annual basis in March as part of the end of year accounting closedown.

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

**Redundancy Costs**

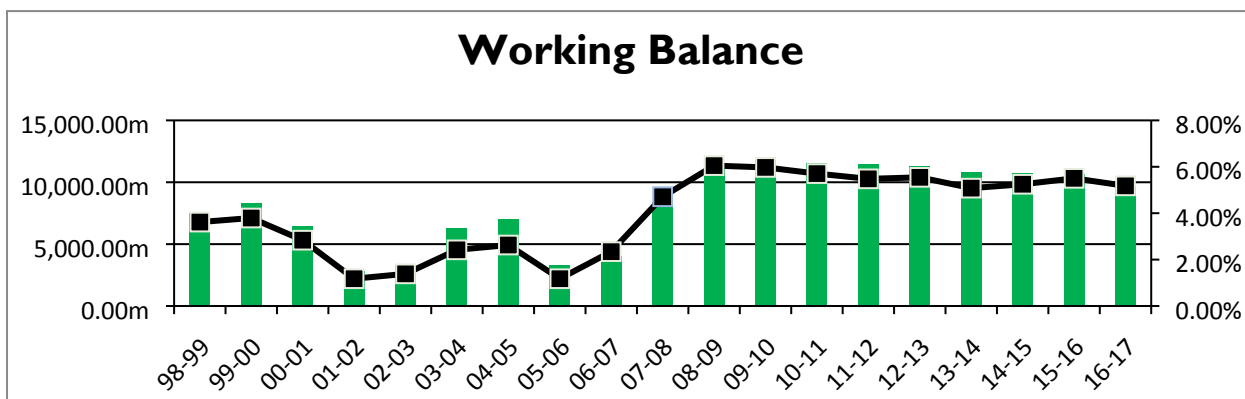
Over recent years, a number of management actions and budget delivery plans have relied on restructuring staffing and/or rationalising management. Whereas the Council is committed to minimising the number of compulsory redundancies unfortunately, on occasions, this is not feasible. This specific reserve is set aside to meet with the Council’s corporate redundancy costs.

**Insurance Fund Reserve**

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

**Working Balance**

The Council’s Working Balance is the revenue reserve that is put aside to cover any significant business risks that might arise. This reserve has been steadily built up over the years and was £10.652m as at March 2016. The significant constraints that will be placed on public sector spending for the foreseeable future.



The Council’s reserves should be adequate to cover potential risks. Plymouth has significantly improved the approach to risk management over recent years. Our strategic and operational risk registers are comprehensive and are regularly reported to, discussed and challenged by senior officers and members. Given the size of the financial challenges in 2016/17 and beyond it is even more appropriate that we are maintaining this value in our working balance.

For the MTF period to 2019/20 we are not anticipating any further draw down against our Working Balance, although with the continuing reduction in our core funding we need to revisit our percentage holding.

## Risk Register

Risk	Mitigation	Likelihood	Impact	Score
Leaving the European Union impact on New Homes Bonus	Proactive approach to new development	3	3	9
Leaving the European Union impact on NDR income	Proactive approach to new development and promoting business investment in PCC	3	3	9
Leaving the European Union investment returns	Ongoing review of investment policy and use of property fund to maintain returns	3	3	9
New Homes Bonus reallocation to Better Care Fund	Further details of Government proposals awaited to enable full consideration of the risk	3	3	9
Change of Government - 4-year RSG settlement at risk	Work with partners and local government bodies to protect the settlement	2	3	6
Fair funding review disadvantages PCC	Work proactively to lobby for increased PCC resources that recognise the particular needs of the City	4	5	20
100% business rates retention does not direct a fair share of resources to PCC or does not allow the benefits of rates growth to be fully retained	Work proactively to lobby for increased PCC resources and promote a system that is not unduly favourable to authorities with a high business rates base	4	5	20
Volume of demand and demographics beyond MTFS assumptions- adults	Although provision has been made in the MTFS for additional costs in this area, the position will need careful monitoring	3	3	9
Volume of demand beyond MTFS assumptions - children	Although provision has been made in the MTFS for additional costs in this area, the position will need careful monitoring	4	5	20
Risk to Council tax collection rates following the roll out of Universal Credit	The MTFS is based on realistic collection assumptions, but the position will need to be carefully monitored and additional resources allocated for collection activity as necessary	3	3	9
Risk of additional costs through pension fund deficits beyond MTFS assumptions	Some provision has been made in the MTFS for additional pension costs, but the position will need to be carefully monitored. The Government Actuary is to have a new role in signing off deficit reduction timescales	3	3	9
Delivery of planned savings	The achieved value of Transformation Stretch savings is part of regular budget monitoring. Corrective management action is taken where adverse variations are identified	3	3	9
Revaluation Risk	Revaluation changes not fully compensated in Government top-up funding	3	3	9
Commercialisation Debt Risk	Borrowing to invest in commercial projects exposes PCC to additional credit risk, as the revenues that flow from these projects are inherently uncertain	2	4	8

## Medium Term Financial Strategy

Published by:

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**PLYMOUTH CITY COUNCIL**

**Subject:** Corporate Fees and Charges Policy  
**Committee:** Cabinet  
**Date:** 8 November 2016  
**Cabinet Member:** Councillor Darcy  
**CMT Member:** Lesa Annear (Strategic Director for Transformation and Change)  
**Author:** Caroline Cozens (Strategic Commercial Manager)  
**Contact details:** Tel 01752 305628  
caroline.cozens@plymouth.gov.uk

**Ref:**

**Key Decision:** Yes  
**Part:** I

---

**Purpose of the report:**

To revise the Corporate Fees, Charges, and Concessions Policy.

To set out the potential of increased income following the application of the new Policy.

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**The Council Corporate Plan 2016/19**

Appropriate fees and charges or concessions are intrinsic to delivering the Corporate Plan.

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

The resource implications are set out in the body of the report.

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

Appropriate concessions will avoid an adverse impact on Child Poverty.

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**Equality and Diversity:**

Has an Equality Impact Assessment been undertaken? Yes. The equalities impact of specific charging proposals will be evaluated item by item.

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**Recommendations and Reasons for recommended action:**

That Cabinet approves the revised Fees, Charges and Concessions Policy.

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**Alternative options considered and rejected:**

Not to revise the Policy. The Council would not be able effectively to implement appropriate fees and charges and apply relevant discounts

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**Published work / information:**

**Background papers:**

Title	Part I	Part II	Exemption Paragraph Number							
			1	2	3	4	5	6	7	
Equality Impact Assessment	x									

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**Sign off:**

Fin	pc1617.38	Leg	DVS 26726	Mon Off		HR		Assets		IT		Strat Proc	
Originating SMT Member Lesa Annear (Strategic Director for Transformation and Change)													
Has the Cabinet Member(s) agreed the content of the report? Yes													

## 1.0 Introduction

1.1 The proposed corporate fees and charges policy is attached.

1.2 The main provisions of the Policy are:

- Cabinet sets and approves the Corporate Charging Policy
- Each main service area should have its own charging policy
- Charges rising generally by CPI, expressed as a sensible and logical set of individual charges
- Reduced bureaucracy in setting fees and charges
- Clear provisions on concessions.
- Clear provisions on discretionary charging under Local Government Act 2003.
- A section on commercial activities.
- Sets out the hierarchy of decision making
  - Cabinet approval (>£500k a year generated in a service area)
  - Portfolio Holder approval (other changes)
- The ability to charge non-residents differentially
- The use of intelligence from local authorities and other providers when setting charges

1.3 It is expected that the new policy will ensure a fairer system of charging. It is expected that an additional £500k of income to be generated in each of 2017/18; 2018/19 and 2019/20. Where it is Council policy to recover the full cost of a service this will be applied to ensure a fair approach across users of different services. The application of a clear concessions policy will protect service users where appropriate.

1.4 It is expected the £500k can be achieved because:

- Many individual charges have not been increased since 2015/16 or earlier.
- Discretionary charges excluding parking charges were budgeted at £7.4m in 2016/17. Many discretionary charges do not correspond to the full cost of the service. Based on individual reviews, there is considerable potential to correct the charges in accordance with service objectives.
- The average of September 2016 independent forecasts for 2017 CPI published by HM Treasury of 2.5% showing the need to increase charges to keep pace with inflation.

1.5 Individual charging decisions for 2017-18 will come back to Portfolio Holders or Cabinet where appropriate under the new Fees, Charges and Concessions Policy.

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# **Plymouth City Council**

## **Corporate Charging Policy**

### **November 2016**



This policy is Plymouth City Council's approach to setting fees and charges and allowing concessions. It sets out the principles that the Council will use when setting a charge for services. It ensures consistency in charging customers and community groups.

The City Council is committed to the highest possible standards of openness and accountability. This policy is driven by those values. Fees and charges will be pitched to deliver the Council's overall objectives whilst protecting the most vulnerable citizens of Plymouth.

#### **1. In scope**

All discretionary fees and charges.

#### **2. Key Principles**

There will be a charging policy in each Portfolio area. Where appropriate the Council may determine not to recover the full cost of some services because of the social impact or other policy reasons including the safeguarding of tourism revenues.

- Each financial year charges will generally be increased by the Consumer Price Index (CPI). This will ensure charges keep pace with the cost of providing services.
- Increases will be implemented in practical monetary values that make sense to customers. The CPI increase may be applied differently across a group of similar services in order to achieve this.
- The Council will ensure the full cost of a service is recovered where that is the charging objective. Commercial services will be priced to generate a surplus. Where commercial services are not achieving that aim they will be reviewed, including the potential to improve the market offer.
- Non-residents may be charged differentially where appropriate.
- Charging decisions will be informed by intelligence from other local authorities and providers.
- Where relevant charging decisions will be supported an equalities impact assessment

### **3. Concessions**

Concessions may be offered

- To those in full time education
- In receipt of means-tested benefits
- In receipt of the State Pension
- Group discounts may apply where this is consistent with the service charging policy
- Service users should make a minimum contribution in accordance with the Council's Council Tax Support Scheme.

### **4. Authority to set fees and charges**

- Fees and Charges may be revised at any stage of the financial year.
- If the expected increase for a service area is less than £500k a year may be set by the Portfolio Holder.
- If the expected increase for a service area is more than £500k a year shall be set by the Cabinet.

**PLYMOUTH CITY COUNCIL**

**Subject:** Plymouth History Centre  
**Committee:** Cabinet  
**Date:** 8 November 2016  
**Cabinet Member:** Councillor Jordan  
**CMT Member:** Anthony Payne (Strategic Director for Place)  
**Author:** Gareth Simmons (Strategic Projects Director)  
**Contact details:** Tel: 01752 307161  
Email: gareth.simmons@plymouth.gov.uk  
**Ref:**  
**Key Decision:** No  
**Part:** I

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**Purpose of the report:**

The development of the History Centre is a city and regional priority. It is a major feature of the Local Economic Strategy, the Vital Spark Cultural Strategy, the Plymouth Plan and the flagship of the developing proposals for the celebrations of Mayflower 2020. It is therefore a critical component to Britain's Ocean City.

The History Centre brings together a unique combination of cultural and heritage collections and partners including the City Museum and Art Gallery, the Plymouth and West Devon Record Office, the Local History Collections of Central Library, the South West Film & Television Archive, the South West Image Bank, University of Plymouth (including Peninsula Arts), the Naval Heritage Centre, the British Broadcasting Company and Plymouth College of Art.

We are seeking to translate this into a major cultural statement and complete a step change for the Plymouth cultural sector. The History Centre programme was initiated in September 2013 with proposals to submit a major application to the Heritage Lottery Fund (HLF). The proposal, described by HLF as "inspiring and compelling", resulted in a £12.8m "in principle" funding approval. Officers have developed the detail of the proposals over an 18 month period through initially building a professional team with the correct experience and expertise to offer advice, but then developing the building and exhibition design proposals and evaluating the conservation requirements of the collections. In addition they have engaged with audiences and the community and developed an activity plan for the closure period, during which the construction works will take place.

This report therefore seeks to:

- Update Members on the progress of the project and to report the outcome and implications of the funding applications.
- Agree to indemnify our partner organisations against any potential funding clawback to allow the collections to be fully integrated into the History Centre.
- Confirm the decision for appointment of the Contractor to the Strategic Director for Place in consultation with the Cabinet Member for Culture.

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## **The Council Corporate Plan 2016/2019:**

### **PIONEERING PLYMOUTH**

The project will transform the management and provision of an already outstanding arts and heritage offer for residents and visitors alike. The proposals for the building, the public realm and the attraction's interior will achieve a high quality experience, recognising that the cultural offer is of local, regional, national and international interest.

The History Centre will:

- Adapt the Arts and Heritage Service to offer even higher quality services focused on customers' needs
- Be a more commercial venture seeking to balance the books
- Develop new ways of working to reach wider audiences
- Redefine the use of Council assets by refurbishing and rebuilding out of date buildings
- Work constructively with audiences and stakeholders so reaching over 100,000 people in its consultations

### **GROWING PLYMOUTH**

The proposals are aimed at stimulating and meeting the demand for a growing visitor economy in Plymouth. The proposals are targeting a growth in the visitor numbers to the museum from 80,000-100,000 per year to 250,000 per year. The proposals will deliver a vastly improved learning programme for schools and young people, targeting an improved education offer for all schools and pioneering work with communities in the city. As a result it will contribute to the city's reputation as a city worth investing in.

The History Centre will:

- Deliver quality jobs and valuable skills, in both the construction market but long term in the visitor economy
- Improve the city as a place to live
- Increase levels of investment from external national funders
- Replace aging and failing cultural buildings
- Build a new civic square that is green and pleasant

### **CARING PLYMOUTH**

This project will create a safe place for children, young people and adults. The proposals will address existing shortcomings that are a barrier for some groups from entering a number of buildings that currently house the collections. For the first time there will be non-discriminatory access to Plymouth's heritage. We will ensure that the galleries represent a range of voices and are truly inclusive. The programme aims to focus on the work to develop Plymouth as a dementia friendly city and we have an ambition that this will be the first truly dementia-friendly museum/heritage centre in the country.

The History Centre will:

- Amongst others, offer exhibitions and services that focus on dementia making it a dementia friendly location.
- Offer a safe location for children and adults to visit
- Offer high spec facilities to boost the city as an inclusive community
- Listen to people through consultation and respecting their wishes



## CONFIDENT PLYMOUTH

We will create a new service that will be a regional showcase for the delivery of cultural services and, in doing so, give confidence to external agencies such as Arts Council England and The National Archives. It will act as a positive showcase of the Plymouth brand in the public realm. The proposals are being carefully crafted to appeal to a global market as well as a personal experience for local visitors.

The History Centre will:

- Demonstrate that the Council is making decisions driven by citizen wishes
- Create another reason for Plymouth to be seen as a destination
- Improved street scene environment by transforming a tired back street into a major public square
- Motivate a skilled workforce in both the construction, heritage and the visitor economy
- Be a regional museum and art venue hub setting the direction for the South West

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

The details of the capital and one off revenue costs were set out in the 12 October 2015 cabinet paper. These were updated and revised in the 4 April 2016 Executive Decision.

This report does not revise the costs of the project as the cost plan has not been updated. The Building design has been developed through the production of the working drawings but there won't be a further development of the cost until later in November. This cost plan will be closely followed by subcontract tendering of the works and then reaching financial close by the end January 2017.

The full capital and one off revenue costs amount to £34.16m including the relocation of Central Library which has been subject to separate reports and has now been completed.

The Council's contribution remains at £10.06m with the remaining £24.10m (71%) coming from external grants. Of these grants £23.16m (96%) has been secured in principle including £15.77m from Heritage Lottery Funding (HLF) and £4.18m from Arts Council England (ACE) and a further £2.93m from Coastal Communities.

In the 4 April 2016 Executive decision it was agreed that, if both the HLF and ACE grants were secured that the outstanding external grants, totalling a sum of £4m, would be underwritten to allow the building works to commence. Since this decision the Wolfson Foundation has been secured and the Coastal Communities has been confirmed in principle, meaning that the underwrite position has fallen to under £1m with every intention to reduce this still further.

The total cost of the project is a combination of revenue and capital resources. The total capital investment is £29.91m and the revenue resource is £4.25m. The revenue resource is mostly funded from £3.59m HLF grant with the remaining £0.66m coming from the Council's revenue budgets built into the Medium Term Financial Plan in the Place department.

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

The current buildings used to store the collections are not fit for purpose and there are a number of health and safety matters that will be improved with this programme of investment. The decanting of the museum and the construction projects involve a number of high risks, and so it has been important that professional support has been appointed at all stages of the project to be mindful of the hazards.

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### **Equality and Diversity:**

Has an Equality Impact Assessment been undertaken? Yes

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### **Recommendations and Reasons for recommended action:**

It is recommended that Cabinet should:

- Note the content of this report including the risks identified
- Confirm acceptance of the HLF and ACE grants along with the agreement to the terms and conditions of the grants
- Indemnify our partner organisations for any potential funding clawback to allow the collections to be fully integrated into the History Centre
- Confirm the delegation of the decision for award of the contract (appointment of the works contractor) to the Strategic Director for Place in consultation with Councillor Glenn Jordan, Cabinet Member for Culture

The reason for these recommendations is to ensure that the History Centre programme is procured in good time for the Mayflower 400 celebrations.

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### **Alternative options considered and rejected:**

The History Centre programme has been formally considering options since 2010.

An options feasibility study was considered in summer 2013 before an HLF bid was made and a further 14 architectural options were considered throughout the development stage. At each design milestone an option appraisal is undertaken to reappraise if the proposals are continuing to meet the original objectives.

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### **Published work / information:**

- [3 September 2013 cabinet paper](#)
- [Published decision of decanting dated 31 July 2015](#)
- [Published decision to appoint Atkins dated 10 October 2014](#)
- 13 October 2015 cabinet paper  
<http://web.plymouth.gov.uk/modgov?modgovlink=http%3A%2F%2Fdemocracy.plymouth.gov.uk%2FieDecisionDetails.aspx%3FID%3D2871>
- Published Executive Decision 4 April 2016

<http://web.plymouth.gov.uk/modgov?modgovlink=http%3A%2F%2Fdemocracy.plymouth.gov.uk%2FieDecisionDetails.aspx%3FID%3D2993>

**Background papers:**

Title	Part I	Part II	Exemption Paragraph Number							
			1	2	3	4	5	6	7	
Equalities Impact Assessment	Yes									

**Sign off:**

Fin	SRA- Fin1617 120 31/10/2016	Leg	MS/229 65/4	Mon Off	DVS2 6759.	HR	NA	Assets	NA	IT	NA	Strat Proc	NA
Originating SMT Member - David Draffan (Assistant Director for Economic Development)													
Has the Cabinet Member(s) agreed the content of the report? Yes													

## INTRODUCTION

The History Centre brings together a unique combination of cultural and heritage collections and partners including the City Museum and Art Gallery, the Plymouth and West Devon Record Office (PWDRO), the Local History Collections of Central Library, the South West Film & Television Archive (SWFTA), the South West Image Bank (SWIB), University of Plymouth (including Peninsula Arts), the Naval Heritage Centre, the British Broadcasting Company and Plymouth College of Art.

The History Centre programme was initiated in September 2013 with proposals to submit a major application to the Heritage Lottery Fund (HLF). The proposal, described by HLF as “inspiring and compelling”, resulted in a £12.8m “in principle” funding approval. Officers have developed the detail of the proposals over an 18 month period through initially building a professional team with the correct experience and expertise to offer advice, but then developing the building and exhibition design proposals and evaluating the conservation requirements of the collections. In addition they have engaged with audiences and the community and developing an activity plan for the closure period during which the construction works will take place.

The building design details received full planning approval and Listed Building Consent in June 2016 and the building designs have been developing through the working drawing stage; the Council then appointed Willmott Dixon as contractors for the first stage of procurement in July 2016.

The details of the project were taken to Scrutiny on the on the 5th October 2016 and considered in some detail. There remains good cross party support for the project.

This report therefore seeks to:

- Update Members on the progress of the project and to report the outcome and implications of the funding applications.
- Agree to indemnify our partner organisations against any potential funding clawback to allow the collections to be fully integrated into the History Centre.
- Confirm the decision for appointment of the Contractor to the Director of Place in consultation with Cllr Glenn Jordan, Cabinet Member for Culture.

## FINANCIAL MATTERS

The details of the capital and one off revenue costs were set out in the 12th October 2015 cabinet paper. These were updated and revised in the 4th April Executive Decision.

This report does not revise the costs of the project as the cost plan has not been updated. The Building design has been developed through the production of the working drawings but there won't be a further development of the cost until later in November. This cost plan will be closely followed by subcontract tendering of the works and then reaching financial close by the end January 2017. An Executive Decision will then be taken to let the contract. In the meantime, to get ready for the construction, an enabling package of works could start in January and February instructed through the pre-contract agreement with the contractor.

The full capital and one off revenue costs amount to £34.16m including the relocation of Central Library which has been subject to separate reports and has now been completed. The Council's contribution remains at £10.06m with the remaining £24.10m (71%) coming from external grants. Of these grants £23.16m (96%) has been secured in principle including £15.77m from Heritage Lottery

Funding (HLF) and £4.18m from the Arts Council England (ACE) and a further £2.93m from Coastal Communities. Currently £20.23m (67%) is totally secure with funding agreements in place.

In the 4th April Executive Decision it was agreed that, if both the HLF and ACE grants were secured that the outstanding external grants, totalling a sum of £4m, would be underwritten to allow the building works to commence. Since this decision the Wolfson Foundation has been secured and the Coastal Communities has been confirmed in principle, meaning that the underwrite position has fallen to under a £1m with every intention to reduce this still further.

The total cost of the project is a combination of revenue and capital resources. The total capital investment is £29.91m and the revenue resource is £4.25m. The revenue resource is mostly funded from £3.59m HLF grant with the remaining £0.66m coming from the Council's revenue budgets built into the Medium Term Financial Plan in the Place department.

## **Valued Added Tax (VAT)**

The very size and aspiration of the project means the level of VAT recoverable on the project is significant running in excess of £6m which means the Council is likely to opt to tax the development in order to recover the VAT on the cost of the project. Going forward opting to tax the construction has implications for the ongoing operation and with this in mind research is underway to fully understand the implications and range of potential options for the operational delivery.

## **TERMS AND CONDITIONS OF THE GRANTS**

### **Grant Awards and their Conditions: Heritage Lottery Fund**

The Heritage Lottery Fund (HLF) awarded a development phase award in May 2013 of £940,300. In July 2016 they awarded an additional delivery phase award of £14,833,200, making a total award of £15,773,500.

The HLF delivery phase award requires a contractual arrangement which has the usual standard conditions that apply to all its capital grants, e.g.:

- the property may only be used for the approved purpose
- to maintain the property in good repair and condition and have adequate insurance
- to acknowledge the HLF on all publicity
- a proportion of the grant may need to be repayable if the capital project is not completed or there is a breach in the conditions

There is no charge being levied on the building.

The nature of the partnership for this project means that the collections of SWFTA and SWIB are fundamental to the proposals and HLF require these organisations, as legal entities, to be jointly and severally liable with the council as parties to the funding agreement in the event that there has been a breach of the standard conditions above.

In addition, the HLF requires the City Council, and its partners whose heritage collections are being maintained and provided for within the project, i.e. SWFTA and the Plymouth Barbican Trust (The legal entity of SWIB), to sign its standard contract with two further conditions:

- SWFTA agree to be bound by the terms of this Contract insofar as they relate to that part of the Collections vested in them;

- The Plymouth Barbican Trust agrees to be bound by the terms of this Contract insofar as they relate to The South West Image Bank SWIB being part of the Collections;

To resolve the above point it is proposed that the Council makes a formal agreement to indemnify SWFTA and SWIB against any possible clawback.

### **Grant Awards and their Conditions: Arts Council England**

Arts Council England (ACE) awarded in October 2016 a capital grant of £4,175,000 to the History Centre project

Its standard conditions apply (similar to HLF's above). Although the following special conditions include:

- Security is obtained in the form of a 20 year deed of Covenant with restriction on title over PCC's freehold interest.
- Further benchmarking of overall capital costs against similar developments
- Further research/feasibility study into the impact of future charging for admissions.
- Contingency plans for Mayflower 400 events

No charge is being levied on the building.

### **Grant Awards and their Conditions: Coastal Communities Fund**

The History Centre's Expression of Interest to the Coastal Communities Fund is being taken through to a full stage application for £2,930,000 to be submitted in December 2016. A decision is expected in Spring 2017.

A condition of the Fund is that if awarded a grant the offer must be accepted within one month and completion of the project is by December 2019.

## **MANAGEMENT OF RISK**

The current buildings used to store the collections are not fit for purpose and there are a number of health and safety matters that will be improved with this programme of investment. The decanting of the museum and the construction projects involve a number of high risks, and so it has been important that professional support has been appointed at all stages of the project to be mindful of the hazards.

Until the development of the History Centre and HLF funding was announced the programme was flagged as a red risk to the Council on the strategic risk register. This was because of the statutory powers of The National Archives (TNA), who were threatening to remove the records from the Council because the current premises for the PWDRO are not fit for purpose. This threat is in abeyance because of the strong commitment and progress shown by the Council in pushing ahead with the History Centre project. TNA are kept aware of progress. This project has to meet the stringent requirements of a number of external organisations including the TNA and the Government Indemnity Scheme (GIS) both of which have to be accredited for the History Centre to function post opening. The funders, including HLF and ACE, are also auditing the development of the project and the robustness of the ongoing business case. Both these funders have used external consultants to verify the Council's submissions and to review the proposed outcomes.

There remains the risks of the commercial price for the construction works is above the budgeted figure and this wont be known until the project reached financial close into the new year. However the Council has mitigated this risk by using a two stage procurement process that brings in the contractor in to manage the subcontractor pricing process and help develop the architectural details to get affordable prices for quality products. The contractor's view of the cost plan was that it was robust and that the quality that was aspired too was affordable.

### **CONCLUSION**

Since the 2013 Cabinet decision to start the History Centre project, along with the strong political backing it has caught the imagination of the city and in turn has been a compelling case for external funders. The success of securing HLF, ACE and now also Coastal Communities funding has been a remarkable achievement. The securing of over £23m external grants so far places the Council in a secure place to proceed with project. There remain risks as would be expected; not least the risk of securing a commercial price for the construction that is within the budget, so this is not the complete position. However it is a major milestone to be considering the acceptance of so many substantial grant awards at this stage in the project.

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**PLYMOUTH CITY COUNCIL**

<b>Subject:</b>	Modernisation of Waste and Street Services
<b>Committee:</b>	Cabinet
<b>Date:</b>	8 November 2016
<b>Cabinet Member:</b>	Councillor Michael Leaves
<b>CMT Member:</b>	Anthony Payne (Strategic Director for Place)
<b>Author:</b>	Sue Rouse (Project Manager)
<b>Contact details</b>	Tel: 01752 306384 Sue.rouse@plymouth.gov.uk
<b>Ref:</b>	WM2016_CommRep_20161108
<b>Key Decision:</b>	Yes
<b>Part:</b>	I

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**Purpose of the report:**

As part of the ongoing transformation and improvement of Council services, the Business Case for the Modernisation of Waste and Street Services (attached) describes the Council's current provision of services, and performance. It also highlights the challenges, opportunities, and levers for change, tests three potential options to deliver the necessary improvements and efficiencies, and goes on to provide an implementation plan for the preferred option.

The summary business case sets out the rationale and underlying detail needed to provide confidence and support for the decisions that will initiate changes to waste and street services, including decisions on funding to implement improvements. It also provides the project framework and high level implementation plan against which progress will be monitored, ensuring that the objectives are met. The objectives of the service changes are to increase household recycling rates to 40% in the short term to improve performance levels and meet the targets in the Energy from Waste partnership contract; and to reduce the overall ongoing costs of the service.

The Council has already started to reshape waste services with the optimisation of collection routes early in 2015. The business case builds on those changes and moves the Council into the next phase of the transformation of waste management and street scene services, to create a seamless, sustainable, modern system, in partnership with our residents. Changes to services are also expected to deliver savings of around £750k. Modernisation of the service will be achieved through a range of interventions that will require changes in attitudes and other adjustments. Good engagement and communications are vital to ensure that the Council brings residents and staff along through this transition.

The summary business case provides the headline facts and figures drawn from the full business case to describe the introduction of a balanced package of measures that will boost recycling rates and deliver efficiencies. The first step will include the proposed introduction of Alternate Weekly Collections (AWC). Over 75% of councils across England have now implemented Alternate Weekly Collections and there is a large body of evidence to support its effectiveness.

**The Council Corporate Plan 2016/19:**

The Council's Corporate plan includes a commitment for an improved street scene environment. To deliver this the priority actions build on the manifesto pledge to remove litter on streets and to address fly-tipping in the city, as well as increasing recycling rates and reducing the city's carbon footprint.

In particular, policy 27 of the Plymouth Plan, Minimising Plymouth's Waste outlines the city's plans to adopt the most sustainable, whilst feasible and financially viable, solutions to waste management. The Policy sets a target of 50% recycling rate by 2034, and includes a range of initiatives such as the active encouragement of home composting to reduce waste; working with community and voluntary groups and businesses to encourage more recycling; and ensuring that all new developments have adequate facilities for efficient waste storage.

The business case reflects the values and priorities in the Corporate Plan in the following ways:

- **Democratic:** The views of residents have, and will continue to be taken into account when changes are introduced.
- **Responsible:** Changes will be clearly communicated and supported, and will be balanced with proportionate enforcement action for persistent non-compliance with protocols.
- **Fair:** Changes to services will be implemented in a way that recognises special circumstances.
- **Partners:** The successful implementation of service changes will only be possible by working effectively in partnership with communities, groups and individuals.
  
- It takes a **Pioneering** approach, seeking solutions that are flexible and efficient, striving for high standards.
- It supports a **Growing** Plymouth, by investing in a service that will keep pace with the changing infrastructure requirements.
- It promotes a **Caring** approach by ensuring that people are well supported through change.
- It will deliver a more **Confident** city, improving the street scene and making the best use of our high-tech recycling facilities.

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

The areas of Waste and Street Services in scope for this Business Case currently cost £5,390,568 per annum. This business case proposes an initial investment of £499,335 in year one, to realise recurring savings of £750K.

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

- Community Safety has been considered within the risk identification for the project, with potential anti-social behaviour risks associated with communal collection sites. This could include acts of minor vandalism to property, and fly tipping which would be dealt with through appropriate enforcement measures.
  - Health and Safety considerations affecting the work force and public are actively considered as part of the risk management strategy and ongoing risk management for the project.
  - The Project will adhere to the corporate risk management strategy and associated risk registers will be populated, updated and regularly reviewed. Risk response plans will be developed where required and agreed at Project and Programme Boards
- 

### **Equality and Diversity**

Two Equalities Impact Assessments (EIA) have been carried out, one for the workforce the other for customers and partner organisations, this ensures clarity of adverse impact and mitigation actions.

### **Summary of Equalities Impact Assessments – Customer and Partner**

Data from the 2011/2012 census has been used to conduct the assessment, with the main actions to ensure consideration is given the needs of all resident regardless of protected characteristic are:

*‘Collect and collate information from partner agencies to identify current assisted collection users who will continue to require support.’*

*‘Engage with partner agencies such as PCH, Plymouth University and the NHS trust(s) to promote and support project / service communication and education plans.’*

Alongside this, elements of the project propose formalising the waste policy for Plymouth, giving clear guidance on the responsibilities of residents, as well as setting customer expectations of the service; this will enable a clear and fair enforcement policy.

### **Summary of Equality Impact Assessment – Workforce**

September 2016 establishment data has been used to conduct the assessment.

The main impact on employees will be a slightly longer working day. To ensure the impact does not adversely affect one particular protected characteristic, all employees will continue to be assessed for their needs via the management team. Flexible working requests and purchase of additional annual leave remain as options to ensure staff can achieve a good work life balance.

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## **RECOMMENDATIONS AND REASONS FOR RECOMMENDED ACTION:**

That Cabinet approves **Option 2**: The modernisation of Waste and Street Services as set out in the summary business case, which incorporates the citywide roll out of Alternate Weekly Collections of household waste, and associated interventions to support the increase in recycling across the city.

**Alternative options considered and rejected:**

Option 1 - 'Do Nothing' is rejected as this will not deliver an increase in recycling rates to meet the short term target of 40%, and 50% by 2034. It will also not deliver the required reductions in the costs of running the service. The service will remain outdated and unable to respond to the challenge of future population increases.

Option 3 – replacement of all 240ltr household waste wheeled bins with smaller 120ltr bins is rejected. Whilst providing a reduced capacity for general waste has been shown to be a lever for increasing recycling, the cost of replacing bins (estimated at £1.9m) would not generate a return on investment until year 12.

**Published work / information:**

List (and include a hyper link) to published work / information used to prepare the report

[Oldham approves three-weekly waste collection scheme](#)

[Alternate weekly collections - Borough of Pool](#)

[Alternate weekly bin collections - Blackburn with Darwen Council](#)

[Bin Collection – Alternate weekly collection - House of Commons](#)

[PCC - Place and Corporate Overview and Scrutiny Committee – 5<sup>th</sup> October 2016](#)

**Background papers:**

Title	Part I	Part II	Exemption Section Number						
			1	2	3	4	5	6	7
None									

**Sign off:** comment must be sought from those whose area of responsibility may be affected by the decision, as follows (insert references of Finance, Legal and Monitoring Officer reps, and of HR, Corporate Property, IT and Strat. Proc. as appropriate):

Fin	PCI6 17.35	Leg		Mon Off	DV S26 75 6	HR	DA- HR 01.1 1.20 16	Assets		IT		Strat Proc	
Originating SMT Member Lou Hayward (Assistant Director – Street Services)													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

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# SUMMARY BUSINESS CASE

## Modernisation of Waste and Street Services



### 1. Executive Summary

1.1. This project aims to implement the Plan for Modernising Waste and Street Services commencing in 2017. Creating a cleaner, greener, forward-looking city is part of achieving the overall Plymouth Plan vision that by 2034 Plymouth will be one of Europe's most vibrant waterfront cities where an outstanding quality of life is enjoyed by everyone. As part of this vision, Plymouth's population is set to increase to over 300,000 over the next 20 years, with the number of households projected to exceed 132,000.

1.2. It's imperative that the Council modernises services to keep pace with this population growth, ensuring that the city adopts the highest standards, and the most efficient practices in waste management and street services, to make it an attractive place for people to live, work and visit. We also need to maximize the investments we have already made in our state-of-the-art recycling and energy from waste facilities, and to build on our achievements to date.

1.3. The Council has already started to reshape waste services with the optimisation of collection routes early in 2015. The business case builds on those changes and moves the Council into the next phase of the modernisation of waste management and street scene services to create a seamless, sustainable system, in partnership with our residents. The modernisation of services is expected to generate ongoing savings to the value of £750k. It will require changes in attitudes and other adjustments, and it's crucial that we recognise the importance of bringing residents and staff with us through this transition.

1.4. Early indications from the recent 'Time for Big Decisions' residents' budget engagement survey showed that whilst some people understandably have concerns about the Council making changes to services, for example altering the frequency of waste collections, others are keen to see recycling opportunities expanded and to see more education and awareness-raising.

1.5. Initial findings from the recently commissioned Household Waste Composition and Participation Study found that:

- Overall, Plymouth's average waste generated per household, per week has fallen since 2007, from 11.6kg to 9.03 kg. This is below the national average of 9.4 kg per household per week.
- 20% of household residual waste (brown bins) contained materials that could have been separated by householders and recycled at the Materials Recycling Facility (MRF).
- The highest proportion of recyclable materials in residual waste was found in communal bins serving residential flats. 28% of this could have been recycled. Whilst communal bins serving student accommodation contained 22%. The best performing properties are privately owned semi-detached homes where only a further 17% of residual waste could have been recycled.
- A further 14 % of the waste could have been recycled at the Household Waste Recycling Centres (HWRC), for example large cardboard items, textiles and small electrical goods.
- 82% of household residual waste wheeled bins were less than three quarters full, and only 3% of bins were up to capacity, indicating that the vast majority of domestic household residual waste bins could accommodate more than one week's waste, particularly when coupled with increased recycling.

1.6. Nationally, many areas of the country have shown that it is possible to achieve high levels of recycling from the municipal waste stream, and many have used reduced household collection frequencies as a driver for change. However, there is no national one-size solution to optimize waste management solutions. Every area has to adopt the best combination of practices to suit local circumstances.

1.7. In order to implement changes, it's crucial to gain the trust and cooperation of individuals, households and communities. It's also essential to make sure that the Council is flexible and

responsive, working with people to help them make the right choices. Strong communications and clear campaigns are important factors, together with consistent awareness and education for all sections of the community and front line staff.

1.8. An options appraisal commissioned by the Council in 2014 demonstrated that Alternate Weekly Collections (AWC) was the most effective intervention overall, taking into account the expected increase in recycling rates; the cost of introducing it; and the savings it would be expected to generate. Feedback from the Place and Corporate Overview and Scrutiny Committee in early October 2016 recommended that further work was carried out to compare several options, including AWC.

1.9. The summary business case outlines the costs and benefits of 3 options, and highlights option 2 as being the preferred course of action. Option 2 involves introducing a balanced package of measures to boost recycling rates and deliver efficiencies, starting with the introduction of AWC.

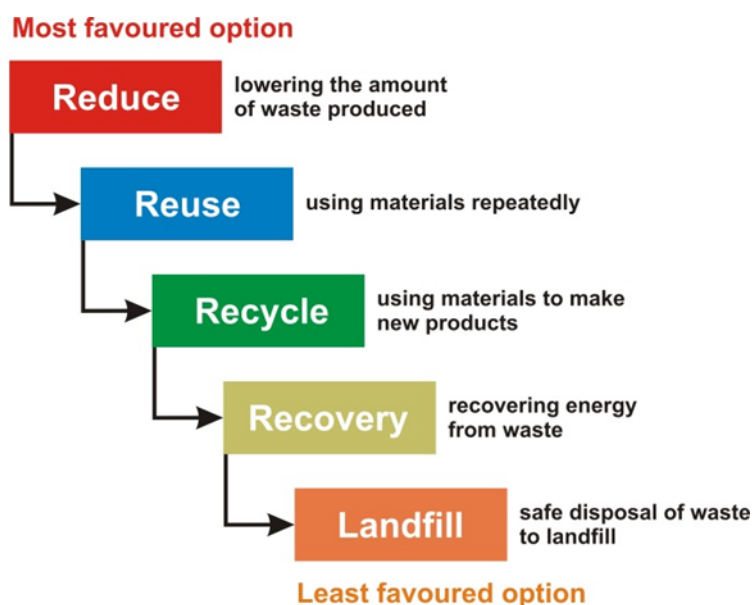
1.10. The full business case focusses on developing the detailed information required to implement option 2, covering; the introduction of AWC with associated structural changes to front line teams; modernising the waste collection and street services operating procedures, and customer service standards; stimulating the required cultural shift to support the change amongst residents and the workforce through clear communications and engagement.

## 2. National context

2.1. The EU Waste Framework Directive provides the legislative framework for the collection, transport, recovery and disposal of waste, and includes a common definition of waste. From that Directive, the UK Government adopted the Waste (England and Wales) (Amendment) Regulations 2012 which came into force on 1 October 2012.

2.2. From 1 January 2015, waste collection authorities were required to collect waste paper, metal, plastic and glass separately. However, councils are allowed to continue to collect materials in a single 'commingled' stream, if it is possible to demonstrate that separate collections are not 'Technically, Environmentally or Economically Practicable' (TEEP). (Plymouth meets this test and is therefore covered under this exemption).

2.3. The UK's simplified waste hierarchy can be represented by the steps below.



2.4. As part of the Government's drive towards greater harmonisation and consistency in local authority recycling and waste collections, WRAP recently published 'A framework for greater consistency in household recycling for England'.<sup>2</sup> This guidance sets out 3 typical models of waste recycling and collection. The framework is not mandatory but councils are expected to work towards alignment with one of the 3 models.



2.5. UK trends show that recycling rates have generally been increasing, but have plateaued over the last few years. Most of this increase has been achieved by encouraging more separation of waste by households, and by varying collection frequencies to incentivise recycling.

2.6. South Oxfordshire District Council currently has the highest national recycling rate at over 67%, however many inner-city areas have also achieved impressive rates, including several of the Greater Manchester councils like Stockport and Trafford, both achieving over 60%. There is a great deal of learning that can be extracted from other areas.

2.7. A further driver for improving how we deal with waste is reducing greenhouse gases and addressing climate change throughout the lifecycle of products, by cutting back on our use of raw materials and manufacturing processes, and by significantly reducing transport movements.

2.8. In Plymouth, we have the challenge of changing the perception that sending refuse to the Energy from Waste plant is the preferred option over recycling. Maximising recycling rates within the current regime must be considered paramount in order to meet the contractual requirements of the Energy from Waste PFI partnership.

### 3. Plymouth Plan

3.1. The Plymouth Plan sets the overarching long term vision for the city to 2034 and beyond. The city's ambition is for the population to grow from the current level of 262,172 to over 300,000 by 2034, and for the number of households to rise from 117,432 to circa 132,926 over the same period. Adopting best practice in waste prevention and sustainable waste management practices will contribute to the overall health, wealth and well-being of the City.

3.2. In particular, Policy 27 of the Plymouth Plan, Minimising Plymouth's Waste, outlines the city's plans to adopt the most sustainable, whilst feasible and financially viable, solutions to waste management. The Policy sets a target of 50% recycling rate by 2034, and includes a range of initiatives such as the active encouragement of home composting to reduce waste; working with community and voluntary groups and businesses to encourage more recycling; and ensuring that all new developments have adequate facilities for efficient waste storage. Whilst many of these initiatives have already been introduced there is always more that can be done to build on them, responding to changes in Government policy and taking advantage of shifts in societal attitudes and behaviours.

### 4. Corporate Plan

4.1. The Council's Corporate Plan includes a commitment for an improved street scene environment. To deliver this the priority actions to improve litter on streets, and to address fly-tipping in the city, as well as adopting and implementing this Plan and the delivery programme that accompanies it.

4.2. This business case reflects the values and priorities in the Corporate Plan in the following ways:

- **Democratic:** The views of residents have, and will continue to be taken into account when changes are introduced.
- **Responsible:** Changes will be clearly communicated and supported, and will be balanced with proportionate enforcement action for persistent non-compliance with protocols.
- **Fair:** Changes to services will be implemented in a way that recognises special circumstances.
- **Partners:** The successful implementation of service changes will only be possible by working effectively in partnership with communities, groups and individuals.
- It takes a **Pioneering** approach, seeking solutions that are flexible and efficient, striving for high standards.
- It supports a **Growing** Plymouth, by investing in a service that will keep pace with the changing infrastructure requirements.
- It promotes a **Caring** approach by ensuring that people are well supported through change.
- It will deliver a more **Confident** city, improving the street scene and making the best use of our high-tech recycling facilities.

## 5. Plymouth's Current Waste Services

### 5.1. Waste and Recycling Service Provision

- Most of the city's 117,423 households are provided with two 240 litre wheeled bins. This includes a brown bin for general refuse which is collected weekly, and a green bin collected fortnightly for mixed recyclables. Five material types – glass, paper, cardboard, plastics and metals can be deposited in the green bin.
- There is a free city-wide seasonal fortnightly kerbside collection of garden waste (except for flats and other properties without gardens). Approximately 5,000 tonnes per year is collected and composted.
- The city has two Household Waste Recycling Centres (HWRCs), Weston Mill and Chelson Meadow. In 2012, Chelson Meadow the larger of the sites was fully reconfigured and redeveloped through a £2.2m investment. This led to an increase in the material received on site being diverted for reuse, recycling and composting from 63% to 80%.
- The Materials Recycling Facility at Chelson Meadow was upgraded in 2015 enabling the kerbside collection of glass, as part of the fortnightly recyclables collection, and increasing the quality and quantity of recycled materials from households and trade sources to over 19,000 tonnes in 2015/16.
- The trade waste collection service provides waste and recycling collections to around 1500 Plymouth businesses, including schools and corporate properties.
- A commercial waste disposal service is available at Chelson Meadow Household Waste and Recycling Centre.
- Bulky waste services for large items over 25kg collect circa 3,600 items per year which amounts to around 510 tonnes. Material is sorted and items recycled where possible.
- Plymouth's Energy from Waste (EfW) Combined Heat and Power Facility came on line in April 2015 to treat residual waste and produce heat and power for the Devonport Naval Base. It is a 'State of the art' high-efficiency residual waste treatment facility. Since being fully commissioned, 99.99% of the waste it processes is diverted from landfill.
- Metals from the incinerator bottom ash (IBA) are recycled, and the remaining IBA is treated and used as an aggregate in the construction industry.

## 6. Performance

- In 2015/16 the Council collected 125,295 tonnes of municipal waste - Local Authority Collected Municipal Waste. (LACMW is all the waste collected under the authority's control i.e. waste from households, shops, businesses, schools, charities, churches etc.)
- Of the 125,295 tonnes of LACMW, 43.2% was reused, recycled or composted
- 105,000 tonnes of the 125,295 tonnes collected was household waste, of which 32.6% was reused, recycled or composted (national average in England for 2014 was 44.8%, DEFRA)
- Plymouth's recycling rate of household waste has remained fairly static since 2007/8, at around 32% - 33%. The introduction of glass into the dry recycle household kerbside collection scheme in 2014/15 produced an increase of 3%. However, this increase was effectively negated by changes in the national definitions as to what could be included in the data (see next bullet). The latest figures (2015/16) show that Plymouth's household recycling rate is 32.6%.
- A decline in recycling rates was experienced by many authorities in England largely due to the change in classification of Street Sweepings (sent for composting) by DEFRA, moving their classification from household to municipal waste and imposing tighter standards for secondary markets and re-processors.
- Plymouth also experienced a significant decline in the volumes of garden waste sent for composting following the implementation of restrictions at the HWRCs to prevent cross border misuse (use of the HWRCs by non-Plymouth residents). This policy saved the service £16k in 2015/16.

## 7. Challenges and Opportunities

### 7.1. Challenges:

#### Costs

- The cost of waste recovery through the Energy from Waste (EFW) plant rises each year. As the city's population continues to grow, the tonnage of waste collected will also increase, and hence the costs will rise.
- The EFW Partnership agreement requires Plymouth City Council to reach a pre-agreed recycling target, which we are currently failing to meet. Our share of the PFI credits (£177m) could be at risk if we don't achieve the target.

#### Performance

- Initial findings from the recently commissioned Household Waste Participation and Composition Study indicate that an average of 20% of waste from kerbside collections is recyclable and could be diverted to the MRF. Capturing even 5% of this recyclable material will require a behaviour change from residents.
- The biggest challenge is around residents using communal bins in shared accommodation blocks where an additional 28% of their residual waste could be recycled. This is followed by students in communal accommodation where a further 20% of the waste stream could be recycled.
- Plymouth has a high student and transient population, and areas of the city with high levels of deprivation which are known to reduce the rates of participation in recycling.

#### Physical challenges

- There are significant areas of high density housing, flats and narrow streets which create issues with storage of bins and collection of waste and cleansing of the public realm.
- Frequent vehicle movements contribute to traffic congestion, particularly given the layout of much of the city with narrow alleys and lots of shared living accommodation.
- Without intervention, the projected increase in the population and housing numbers could exacerbate these problems.

#### Perceptions

- Respondents to the 'Time for Big Decisions' survey (August/September 2016) expressed some concern about moving to Alternate Weekly Collections for general waste, citing health and environmental concerns, particularly around rotting food waste creating an unpleasant smell within local communities and the potential for vermin.
- Respondents also cited concerns about the green recycling bins getting fuller quicker and overflowing into the streets thus creating the need for greater levels of street cleansing in some areas and also the potential for increased fly tipping.

#### Workforce and Practices

- There is currently no formalised waste and recycling policy on which to base clear communications for Plymouth residents regarding the level of service they can expect, or on their obligations to store and present their waste as required. A clear policy and guidelines are essential to support fair and consistent enforcement.
- Inconsistencies in the adherence to operating procedures, resulting from the lack of a formal policy, also create inefficiencies and workforce issues relating to health and safety. This is exacerbated by supervisors being focussed on reacting to customer complaints, thus reducing their hands-on management time.
- To implement the changes, a significant shift in the culture of the workforce will be needed. This will be challenging in a climate where there will be reductions in agency and permanent staff, and changes in role profiles and standard operating procedures.
- Waste collection crews currently have to manoeuvre in excess of 15,000 wheeled bins to the kerb side for operators to empty into the waste collection vehicles. This is in addition to the Assisted Collection service provided (circa 9000 households). This practice currently adds approximately 3 hours per day to an average round and presents various health and safety challenges for crews e.g. steps.

## 7.2. Opportunities

### Improving performance

- There is good evidence nationally to show that reducing the capacity of general waste receptacles encourages households to recycle more. A reduction in volume can also be effectively achieved by switching to Alternate Weekly Collections (AWC).
- The recent Household Waste Composition and Participation Study carried out by Resource futures, showed that up to 20% of the residual waste collected could be diverted to the MRF, and a further 14% could be diverted to the HWRCs. Therefore, there is ample scope to increase recycling habits in the city through incentivised measures such as AWC, alongside awareness raising and education.
- The Plymouth Food Waste Partnership feasibility study will further inform the plans for the modernisation of the service, as well as informing any potential future options relating to food waste.
- The range of initiatives proposed in this Business Case include opportunities to redirect much of the recyclable material in public litter bins which is currently going to the EFW plant, to the MRF, further increasing overall city recycling rates.
- Next year, the MRF processing costs will be approximately £30 per tonne cheaper than the EFW plant. This provides a further driver to support increased recycling and to divert waste from the EFW plant.

### Policy and Practice

- Revising and formalising the waste and recycling policy will provide the crucial backbone for a modernised service. It will define the working practices and customer service standards, as well as the skills and workforce requirements, resources and performance management arrangements. It will also provide the basis against which enforcement action can be taken.
- The proposed service improvements will generate more efficient and effective standard operating procedures for staff, and clearer instructions for residents on how they store and present their waste for collection.
- Changes will support a new collaborative approach to zonal working across the city, involving all functions within the waste and street services teams. This will include some changes to organisational structure, role profiles and the numbers of FTE's but will deliver modernised, seamless services.
- Optimising work schedules and working in cross-functional teams will create the biggest impact towards improving the street scene and making Plymouth a greener, cleaner city.
- The requirement to work collaboratively with new ways of working will bring opportunities for the workforce to adopt standard operating procedures and address frustrations that have prevented them from delivering consistently high levels of service.
- Ward Councillors and front line staff will benefit from having clear and formalised waste and recycling policy, along with the associated customer service standards which will ensure a consistent standard of service and a reference point for managing customers' expectations and giving a consistent response to queries.

7.3. In the recent 'Time for Big Decisions' budget consultation, feedback from respondents indicated the following opportunities and challenges, which will inform the modernisation of the service:

- Some people said they would recycle more if their household received an Alternate Weekly Collection, however some said it would not be an incentive.
- The city as a whole should do more about recycling – showing a greater appetite for increasing overall recycling rates.
- There is a need for education campaigns, specifically targeting school children and students as key audiences who are most likely to affect change.

- Respondents identified a need for increased enforcement for persistent contamination of recycling bins and for non-compliance with waste storage and presentation generally. Conversely, there was little support for reward schemes.
- Separate food waste collections were suggested as one way to improve the city's recycling rates.
- There was some concern about moving to Alternate Weekly Collections citing health and environmental concerns, particularly around the potential for increased odours and vermin.
- There was also concern about the green recycling bins getting fuller quicker and overflowing into the streets thus creating the need for greater levels of street cleansing in some areas and also the potential for increased fly tipping.

### 8. Options Appraisal

8.1. Three high level options from the Amec Options Appraisal commissioned by the Council in 2014 were considered at the Place and Corporate Services Overview and Scrutiny Committee on 5th October 2016. The recommendation following that meeting was for a full business case to be developed, expanding on the preferred option.

8.2. The options appraisal conducted by Amec showed that, from a mixed range of 19 interventions and activities evaluated, Alternate Weekly Collections (AWC - green bin collected one week, and brown bin the next) had the best potential to boost recycling rates by up to 5-9% per annum, and to generate savings.

8.3. These figures were based purely on implementing the change to AWC in isolation; however, the basis of the business case is to look at a combination of interventions which will generate further savings up to 750k.

8.4. The three options evaluated were:

- Option 1: Do Nothing
- Option 2: Modernisation of Waste and Street Services
- Option 3: Replacement of household 240Ltr wheeled bins with 120Ltr wheeled bins

8.5. The high-level summary of the options that were evaluated is as follows:

#### Option 1: Do nothing

- Recycling rates are unlikely to change. <sup>1</sup>
- Costs will continue to increase and the required savings will not be made.
- Improvements to workforce practices, service standards and consistent enforcement will not be implemented.

#### Option 2: Modernisation of Waste and Street Services

- Recycling rates are expected to increase by 5-9%.
- Recurring savings of £750k are expected to be made within 2 years.
- The service will be integrated and modernised to improve standards.
- The service will be streamlined, more efficient and responsive.

#### Option 3: Replacement of household 240Ltr wheeled bins with 120Ltr wheeled bins

- The replacement of residual waste bins with those of a smaller capacity may not achieve the desired increase in recycling rates.
- The investment cost would be approximately £1.9m, based on 100,000 households at a cost of £15 per unit.
- No savings would be made in the short term and there would be no impact on service standards or working practices.
- The return on investment will not be realised until year 12.

### 9. Option 2 implementation

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<sup>1</sup> Evidence from other areas of the country has shown that increasing education and awareness-raising alone, without implementing other changes does not increase recycling performance.

9.1. This option has the highest degree of confidence in delivering the required £750K recurring savings (17/18 initial benefit of £250k, the full £750K year being realised from 18/19 and 19/20). This will incorporate:

- Alignment of the waste, street scene and grounds maintenance services.
- Introduction of Alternate Weekly Collections of all residual waste for households across the city, at a one-off cost of £499k in 2017/18.
- Working with elected members and staff identify the optimum collection solutions for areas across the city, particularly where kerbside collection of wheeled bins is not the most efficient option.
- Development and adoption of a formal waste collection and recycling policy and customer service standards which will ensure a consistent, high quality standard of service to meet the needs of a growing city.
- A review of enforcement activity and resources allocated to promote fair and effective enforcement of persistent non-compliance.
- Introduction of in-cab technology which will enable 2-way communication with the Contact Centre to report and respond to issues in real time.
- Introduction of mobile devices for team leaders who will be able to provide real time reporting of issues such as fly-tipping, and to record evidence for use by Customer Liaison Officers to undertake educational visits, or for PACE trained colleagues or the Public Protection Team to support enforcement action.
- Development of efficient and modern operating procedures for waste collection and street scene functions, operating on a zoned, scheduled, holistic approach. This will deliver a consistent quality of service across the city as well as maintaining the highest standards of health and safety for staff and the public.
- An implementation plan for rezoning and scheduling of waste collection rounds to ensure minimum disruption for residents and an efficient and cost effective deployment of staff and vehicles.
- An internal engagement and communications strategy and delivery plan which will ensure staff are able to co-design the new standard operating procedures and inform the development of the waste collection and recycling policy.
- A reduction in the fleet from 38 vehicles to 30 (6 of which would be hire vehicles and 2 from the fleet).
- A reduction in the size of the standard waste collection crew, from 3 operatives to 2, plus a driver. This resource would be deployed flexibly, allowing for a driver plus one operative, or driver plus 3 operatives responding to the business need.
- A review of the current access issues that affect waste collection and street services crews, preventing them from completing their rounds efficiently. This will involve a collaborative approach to addressing issues, for example, via a review of Traffic Restriction Orders/reinstating lining and signage, and targeted education and enforcement action.
- The creation of a formalised service level agreement with fleet management which will ensure that the required numbers of vehicles are operational to efficiently complete the waste collection rounds, in accordance with the schedules.
- Implementation of a range of 'On-the-Go' recycling facilities in city parks, the city centre, and waterfront areas, including new waste receptacles.
- The introduction of new 1100Ltr communal waste bins fitted with apertures that discourage the disposal of inappropriate materials, to reduce contamination.

### **10.0. Communications and engagement**

1.1. The communications and engagement strategy is being developed and will be approved by the Project Board at its first meeting during w/c 24th October 2016.

1.2. Citizen engagement is at the heart of ensuring that the required behaviour change needed to increase recycling rates across the city is initiated. Clear messages will be developed which will set out realistic expectations of the new service so that residents understand how they need to

store and present their waste and recycling, and how they can comply with presenting and sorting waste and recycling.

- 1.3. Plymouth City Council's relationship with a well-established 'network of friends' and other interest groups who play a critical role in developing the city's green agenda will be an integral part of the project. The project team will seek to build on the successful engagement model led by the VCSE (formerly Plymouth Octopus Project) as part of the 2014 Waste Collection Re-organisation Project.
- 1.4. A primary objective is to deliver sustainable community engagement and education (including in-school education) as the project progresses, thus ensuring that the benefits described in this project are sustained over the longer term.
- 1.5. Initial input from the community has been from the 'Time for Big Decisions' budget consultation in August/September 2016. Communication will continue throughout the project, receiving feedback, articulating progress and celebrating achievements, as well as recognising the support of stakeholders in enabling change to take place.
- 1.6. The planned approach includes:
  - A phased approach to messaging which considers the right messages at the right time to support the implementation, given the scale of change required,
  - Opportunities for the public, Members, frontline staff and partners to influence the project. Recent examples include presentations to the Select Committee on 31 August and 22 September, as well as the Place and Corporate Overview and Scrutiny Committee on the 5 October 2016. These sessions gave Members the opportunity to input into proposals.
  - Contact with all households, for example via a letter and/or bin stickers presenting information on changes to collection days, policies and good practice in relation to recycling.
  - A poster campaign targeting community venues and locations such as takeaways, libraries, newsagents and pubs, with support from other services, for example the Plymouth Youth Offending Team.
  - A presence at community meetings and venues across the city, particularly in the build-up to implementation of AWC.
  - A social media campaign, also supported by partners.
- 1.7. Partners will also be targeted through the project's communication plan. Changes may impact on their work. For example, a review of assisted collections could affect supported housing or care providers. Alongside this, the knowledge and skill set of partners will add significantly to the successful implementation of changes.
- 1.8. Partners can also support the project by disseminating information, for example Plymouth Community Homes and other RSLs. Utilising these opportunities will ensure that the project's communication campaign has a broad reach and operates in the most efficient manner.
- 1.9. Regular updates have been provided to the Cabinet Member and the Leader of the Council. Group party briefing sessions have been held, and there will be further guidance for Members in the build-up to implementation.
- 1.10. The whole thrust of this Plan is that communications and engagement is vital to the success of the project, involving Ward Councillors, managers and relevant staff within each aspect of the service.
- 1.11. Staff briefings and engagement will be key to the success of this project to ensure the changes are successfully implemented and the benefits can be realised.

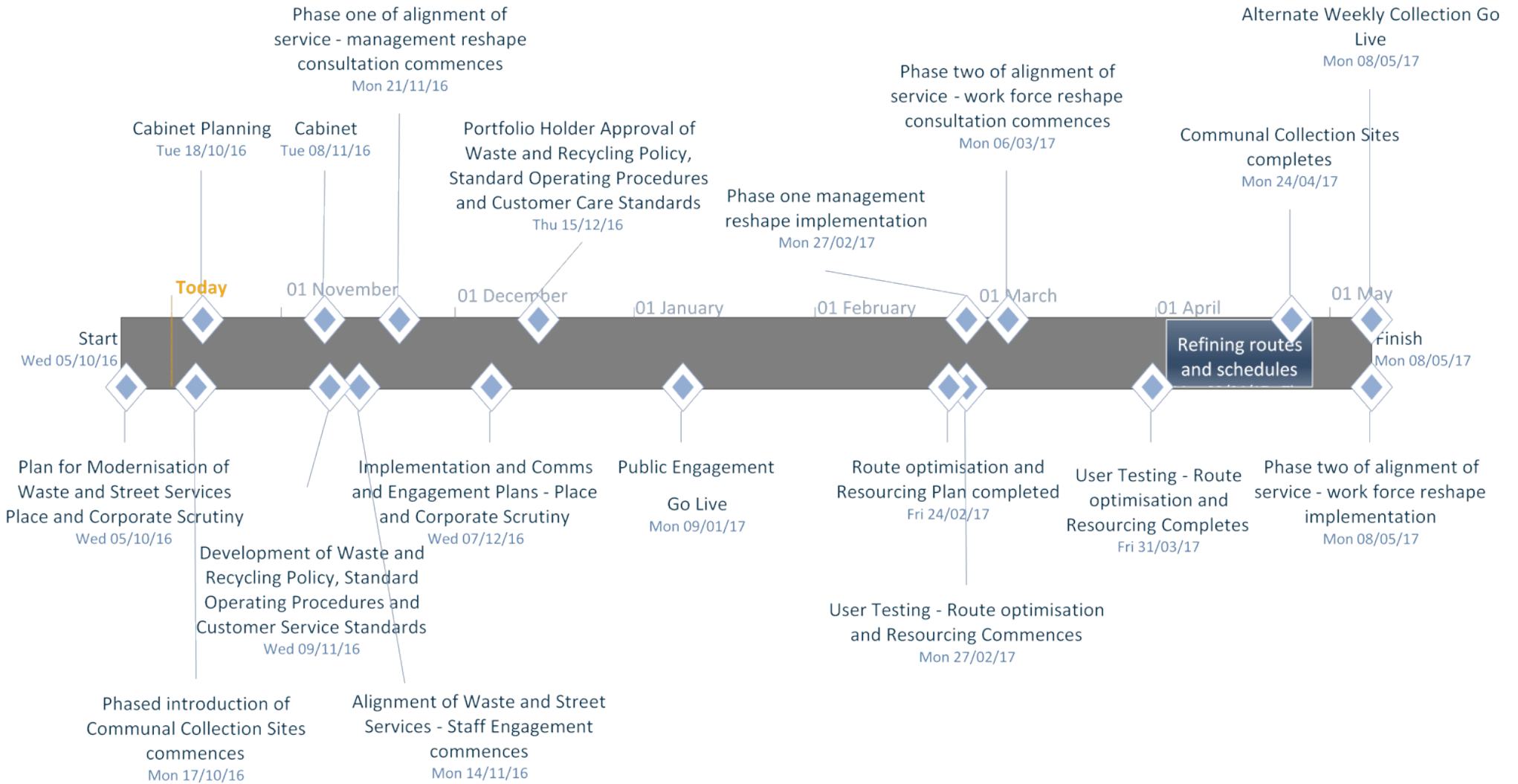
- I.12. Staff have a wealth of knowledge and expertise on how the service can be improved on the ground. They will be heavily engaged in testing and validating new routes prior to implementation. They will inform development of new standard operating procedures for the cross-functional zonal approach to service delivery. With their knowledge, of the city they will provide an essential quality assurance check.
- I.13. The communications and engagement plan will be supported by a dedicated Business Change Advisor who has extensive experience of facilitating the implementation of service changes, including those involving reductions in agency and FTE staff, changes to roles, and the introduction of new policies, procedures and working practices.
- I.14. Each service within scope will receive workshops for managers, followed by workshops for staff. Understanding and appreciating service requirements from the staff perspective will be key to ensure staff buy-in and addressing their questions.
- I.15. Feedback will be given to CMT, DMT, Cabinet members, Ward Councillors, Trade Union representatives, other Council staff (not directly involved), and the Project Board on the progress throughout implementation, as well as the final evaluation of benefits.

### **11.0. Conclusion**

- 11.1. This project represents a significant change for the Council in terms of services, staff and impact on residents.
- 11.2. The preferred option is expected to deliver the best overall results in terms of increased recycling rates, a streamlined, modern, more efficient and integrated service, and short term recurring cost savings.
- 11.3. The implementation needs to be accompanied by extensive communications to encourage broad take up and compliance across communities.
- 11.4. The Council will also need to ensure a flexible response to adapt to exceptional circumstances.
- 11.5. Further enhancements to services will be considered as more information becomes available, and in line with national best practice.



## 12.0. Timeline



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