#plymcabinet

Democratic and Member Support
Chief Executive's Department
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Cabinet

Tuesday 17 January 2017
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 - 6)**

To sign and confirm as a correct record the minutes of the meeting held on

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. 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. Council Tax Base **(Pages 7 - 12)**

7. Council Tax Support Scheme **(Pages 13 - 40)**

8. Tamar Bridge and Torpoint Ferry - 2017/18 Revenue Estimates and Capital Programme **(Pages 41 - 48)**

9. Pensions (DELT) **(Pages 49 - 76)**

10. Treasury Management Strategy **(Pages 77 - 112)**

11. Waterfront BID Review **(Pages 113 - 128)**

DECLARING INTERESTS – QUESTIONS TO ASK YOURSELF

What matters are being discussed?

DPI

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)

Private Interest

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

No → Declare the interest and speak and vote

Cabinet

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 December 2016

PRESENT:

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

Also in attendance: Tracey Lee (Chief Executive), Carole Burgoyne (Strategic Director for People), Anthony Payne (Strategic Director for Place), Andrew Hardingham (Assistant Director Finance), Ruth Harrell (Interim Director of Public Health), David Draffan (Assistant Director for Economic Development), Mark Brunsdon (Head of Strategic Development Projects), Chris and John Henley (Henley Real Estates), Craig McArdle (Director for Integrated Commissioning), Alan Knott (Performance and Research Officer), Lou Hayward (Assistant Director for Street Services) and Amelia Boulter (Democratic Support Officer).

Apologies: Lesa Annear (Strategic Director for Transformation and Change).

The meeting started at 4.00 pm and finished at 5.15 pm.

Note: The full discussion can be viewed on the webcast of the City Council meeting at 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.

39. **Declarations of Interest**

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

40. **Minutes**

Agreed the minutes of the meeting held on 8 November 2016.

41. **Questions from the Public**

There were no questions from members of the public.

42. **Chair's Urgent Business**

Leader shared data from the Plymouth Growth Board regarding wages with Plymouth seeing a stronger wage growth than London.

The Leader further reported that an executive decision had been taken today to select the preferred development partner to develop the former site of the Quality Inn Hotel. The Leader introduced John and Chris Henley form Henley Real Estates who reported that they would be delivering 1620, a 5-star hotel and residential site bringing into the city a £50 million investment to be delivered by 2020 in line with the historic Mayflower celebrations.

43. Sustainability and Transformation Plan

Councillor Mrs Bowyer (Cabinet Member for Health and Adult Social Care) presented the Sustainability and Transformation Plan. The Leader welcomed Councillor Mrs Aspinall, Chair of the Wellbeing Overview and Scrutiny Panel who stated that this was a top priority for the panel moving forward and was looking forward to working closely with the Cabinet Member to achieve the best outcomes for the city.

Cabinet noted the recommendations and agreed an additional recommendation -

1. The attached version of the Sustainability and Transformation Plan for Wider Devon and the engagement and involvement from members and officers across the Council.

2. The proposal to undertake a comprehensive analysis of the financial inequity across Devon which has implications for funding in Plymouth and that a further update will be brought to Cabinet when this work is complete.

3. A Sustainability and Transformation Plan briefing to be arranged and all Councillors to be invited to attend.

44. The Council's Corporate Plan monitoring report and commitment progress report

Councillor Bowyer (Leader) presented the Council's Corporate Plan monitoring report and commitment progress report. He reported that the plan was progressing well and the majority of the areas were on track and in line with expectations.

Agreed that Cabinet note the Corporate Plan Quarter 1 and Quarter 2 monitoring report and commitments progress report.

45. Draft Budget 2017/18

Councillor Darcy (Cabinet Member for Finance/ICT) presented the draft Budget 2017/18. It was reported that they were continuing to progress the budget, had clarity on the financial risks and were reducing the budget gap further.

Agreed that –

1. The proposed revenue budget is presented to scrutiny committees in January 2017.

2. Members and officers continue to work on solutions in order to close the existing budget gap in 2017/18 in order to present a balanced budget at Full Council in February 2017.

3. Cabinet consider findings from consultation, feedback from scrutiny committees and any material changes announced in the final settlement for Plymouth City Council in early February 2017.

46. **Parking Modernisation Plan**

Councillor Ricketts (Cabinet Member for Transport and Housing Delivery) presented the Parking Modernisation Plan which reports a number of changes to parking services. It was announced that an additional dementia friendly car parking space would be introduced in Plympton, Plymstock, Southway, Crownhill and West Park Car parks. Councillor Mrs Bowyer (Cabinet Member for Health and Adult Social Care) announced that Plymouth had been recognised and received the Dementia Friendly Community City of the Year Award.

Agreed –

1. To undertake 21 day consultation beginning January 2017 on proposals for change as set out in the Parking Modernisation Plan.

2. That following consultation and consideration at scrutiny, final recommendations will be considered by Cabinet in February 2017.

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PLYMOUTH CITY COUNCIL

Subject:	Council Tax Base Setting 2017/18
Committee:	Cabinet
Date:	17 January 2017
Cabinet Member:	Cllr Darcy
CMT Member:	Lesa Annear
Author:	Paul Cook (Head of Financial Planning & Reporting)
Contact:	paul.cook@plymouth.gov.uk 01752 398633
Ref:	
Key Decision:	**No**
Part:	**1**

Purpose of the report:

To recommend the 2017/18 Council Tax base to Council in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012.

The Corporate Plan 2016/19:

The 2017/18 Draft Budget sets out the resources available to deliver the Corporate Plan priorities.

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

A collection rate of 98.5% has been used in calculating the Council Tax Base. Appendix A details the Tax Base calculations. The tax base is 70,778 band D equivalent properties.

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

None

Equality and Diversity:

None

Recommendations and Reasons for recommended action:

1. That Cabinet recommend to Council the approval of the Council Tax Base for 2017/18 as set out in the report

   It is a statutory requirement for Council to approve the Council Tax Base for the forthcoming financial year.

Alternative options considered and rejected:

Not applicable

Published work / information:

None

Background papers:

None

Sign off:

Fin	Pc1617.49	Leg	27132/DVS	Mon Off	27132/DVS	HR		Assets		IT		Strat Proc	
Originating SMT Member: Lesa Annear													
Has the Cabinet Member(s) agreed the content of the report? Yes													

1 INTRODUCTION

1.1 The Local Authorities (Calculation of Tax Base) (England) Regulations 2012 make arrangements for the setting of the Council Tax. The arrangements include the determination of the Council Tax Base. A Council resolution is necessary. The decision must be notified to the major precepting authorities.

1.2 For the year commencing 1 April 2017 the major precepting authorities will be Devon and Cornwall Police and Crime Commissioner and Devon and Somerset Fire and Rescue Authority.

1.3 The Council must determine its Council Tax Base or 2017/18 during the period 1 December 2016 to 31 January 2017. The Council Tax Base is the measure of the taxable capacity of an area, for the purpose of calculating an authority's Council Tax. It represents the estimated number of Band D equivalent chargeable dwellings for the year. It also takes into account the authority's estimated Council Tax collection rate. The level of Council Tax subsequently set must be determined using the Council Tax Base figure. The Council Tax Base calculation is attached in Appendix A.

1.4 The calculation of the Council Tax Base allows for discounts under the Council Tax Support Scheme.

2 PURPOSE OF THE REPORT

2.1 The purpose of this report is to inform Cabinet of the Council Tax Base of 70,775.The Council Tax Base for 2016/17 was 69,846.

3 TAX BASE CALCULATIONS

3.1 Council Tax base figures are calculated by the billing authority as the aggregate of the "relevant amounts" calculated for each property valuation band multiplied by the estimated "collection rate" for the year.

3.2 Relevant amounts are:

(a) The number of chargeable dwellings in that band shown in the valuation list as it stands on 30 November 2016.

(b) The number of discounts, disabled reductions and exemptions which apply to those dwellings;

(c) Estimated changes in the number of chargeable properties between 30 November 2016 and 31 March 2018

(d) Impact of the Council Tax Support scheme;

(e) The number of Band D equivalents within each different band.

3.3 The collection rate is the billing authority's estimate of the total amounts of 2017/18 Council Tax which will ultimately be paid or transferred into the Collection Fund.

3.4 This report assumes a collection rate for Council Tax of 98.5%. This rate reflects recent arrears collection performance and the pattern of write offs. It is the same level used in setting the 2016/17 Council Tax Base. Analysis of collection rates across the age profile of debts suggests that an eventual collection rate of 98.5% remains realistic and prudent in the current economic climate.

3.5 Appendix B shows the tax base used for the previous three years for comparison.

Council Tax Base Calculation 2017/18 **Appendix A**

	BAND A with disabled relief	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H	Total
Number of dwellings in valuation list as at 30th November 2016	-	47,103	32,153	22,488	9,539	4,854	1,722	600	60	118,519
Number of exempt dwellings (including demolished)	-	2,843	1,722	1,071	680	216	40	41	20	6,633
Reductions to lower band due to disabled relief	-	125	144	127	95	65	28	33	12	629
Additions to band due to disabled relief	125	144	127	95	65	28	33	12	-	629
CHARGEABLE DWELLINGS FOR BAND	**125**	**44,279**	**30,414**	**21,385**	**8,829**	**4,601**	**1,687**	**538**	**28**	**111,886**
Total discounts at 25%	50	22,793	10,472	5,673	2,102	878	274	73	2	42,317
Total discounts at 50%	2	236	128	77	46	24	36	27	16	592
Total discounts at 100% one month only	-	732	322	181	95	35	18	10	-	1,393
TOTAL DISCOUNTS	**14**	**5,877**	**2,709**	**1,472**	**556**	**234**	**88**	**33**	**9**	**10,991**
Long Term Empty Premium at 50%	-	108	31	13	7	2	5	5	1	172
LONG TERM EMPTY PREMIUM	**-**	**54**	**16**	**7**	**4**	**1**	**3**	**3**	**1**	**86**
Estimated number of dwellings not listed but which will be listed in the band for the whole or any part of the financial year	-	55	63	65	56	21	9	2	0	272
Estimated number of reductions to lower band due to successful appeals	-	-	9	2	1	4	3	1	-	20
Estimated number of additions to lower band due to successful appeals	-	9	2	1	4	3	1	-	-	20
TOTAL ADJUSTMENTS	-	**46**	**70**	**66**	**53**	**22**	**11**	**3**	**0**	**272**
LOCAL COUNCIL TAX SUPPORT SCHEME REDUCTIONS	**39**	**10,409**	**3,458**	**1,123**	**263**	**61**	**18**	**3**	**-**	**15,375**
Family annexes discount at 50%	-	15	9	16	14	6	9	2	-	71
FAMILY ANNEXES	**-**	**8**	**5**	**8**	**7**	**3**	**5**	**1**	**-**	**35**
TOTAL DWELLINGS	**73**	**28,085**	**24,328**	**18,855**	**8,059**	**4,326**	**1,590**	**507**	**20**	**85,842**
RATIO TO BAND D	5	6	7	8	9	11	13	15	18	
	9	9	9	9	9	9	9	9	9	
RELEVANT AMOUNTS FOR 2017/18	**40**	**18,723**	**18,922**	**16,760**	**8,059**	**5,287**	**2,297**	**845**	**41**	**70,974**
COLLECTION RATE										**98.5%**
ADJUSTED RELEVANT AMOUNT	**40**	**18,442**	**18,638**	**16,508**	**7,938**	**5,208**	**2,262**	**833**	**40**	**69,909**
MOD CONTRIBUTION										**866**
TAX BASE										**70,775**

Council Tax Base - Previous Years **Appendix B**

	2014/15			2015/16			2016/17		
Band	**Number of propertie**	**Estimated Collection Rate**	**Adjusted Band D Equivalent**	**Number of propertie**	**Estimated Collection Rate**	**Adjusted Band D Equivale**	**Number of propertie**	**Estimated Collection Rate**	**Adjusted Band D Equivale**
A	46,657	97.5%	17,428	46,694	98.5%	17,904	46,908	98.5%	18,260
B	31,379	97.5%	17,501	31,618	98.5%	17,942	31,876	98.5%	18,452
C	21,986	97.5%	15,771	22,046	98.5%	16,067	22,217	98.5%	16,287
D	9,123	97.5%	7,570	9,194	98.5%	7,671	9,316	98.5%	7,816
E	4,679	97.5%	5,001	4,711	98.5%	5,035	4,770	98.5%	5,147
F	1,657	97.5%	2,131	1,648	98.5%	2,146	1,686	98.5%	2,183
G	578	97.5%	780	578	98.5%	799	591	98.5%	826
H	60	97.5%	39	60	98.5%	41	59	98.5%	34
Total	116,119		66,221	116,549		67,605	117,423		69,004
MOD			845			856			842
Tax Base			**67,066**			**68,460**			**69,846**

PLYMOUTH CITY COUNCIL

Subject: Council Tax Support Scheme

Committee: Cabinet

Date: 17 January 2017

Cabinet Member: Councillor Downie

CMT Member: Giles Perritt (Assistant Chief Executive)

Author: Emma Rose (Strategic Development Manager)

Contact details Tel: 01752 312571
emma.rose@plymouth.gov.uk

Ref:

Key Decision: No

Part: I

Purpose of the report:

To consider the findings of the council tax support scheme consultation to inform the development of the revised scheme for 2017/18. To consider the associated revised exceptional hardship policy.

The Corporate Plan 2016 - 19:

The income generated from council tax contributes to the delivery of council, police and fire services. As such, it is an integral part of supporting the delivery of the Corporate Plan. Providing a council tax support scheme and associated exceptional hardship policy that supports our most financially vulnerable residents, contributes to our values of fairness and vision of being a caring organisation.

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

The council tax support scheme changes the amount of revenue that Plymouth City Council can collect, by reducing the liability for those eligible for support. If the recommendation is approved, fewer new applicants would be eligible for maximum support and this will increase the amount of council tax income. Income estimate assume that all extra council tax charged is collected. Applications under the exceptional hardship policy may increase if customers struggle to meet the additional liability. Given the level of new claimants, for 2017/18 the potential additional income is estimated at circa £50k.

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

Changes to the scheme may change the level of financial support to families with children and impact on child poverty. This should be considered against a background of wider welfare reforms and also against the Plymouth child poverty action plan

Paragraph 5 of Schedule 1B to the Local Government Finance Act 1992 requires billing authorities to

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adopt a council tax support scheme each year, no later than 31 January.

Equality and Diversity

Has an Equality Impact Assessment been undertaken? Yes

Recommendations and Reasons for recommended action:

1. That Cabinet recommend the following to City Council on 30 January 2017:

1.1 To revise the Council Tax Support Scheme for 2017/18, implementing six of the eight proposals consulted on during the summer. To remove the two proposals consulted on that relate to families with children (removal of the family premium and limiting the number of dependent children to two). This option supports children in line with child poverty action plan and would allow flexibility to mitigate any differential impact identified by the equalities impact assessment.

1.2 To delay the implementation of proposal 5 (removing the work related activity component in the calculation of entitlement for new applicants) to 1 April 2018, if the policy is introduced nationally into Housing Benefit after 1 April 2017. At the time of writing the regulations introducing this change into housing benefit have not been released. This maintains the alignment with national policy until such time as those changes take effect.

1.3 To approve the revised exceptional hardship policy, which has been reviewed to ensure it can support customers who may find themselves in hardship as a result of the changes to the 2017/18 CTS scheme.

Alternative options considered and rejected:

Option 2 – No change from current scheme

Option 3 - Implement all eight changes under consultation

Published work / information:

1.1 Plymouth Council Tax Support scheme
http://www.plymouth.gov.uk/sites/default/files/CouncilTaxSupportScheme20162017.pdf .

Background papers:

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

Sign off:

Fin	djn1617.51	Leg	DVS27185	Mon Off	DVS27185	HR		Assets		IT		Strat Proc	
Originating SMT Member Giles Perritt													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

1. BACKGROUND

1.1 Each year local authorities must review how much reduction in Council Tax is given to people of working age on a low income. This is published as a council tax reduction scheme, also known as the council tax support (CTS) scheme. Plymouth City Council's current scheme is available on our website: http://www.plymouth.gov.uk/sites/default/files/CouncilTaxSupportScheme20162017.pdf .

1.2 The Devon Local Government Steering Group and Benefits Officers Groups worked together on proposals for CTS Schemes across the county. In April 2016 it was agreed that consultation would cover eight changes, effective from 1 April 2017, to bring the CTS schemes in line with the changes being made by central Government in Housing Benefit and Universal Credit. These changes are intended to encourage people into work and reduce the level of welfare benefits available to some. The 8 proposed changes are as follows (for additional information, please see Appendix A):

1. Removing the Family Premium for all new working age claimants
2. Reducing backdating for new claims to one month
3. To assume a set minimum income within the calculation of CTS for self-employed earners after a one year's self-employment
4. Reducing the period a person can be absent from Great Britain and still receive CTS to four weeks
5. To remove the work related activity component in the calculation of the current scheme for new Employment and Support claimants
6. To limit the number of dependent children within the calculation for CTS to a maximum of two
7. To remove entitlement to the Severe Disability Premium where someone with a disability is cared for by another person who receives Universal Credit with a Carer's Element
8. To remove the additional earnings disregard and apply the standard earnings disregards regardless of hours worked to those claimants who receive Universal Credit

1.3 The proposed changes would be implemented for new claimants only. All existing customers would continue to receive the same level of support that they do under the 2016/17 scheme, unless their circumstances change.

1.4 The proposed changes should make it easier for customers to understand the scheme, as there will be similar criteria in Housing Benefit and Universal Credit. Additionally, using the same criteria in the CTS scheme should make it simpler, more efficient and less costly to run.

1.5 The changes will affect working age households in Plymouth who receive or who apply for CTS on or after 1 April 2017. Each of the proposed changes may affect working age households claiming under the scheme in different ways. Households of state pension credit age have their scheme set by central Government so are not directly affected by the proposals.

1.6 An alternative option is to continue with the current scheme, however if the scheme is not aligned with Housing Benefit and Universal Credit then this could result in higher costs. This could mean less money available to deliver other vital council services.

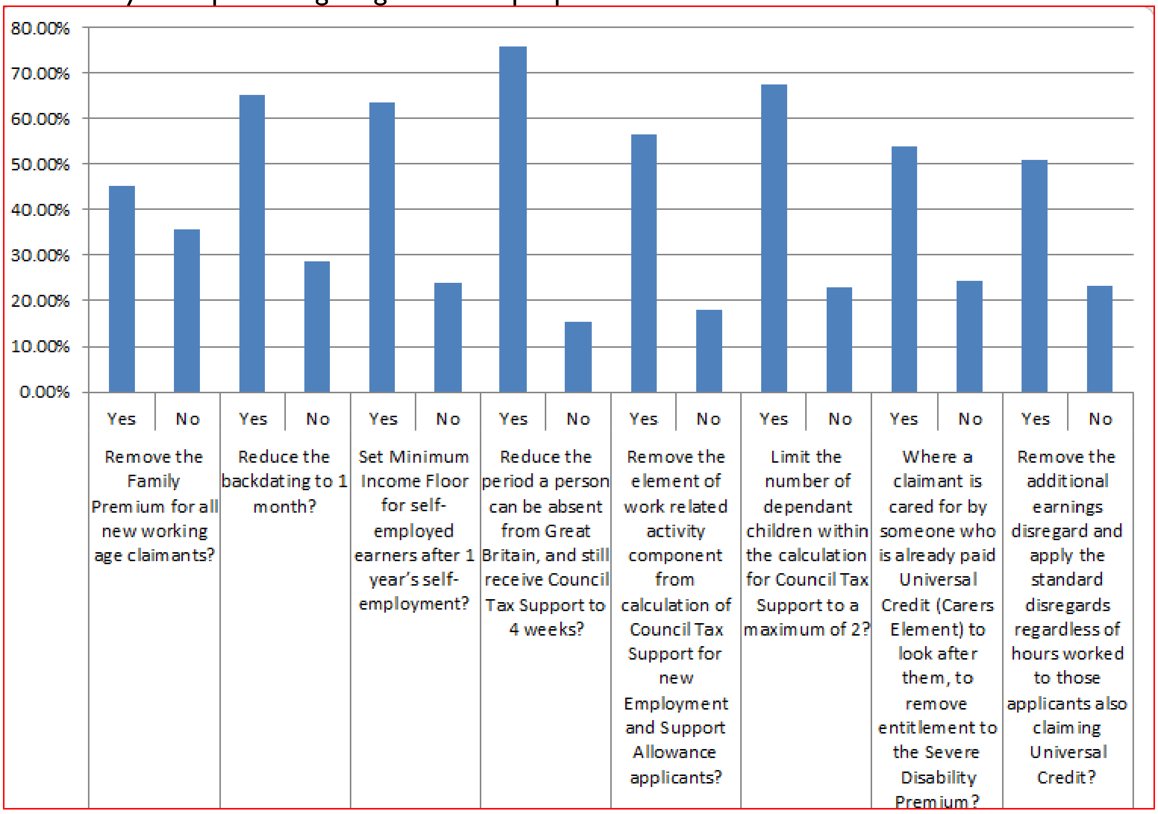
1.7 No changes were consulted on to the maximum level of support that the scheme provides to working age claimants. This is currently set at a reduction of 80% of council tax liability, which is the same level as the majority of Devon local authorities.

2.0 Consultation Findings

2.1 The eight proposals were consulted on for 12 weeks between 7 July 2016 and 29 September 2016. There were a total of 273 responses to the online questionnaire which was available on Plymouth City Council's consultation portal. 200 of these were from current CTS customers.

The majority of respondents agree with all of the proposals, with seven of the eight proposals scoring higher than a 50% 'yes' rating.

Chart 1 – yes/no percentages against each proposal



2.2 Four of the proposals each received more than a 60% agreed rating, as well as being the proposals attracting the highest response rate:

- Proposal 2 to reduce backdating to 1 month (178 responses, **66% agreement**)
- Proposal 3 to set Minimum Income Floor for self-employed earners after 1 years self-employment (170 responses, **63% agreement**)
  32% of self-employed respondents agreed with Minimum Income Floor
- Proposal 4 to reduce the period a person can be absent from Great Britain, and still receive Council Tax Support to 4 weeks (204 responses, **76% agreement**)
- Proposal 6 to limit the number of dependent children to minimum of 2 within the Council Tax Support calculation (183 responses, **68% agreement**)
  67% of respondents stated there are no children in their household
  26% of those with children agreed with limiting the number of dependent children

2.3 Although the majority of respondents supported the introduction of all eight proposals, concerns were raised during consultation about the potential impact of two of the proposals on families with children.

1. Removing the Family Premium for all new working age claimants, and

6. To limit the number of dependent children within the calculation for CTS to a maximum of two

It is recommended that these two proposals are not implemented, in order to support families in Plymouth on low incomes.

2.4 The implementation of proposal 2 to reducing backdating for new claims to one month attracted some concern as it removes the discretion to consider individual circumstances and backdate for longer if there is reasonable cause to. In order to support customers who may be adversely affected by the implementation of this proposal, it is recommended that they are supported through the application of the exceptional hardship policy after considering individual circumstances.

2.5 The implementation of proposal 3 relating to the minimum income floor for self-employed customers raised concerns during scrutiny. The main reason being the potential for more sick and/or disabled people losing national benefit entitlement, being unable to gain employment and moving into self-employment in order to support themselves and their families. Rather than make assumptions about when the minimum income floor should not apply, we intend to support those customers who may be adversely affected by the change through the application of the exceptional hardship policy after considering individual circumstances.

2.6 Regulations have not yet been laid that would remove the work related activity component in the calculation Housing Benefit. Therefore it is recommended that we delay the implementation of proposal 5 (removing the work related activity component in the calculation of entitlement for new applicants) to 1 April 2018, if the policy is introduced nationally into Housing Benefit after 1 April 2017. At the time of writing the regulations introducing this change into housing benefit have not been released. This maintains the alignment with national policy until such time as those changes take effect.

2.7 Introducing complex exemptions to any of the other proposals would offset much of the advantage of making changes to the scheme by increasing the administrative complexity. It will also be difficult to ensure that all the vulnerable individuals we would wish to protect from the changes are covered. It is therefore better to use the Exceptional Hardship scheme to support customers who may be detrimentally affected. The Exceptional Hardship policy, attached at appendix b, has been revised to ensure that it is available to anybody who loses their entitlement to CTS as a result of these changes.

2.8 The Local Government Finance Act 1992 requires the Council to consider transitional protection for any changes that will reduce a person's entitlement. Besides change 3, all changes will only affect new claims to CTS or existing claims when their household circumstances change. It is not therefore necessary to apply any transitional protection. Any cases of hardship, including in the short term, will be managed through the Exceptional Hardship scheme. Change 3 allows a period of 12 months at the commencement of a self-employed activity before the minimum income would be applied. For existing claims where the policy will reduce entitlement from April 2017 Exceptional Hardship will be offered for any cases that need help to manage the transition.

3.0 Profile

3.1 We currently support 23,706 CTS claimants. Of that figure:

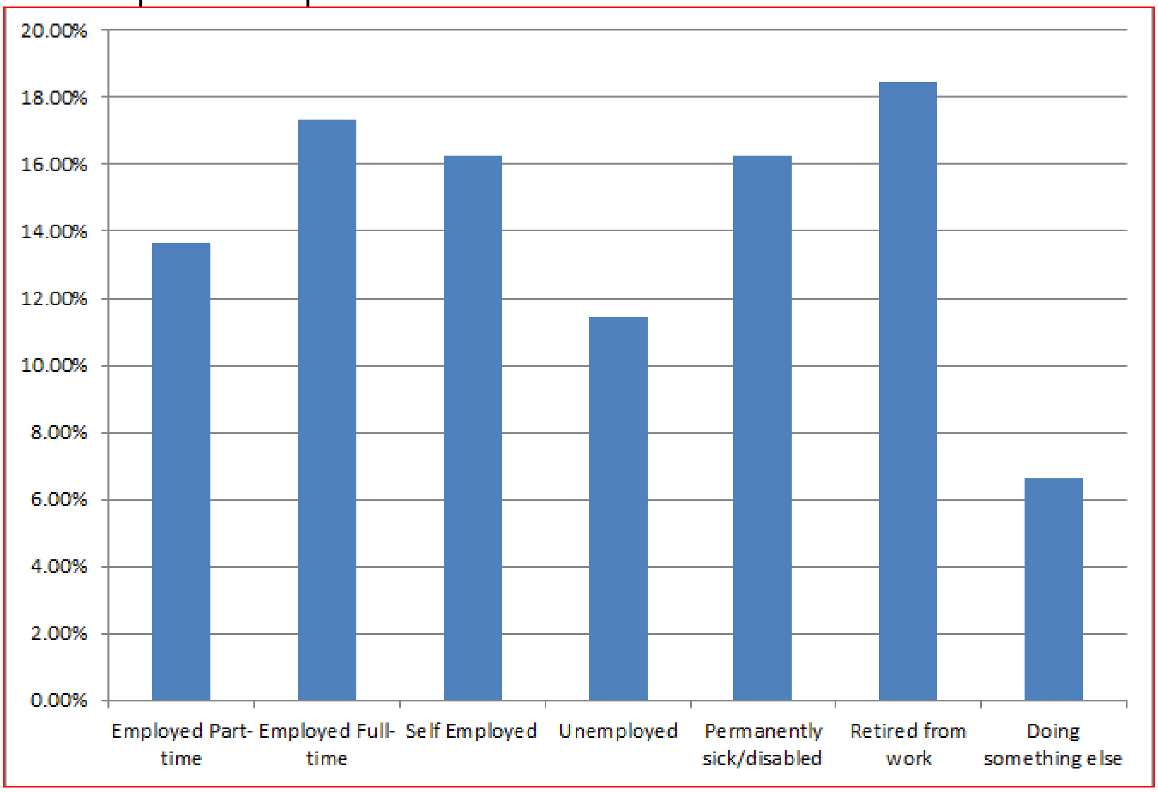
- 9,343 are pensioners
- 14,363 are of working age
- 5,621 households include one or more children
- 1,382 households include three or more children

3.2 The majority (78%) of all households with children are receiving 75 – 80% relief regardless of the number of children in the household.

3.3 Of those responding to the consultation:

- 26% of those with children agreed with limiting the number of dependent children
- 42% of have children in the household
- 32% of self-employed respondents agreed with Minimum Income Floor
- 22% of CTS recipients agreed with introducing all of the proposals
- 42% of employed respondents are in receipt of CTS
- 84% of permanently sick/disabled respondents are in receipt of CTS (all of the permanently sick/disabled respondents fall in the working age bracket)

3.4 Chart 3 – profile of respondents



4.0 OPTIONS

The following options are available for the 2017/18 scheme. Options not already consulted on cannot be considered for next year's scheme, but could be further investigated and consulted on for future years.

Option 1 (recommended option) – Remove the proposals relating to families with children (removal of the family premium and limit on number of dependent children taken into account) and implement the remaining six.

a. Benefits – supports children in line with child poverty action plan and would allow flexibility to mitigate any differential impact identified by an EIA.
b. Disadvantages – departs from assessment processes for other benefits, so would change the CTS assessment process making it less efficient and requiring more resources to administer. This would increase costs for the council at the point of CTS assessment. Although difficult to model, if every other aspect of entitlement is the same, additional children make little difference to the level of CTS awarded and the majority of all families with children current receive 75 – 80% relief. Non-collection rate may rise.

Option 2 – No change from current scheme

a. Benefits – protects most vulnerable from further cuts, no compromise with child poverty action plan and potential Equality Act related impacts
b. Inconsistent with the Devon Chief Finance Officers recommendations and with the majority of Devon authorities. Generates no savings and will become more costly over time as the assessment frameworks become more different. Would not align with new benefits schemes

Option 3 - Implement the 8 changes consulted on

c. Benefits – consistent with the Devon Chief Finance Officers recommendations and with the majority of Devon authorities. Aligns the assessment of CTS with the new benefits schemes (housing benefit and universal credit in particular).
d. Disadvantages – has minimal financial impact and many of the options are extremely difficult to model. May compromise the child poverty action plan and potential Equality Act related impacts, although the changes under consultation mirror national changes that have already been assessed and agreed.

Appendix A- Proposals and effects

Proposal 1 – Removing the Family Premium for all new working age claimants

The removal of Family Premium from 1st April 2017 for **new** claims will bring the Council Tax Support scheme in line with Housing Benefit.

The Family Premium is part of how we assess the 'needs' (Applicable Amounts) of any claimant compared with their income. Family Premium is normally given when a claimant has at least one dependant child living with them. Removing the Family Premium will mean that when we assess a claimant's needs it would not include the Family Premium (currently £17.45 per week).

This change would not affect those on Universal Credit, Income Support, Income Related Employment and Support Allowance or Income Based Jobseeker's Allowance.

What does this change mean?

It brings the working age Council Tax Support scheme in line with Housing Benefit and the Pension Age Council Tax Support scheme as these changes have already been made by central Government;

New claims from working age claimants with dependent children may receive less help through the Council Tax Support scheme.

Proposal 2 – Reducing backdating for new claims to 1 month

Currently claims for Council Tax Support from working age claimants can be backdated for up to 6 months where an applicant shows they could not have made a claim earlier. Central Government has reduced the period for Housing Benefit claims to 1 month. It is proposed that Plymouth's Council Tax Support scheme be aligned with the changes for Housing Benefit.

What does this change mean?

It is a simple alteration to the scheme which should make it easier to understand when claiming Housing Benefit and Council Tax Support, as the rules will be the same.

New working age claimants may see a reduction in the amount of support they received if they delay in making a claim.

Proposal 3 – To assume a set minimum income within the calculation of Council Tax Support for self-employed earners after a 1 year's self-employment

In order to align Council Tax Support with Universal Credit, the council proposes to assume a minimum level of income for those who are self-employed – this is known as the Minimum Income Floor. The amount would be in line with the National Living Wage or the National Minimum wage (for under 25's) for 35 hours worked per week. If someone who is self-employed earns less than this amount, we will take the Minimum Income Floor as an assumed level of income. Any income above the assumed Minimum Income Floor would be taken into account based on the actual amount earned.

The income would not apply for a designated start-up period of one year from the start of the business. Variations would apply to any person who is both employed and self-employed.

What does this change mean?

The treatment of income for self-employed claimants for Council Tax Support will be brought broadly into line with Universal Credit.

It should encourage self-employed working age applicants to expand and develop their business.

Proposal 4 – Reducing the period a person can be absent from Great Britain and still receive Council Tax Support to 4 weeks

Within the current scheme claimants can be temporarily absent from their homes for 13 weeks (or 52 weeks in certain cases) without it affecting the level of Council Tax Support. We propose reducing this to 4 weeks for absences outside Great Britain. This is in line with changes the Government plan to make to Housing Benefit and the Pension Age Council Tax Support schemes.

There will be exceptions for certain occupations such as mariners and the armed forces. There is also provision for this to be extended to 8 weeks in specific circumstances such as the death of a close relative.

What does this change mean?

- The treatment of temporary absence will be brought into line with Housing Benefit and the Pension Age Council Tax Support scheme to make it easier to understand for applicants, and improve efficiency in running the scheme.
- It is seen as fairer.
- If a person is absent from Great Britain for a period which is likely to exceed 4 weeks, their Council Tax Support will end from when they leave the country. They will need to make a new claim on their return.

Proposal 5 – To remove the work related activity component in the calculation of the current scheme for new Employment and Support claimants

From April 2017, all new claimants of Employment and Support Allowance (ESA) who fall within the Work Related Activity Group will no longer receive the work related activity component in either their ESA or within the calculation of Housing Benefit.

A person who falls within the Work Related Activity Group, and currently receives this component, is someone who has limited capability to work due to limited physical and/or mental conditions, and that limitation is not reasonable to require them to undertake work. It is proposed that the Council Tax Support scheme is amended to reflect the changes in ESA and Housing Benefit.

What does this change mean?

- The treatment of ESA will be brought into line with Housing Benefit which avoids additional costs to the Council Tax Support scheme.
- Persons currently receiving ESA with the work related activity component will not receive less Council Tax Support.

Proposal 6 – To limit the number of dependant children within the calculation for Council Tax Support to a maximum of 2

Within the current scheme, claimants who have children are normally awarded a dependant addition of £66.90 per child within the calculation of their needs (Applicable Amounts). There is currently no limit to the number of dependent children included in the calculation.

It is proposed that the Council Tax Support scheme is amended to reflect the changes in Housing Benefit and other welfare benefits. From April 2017 the Government will be limiting dependant additions in Universal Credit, Housing Benefit, and Tax Credits to a maximum of two children. This will only affect households who have a third or subsequent child born on or after 1st April 2017.

There will be exceptions; for example where there are multiple births after 1st April 2017 (and the household is not already at their maximum of two dependants within the calculation); adopted children, or where households merge, etc.

What does this change mean?

- Council Tax Support will be brought into line with Housing Benefit, Universal Credit, and Tax Credits to make the scheme easier to understand using the same rules as other welfare benefits, and reduce costs by improving efficiency.

- Claimants who have a third or subsequent child after 1st April 2017 (and are not exempt from the rules) may receive less Council Tax Support than claimants who have more than two children born before 1st April 2017.

Proposal 7 – To remove entitlement to the Severe Disability Premium where someone with a disability is cared for by another person who receives Universal Credit with a Carer's Element

Currently the Severe Disability Premium is not included when working out the needs (Applicable Amount) of a claimant who is cared for by a person who is paid Carers Allowance. The reason for this is that it avoids paying for the same care twice. This proposed change will align the scheme with Housing Benefit by treating persons who receive the Universal Credit Carers Element in the same way as someone receiving Carers Allowance.

What does this change mean?

- Council Tax Support will be brought into line with Housing Benefit to make the scheme easier to understand using the same rules as other benefits, and reduce costs by improving efficiency.

- Persons cared for by somebody who receives the Universal Credit Carers Element will no longer receive the Severe Disability Premium when working out their needs.

- It will be fairer as we will be treating those receiving Universal Credit Carers Element in the same way as those receiving Carers Allowance.

Proposal 8 – To remove the additional earnings disregard and apply the standard earnings disregards regardless of hours worked to those claimants who receive Universal Credit

A standard disregard is applied if you have earnings. Currently there is an additional earnings disregard of £17.10 per week that can be applied if you work sufficient hours. This proposal will remove the additional earnings disregard regardless of hours worked to those claimants on Universal Credit.

What does this change mean?

- Removing the additional earnings disregard from the Council Tax Support calculation will simplify the administration of claims for those in receipt of Universal Credit;

It will make the scheme easier to understand and reduce costs by improving efficiency.

CUSTOMER SERVICES

Council Tax Support Scheme
Exceptional Hardship Fund Policy

PLYMOUTH
CITY COUNCIL

Contents

1. BACKGROUND

The Exceptional Hardship Fund (EHF) has been set up by Plymouth Council to cover the shortfall between Council Tax liability and payments of Council Tax Support.

Every customer who is entitled to Council Tax Support and who has a shortfall is entitled to make a claim for help from the Fund.

The main features of the Fund are that:

- Exceptional Hardship Fund awards are discretionary.
- Customers do not have a statutory right to an award.
- The Exceptional Hardship Fund Policy is held within the main Council Tax Support scheme.
- Exceptional Hardship Fund awards are not a payment of the main Council Tax Support scheme.
- It is a cash limited fund.
- The Customer Services Department decides how the Fund is administered.
- Council Tax Support must be in payment in the week in which an Exceptional Hardship Fund award is made.
- Plymouth City Council may decide that a backdated Exceptional Hardship award is appropriate; which could then settle council tax arrears. This would be the only circumstance where the Exceptional Hardship Fund could be used to facilitate payment of Council Tax arrears.

In addition to this fund there is a Discretionary Housing Payments scheme which covers the shortfall between rent and Housing Benefit.

2. EXCEPTIONAL HARDSHIP FUND AND EQUALITIES

The creation of an Exceptional Hardship Fund facility meets Plymouth City Council's obligations under the Equalities Act.

The Government has been clear that, in developing a local Council Tax Support scheme, vulnerable groups should be protected. Other than statutory protection for low income pensioners, the Government has not prescribed the other groups that local Councils should support. Plymouth City Council has designed their Council Tax Support scheme to take account of the various statutes that currently protect vulnerable people.

We recognise the importance of protecting our most vulnerable customers and also the impact these changes have. We have created an Exceptional Hardship Fund to ensure that we protect and support those most in need. The Exceptional Hardship Fund is intended to help in cases of extreme financial hardship and not support a lifestyle.

3. PURPOSE OF THIS POLICY

The purpose of this policy is to specify how Plymouth City Council's Customer Service Department will operate the scheme, and to indicate some of the factors which will be considered when deciding if an Exceptional Hardship Fund payment can be made.

Each case will be treated on its own merits and all customers will be treated fairly and equally in the accessibility to the Fund and also the decisions made with applications.

Where a customer is not claiming a Council Tax discount or exemption to which they may be entitled or a welfare benefit or additional financial assistance, they will be advised, and where necessary assisted, in making a claim to maximise their income, before their claim for Exceptional Hardship Funds will be decided.

4. STATEMENT OF OBJECTIVES

The Customer Service Department will seek through the operation of this policy to:

- Allow a short period of time for someone to adjust to unforeseen short-term circumstances and to enable them to "bridge the gap" during this time.
- Support people in managing their finances.
- Help customers through personal crises and difficult events that affect their finances.
- Aim to help prevent exceptional hardship.
- Support vulnerable young people in the transition to adult life.
- Helping those who are trying to help themselves financially.
- Alleviate poverty.
- Sustain tenancies and prevention of homelessness.
- Keep families together.
- Encourage and support people to obtain and sustain employment.
- Give support to those who are financially vulnerable.

The Exceptional Hardship Fund is a short-term emergency fund, awarded whilst the customer seeks alternative solutions.

It cannot be awarded for the following circumstances:

- Where full Council Tax liability is being met by Council Tax Support.
- For any other reason, other than to reduce Council Tax liability.
- Where the Council considers that there are unnecessary expenses or/debts which the customer has not taken reasonable steps to reduce.

- To reduce any Council Tax Support recoverable overpayment.
- To cover previous years Council Tax arrears.
- Where there is a shortfall caused by a Department for Work and Pensions sanction or suspension being applied because the customer has turned down work/interview/training opportunities.
- When Council Tax Support is suspended.

5. AWARDING AN EXCEPTIONAL HARDSHIP FUND PAYMENT

The Customer Service Department will decide whether or not to make an Exceptional Hardship Fund award, and how much any award might be.

When making this decision the Customer Service Department will consider:

- The shortfall between Council Tax Support and Council Tax liability.
- The steps taken by the customer to reduce their Council Tax liability.
- Changing payment methods, re-profiling Council Tax instalments or setting alternative payment arrangements in order to make them affordable.
- To ensure that all discounts, exemptions and reductions are granted.
- Steps taken by the customer to establish whether they are entitled to other welfare benefits.
- Steps taken by the customer in considering and identifying where possible the most economical tariffs for supply of utilities.
- If a Discretionary Housing Payment has already been awarded to meet a shortfall in rent.
- The personal circumstances, age and medical circumstances (including ill health and disabilities) of the customer, their partner and any dependants and any other occupants of the customer's home.
- The difficulty experienced by the customer which prohibits them from being able to meet their Council Tax liability, and the length of time this difficulty will exist.
- Shortfalls due to non-dependant deductions.
- The income and expenditure of the customer, their partner and any dependants or other occupants of the customer's home.
- How deemed reasonable expenditure exceeds income.
- That all income may be taken into account, including those which are disregarded when awarding Council Tax Support.
- Any savings or capital that might be held by the customer or their partner.
- Other debts outstanding for the customer and their partner.

- Whether the customer has already accessed or is engaging for assistance with budgeting and financial/debt management advice. An Exceptional Hardship Fund award may not be made until the customer has accepted assistance either from the Council or third party, such as the Citizens Advice Bureau or similar organisations, to enable them to manage their finances more effectively, including the termination of non-essential expenditure.
- The exceptional nature of the customer and/or their family's circumstances that impact on finances.
- The length of time they have lived in the property.
- The amount available in the Exceptional Hardship Fund at the time of the application.

The list is not exhaustive and other relevant factors and special circumstances will be considered.

An award from the Exceptional Hardship Fund does not guarantee that a further award will be made at a later date, even if the customer's circumstances have not changed.

An Exceptional Hardship Fund award may be less than the difference between the Council Tax liability and the amount of Council Tax Support paid.

6. PUBLICITY

The Customer Service Department will publicise the Fund and will work with interested parties to achieve this. A copy of this policy will be made available for inspection and will be published on the Council's website.

7. MAKING A CLAIM

A customer must make a claim for an Exceptional Hardship Fund award by submitting an application to Plymouth City Council. The application can be obtained by downloading the form on the Council's website, or by requesting the form via the telephone or in person at the One Stop Shop. Customers can get assistance with the completion of the form from the Customer Service Department.

The application form must be fully completed and supporting information or evidence provided, as reasonably requested by the Council.

In most cases the person who claims the Exceptional Hardship Fund award will be the person entitled to Council Tax Support. However, a claim can be accepted from someone acting on another's behalf, such as an appointee, if it is considered reasonable.

8. CHANGE OF CIRCUMSTANCES

The Customer Service Department may revise an award from the Exceptional Hardship Fund where the customer's circumstances have changed which either increases or reduces their Council Tax support entitlement

9. DUTIES OF THE CUSTOMER

A person claiming an Exceptional Hardship Fund Payment is required to:

- Give the Council such information as it may require to make a decision.
- Tell the Council of any changes in circumstances that may be relevant to their on-going claim.
- Give the Council such other information as it may require in connection with their claim.

10. AMOUNT AND DURATION OF AWARD

Both the amount and the duration of the award are determined at the discretion of the Council, and will be done on the basis of the evidence supplied and the circumstances of the claim.

The start date will usually be the Monday after the written claim for an Exceptional Hardship Fund award is received by the Customer Service Department, although in some cases it may be possible to backdate this award, based upon individual circumstances of each case.

The Exceptional Hardship Fund will normally be awarded for a minimum of one week.

The maximum length of the award will not exceed the end of the financial year in which the award is given.

11. PAYMENT OF AWARD

Any Exceptional Hardship Fund award will be made directly into the customer's Council Tax account, thus reducing the amount of Council Tax payable.

12. OVERPAID EXCEPTIONAL HARDSHIP FUND PAYMENTS

Overpaid Exceptional Hardship Fund awards will generally be recovered directly from the customers council tax account, thus increasing the amount of Council Tax due and payable.

13. NOTIFICATION OF AN AWARD

The Council will notify the outcome of each application for Exceptional Hardship Fund awards in writing. The notification will include the reason for the decision and advise the customer of their appeal rights.

14. THE RIGHT TO APPEAL

If the customer is not satisfied with the decision in respect of an application for an Exceptional Hardship Fund award, a decision to reduce the amount of Exceptional Hardship Fund awarded, a decision not to backdate an Exceptional Hardship Fund award or a decision that there has been an overpayment of an Exceptional Hardship Fund award, they must make written representation to the Council setting out their grounds of appeal.

Plymouth City Council will consider the appeal and respond in writing, setting out the decision and associated reasons for the decision.

15. FRAUD

The Customer Service Department is committed to protect public funds and ensure funds are awarded to the people who are rightfully eligible to them.

A customer who tries to fraudulently claim an Exceptional Hardship Fund award by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under The Fraud Act 2006.

Where the Customer Service Department suspects that such a fraud may have been committed, this matter will be investigated as appropriate and may lead to criminal proceedings being instigated.

16. LEGISLATION

The Local Government Finance Act 2012 amends Section 13A of the Local Government Finance Act 1992 and sets out the requirement for Councils to develop and adopt a localised Council Tax Support Scheme. This Exceptional Hardship Fund Policy forms part of this Scheme.

17. COMPLAINTS

Complaints can be made on the Councils website and the Council policy for complaints will be applied in the event of any complaint received about this policy.

18. POLICY REVIEW

This policy will be reviewed at least every 3 years and updated as appropriate to ensure it remains fit for purpose. However, the review may take place sooner should there be any significant changes in legislation.

EQUALITY IMPACT ASSESSMENT

Customer Services

STAGE 1: WHAT IS BEING ASSESSED AND BY WHOM?

What is being assessed - including a brief description of aims and objectives?	Each year we review how much reduction in Council Tax is given to people of working age on a low income and publish this in a Council Tax Reduction scheme also known as Council Tax Support (CTS). ▪ All Devon authorities have been working together on proposals for CTS Schemes across the county. In April 2016, it was agreed that we would consult on eight changes, effective from 1 April 2017. The 8 proposed changes are as follows: ▪ Removing the Family Premium for all new working age claimants ▪ Reducing backdating for new claims to one month ▪ To assume a set minimum income within the calculation of CTS for self-employed earners after a one year's self-employment ▪ Reducing the period a person can be absent from Great Britain and still receive CTS to four weeks ▪ To remove the work related activity component in the calculation of the current scheme for new Employment and Support claimants ▪ To limit the number of dependent children within the calculation for CTS to a maximum of two ▪ To remove entitlement to the Severe Disability Premium where someone with a disability is cared for by another person who receives Universal Credit with a Carer's Element ▪ To remove the additional earnings disregard and apply the standard earnings disregards regardless of hours worked to those claimants who receive Universal Credit The proposed changes should make it easier for customers to understand the scheme, as there will be similar criteria in Housing Benefit and Universal Credit. These changes aim to encourage work and reduce the level of welfare benefits available to some. Additionally, using the same criteria in the Council Tax Support scheme should make it simpler, more efficient and less costly to run the scheme.
Author	Emma Rose
Department and service	Customer Services
Date of assessment	28 November 2016

STAGE 2: EVIDENCE AND IMPACT

<table>
<tr><th>Protected characteristics (Equality Act)</th><th>Evidence and information (eg data and feedback)</th><th>Any adverse impact
See guidance on how to make judgement</th><th>Actions</th><th>Timescale and who is responsible</th></tr>
<tr><td>Age</td><td>The average age in Plymouth (39.0 yrs) is about the same as the rest of England (39.3 yrs), but less than the South West (41.6yrs).
Of the 16 SW authorities we have the third lowest percentage of older people (75), the sixth highest percentage of working age people and the fifth highest percentage of children and young people (under 18).
Under 18s account for 19.8% of our population within this 17.5 % are under 16.
As of March 2013, there are estimated to be 479 (6.9 %) young people aged between 16 and 18 who are NEET.
The proportion of the working age population (16-64) is higher (66.1%) than regionally (62.8%) and nationally (64.7%).
Using existing scheme data as at September 2016, the total CTS caseload is 23,706 (Elderly – 9,343, Working Age – 14,363). This figure increases to 27,310 if it includes both the claimant and their partner.
The age range including all claimants and partners is as follow:
<table>
<tr><th>Age Range</th><th>Numbers</th><th>%</th></tr>
<tr><td>18-25</td><td>1184</td><td>4.34%</td></tr>
<tr><td>25-35</td><td>4027</td><td>14.75%</td></tr>
<tr><td>35-45</td><td>4262</td><td>15.61%</td></tr>
<tr><td>45-55</td><td>4415</td><td>16.17%</td></tr>
</table>
</td><td>Customers of pension age are not impacted by the proposed changes to the working age Council Tax Reduction scheme. Changes to the pension age scheme are the responsibility of central government.

Households with children would be more adversely financially impacted by the proposals to remove the family premium (proposal 1) and limiting the number of dependent children to 2 (proposal 6)

National Government impact assessment of changes states that of households currently in receipt of any welfare benefit those which contain someone with a disability are less likely to have children, relative to those households which do not. Therefore of households in receipt of welfare those containing someone with a disability are less likely to be affected
http://www.parliament.uk/documents/impact-assessments/IA15-006E.pdf</td><td>Hardship fund available

Recommendation not to implement those 2 proposals relating to families with children</td><td>Cabinet decision January 2017, scheme implementation April 2017</td></tr>
</table>

Page 32

55-65	4219	15.45%
65-75	5303	19.42%
>75	3900	14.28%
Totals	27310	

The largest proportion is pensionable age – this group is not affected by the proposed changes to the working age scheme. Note that pensionable age may be affected by changes to the pension age scheme that are made by central government.

The number of children in working age households with CTS is as follows:

Working age Households with CTS	
1 child	2511
2 children	1854
3 children	935
4 children	298
5 children	110
6 children	24
7 children	10
8 children	2
9 children	3
Total Claims	5747

<table>
<tr><td></td><td>The total number of households with 3 children or more is 1,382.

Consultation feedback: 30% of respondents had children in their household. 55% of them agreed with the proposal to limit the number of dependent children to 2.</td><td></td><td></td><td></td></tr>
<tr><td>Disability</td><td>A total of 31,164 people (from 28.5 per cent of households) declared themselves as having a long-term health problem or disability (national figure 25.7 per cent of households), compared with the total number of people with disabilities in UK (11,600,000).

10 per cent of our population have their day-today activities limited a lot by a long-term health problem or disability.

1,224 adults registered with a GP in Plymouth have some form of learning disability (2010/11).

Plymouth schools report that of every 1,000 children 17.5 have a learning difficulty.

There are 27166 adults with a disability in work.

There are 23,407 carers aged between 18 and 64 in Plymouth known to our services.

There are 17,937 state pension age people with disability.

There are 3,142 children with disability.

Our Translate Plymouth services recorded that BSL is amongst our most requested languages.

The current scheme data as at September 2016 identifies 5,970 CTS claims where there is a disability recorded:
<table>
<tr><th>Age Range</th><th colspan="2">Disabled</th></tr>
<tr><td>18-25</td><td>111</td><td>9.38%</td></tr>
</table></td><td>Proposal 5 – removing the work related activity component for new ESA claimants

National Government impact assessment of changes states no families will see a cash loss as a result of the policy. Instead those who may be affected will be those claiming ESA from April 2017 and have limited capability for work. The notional loss to each family is expected to be around £28 a week. Someone moving into work could, by working around 4-5 hours a week at National Living Wage, recoup the notional loss of the Work-Related Activity component or Limited Capability for Work element.
Provisional modelling indicates a loss of support from the CTS scheme of £5.90 per year to vulnerable households (which includes this protected characteristic) should the recommended option be implemented

http://www.parliament.uk/documents/impact-assessments/IA15-006B.pdf

Proposal 7 – remove the severe disability premium from people cared for by a UC claimant with carer's element treats all claimants fairly, as this is already in place for</td><td>Hardship fund available

Further work to model the impact on Plymouth CTS scheme in more detail is underway</td><td></td></tr>
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<tr><td>25-35</td><td>436</td><td>10.83%</td></tr>
<tr><td>35-45</td><td>634</td><td>14.88%</td></tr>
<tr><td>45-55</td><td>1176</td><td>26.64%</td></tr>
<tr><td>55-65</td><td>1247</td><td>29.56%</td></tr>
<tr><td>65-75</td><td>1175</td><td>22.16%</td></tr>
<tr><td>>75</td><td>1191</td><td>30.54%</td></tr>
<tr><td>Totals</td><td>5970</td><td></td></tr>
</table>
22% of caseload has a disability this is lower than the total Plymouth population figure - suggests under representation of people eligible to apply to the scheme
Consultation feedback:
85 of the total of 273 respondents described themselves as disabled. Of those, 25 disagreed with the proposal relating to work related activity component. 31 disagreed with the proposal to remove the severe disability premium (where the claimant is cared for by someone already in receipt of Universal credit carers element)
</td>
<td>housing benefit claimants.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Faith/religion or belief</td>
<td>
84,326 (32.9%) per cent of the Plymouth population stated they had no religion.
Those with a Hindu, Buddhist, Jewish or Sikh religion combined totalled less than 1 per cent.
Christianity: 148,917 people (58.1 per cent), decreased from 73.6 per cent since 2001.
Islam: 2,078 people (0.8 per cent), doubled from 0.4 per cent since 2001.
</td>
<td>
Eligibility and calculations are not made based on faith/religion or belief.
National Government impact assessment of changes highlights that lone parents, women and ethnic minority households are more likely to be impacted
http://www.parliament.uk/documents/impact-assessments/IA15-006E.pdf
</td>
<td>Hardship fund available</td>
<td></td>
</tr>
</table>

	Buddhism: 881 people (0.3 per cent), increased from 0.2 per cent since 2001. Hinduism: 567 people (0.2 per cent) described their religion as Hindu, increased from 0.1 per cent since 2001. Judaism: 168 people (0.1 per cent), decreased from 181 people since 2001. Sikhism: 89 people (less than 0.1 per cent), increased from 56 people since 2001. 0.5 per cent of the population had a current religion that was not Christianity, Islam, Buddhism, Hinduism, Judaism or Sikh, such as Paganism or Spiritualism. This information is not available for our scheme as it is not collected.			
Gender - including marriage, pregnancy and maternity	Overall 50.6 per cent of our population are women and 49.4 per cent are men: this reflects the national figure of 50.8 per cent women and 49.2 per cent men. There were 3280 births in 2011. Birthrate trends have been on the increase since 2001, but since 2010 the number of births has stabilised. Areas with highest numbers of births include Stonehouse (142), Whitleigh (137) and Devonport (137). Of those aged 16 and over, 90,765 people (42.9 per cent) are married. 5,190 (2.5 per cent) are separated and still legally married or legally in a same-sex civil partnership. In Plymouth in 2014 average hourly earnings for women (£10.00) were 93 per cent of average hourly male earnings (£11.82). In Plymouth in 2005, women working full time earned only 81 per cent of average hourly full-	National Government impact assessment of changes highlights that lone parents, women and ethnic minority households are more likely to be impacted http://www.parliament.uk/documents/impact-assessments/IA15-006E.pdf	Hardship fund available	

<table>
<tr>
<td></td>
<td>time male earnings. By 2010 this gap had closed and women were earning 90 per cent. In 2014 the gap had slightly widened.

Across the South West region in 2014 women working full-time only earn 86 per cent of average full-time hourly male earnings, and for the UK as a whole the figure is 90 per

Women employed by Plymouth City Council currently earn 96% of the average full time hourly wages of their male colleagues.

The current scheme data (as at September 2016) identifies the number of male/female claimants:

<table>
<tr><td>Male</td><td>10743</td><td>39.34%</td></tr>
<tr><td>Female</td><td>16567</td><td>60.66%</td></tr>
</table>
</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender reassignment</td>
<td>It is estimated that there may be 10,000 transgender people in the UK.

There were 26 referrals from Plymouth made to the Newton Abbott clinic, in 2013/14.

The average age for presentation for reassignment of male-to-females is 40-49.

For female-to-male the age group is 20-29.

Twenty three transgender people belong to Pride in Plymouth.

This information is not available for our scheme as it is not collected.</td>
<td>Eligibility and calculations are not made based on gender preference.</td>
<td>Hardship fund available</td>
<td></td>
</tr>
</table>

Race	92.9 per cent of Plymouth's population identify themselves as White British. 7.1 per cent identify themselves as Black and Minority Ethnic (BME) with White Other (2.7 per cent), Chinese (0.5 per cent) and Other Asian (0.5 per cent) the most common ethnic groups. Our recorded BME population rose from 3 per cent in 2001 to 6.7 per cent in 2011, and therefore has more than doubled since the 2001 census. Recent census data suggests we have at least 43 main languages spoken in the city, showing Polish, Chinese and Kurdish as the top three. Based on full year data for 2012-13, our Translate Plymouth services recorded that the most requested languages are Polish, British Sign Language (BSL) and Chinese Mandarin. Nearly 100 different languages are spoken in schools by children of different backgrounds. Polish and Arabic are the most common, spoken by 385 and 143 children respectively. Four neighbourhoods have a population of school age children where 20 per cent or more are from a BME background. They are City Centre (38.0 per cent), Greenbank and University (32.3 per cent), Stonehouse (29.9 per cent) and East End (23.4 per cent). There are 1867 school children (over 5 years old) that speak English as an additional other language. The Ride has 13 recently refurbished permanent site pitches. We have three small private sites with a total of 4 pitches. In 2010, which was our peak year, we dealt with 44	Eligibility and calculations are not made based on race. National Government impact assessment of changes highlights that lone parents, women and ethnic minority households are more likely to be impacted http://www.parliament.uk/documents/impact-assessments/IA15-006E.pdf	Hardship fund available	

	unauthorised encampments in the city with over 200 children living on them. The 2001 Census records that there were 4328 people from the A8 and A2 Accession Countries resident in the City. Of these 2332 recorded their country of birth as Poland, with 57 per cent arriving between March 2006 and 2008. This information is not available for our scheme as it is not collected.			
Sexual orientation -including civil partnership	There is no precise local data on numbers of Lesbian, Gay and Bi-sexual (LGB) people in Plymouth, but nationally the government have estimated this to be between 5 - 7 per cent and Stonewall agree with this estimation given in 2005. This would mean that for Plymouth the figure is approximately 12,500 to 17,500 people aged over 16 in Plymouth are LGB. There are 464 people in a registered Same-Sex Civil Partnership This information is not available for our scheme as it is not collected.	Eligibility and calculations are not made based on sexual orientation.	Hardship fund available	

STAGE 3: ARE THERE ANY IMPLICATIONS FOR THE FOLLOWING? IF SO, PLEASE RECORD ACTIONS TO BE TAKEN

Local priorities	Implications	Timescale and who is responsible
Reduce the gap in average hourly pay between men and women by 2020.		
Increase the number of hate crime incidents reported and maintain good satisfaction rates in dealing with racist, disablist, homophobic, transphobic and		

faith, religion and belief incidents by 2020.		
Good relations between different communities (community cohesion)		
Human rights **Please refer to guidance**		

STAGE 4: PUBLICATION

Responsible Officer: Emma Rose | Date 28 November 2016

Director, Assistant Director or Head of Service

PLYMOUTH CITY COUNCIL

Subject:	Tamar Bridge & Torpoint Ferry 2017/18 Revenue Estimates and Capital Programme
Committee:	Cabinet
Date:	17 January 2017
Cabinet Member:	Councillor Patrick Nicholson
CMT Member:	Anthony Payne (Strategic Director for Place)
Author:	David List, General Manager Tamar Bridge and Torpoint Ferry
Contact details	Email: david.list@tamarcrossings.org.uk
Ref:	
Key Decision:	No
Part:	I

Purpose of the report:

The Tamar Bridge and Torpoint Ferry are operated, maintained and improved jointly by Plymouth City Council and Cornwall Council on a 'user pays' principle, being funded by toll income using powers derived from the Tamar Bridge Act. The crossings are governed by the Tamar Bridge and Torpoint Ferry Joint Committee (TBTFJC) comprised of five councillors from each of the parent Authorities.

The finances of the joint undertaking are effectively ring-fenced by the Tamar Bridge Act, and it is operated as a self-financing business. TBTFJC's revenue and capital expenditure are funded entirely from Bridge and Ferry toll income and do not affect the budgets of either Plymouth City Council or Cornwall Council. TBTFJC's Terms of Reference require the Cabinets of the Joint Authorities to recommend TBTFJC's budgets to their respective Full Councils.

This report presents TBTFJC's 2017/18 Revenue Estimates and Capital Programme report submitted to TBTFJC on 24 November 2016 and draft minutes recording TBTFJC's endorsement.

The Council Corporate Plan 2016/19:

The Tamar Bridge & Torpoint Ferry links are key gateways to the City and provide opportunities for investment, jobs and growth particularly in the wider context of Plymouth as the regional economic centre.

Providing a safe well-maintained road network contributes to the economic well-being of the City, supporting the Council's Growth priority.

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

Finance – The proposed revenue budget and capital financing will be funded entirely from toll income, and based on assumed annual traffic growth of 1% from April 2017 to April 2019 at the Ferry and no traffic growth at the Bridge in that period, no increases in toll charges are anticipated until 2019.

The TBTFJC's borrowing requirements are provided through Cornwall Council. This arrangement together with subsequent servicing costs of the loans being funded from toll revenue means that approval of TBTFJC's Revenue Estimates and Capital Programme will not affect Plymouth City Council budgets.

Human – The budgets support the approved Business Plan 2015-2019 and this will be delivered by the existing organisation using its own staff, contractors and consultants, with support from the parent authorities.
IT – The IT implications are restricted to incremental improvement of existing systems as part of the Business Plan and associated projects.
Land – No land issues arising from this item.

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

Risk Management – A risk register and mitigation measures are included within the Tamar Bridge and Torpoint Ferry Business Plan 2015-2019. The risk register and mitigation measures Are updated every six months and presented to TBTFJC. The most recent revision was presented to TBTFJC on 24 November 2016.

It should be noted that Plymouth City Council and Cornwall Council have reviewed the TBTFJC Business Plan, Business Continuity Management System and Risk Management Framework, and are content that the business continuity risks associated with TBTFJC are adequately covered.

Health and Safety – Key Performance Indicators within the Business Plan are designed to drive improvement.

There are no child poverty or community safety implications.

Equality and Diversity

Has an Equality Impact Assessment been undertaken? Yes, these are provided within respective TBTFJC reports.

Recommendations and Reasons for recommended action:

That the Cabinet recommends TBTFJC's 2017/2018 Revenue Estimates and Capital Programme to Full Council for approval.

Alternative options considered and rejected:

The Business Plan 2015-2019 and its forthcoming 2017-2019 successor are designed to deliver safe, reliable and efficient crossings of the Tamar. The key priorites and delivery actions support the Plan and maintain established service delivery characteristics.The proposed budgets provide the resources to deliver the plan.

Asset maintenance has been designed to optimise service delivery and life cost.

Appendices :

Tamar Bridge & Torpoint Ferry Joint Committee reports, 24 November 2016 :

Appendix 1 - 2017/18 Revenue Estimates and Capital Programme

Appendix 2 - Tamar Bridge Suspension System Remedial Work

Appendix 3 – Draft Minutes of TBTFJC Meeting 24 November 2016

Background papers:

Sign off:

Fin	**AKH 1617. 56**	Leg	2723 6/D VS	Mon Off	Lt/ 27 23 24	HR		Assets		IT		Strat Proc	
Originating SMT Member													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

Introduction

1.1 The Tamar Bridge and Torpoint Ferry are operated, maintained and improved jointly by Plymouth City Council and Cornwall Council on a 'user pays' principle, being funded by toll income using powers derived from the Tamar Bridge Act. The finances of the joint undertaking are effectively ring-fenced by the Act, and it is operated as a self-financing business. TBTFJC's revenue and capital expenditure are funded entirely from Bridge and Ferry toll income and do not affect the budgets of either Plymouth City Council or Cornwall Council. The undertaking follows an approved four-year Business Plan (currently 2015-2019) which aims to provide the service without external financial support from the parent authorities or other source.

Revenue Estimates

1.2 The proposed Revenue Estimates 2017/18 (budgets) and indicative estimates for future years support the approved 2015-2019 Business Plan and are consistent with the organisation's long-term financial model. They have been determined from the detailed analysis of forecast expenditure and income. The various assumptions made in financial modelling have also been examined at TBTFJC meetings. Assumptions on pay inflation and on interest rates for borrowing and investment have followed those used by Cornwall Council.

1.3 Income in the 12 months ending 31 October 2016 was 1.7% higher than in the preceding 12 month period, which was higher than the 1% increase anticipated in earlier forecasts. Current forecasts predict this recent trend to continue through to the end of this financial year. It is assumed that Ferry toll income will increase by 1% per annum for 2017/18 and 2018/19 in line with previous forecasts and reflecting a small switch away from use of the bridge during periods of major works. Beyond April 2019 Ferry income is assumed to remain unchanged. Beyond April 2017 Bridge income is assumed to remain unchanged as any natural growth in traffic levels is likely to be suppressed by minor disruption due to planned essential capital works (see Capital Programme below). The above income forecast is considered to be a conservative but prudent approach in comparison to the Office for Budget Responsibility's (OBR) latest forecasts of economic growth of at least 1.4%, increasing to 2.1% towards the end of our forecasting period.

1.4 TBTFJC adopts a prudent minimum level of reserves of £2m, and a forecast of falling below that threshold is used as the trigger for a requirement for additional income. Based on the assumptions set out above and funding of the projects in the Capital Programme by borrowing, indicative reserves fall from £3.87m at the end of 2017/18 to £0.44m at the end of 2019/20. Indicative reserves do not fall below £2m until 2019/20 and it is therefore not anticipated that any toll revision will be necessary until that financial year.

1.5 Detail on the revenue estimates is shown in Appendix 1 being the report presented as item 5.2 of the agenda pack for the 24 November 2016 meeting of TBTFJC, and these were approved by TBTFJC for recommendation to Constituent Authorities as shown in the draft minutes at Appendix 3.

Capital Programme

Financing

1.6 As established within previous years' budget reports, the financing of capital projects is currently undertaken through the advance of funding from Cornwall Council (in effect borrowing). This spreads the effect on the revenue budget and therefore on the level of reserves held by the Joint Committee. The financing costs for the approved programme, the increased budget for the Bridge Office Development Project, the proposed additional item Tamar Bridge Suspension System Remedial Work and also the provisional item Bridge Resurfacing Works – Phase 2 are all reflected within the revenue estimates.

Detail on the consolidated capital programme is shown in the report at Appendix 1, being the report presented as item 5.2 of the agenda pack for the 24 November 2016 meeting of TBTFJC, .

Projects

1.7 The following items are in the approved Capital Programme for 2017/18 and are unchanged from the 2016 programme approval :

Bridge Protective Coating	£4.57m
Bridge Structural Monitoring System	£0.10m
Bridge Kerb Units and Waterproofing	£3.85m

1.8 The Bridge Protective Coating project commenced in May 2015 and addresses the areas with the worst corrosion on the underside of the vehicle deck and on the supporting truss. The work is largely below vehicle deck level, and access is generally from the pedestrian/cycle lane on the south side of the structure, while keeping the lane open to pedestrians, cyclists and mobility scooters. The works only affect vehicle lanes occasionally in off-peak periods for specific access. The strategy adopted for this first phase of recoating will be assessed and will inform future phases.

1.9 The Bridge Structural Monitoring System will be procured and installed in 2017 to replace the existing 15 year-old system which is now operating in a degraded state. The new system will monitor physical characteristics of the structure including geometry, loads in certain structural elements and environmental conditions. Neither the installation nor the operation of this system will affect users.

1.10 The Bridge Kerb Units and Waterproofing project is planned to commence in late Spring/early Summer 2017 and will involve the following :

- removal of all kerb units and existing fixings
- installation of new fixing system
- waterproofing of affected vehicle deck area
- refitting of kerb units

The detail of traffic management for this work has not yet been finalised but will aim to minimise impact on users, particularly in peak periods and where possible coordinate with traffic management for other major works. The works will commence on the pedestrian/cycle lane on the south cantilever.

1.11 The proposed Capital Programme includes a new item – Tamar Bridge Suspension System Remedial Work. This item was the subject of a separate report to TBTFJC at its 24 November 2016 meeting seeking a budget of £6.00m, and this report can be found at Appendix 2.

The need for this work follows a series of detailed inspections of elements of the suspension system - which we refer to as cable band bolts and hanger bolts - and subsequent investigations.

These bolts carry load from the vehicle deck via the vertical hanger cables up to the main cables and are fundamental to the function of the structure. The bolts in question were expected to last for the life of the structure and not normally subject to any detailed inspections. However relatively recent high profile failures and issues on other structures (e.g. Hammersmith Flyover) have led to an industry focus on such elements and as a result our inspection and testing programme was extended. All such bolts on the structure (1374 in total) have now been inspected and tested - most in-situ and some in laboratory conditions. Through inspections 20% of the bolts have characteristics outside the acceptable specification range currently there are no bolt failures. It is prudent to start these works in the next financial year to ensure the structure remains safe.

The wide distribution of these sub-standard bolts around the structure means that virtually every hanger/deck/main cable connection needs to be accessed, and the access arrangements will be a critical and expensive aspect of the work. As with the kerb remedial work, the detail of traffic management for this work has not yet been finalised but will aim to minimise impact on users, particularly in peak periods and where possible coordinate with traffic management for other major works. The works are planned to commence in April 2017.

This item was approved by TBTFJC for inclusion in the proposed Capital Programme as shown in the draft minutes at Appendix 3.

1.12 The Bridge Office Development project approved by both parent authorities will provide a new fit for purpose Control Room, an improved customer services hub, improved operational resilience and additional office accommodation,

In conjunction with this development, TBTFJC has plans to create a Learning Centre facility at the same location and has sought funding from the Heritage Lottery Fund (HLF) to support that project. The project will develop a proposed Science, Technology, Engineering, Art and Mathematics (STEAM) hub, overlooking the two bridges and deliver a programme of events and learning activities led by a Community, Learning and Volunteering coordinator. TBTFJC will develop the project in liaison with partners including Plymouth History Centre, schools, universities and local community organisations to maximize public benefit and interest.

It has been confirmed in December 2016 that TBTFJC has been successful in its latest (3rd) Round One application to the HLF for contribution of £37,000 towards the total £47,500 project development phase of the proposed Learning Centre project at Tamar Bridge. Success at Round Two would bring a further HLF contribution of £272,700 for implementation.

The proposed Capital Programme includes an increase in the budget for the Bridge Office Development project following the recent tender exercise. To facilitate award to the preferred tenderer an increase is sought in the project budget from £3.97m to £4.7m. The project procurement team believes that the preferred tender is above the forecast figure due to a range of factors including the following :

- building cost inflation – programme and design delayed due to MoD and other planning considerations
- general market conditions – the project cost consultant advised that the southwest construction market is very buoyant and contractors are very selective about the projects that they bid for
- successive Heritage Lottery Fund (HLF) bids for the Learning Centre have been iteratively scaled back adding some costs to the project

The works are planned to commence in April 2017.

The proposed budget increase for this item was approved by TBTFJC for inclusion in the proposed Capital Programme as shown in the draft minutes at Appendix 3.

Future Capital Projects

1.13 One further unapproved but anticipated item has been noted in the Capital Programme - Bridge Resurfacing Works – Phase 2. Phase 1 Resurfacing completed in 2011 only addressed the Plymouth side span of the main deck – the most heavily trafficked section of the structure. Phase 2 addressing the remainder of the carriageway is scheduled to commence in 2018/19. A business case will be developed for this item and presented to a future meeting of TBTFJC for consideration, but in the meantime the revenue cost of financing this unapproved but anticipated work has been included in financial modelling to ensure that TBTFJC, Cabinets and Full Councils have an accurate picture demonstrating the affordability of the overall programme and the future financial position. This project will be recommended to the parent Authorities for later addition to the Capital Programme in due course, based on ongoing assessment of carriageway condition.

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PLYMOUTH CITY COUNCIL

Subject:	DELT Pension Appraisal
Committee:	Cabinet
Date:	17 January 2017
Cabinet Member:	Councillor Darcy
CMT Member:	Lesa Annear (Strategic Director for Transformation and Change)
Author:	Andrew Hardingham (Assistant Director for Finance)
Contact details	Tel: 01752 312560 email: andrew.hardingham@plymouth.gov.uk
Ref:	SRA/DPP 28112016
Key Decision:	No
Part:	I

Purpose of the report:

DELT is a Shared Service company jointly owned by the Council (50% voting, 70% distribution) and the Northern, Eastern and Western Devon Clinical Commissioning Group (CCG) (50% voting, 30% distribution). DELT's core objective is currently to provide ICT services to the Council and CCG. It is intended that DELT will grow its business both in the public and private sector.

The purpose of this report is to seek approval to change the accounting method for the pension liabilities of the employees who were in the Local Government Pension Scheme (LGPS) when they transferred to DELT. This change is intended to create a better position for DELT to grow. DELT obtained admitted body status (ABS) and closed the LGPS to new DELT employees in May 2016.

Growth aspirations mean that when DELT tender for new contracts or seek financial investment their financial position is subject to due diligence or will be credit/risk rated.

Under FRS102, accounting rules require DELT to provide for the deficit on the LGPS pension fund arising in respect of former PCC employees who transferred to DELT under TUPE arrangements in October 2014. In practice this means DELT is required to make an annual transfer from its Profit and Loss account to the Financial Statement (formerly referred to as the "Balance sheet") to ensure there are sufficient funds to cover any deficit between scheme assets and liabilities as independently determined annually by the scheme's actuaries. This is necessary because the LGPS scheme is a fully funded scheme. In 2015/16 the sum transferred was £0.336m. This represented approximately 25% of the DELT profit or a 22% reduction of the balance sheets net assets. These entries and provisions reduce profitability and weaken the balance sheet from the perspective of future customers and financial institutions.

The Council and CCG jointly own 100% of DELT and the Council remains liable for the LGPS pension position for the employees it transferred to DELT. It therefore makes good business sense for the Council to account for the pension liabilities of the DELT LGPS employees on the Council's balance sheet rather than on DELT's.

There are recognised financial and accounting options that permit such arrangements and changes.

Normally the Devon LGPS will complete a triennial actuary review for the Councils in the Devon administered LGPS. This takes into account a range of issues such the economic performance of the funds investments, the profiles of the employees in, joining and leaving the scheme and the pensioners funded and the rate at which deficits on the fund are planned to be mitigated. The outcome of all this highly specialist analysis is to set a new employers LGPS rate every three years. This is possible because the Devon LGPS remains open to new employees joining the City Council so the employer's rate can be reviewed periodically.

In contrast to this, the DELT LGPS is a closed scheme and is time limited for the duration of the 10 year DELT contract (of which 8 years remain). As no new employees can join the DELT LGPS scheme the employer's pension contribution rate needs to be fixed and set at a rate to reduce the risk of a deficit on the fund at the end of the contract period.

The changes proposed in the report will require DELT to amend the employer's pension contribution rate for the remainder of the 10 year contract (i.e. for the next 8 years). The DELT LGPS employer's pension contribution rate will be fixed at a rate to offset the majority of the risk the Council is taking by maintaining responsibility for the DELT LGPS pension liability at the end of the contract. Under TUPE regulations this risk remains with the Council anyway.

The changes proposed in the report do not impact on the pensions of the DELT employees who transferred to DELT with an LGPS pension.

Table 1. Closed Term Actuary Analysis (extract showing the residual 8 year position)

Closed Term	Probability of a pension fund deficit at the end of the contract period (with the employers pension rate fixed at the rates below for the number of specified years)								
Year	1%	5%	10%	25%	50%	75%	90%	95%	99%
8	55.9%	46.0%	41.1%	32.3%	22.0%	12.1%	9.8%	8.6%	7.6%

Table 1 shows the probability of a residual pension deficit at the end of the remaining 8 years of the 10-year contract (the black %s) where the employer's rate is fixed for 8 years at the rates shown in the table (the white cells). Thus, at a 50/50 chance of a deficit or surplus the employer's pension rate DELT would need to make to the fund is 22%. Given the probability of either a surplus or deficit occurring is 50/50 the level of that surplus or deficit is likely to be low.

The Corporate Plan 2016/17 -2018/19:

The pioneering approach and flexibility shown in changing the pension arrangements support the continuous growth of DELT. By working constructively and developing a sustainable ICT provision in the region and beyond we are confident DELT will increase quality jobs and valuable skills and support a wider supply chain in the city in the longer term.

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

There will be a range of direct and indirect financial implications relating to this technical change to the accounting for the DELT LGPS Pensions Liability.

1. The Council will increase its Pension provision on its Balance sheet as recommended by the actuary year end valuation report in accordance with the requirements of the IFRS102. This has no financial impact on the Councils Income and Expenditure statement and therefore does not affect the level of Council Tax. The pension provision is made in the Councils Balance Sheet where it remains until it is reappraised at the end of the contract or in the event it crystallises in the distant future (if the pension scheme was ever wound up or the DELT ABS was not extended or replaced with a new ABS for a different contractor).

2. DELT will have to increase its LGPS employer's rate for the remaining 8 years of the contract from 12.0% to 22.0% but it will not be required to transfer profit to cover the balance sheet pension liability in future.

3. Longer term we anticipate the changes will enable DELT to grow with the Council and the Northern, Eastern and Western Devon Clinical Commissioning Group (CCG) sharing the financial benefit (cost reductions and potential profit share).

4. Both the Council and DELT will need to backdate amendments to their accounts and possibly prior year Financial Statements and work with their respective External Auditors accordingly.

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

There is a risk of a residual material pension fund deficit at the end of the contract. This has been mitigated by taking professional advice from the Pension Fund's Actuary to determine a suitable employer's pension rate for DELT. The changes proposed in the report do not impact on the pensions of the DELT employees who transferred to DELT with an LGPS pension.

The risk of state aid non-compliance is considered very low as DELT will have to increase the employer's pension rate by 10% to 22% to commercially balance out the benefit from the change in pension risk share arrangements.

Equality and Diversity:

Has an Equality Impact Assessment been undertaken? An Equality Impact Assessment has been completed and no adverse impact will arise as this is a technical finance adjustment

Recommendations and Reasons for recommended action:

Cabinet is recommended to

1. Approve the change of pension arrangements with effect from the 1 April 2016 so that the Council make provision for DELT LGPS pension liabilities at the end of the DELT contract on the Council's Balance Sheet rather than on DELT's Balance Sheet.

2. Delegate to the Assistant Director for Finance (Section 151 Officer) the responsibility of notifying the Devon LGPS Pension Fund Administrators of the proposed changes

3. Delegate to the Assistant Director for Finance (Section 151 Officer) the responsibility to work with Devon Pensions, DELT and to represent the Council to amend the Pensions Admission Agreement and any other contract to reflect the proposed changes

4. Instruct the Councils DELT shareholder representative to advise the DELT Board to amend DELTs employers' contribution rate for the DELT LGPS employees for the remainder of the DELT contract in line with the proposals in the Part II report.

Alternative options considered and rejected:
The following alternative options were considered and rejected

1. Maintain the current Pension arrangments – rejected as this does not help DELT to grow as effectively

2. A range of Pension arrangmeents have not been explored in detail becsue they are more complex and are not relevent because the Council co-owns DELT so picks up the eventual liability. The aim is to keep things as simple as possible.

Published work / information:
None
Background papers:

Title	Part I	Part II	Exemption Paragraph Number						
			1	2	3	4	5	6	7
Devon County Council DELT Services Pension Information	x								
Equality Impact Assessment	x								

Sign off:

Fin	Djn1617152 21-12-2016	Leg	ALT/27187	Mon Off	27193/DVS	HR	n/a	Assets	n/a	IT	n/a	Strat Proc	n/a
Originating SMT Member													
Has the Cabinet Member(s) agreed the content of the report? Yes													

Introduction

1.1 DELT is a Shared Service company jointly owned by the Council (50% voting, 70% distribution) and the Northern, Eastern and Western Devon Clinical Commissioning Group (CCG) (50% voting, 30% distribution). DELT's core objective is currently to provide ICT services to the Council and CCG. It is intended that DELT will grow its business both in the public and private markets creating a lower cost base for the ICT services provided to its owners.

1.2 The purpose of this report is to seek approval to change the accounting method for the pension liabilities of the employees who were in the Local Government Pension Scheme (LGPS) when they transferred to DELT. This change is intended to create a better position for DELT to grow. DELT obtained admitted body status (ABS) and closed the LGPS to new DELT employees in May 2016.

2. Financial Drivers

2.1 Growth aspirations means that when DELT tender for new contracts or seek financial investment their financial position is subject to due diligence or will be credit/risk rated.

2.2 Under FRS102, accounting rules require DELT to provide for the deficit on the LGPS pension fund arising in respect of former PCC employees who transferred to DELT under TUPE arrangements in October 2014. In practice this means DELT is required to make an annual transfer from its Profit and Loss account to the Financial Statement (also referred to as the Balance Sheet) to ensure there are sufficient funds to cover any deficit between scheme assets and liabilities as independently determined annually by the scheme's actuaries. This is necessary because the LGPS scheme is a fully funded scheme. In 2015/16 the sum transferred was £0.336m. This represented approximately 25% of the DELT profit or a 22% reduction of the balance sheets net assets. These entries and provisions reduce profitability and weaken the balance sheet from the perspective of future customers and financial institutions

2.3 The Council and CCG jointly own 100% of DELT and the Council remains liable for the LGPS pension position for the employees it transferred to DELT it makes good business sense for the Council to account for the pension liabilities of the DELT LGPS employees on the Councils balance sheet rather than on DELT's.

2.4 There are recognised financial and accounting options that permit such arrangements and changes.

3. A Pensions Overview

3.1 Normally the Devon LGPS will complete a triennial actuary review for the Councils in the Devon administered LGPS. This takes into account a range of issues such the economic performance of the funds investments, the profiles of the employees in, joining and leaving the scheme and the pensioners funded and the rate at which deficits on the fund are planned to be mitigated. The outcome of all this highly specialist analysis is to set a new employers LGPS rate every three years. This is possible because the Devon LGPS remains open to new employees joining the City Council so the employers' rate can be reviewed periodically.

3.2 In contrast to this, the DELT LGPS is a closed scheme and is time limited for the duration of the 10 year DELT contract (of which 8 years remain). As no new employees can join the DELT LGPS scheme the employers' pension contribution rate needs to be fixed and set at a rate to reduce the risk of a deficit on the fund at the end of the contract period.

3.3 The changes proposed in the report will require DELT to amend the employers pension contribution rate for the remainder of the 10 year contract (ie for the next 8 years) The DELT LGPS employers pension contribution rate will be fixed at a rate to offset the majority of the risk the Council is taking by maintaining responsibility for the DELT LGPS pension liability at the end of the contract. Under TUPE regulations this risk remains with the Council anyway

3.4 The changes proposed in the report do not impact on the pensions of the DELT employees who transferred to DELT with an LGPS pension.

3.5 DELT's current employers' rate for the duration of the original 10-year contract period is set at 12% and there are 68 employees of DELT who are in the LGPS DELT Pension scheme under the ABS.

3.6 The analysis shown in the table 1 is the summary result of the actuary running 10,000 economic scenarios and also considered the contributions as a percentage of salary that DELT would have to make under each scenario and modelled forecast economic average returns over 20 years for a range of asset classes (eg UK equities, Property, index linked gilts and corporate bonds)

Table 1. Closed Term Actuary Analysis.

Closed Term	Probability of a pension fund deficit at the end of the contract period (with the employers pension rate fixed at the rates below for the number of specified years)								
Year	1%	5%	10%	25%	50%	75%	90%	95%	99%
1	56.6%	43.6%	35.7%	23.4%	14.0%	14.0%	14.0%	14.0%	14.0%
2	57.4%	44.2%	37.0%	25.7%	14.1%	14.0%	14.0%	14.0%	14.0%
3	56.6%	44.5%	38.4%	27.4%	16.3%	12.5%	11.3%	10.7%	9.9%
4	56.0%	45.0%	39.0%	28.6%	17.8%	12.4%	11.0%	10.3%	9.3%
5	55.9%	45.1%	39.4%	29.6%	19.0%	12.3%	11.0%	10.3%	9.3%
6	55.5%	45.0%	39.5%	30.7%	20.1%	11.8%	10.2%	9.5%	8.7%
7	55.4%	46.3%	40.6%	31.4%	21.1%	12.0%	9.7%	9.0%	8.1%
8	*55.9%*	*46.0%*	*41.1%*	*32.3%*	*22.0%*	*12.1%*	*9.8%*	*8.6%*	*7.6%*

3.7 Table 1 shows the probability of a residual pension deficit at the end of the remaining 8 years of the 10-year contract (the black %'s) where the employers rate is fixed for 8 years at the rates shown in the table (the white cells). Thus, at a 50/50 change of a deficit or surplus the employers' pension rate DELT would need to make to the fund is 22%. Given the probability of either a surplus or deficit occurring is 50/50 the level of that surplus or deficit is likely to be immaterial.

Table 2. Further Scenarios Explanation

Probability of a pension fund deficit at the end of the contract period (based on 8 years of the contract to run)				
Probability Rate	Defciit	25%	From → To	50%
	Surplus	(75%)		(50%)
Requires a Employer contribution		32.30%		22.00%

3.8 Using table 2 as a further example, picking a probability of a potential deficit in the range 25% to 50% would require DELT to build in an employer's pension contribution rate of between 22.0% and 32.3%.

3.9 It is important to recognise some likely scenarios relating to the potential of a pension fund deficit. The Council may carry a provision as advised by the actuary but the reality of it crystallising into a cash sum to be funded at the end of the contract is low. The reason for this is because the pension fund is a funded scheme the provision relates to a future sum needed to pay out the pensions as employees retire in the future. The deficit would only crystallise in the short to medium term in the event that the pension scheme was wound up. At the end of the contract it is likely the Council will still require ICT services and so any recalculated deficit would simply roll for the duration of a new contract and mitigated over time. In the event that a new contract was retained by DELT the liability would still reside with the Council. If however, a new external contractor took over either DELT or the company then any pension deficit would be retained by the Council and a bond to protect this from increasing is likely to be required from the new contractor.

4. Impact on Plymouth City Council

4.1 In accordance with IFRS102 the Council will be required to make a provision on its Balance Sheet to cover the risk of the pension deficit crystallising. The likelihood of a deficit needing to be covered is already established as low in the medium term for reasons explained earlier in the report

4.2 The Council will not need to charge the Income and Expenditure account to fund the provision on the balance sheet because of the local government financial rules (therefore this does not impact on the Council Tax payer)

4.3 The Council will need to work with the External Auditors to ensure the financial entries in the accounts and the presentation of the 2016/17 year-end financial statements are correct.

4.4 The Council is already working closely with DELT to achieve these proposed changes and has been keeping the Devon LGPS Fund Administrators involved. The Council has been working with the Devon LGPS Fund Actuary Barnett Waddingham to prepare the scenarios and analysis in arriving at the appropriate pension fund valuations and employers rates.

4.5 There will be a requirement to formally request DELT make the changes once they are agreed, notify Devon LGPS Administrators and also work with the triparty signatories in order to amend the DELT Admissions Agreement.

4.6 The Council has also considered the implications of a challenge from an external ICT provider that it is at risk of any state aid breach. This specific point is covered in the Risk section of the report

5. Impact on DELT

5.1 Like the Council DELT will also need to work with its External Auditors to ensure the correct entries are incorporated into their accounts, backdated to the 1 April 2016 and that the Financial Statements (and Pension notes) for 2015/16 are restated correctly when drawing up the 2016/17 Financial Statements.

5.2 Whilst DELT will have a stronger Balance Sheet and a net improvement to its Profit and Loss accounts going forward it does bear some increased pension employers costs in each year of the 8 years remaining. The amount will ultimately be determined by the final employers' rate agreed by the Council and DELT using the Actuary's advice.

Table 3 Impact on DELT

LGPS Pensionable Pay	**Employers Rate and £m's**		
	12.0%	**22.0%**	**32.3%**
	£m	£m	£m
£1.724	0.207	0.379	0.557
Increase on base of 12%		*0.172*	*0.350*

5.3 Table 3 shows the financial impact on DELT of a change in employer's rate based on the pensionable pay and the increase from the current 12% to 22% and as an extreme for illustration 32.3%.

5.4 As the employers pension rate is fixed then it should be easier for DELT to factor this in when spreading this overhead within new contracts going forward as it seeks to recover its costs or drive margins to contribute to this cost.

6. Risks

6.1 The following Risks have been considered and mitigating action is shown in the table below.

Table 4 Risks and Mitigation

Ref	Risk	RAG	Mitigation
1	Risk of material pension deficit	L	Actuary advice and ongoing dialogue with DELT and the Devon LGPS Administrator to set the DELT employers rate at an appropriate level
2	Agreement of on acceptable LGPS DELT employers rate (too low and causing a material deficit)	L	Actuary advice and ongoing dialogue with DELT and the Devon LGPS Administrator to set the DELT employers rate at an appropriate level
3	Accounting entries and Financial Statements are incorrect	L	Engagement and dialogue with BDO the External Auditors
4	State Aid compliance.	L	Fixed contribution rate of 22% (increased from current rate of 12%) considered to be adequate compensation for change to pension risk share

7. Legal Opinion in relation to State Aid

7.1 The primary purpose of the State aid regime is to prevent EU Member States from providing financial advantages to their national economic entities which could distort competition in the internal market. This enables British economic entities to compete on a level playing field with competitors from other EU Member States.

Pensions and State Aid

7.2 The proposal to change the pension risk share arrangements for DELT so that the deficit that is currently shown on DELT's Balance Sheet is moved to the Council's Balance Sheet could be perceived as providing a selective advantage to DELT.

7.3 The "aid" is partly transparent as we are able to calculate the value of the deficit currently shown on DELT's balance sheet - £0.336m. This figure is above the de minimis threshold of €200,000. However, £0.336m also represent the provision made by the Council for the duration of the 8 years left to run on the contract and increasing the DELT employers rate from 12% to 22% compensates the Council for taking this risk. In addition, had the deficit remained on the DELT balance sheet it would have changed annually in line with the actuary annual revaluation required by IFRS102, meaning it could go up, remain the same or even reduce. The deficit figure of £0.336m may change going forward which may result in exit debt that differs from this amount. Under the terms of the current Admission Agreement, DELT will be liable for paying any exit debit. It is being proposed that the council picks up any exit debt going forward.

7.4 The current contribution rate under the Admission Agreement is 12%. This rate is not currently fixed and would usually change following an actuarial assessment. The following table explains how the pensions risk may be shared between the council and DELT going forward:

Type of risk	CURRENT POSITION - Which party currently bears the risk?	PROPOSED - How is the risk likely to be shared under the proposals?
Investment risk during the contract	New employer	Letting Authority
Inflation risk during the contract	New employer	Letting Authority
Salary risk during the contract	New employer	Mainly the Letting Authority
Mortality risk during the contract	New employer	Letting Authority
Any change in actuarial assumptions	New employer	Letting Authority
Number of members leaving during the contract	New employer	Letting Authority
Early retirements during the contract	New employer	Usually the new employer
Ill health retirements during the contract	New employer	Varies but we have assumed the Letting Authority
Discretions	New employer	Usually the new employer
Regulatory change	Depends on the details of the change but usually the new employer	Letting Authority

7.5 Taking on additional risk by the council could amount to a less obvious form of assistance to DELT. Some of this risk may not be quantifiable at present as it is difficult to assess the funding risk for the life of the contract.

7.6 Pass-through pension risk share arrangements are not "un-market like" provided that full compensation is received in return for the council in taking on board greater risk. The proposed fixed contribution rate of 22% following the Actuary's advice may amount to adequate compensation as that amount is assessed as being the rate that is sufficient to cover the cost of providing the benefits to the transferring employees for the period DELT has employed them. Furthermore, a private investor faced in a similar situation is likely to agree to the pension risk share as proposed in return for increased dividends. It is argued that the council is acting as a market economy operator by agreeing to the pass-through pension risk share on the basis of economic evaluations comparable to those which, in similar circumstances, a rational market economy operator (with characteristics similar to those of the council) would have had carried out to determine the profitability or economic advantages of the transaction.

7.7 The CJEU case of 2012/540/EU: Commission Decision of 20 December 2011 on State aid C 25/08 (ex NN 23/08) which involved a complaint that France had implemented aid in favour of France Télécom which reduced its financial charges (contribution rates) in part, and notably those relating to the financing of retirement pensions provides some assurance that provided compensation is given in return for the transfer of risk, the assistance will not be considered to be unlawful grant of state aid.

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Devon County Council Pension Fund

Devon County Council
Delt Services

Pensions information as at 1 October 2014

2 November 2016

Contents

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Introduction

Purpose and scope of the report

We have been asked by Devon County Council, the Administering Authority for the Devon County Council Pension Fund (the Fund), to provide pensions information in respect of eligible employees who transferred their employment to Delt Services (the Employer) from other employers in the Fund at 1 October 2014.

We previously provided a report, dated 12 June 2013, in respect of this transfer. This report set out the appropriate contribution rates to be paid by the Employer based on a fully funded transfer of liabilities where the Employer would be responsible for future accrual of benefits for the remainder of the contract.

The pension arrangements for the eligible employees transferring their employment from the Letting Authority to the new employer are covered by the Transfer of Employment (Pension Protection) Regulations 2005. The Fund participates within the Local Government Pension Scheme (the LGPS), a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 (the Regulations).

The purpose of this report is to set out the pensions related issues to be considered by the new employer assuming it participates in the LGPS as an admission body in the Fund under a pass-through admission agreement.

This report provides the possible range of recommended contribution rates based on modelling 10,000 economic scenarios along with the likelihood of such contribution rates.

This report is provided for use by the Administering Authority and the Letting Authority (if different). It may be shared with the new employer or other interested parties but it does not constitute advice to them.

This advice complies with all Generic Technical Actuarial Standards and the Pensions TAS issued by the Financial Reporting Council. We have taken account of current LGPS Regulations and any known changes to the LGPS regulations as at the date of this report.

Data

We have been provided with membership data by the Administering Authority which is summarised in Appendix 1 and our calculations are based on this information.

The data used for this report is not consistent with the data used for the first version of the report dated 12 June 2013 but has been update to reflect the actual membership at the date of transfer.

Demographic/statistical assumptions

For the purposes of this report it is appropriate to use the method and assumptions consistent with the actuarial valuation as at 31 March 2013, updated where necessary to reflect market conditions. A summary of the financial assumptions used for our calculations and brief details of the mortality assumptions adopted are given in Appendix 1.

Full details of the demographic and other assumptions adopted as well as details of the derivation of the financial assumptions used can be found in the relevant actuarial valuation report.

The transfer date is assumed to be 1 October 2014 and we have carried out our calculations as at 1 October 2014.

The assumptions used for the economic model run for the 10,000 scenarios to calculate the pass-through rates are summarised in Appendix 2. This includes the average returns over the next 20 years for each asset class, the standard deviation of each asset class and the assumed correlations.

The admission body route (general)

In this section we consider the issues should the new employer become an admission body within the Fund under Part 3 of Schedule 2 of the Regulations whether this is part of a full risk transfer or as a pass-through agreement.

Admission to the Fund will be effected through an admission agreement. This is a legal document which will establish the conditions of admission and needs to be agreed by:

- the Administering Authority;
- the Letting Authority (if different); and
- the new employer.

The admission agreement will be in respect of the eligible employees and can either be open to new staff employed on the contract (an open agreement), or closed so that only the original transferring membership joins the new employer's section of the Fund (a closed agreement).

The new employer must comply with the various administrative requirements and make any payments as required under the Regulations. Examples include:

- member and employer contributions;
- payments to be made upon exercising employer discretions under the Regulations; and
- payments required upon termination of the contract.

Future benefit changes

Changes in the Regulations may alter the benefits provided by the Fund. Any changes to the benefits that occur during the contract term may affect the cost of the benefits being provided in respect of all past service, not just the service being accrued with the new employer.

Employer discretions

The Regulations contain the flexibility for participating employers to exercise discretion in certain areas. The Regulations require that each participating employer must formulate, publish and maintain a written policy on the exercise of discretions.

Additional contributions in respect of early retirements

The new employer may be required to make additional contributions to the Fund to cover any additional costs arising as a result of members taking early retirement due to, for example, redundancy or efficiency, ill-health or flexible retirement.

The amount of any additional contributions required will be calculated by the Fund Actuary, or by the Administering Authority using tables supplied by the Fund Actuary.

Indemnity or bond

In accordance with Part 3 of Schedule 2 of the Regulations, the new employer is required to carry out an assessment of the level of risk to the Fund should their participation within the Fund cease due to, for example, insolvency, winding up or liquidation. This assessment will be to the satisfaction of the Administering Authority, having sought actuarial advice. If the new employer ceases to participate in the Fund for any reason then a cessation valuation will be completed by the Fund Actuary.

If, for any reason, it is not desirable for an admission body to enter into an indemnity or bond, the admission body may provide an alternative guarantee in a form satisfactory to the Administering Authority from:

(a) a person who funds the admission body in whole or in part;

(b) a person who owns, or controls the exercise of the functions of the admission body, for example a parent company; or

(c) the «GuaranteeWording» in the case of an admission body which is established by or under any enactment, and where that enactment enables the «GuaranteeWording» to make financial provision for that admission body.

We provided a recommended level of bond in the report dated 12 June 2014.

The admission body route (full transfer of risk)

In this section we consider the additional issues should the new employer be treated as an admission body within the Fund under «RegNumber» under a full risk transfer. This is the assumption made in the report previously provided.

This section should be read as a supplement to the above section on the general admission body route.

Funding at the start of the contract

At the start of the contract the pensionable service of the eligible employees will transfer to the new employer who will become responsible for the liabilities in respect of that service, and will be allocated assets in respect of them.

The allocation of assets is notional and for the sole purpose of determining the new employer's contribution rate; there is no actual transfer of assets to the new employer.

The funding of these liabilities at the outset may be defined within the admission agreement. For the purposes of the report previously provided, we assumed that the liabilities are transferred on a fully funded basis at the start of the contract. This means that the value of the liabilities will be calculated on the underlying ongoing funding basis, and the new employer will be notionally credited with assets of equal value.

The ongoing basis of calculation of the value of the liabilities and assets to be allocated to the new employer is decided by us as the Fund Actuary.

Any deviation from the fully funded position will be corrected at each triennial valuation via an adjustment to the new employer's contribution rate.

Ongoing contribution rate

The ongoing contribution rate represents the annual cost of benefits accruing and, as the liabilities are assumed to be transferred fully funded, makes no allowance for the transfer of any share of the deficit within the Fund.

Contribution rates will be calculated again at each triennial valuation and should be regularly reviewed with a view to achieving a fully funded position at the end of the contract. The contribution rate may be reviewed more regularly as the contract end date draws near.

The calculated contribution rate includes an allowance to cover the normal expenses of the administration of the Fund. The New Employer will also be responsible for other administration costs incurred as a result of its participation in the Fund, including the cost of more frequent funding reviews towards the end of the contract.

In addition, employees continue to contribute at the rates set out in the Regulations.

Funding at the end of the contract

On termination of the admission agreement a cessation valuation will be completed by the Fund Actuary detailing the value of the liabilities and assets of the new employer within the Fund.

The basis of the calculation of this valuation will be determined by the Fund Actuary unless an alternative arrangement is specified within the admission agreement. The method and assumptions adopted will reflect the prevailing economic circumstances at the time.

If the liabilities are transferred fully funded at the start of the contract, then these should be returned on a fully funded basis at the end of the contract.

If the cessation valuation reveals a deficit then the new employer should expect to make payments to the Fund; where the cessation valuation results in a surplus the new employer will have nothing further to pay. The new employer will not receive any monies from the Fund.

Indemnity or bond

Where the contract is let with risks fully transferred to the new employer, the bond should also provide protection against underfunding risk in addition to the risk of strain costs and unpaid contributions and expenses.

Although the new employer is fully funded at the outset and the contribution rate is calculated to try to maintain this funding position, it is almost certain that the funding position will not be exactly 100% at any point in time in the future. The assumptions adopted are unlikely to be exactly borne out in practice, and the membership profile will change over time.

The admission body route (pass-through)

A pass-through agreement is one in which the contribution rate is fixed at outset and not recalculated during the remainder of the contract. Importantly, it also means that the new employer would not be required to fund any deficit at the end of the contract. However, in most cases, the new employer would still be expected to pay for the cost of any enhancements to members' benefits, including those payable via early retirement redundancies as well as meeting the contributions payable.

Under a pass-through arrangement, the majority of the pensions risk is borne by the Letting Authority rather than the new employer and so the Letting Authority may wish to be compensated for this by the new employer paying a higher rate.

Alternatively, if the new employer's tender is originally priced based on having fixed costs such as they would get from a pass-through arrangement (or a defined contribution scheme), it is quite possible that they will increase the cost if they are required to take on the pensions risk under the typical outsourcing arrangement.

Considered from either perspective, there is an argument either for the contribution rate under a pass-through arrangement to be higher or for the contract price charged to the Letting Authority to be lower when compared to the respective values if the risk is transferred to the new employer.

Barnett Waddingham's role

In producing the results for the full risk transfer scenario, we simply adopt the method and assumptions used at the last actuarial valuation for all employers in the Fund and apply them to the new employer. This is therefore a fairly objective calculation and different actuaries or actuarial firms would be expected to give very similar results based on the specified approach.

However, the same does not apply when considering the value of the risk transferred between the parties and there is no standard methodology to apply. For this reason, it is quite possible that the Letting Authority and the new employer would place a different value on the risk and it's important for us to clarify that we are advisers to neither party. Instead, we have calculated results on a method that we believe is appropriate and any agreement to use this or any other method is then left to the Letting Authority and the new employer. The only point that we stipulate is that we would not expect the pass-through contributions to be any lower than the initial rates calculated and set out, in the report previously provided, if the risk fully transferred to the new employer.

Risks transferred and risks valued

There are various pensions risks that apply to any outsourcing contract and they can be divided up between the Letting Authority and new employer depending on the terms of any agreement. Below we consider the risks under a full risk arrangement, those under a pass-through arrangement and detail the risks we have actually modelled.

Risk	Full risk transfer	Pass-through	Modelled
Investment risk during the contract	New employer	Letting Authority	Yes
Inflation risk during the contract	New employer	Letting Authority	Yes
Salary risk during the contract	New employer	Mainly the Letting Authority	Only in line with changes in inflation. Any changes in salary increases not connected to RPI inflation are not allowed for
Mortality risk during the contract	New employer	Letting Authority	No
Any change in actuarial assumptions	New employer	Letting Authority	Market related only, doesn't cover any fundamental changes e.g. to future life expectancies
Number of members leaving during the contract	New employer	Letting Authority	No
Early retirements during the contract	New employer	Usually the new employer	No
Ill health retirements during the contract	New employer	Varies but we have assumed the Letting Authority	No
Discretions	New employer	Usually the new employer	No
Regulatory change	Depends on the details of the change but usually the new employer	Letting Authority	No

Results

Previous report

In the report provided at 12 June 2013 the recommended ongoing contribution rates were 12.0% of payroll under an open agreement and 14.0% under a closed agreement.

In our projections we have assumed that the employer would continue to pay these rates until the next contribution rate review at 1 April 2017.

Admission body route (pass-through)

We have projected 10,000 economic scenarios and considered the contributions as a percentage of salary that would be payable by the contractor under each scenario, depending on any agreed separation of risk. Summarised in Appendix 2 are the average returns over the next 20 years for each asset class, the standard deviation of each asset class and the assumed correlations.

We have also considered the approach taken by the Devon County Council Pension Fund at the 2013 valuation for contribution reviews (for employers who do not have a pass-through arrangement), which was that:

- Where there is a surplus at an interim valuation, half of the expected surplus will be rebated to the contractor through their contribution rate;
- Where there is a deficit, all of the deficit will be targeted through the contractor's contribution rate; and
- The above surplus/deficit adjustment will be spread over the remaining period of the contract.
- An employer open to new members will pay a minimum contribution rate of 12%

At the end of the contract, a cessation valuation would normally be carried out. The method and assumptions used are at the discretion of the actuary but we have assumed that they would be consistent with the assumptions used in this report. If the cessation valuation shows a deficit, the contractor is usually required to fund this but it is not possible to refund any surplus and so the Letting Authority normally absorbs when they take back the pension obligations.

The results of the 10,000 runs have been ranked and summarised below, depending on whether the agreement is open or closed and also varying by the term of the contract. The below is expressed as a percentage of salary for the whole duration of the contract from 1 October 2014.

Open Term	1%	5%	10%	25%	50%	75%	90%	95%	99%
1 Year	54.7%	41.7%	33.9%	21.6%	12.0%	12.0%	12.0%	12.0%	12.0%
2 Years	53.6%	41.0%	34.0%	23.2%	12.1%	12.0%	12.0%	12.0%	12.0%
3 Years	51.3%	40.1%	34.4%	24.2%	13.9%	12.0%	12.0%	12.0%	12.0%
4 Years	49.8%	39.8%	34.4%	24.9%	15.1%	12.0%	12.0%	12.0%	12.0%
5 Years	49.0%	39.3%	34.2%	25.5%	16.1%	12.0%	12.0%	12.0%	12.0%
6 Years	48.0%	38.7%	33.8%	26.1%	16.9%	12.0%	12.0%	12.0%	12.0%
7 Years	47.1%	39.3%	34.4%	26.5%	17.6%	12.0%	12.0%	12.0%	12.0%
8 Years	46.9%	38.7%	34.4%	27.0%	18.1%	12.0%	12.0%	12.0%	12.0%
9 Years	46.9%	38.7%	34.6%	27.7%	18.7%	12.0%	12.0%	12.0%	12.0%
10 Years	47.0%	39.0%	34.9%	28.0%	19.2%	12.0%	12.0%	12.0%	12.0%

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In terms of understanding what this means, the figures in the 1% percentile column represent the results of the 100th worst case scenarios, so for 100 in 10,000 scenarios the contribution rate could be this level or higher. At the other extreme, the figures in the 99% percentile column represent the results of the 100th best case scenarios, so for 100 in 10,000 scenarios the contribution rate could be at this level or lower. (Note that the contribution has been kept to a minimum of 12%).

So for an open contract with a term of 5 years, in 75% of scenarios the overall contribution rate was 25.5% or lower. The median rate (50th percentile) for a contract length of 5 years is 16.1%, this is the middle point where half of the projections gave a higher rate and half gave a lower rate.

Closed Term	1%	5%	10%	25%	50%	75%	90%	95%	99%
1 Year	56.6%	43.6%	35.7%	23.4%	14.0%	14.0%	14.0%	14.0%	14.0%
2 Years	57.4%	44.2%	37.0%	25.7%	14.1%	14.0%	14.0%	14.0%	14.0%
3 Years	56.6%	44.5%	38.4%	27.4%	16.3%	12.5%	11.3%	10.7%	9.9%
4 Years	56.0%	45.0%	39.0%	28.6%	17.8%	12.4%	11.0%	10.3%	9.3%
5 Years	55.9%	45.1%	39.4%	29.6%	19.0%	12.3%	11.0%	10.3%	9.3%
6 Years	55.5%	45.0%	39.5%	30.7%	20.1%	11.8%	10.2%	9.5%	8.7%
7 Years	55.4%	46.3%	40.6%	31.4%	21.1%	12.0%	9.7%	9.0%	8.1%
8 Years	55.9%	46.0%	41.1%	32.3%	22.0%	12.1%	9.8%	8.6%	7.6%
9 Years	56.5%	46.5%	41.7%	33.4%	22.8%	12.2%	9.7%	8.5%	7.2%
10 Years	57.5%	47.5%	42.6%	34.2%	23.7%	13.0%	9.6%	8.5%	7.0%

In terms of understanding what this closed contract table of results means, it shows that with a closed 7 year contract, the overall contribution rate was 31.4% of salaries or higher in 25% of the runs. Put another way, a 31.4% pass-through rate would mean that the Letting Authority would expect to profit (i.e. more contributions are received and then eventually passed back to the Letting Authority at the end of the contract) 75% of the time compared to passing the risk to the contractor as 75% of the time the required rate would actual be lower than 31.4%.

These results show that:

- The cost for an employer that takes on the full risk is usually higher than the calculated initial rate (e.g. compare the median rate of 16.9% on the open 6 year contract with 12.0%). This is because employers have to pay towards deficits, including on termination, whereas they get limited benefit from any surpluses.
- Under a closed agreement the contribution rate is generally higher, this is to be expected due to the ageing profile of the members. However, under a closed agreement, the Employer (under a full transfer of risk) would benefit from lower contribution rates over longer contract lengths where returns are favourable; whereas the benefits of high returns under an open contract are capped.

Please note that these rates are assumed to be adopted for the period from 1 April 2016 to the end of the contract and not the total contribution rate for the entirety of the contract.

The threshold that is an acceptable price for the risk transfer is a matter for agreement between the Letting Authority and the contractor but, as noted previously, we would expect any pass-through rate to be at least the rates recommended under a full transfer of risks under either an open and closed agreement so that the expected cost of the benefits is covered.

We would suggest adopting a rate that is halfway between the 25th and 50th percentiles. So for example on an open 5 year contract adopt a rate of (25.5% + 16.1%)÷2 = 20.8%.

Although a pass-through arrangement passes the funding risk from the new employer to the Letting Authority, some risks remain with regard to early retirements, unpaid contributions and expenses. We would be happy to calculate a recommended bond level based on updated membership information however believe that, as the level of bond recommended in the previous report includes allowance for these risks as well as the risk of underfunding, the level of bond currently held will remains appropriate.

Final Comments

For the purposes of our calculations it is assumed that if a full risk transfer takes place then the risks would all be transferred to the new employer the liabilities would be transferred on a fully funded basis at the start of the contract. Please note that the liabilities would be transferred fully funded on an ongoing funding basis. On an accounting basis, the value placed on the liabilities is generally expected to be higher and as such we would expect there to be a deficit at the start of the contract on an accounting basis.

If the contract is to be let with pass-through provisions, any deficit arising over the contract period will be the responsibility of the Letting Authority rather than the new employer. The new employer will be required to pay the pass through rate as specified within the admission agreement (and this may differ from the ongoing cost of accrual).

We would be pleased to answer any questions arising from this report.

Graeme D Muir FFA
Partner, Barnett Waddingham LLP

Appendix 1 Data and demographic assumptions

The membership data for the members currently in the LGPS is summarised below.

Active Members	Number	Actual Pensionable Salary	FTE Pensionable Salary	Average Age	Avg Pensionable Service (years)
Male	50	£1,323,297	£1,336,215	37.4	7.6
Female	18	£400,998	£449,393	43.2	7.7
Total	68	£1,724,296	£1,785,608	38.9	7.6

The demographic assumptions adopted are summarised as follows:

Demographic and other assumptions	
Post-retirement mortality	The post retirement mortality tables adopted for all calculations are the S1PA series with a multiplier of 100% for males and 90% for females, making allowance for CMI 2012 projected improvements and a long term improvement rate of 1.5% p.a.
Commutation	It is assumed that members will exchange half of their commutable pension for cash at retirement
Retirement age	Members retire at a single age, based on the average age at which they can take each tranche of their pension

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Appendix 2 Financial assumptions used for pass-through modelling

The assumptions adopted are set out below. These assumptions are based on a combination of historical analysis, econometric estimation, macro-economic model simulation and judgement both by Barnett Waddingham and external sources. The assumptions are intended to represent "best estimates" at the date of transfer and are based on passive implementation with no allowance for potential additional risk or return as a result of active management (except for the fund of hedge funds and target return asset classes which are inherently actively managed).

The output from the model is sensitive to the choice of assumptions and should therefore always be considered in the context of the assumptions that have been adopted. The one year standard deviation figures relate to the distributions of returns looking over each of the next 30 years in aggregate. The ten year figures relate to the next ten years.

The asset allocation at the last actuarial valuation at 31 March 2013 was 8% gilts, 3% cash, 7% bonds, 60% equities, 6% property and 15% target return funds. We have assumed that this strategy will stay in place over the period of the contract.

Asset/index	One year median return % p.a.	Ten year mean return % p.a.	Ten year median return % p.a.	Median thirty year annualised return p.a.	One year standard deviation
UK equities	8.7%	5.8%	6.1%	6.4%	16.2%
Property	6.5%	4.8%	5.1%	5.6%	8.9%
Target return	7.4%	5.9%	6.2%	6.7%	7.9%
Over 15 year UK index-linked gilts	3.0%	2.3%	2.3%	3.0%	15.5%
Over 15 year UK corporate bonds	4.1%	2.9%	2.9%	3.9%	9.8%
RPI inflation	3.3%	2.8%	2.8%	3.3%	1.9%

The table below sets out the correlation assumptions between asset classes used in the projections. Correlations are not constant over time. The degree of co-movement between various asset classes will change over time and this effect is allowed for within the projections. As such the table shows the arithmetic mean correlations between the various asset classes.

Correlations	UK equities	Property	Target return	Over 15 year index-linked gilts	Over 15 year UK corporate bonds	RPI inflation
UK equities	1.00	0.48	0.45	-0.12	0.04	0.11
Property	0.48	1.00	0.17	-0.08	0.05	0.10
Target return	0.45	0.17	1.00	-0.08	0.04	0.02
Over 15 year UK index-linked gilts	-0.12	-0.08	-0.08	1.00	0.45	0.08
Over 15 year UK corporate bonds	0.04	0.05	0.04	0.45	1.00	0.07
RPI inflation	0.11	0.10	0.02	0.08	0.07	1.00

Limitations of asset-liability modelling

Asset-liability models such as this are not intended to be predictive of the future. Unexpected events can and do happen in global markets and such uncertainty is impossible to accurately model and the output of any model is only as good as the parameters that the model uses. The future is, or course, unknown, and if the world economy turns out to be different from that implied by the assumptions then the level of risk could turn out to be higher or lower than predicted by the model.

The scenarios of most interest are also the ones which are most difficult to model. These are the scenarios which incorporate large changes in asset values or yields. The difficulty in modelling such extreme events is that they occur infrequently over time; it is not possible to say for certain what level of loss is likely to occur one year in 100 as we have only one period of this length to inform our estimate of this risk. The level of risk based upon historic analysis is therefore likely to be lower than the true value.

It is important to bear in mind that a model which overestimates the level of risk can cause as many problems as one which underestimates risk as it can lead to too much caution and, in this case, could lead to excessive contributions being paid by the new employer.

EQUALITY IMPACT ASSESSMENT

Transformation and Change - Finance Service

PLYMOUTH CITY COUNCIL

STAGE 1: WHAT IS BEING ASSESSED AND BY WHOM?

What is being assessed - including a brief description of aims and objectives?	Impact of transferring the potential LGPS pension deficit that may arise at the end of the DELT ICT contract from DELT to PCC.
Author	Simon Arthurs
Department and service	Transformation and Change – Finance Service
Date of assessment	21/12/2016

STAGE 2: EVIDENCE AND IMPACT

Protected characteristics (Equality Act)	Evidence and information (eg data and feedback)	Any adverse impact See guidance on how to make judgement	Actions	Timescale and who is responsible
Age	68* employees transferred from PCC to DELT under TUPE arrangements to protect their rights, including their LGPS pension rights. There is no impact as the proposed change is a technical finance change and does not affect these individuals pension rights or their pensions or pension contributions. * 50 male 18 female employees TUPE transferred	No adverse impact on employees	N/A	N/A
Disability		No adverse impact on employees	N/A	N/A
Faith/religion or belief		No adverse impact on employees	N/A	N/A
Gender - including marriage, pregnancy and maternity		No adverse impact on employees	N/A	N/A
Gender reassignment		No adverse impact on employees	N/A	N/A
Race		No adverse impact on employees	N/A	N/A

Sexual orientation - including civil partnership		No adverse impact on employees	N/A	N/A

STAGE 3: ARE THERE ANY IMPLICATIONS FOR THE FOLLOWING? IF SO, PLEASE RECORD ACTIONS TO BE TAKEN

Local priorities	Implications	Timescale and who is responsible
Reduce the gap in average hourly pay between men and women by 2020.	None. This is a technical financial change to the way a potential pension fund deficit will be accounted for.	N/A
Increase the number of hate crime incidents reported and maintain good satisfaction rates in dealing with racist, disablist, homophobic, transphobic and faith, religion and belief incidents by 2020.	None. This is a technical financial change to the way a potential pension fund deficit will be accounted for.	N/A
Good relations between different communities (community cohesion)	None. This is a technical financial change to the way a potential pension fund deficit will be accounted for.	N/A
Human rights Please refer to guidance	None. This is a technical financial change to the way a potential pension fund deficit will be accounted for.	N/A

STAGE 4: PUBLICATION

Responsible Officer – Simon Arthurs (Senior Financial Analyst) Date 21/12/2016

Head of Service – David Northey (Head of Integrated Finance)

PLYMOUTH CITY COUNCIL

Subject:	Treasury Management Strategy 2017/18
Committee:	Cabinet
Date:	17 January 2017
Cabinet Member:	Councillor Darcey
CMT Member:	Andrew Hardingham (Assistant Director for Finance)
Author:	Chris Flower, Finance Business Partner – Accountant for Capital and Treasury Management
Contact details	Tel: 01752 304212 email: chris.flower@plymouth.gov.uk
Ref:	Fin/CF
Key Decision:	No
Part:	I

Purpose of the report:

The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in Public Services requires local authorities to set a Treasury Management Strategy on an annual basis to include the Annual Investment Statement and the Minimum Revenue Provision Statement.

The Council Corporate Plan 2016/19

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

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

Treasury Management affects the Council's budget in terms of borrowing costs and investment returns. The Treasury Management Strategy sets the authorised limits and operational boundaries within which investment and borrowing decisions are taken and risks managed. Effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

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

A robust Treasury Management Strategy is key to ensuring a successful delivery of our Medium Term Financial Strategy and ensuring the Council can achieve its objectives to be a Pioneering, Growing Caring and Confident City.

Equality and Diversity

Has an Equality Impact Assessment been undertaken? No

Recommendations and Reasons for recommended action:

1. Cabinet recommends the Treasury Management Strategy 2017/18 (incorporating the authorised limits, operational boundaries and prudential indicators) to the Council for approval.

   This is to comply with the Cipfa Code of Practice and discharge our statutory requirement.

Alternative options considered and rejected:

It is a statutory requirement under the Local Government Act 2003 and supporting regulations to set an annual treasury strategy for borrowing and prepare an annual investment strategy. The Council has adopted the CIPFA Code of Practice for Treasury Management.

Published work / information:

Not Applicable

Background papers:

Not Applicable

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

Sign off:

Fin	AKH16 70.43	Leg	DVS2 6976	Mon Off	DVS2 6976	HR		Assets		IT		Strat Proc	
Originating SMT Member Andrew Hardingham, Assistant Director													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

TREASURY MANAGEMENT STRATEGY

2017/18

How Plymouth will invest to grow and meet future Infrastructure needs

PLYMOUTH CITY COUNCIL

Foreword

Councillor Ian Darcy
Cabinet Member for Finance and ICT

"This Strategy demonstrates our commitment to sound management of the Council's finances. It shows how the Council's ambitious capital programme will be funded.

It also demonstrates the network of controls that are in place to ensure our investments are secure.

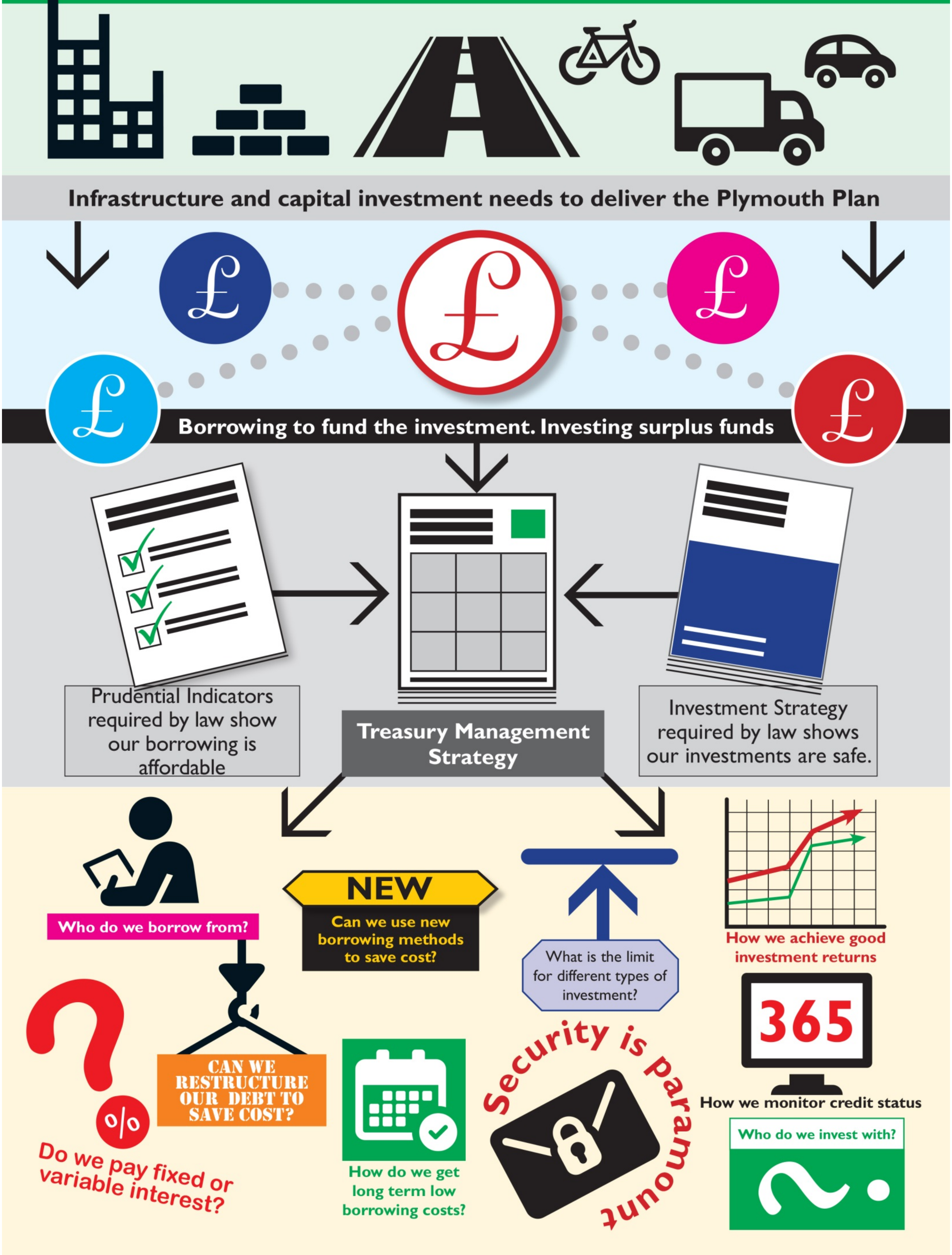
These are important decisions and this year's Strategy offers much greater openness and transparency to residents and stakeholders"

Andrew Hardingham
Assistant Director for Finance

"This Strategy is designed to underpin the Council's ambition to invest in the future of Plymouth. It offers a series of opportunities to manage the Council's finances to maximise returns, reduce risk, diversify investments and minimise the cost of borrowing. The strategy will keep us within our prescribed limits under the Prudential Code. The Council is seeking at all times to deliver good investment returns that are secure and affordable."

Contents

How the Treasury Management System works



Introduction

The Treasury Management Strategy sets out how Plymouth will invest to grow and meet future Infrastructure needs. It is a companion document to the Medium Term Financial Strategy which sets out Plymouth's ambitions and priorities from the Plymouth Plan.

INVESTMENTS – FACTS AT A GLANCE

Principles and Objectives of the Treasury Management Strategy

- To achieve the best secure investment returns
- To minimise the cost of borrowing
- To achieve a balanced spread of maturities and commitments
- To achieve the right mix of borrowing vehicles

Market Intelligence

- 2016 Autumn Statement
- Market Outlook by the Council's advisers Arlingclose

Statutory and Performance Framework

Rules that guide us

Specified Investments

- Sterling only
- Repayable in 12 months
- Can use UK Government, Local Authority or a body of high credit quality

Counterparties and Limits (see table on page 23)

Non-specified investments

- **£40m** max long-term
- **£10m** max below

Investment Limits – subject to credit ratings table on page 22

- **No limit** UK Government
- **£12m** any single organisation
- **£40m** any group of organisations
- **£25m** per pooled fund
- **£40m** negotiable instruments per broker
- **£12m** per foreign country
- **£12m** per registered provider
- **£10m** unsecured with Building Societies
- **£5m** unrated corporates
- **£55m** money market funds

Key Council Budget Assumption for 2017/18

- Investments will make an average rate of 1.41%

Approach

Choices made within the framework

Objective Security first, yield second
Strategy To maximise returns, reduce risk and diversify investments
Risk Assessment and credit ratio Our advisors monitor credit ratings daily so no new investment will be made if they do not meet our ratings
Other information on security of Investments Market intelligence from our advisors may give warnings before a credit warning changes

BORROWING – FACTS AT A GLANCE

Principles and Objectives of the Treasury Management Strategy

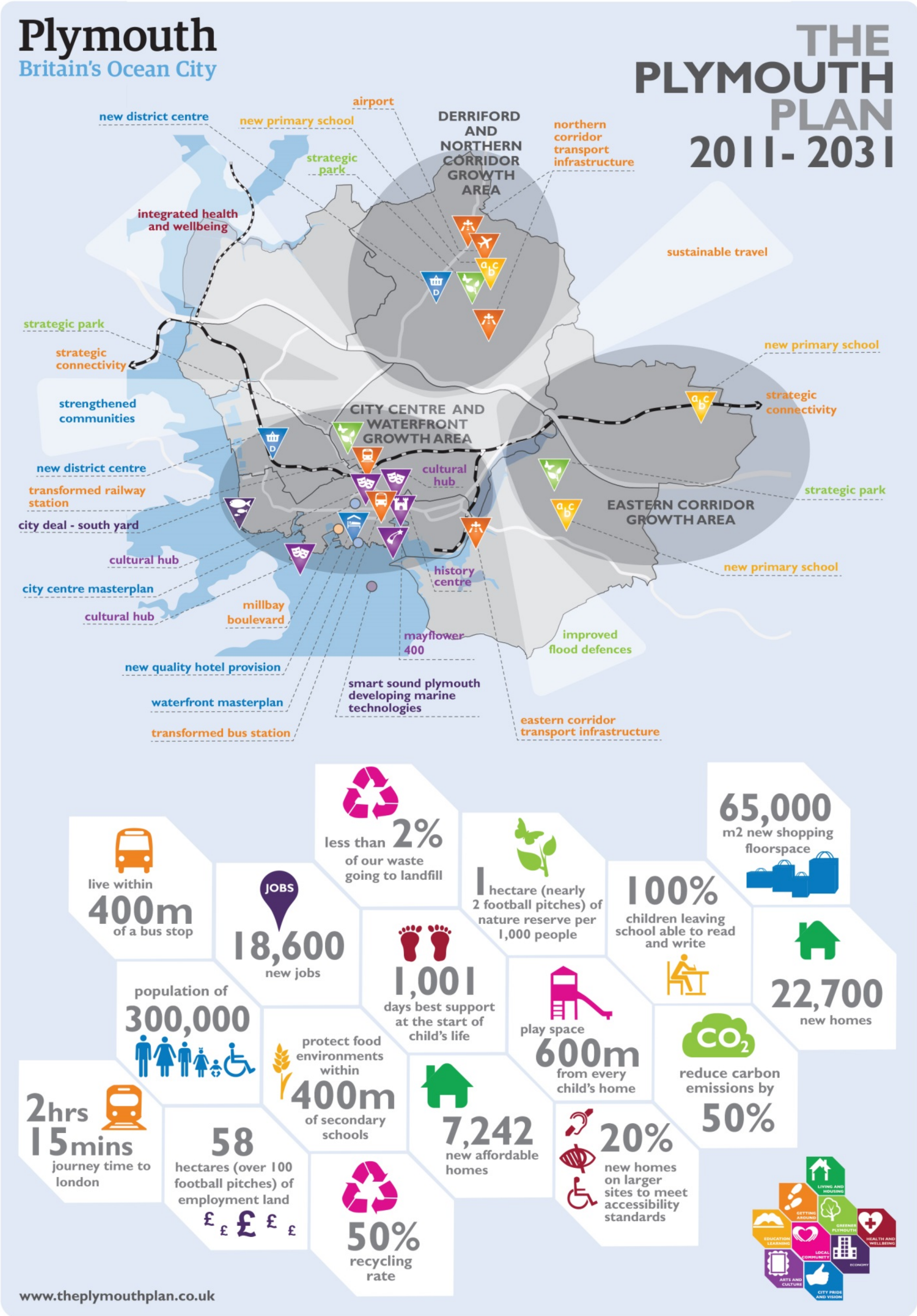
- To achieve the best secure investment returns
- To minimise the cost of borrowing
- To achieve a balanced spread of maturities and commitments
- To achieve the right mix of borrowing vehicles

Market Intelligence

- 2016 Autumn Statement
- Market Outlook by the Council's advisers Arlingclose

Statutory and Performance Framework *Rules that guide us*	**Borrowing** • **£155.2m** Total Capital Expenditure • **£516m** Capital Finance Requirement (need to borrow) • **£510m** Total Debt (loans and private finance initiatives) • **£540m** Operational Boundary (practical ceiling on borrowing) • **£610m** The Authorised limit (absolute maximum debt approved)
	Prudential Indicators • **5.81%** Ratio of finance costs to net revenue stream (borrowing costs as a proportion of total budget) • **£6.79** Hypothetical increase in Council Tax affordability. This is a CIPFA prescribed technical measure; the Council has made no future years tax decisions
	Treasury Management Indicators • **100%** Limit on Fixed Interest Exposure • **25%** Limit on Variable Interest Rate • **0% to 75%** Maturity Structure of Borrowing, exposure in any duration • **2.93%** average interest rate on new long term loans
	Minimum Revenue Provision Policy • Annuity Method • 50 year repayment for capitalisation directions • PFI/Leases determined by the specific agreement • No MRP on capital loans or investments • MRP first charged in the year the project is completed
	Key Council Budget Assumption for 2017/18 • Long-term loans will cost an average rate of 2.93%
Approach *Choices made within the framework*	**Objective -** Balance low interest rates with long term certainty **Strategy** – to borrow short term now and lock in long term when appropriate **Sources Approved by Arlingclose -** Banks or Building Society, Public Works Loan Board, Pension Funds, Capital Market Bonds, Municipal Bonds Agency, anyone with whom we would invest. Also, Leasing, PFI, Sale & Lease back **LOBOs** Council will repay if no additional cost **Municipal Bonds Agency** Council will use where appropriate **Debt Restructuring** A present value calculation based on current rates for the same period of loan may result in a discount or premium. Council will re-schedule if it reduces cost or risk

Delivering the Plymouth plans explains why we are borrowing and investing



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

Our Corporate Plan includes themes of infrastructure and investment

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

PLYMOUTH 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

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

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

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

Confident
- 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

Plymouth
Britain's Ocean City

www.plymouth.gov.uk/ourplan

The Autumn Statement was delivered by the Chancellor on 23 November 2016. It is important market intelligence for borrowing and investment decisions.

National Context

Autumn Statement Summary

Growth forecasts have been reduced by Office for Budget Responsibility. The Chancellor is borrowing to fund infrastructure. There are marginal taxation changes with the objective of securing a level playing field between different categories of employment.

Public borrowing/deficit/spending

- Borrowing is forecast to be £122bn higher in the period until 2021 than forecast in March's Budget
- Debt will rise from 84.2% of GDP last year to 87.3% this year, peaking at 90.2% in 2017-18
- Office for Budget Responsibility (OBR) forecasts borrowing of £68.2bn this year, then £59bn in 2017-18, £46.5bn in 2018-19, £21.9bn in 2019-20 and £20.7bn in 2020-21
- Public spending this year to be 40% of GDP - down from 45% in 2010
- Departmental spending plans set out in 2015 Spending Review to remain in place
- Government will meet commitments to protect budgets for key public services, defence, overseas aid and the pension "triple lock" until the end of this Parliament

The state of the economy

- OBR growth forecast upgraded to 2.1% in 2016 - from 2.0% - then downgraded to 1.4% in 2017, from 2.2%
- Forecast growth of 1.7% in 2018, 2.1% in 2019 and 2020 and 2% in 2021.
- Government no longer seeking a budget surplus in 2019-20 - committed to returning public finances to balance "as soon as practicable"

Taxation and Pay

- Income tax threshold to be raised to £11,500 in April, from £11,000 now
- Higher rate income tax threshold to rise to £50,000 by the end of the Parliament
- Tax savings on salary sacrifice and benefits in kind to be stopped, with exceptions for ultra-low emission cars, pensions, childcare and cycling
- National Living Wage to rise from £7.20 an hour to £7.50 from April next year
- Employee and employer National Insurance thresholds to be equalised at £157 per week from April 2017
- Insurance premium tax to rise from 10% to 12% next June
- Universal Credit taper rate to be cut from 65% to 63% from April at a cost of £700m
- No plans for further welfare savings in this Parliament

Housing

- Ban on upfront fees charged by letting agents in England "as soon as possible"
- £2.3bn housing infrastructure fund to help provide 100,000 new homes in high-demand areas
- £1.4bn to deliver 40,000 extra affordable homes

Fuel

- Fuel duty rise cancelled for seventh year in succession - at a cost of £850m, saving average car driver £130 and van driver £350 a year
- For the oil and gas sector, the Carbon Price Support capped until 2020 and business rates reductions worth £6.7bn

Transport/infrastructure/regions

- £1.1bn extra investment in English local transport networks
- £220m to reduce traffic pinch points
- £23bn to be spent on innovation and infrastructure over five years
- £2bn per year by 2020 for research and development funding
- £110m for East West Rail and commitment to deliver Oxford to Cambridge Expressway
- More than £1bn for digital infrastructure and 100% business rates relief on new fibre infrastructure
- £1.8bn from Local Growth Fund to English regions
- Rural Rate Relief to be increased to 100%, "giving small businesses a tax break worth up to £2,900"
- £7.6m for repairs to Wentworth Woodhouse, near Rotherham, said to be inspiration for Pemberley in Jane Austen's Pride and Prejudice

Business

- Doubling UK export funding capacity
- £400m into venture capital funds through the British Business Bank to unlock £1bn in finance for growing firms

Other

- Funding for 2,500 more prison officers
- Reforms to compensation for whiplash to cut the cost of motor insurance
- Promise to abolish Autumn Statement, with Budgets happening in the autumn from next year, along with "Spring Statement" from 2018

Specialist advisers Arlingclose support the Council with borrowing and investment advice. This is Arlingclose's expert assessment of the economy in the coming months and years.

Economic update from Treasury Management advisors Arlingclose

The major external influence on the Authority's treasury management strategy for 2017/18 will be the UK's progress in negotiating a smooth exit from the European Union.

Financial markets, wrong-footed by the referendum outcome, have since been weighed down by uncertainty over whether leaving the Union also means leaving the single market. Negotiations are expected to start once the UK formally triggers exit in early 2017 and last for at least two years.

Uncertainty over future economic prospects will therefore remain throughout 2017/18.

The fall and continuing weakness in sterling and the near doubling in the price of oil in 2016 have combined to drive inflation expectations higher.

The Bank of England is forecasting that Consumer Price Inflation will breach its 2% target in 2017. This will be the first time this has happened since late 2013. The Bank is expected to look through inflation overshoots over the course of 2017 when setting interest rates so as to avoid derailing the economy.

Initial post-referendum economic data showed that the feared collapse in business and consumer confidence had not immediately led to lower GDP growth.

The prospect of a leaving the single market has dented business confidence and resulted in a delay in new business investment. Unless counteracted by higher public spending or retail sales, a delay in new business investment will weaken economic growth in 2017/18.

Looking overseas, the US economy and its labour market are showing steady improvement. The market has priced in a high probability of the Federal Reserve increasing interest rates in December 2016.

The Eurozone meanwhile has continued to struggle with very low inflation and lack of momentum in growth, and the European Central Bank has left the door open for further quantitative easing.

The impact of political risk on financial markets remains significant over the next year.

Challenges have the potential for upsets. These include:

- Immigration
- The rise of populist, anti-establishment parties
- Negative interest rates which have resulted in savers being paid nothing or little for their frugal efforts
- The outcomes of Italy's referendum on its constitution (December 2016)
- The French presidential and general elections (April – June 2017)
- The German federal elections (August – October 2017)

PWLB **-** The government has confirmed plans to abolish the 223-year-old Public Works Loan Board and transfer its functions for lending to local authorities to the Treasury.

This is Arlingclose's view of the risks of bank failures in the period ahead.

Credit Outlook

Markets have expressed concern over the financial viability of a number of European banks recently. Sluggish economies and continuing fines for pre-crisis behaviour have weighed on bank profits, and any future slowdown will exacerbate concerns in this regard.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however continue to fall.

This is Arlingclose's expert view on future interest rates.

Interest Rate Forecast

The central case is for UK Bank Rate to remain at 0.25% during 2017/18. The Bank of England has, however, highlighted that excessive levels of inflation will not be tolerated for sustained periods.

Given this view and the current inflation outlook, further falls in the Bank Rate look less likely.

The Negative Bank Rate is currently perceived by some policymakers to be counterproductive but, although a low probability, cannot be entirely ruled out in the medium term, particularly if the UK enters recession as a result of concerns over leaving the European Union.

Gilt yields have risen sharply, but remain at low levels. The Arlingclose central case is for yields to decline when the government triggers Article 50.

Long-term economic fundamentals remain weak, and the quantitative easing (QE) stimulus provided by central banks globally has only delayed the fallout from the build-up of public and private sector debt.

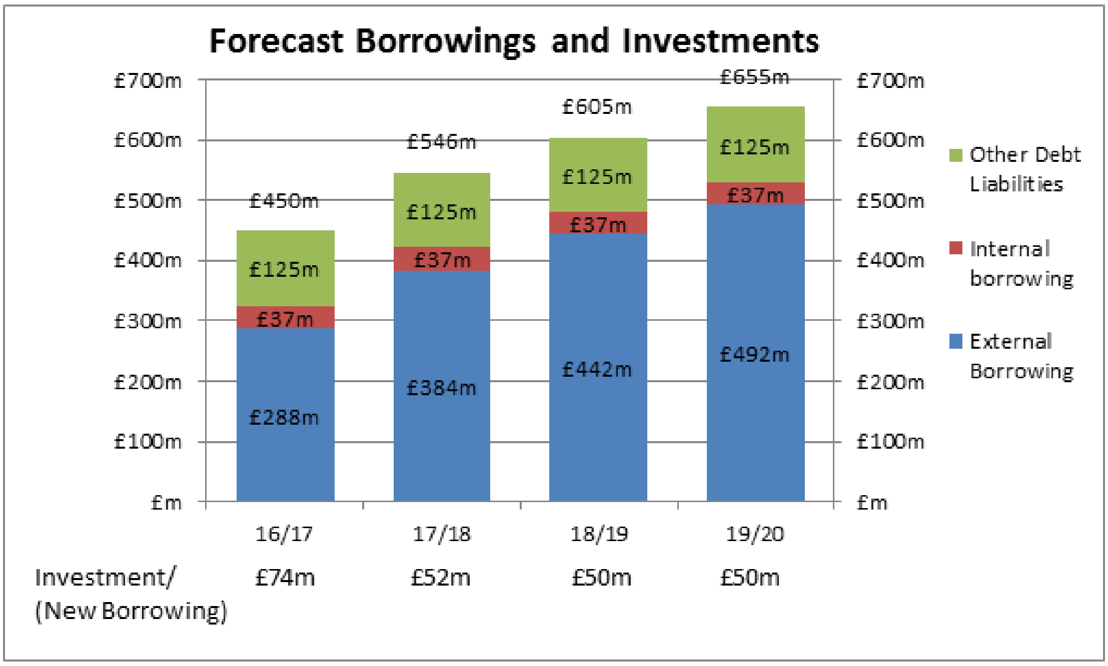
The Bank of England has defended QE as a monetary policy tool, and further QE in support of the UK economy in 2017/18 remains a possibility, to keep long-term interest rates low.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at ***Appendix A***.

Part 2 – Detailed Analysis

Borrowing

This is how much we debt we expect to have next year and in the years ahead.



These are borrowing limits we are required to set by law. They are affordable levels and needed to fund our capital programme.

Maximum Total Debt

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement. Usable reserves and working capital are the underlying resources available for investment. The current strategy is not to borrow to the full underlying need. Some internal resources are used instead of external borrowing.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* sets a maximum for total debt. This is the maximum the CFR is expected to reach at any time during the next three years. The Authority expects to comply with this recommendation during 2017/18.

The Council held £251 million of loans in September 2016. This was an increase of £11 million on the previous year. The increase in loans is because of funding previous years' capital programmes. The Authority expects to hold borrowing up to £384m in 2017/18.

The Council can bring forward planned external borrowing into an earlier financial year. This might be done to take advantage of favourable long term interest rates. The total borrowing must not exceed the authorised limit set by the Council of £450 million.

We seek low interest rates, but it is good to be as sure as possible what our interest costs will be in future years.

Prudential Indicators 2017/18

The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Estimates of Capital Expenditure

The Authority's planned capital expenditure and financing may be summarised as follows.

This is how we will fund the investment needed to deliver the Plymouth Plan

Capital Expenditure and Financing	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
General Fund	104.910	155.230	98.190	98.190
Total Expenditure	**104.910**	**155.230**	**98.190**	**98.190**
Capital Receipts	8.510	8.510	8.510	8.510
Grants and Contributions	48.080	37.350	34.150	34.150
Reserves	-	-	-	-
Revenue	2.590	0.930	0.530	0.530
Borrowing	45.730	108.440	55.000	55.000
Leasing and PFI	-	-	-	-
Total Financing	**104.910**	**155.230**	**98.190**	**98.190**

Estimates of Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose.

This is the total past and planned capital expenditure we need to finance.

Capital Financing Requirement	31 Mar 17 Revised £m	31 Mar 18 Estimate £m	31 Mar 19 Estimate £m	31 Mar 20 Estimate £m
General Fund	410.930	516.160	614.350	712.540
Total CFR	**410.930**	**516.160**	**614.350**	**712.540**

The CFR is forecast to rise by £302m over the next three years as capital expenditure financed by debt outweighs resources put aside for debt repayment.

Gross Debt and the Capital Financing Requirement

In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

This is how much we expect to borrow over the three years

Debt	31 Mar 17 Estimate £m	31 Mar 18 Estimate £m	31 Mar 19 Estimate £m	31 Mar 20 Estimate £m
Borrowing	288.020	383.750	442.190	492.190
PFI liabilities & Finance Leases	125.000	125.000	125.000	125.000
Total Debt	**413.020**	**508.750**	**567.190**	**617.190**

Total debt is expected to remain below the CFR during the forecast period.

Operational Boundary for External Debt

The operational boundary is based on the Authority's estimate of most likely, (i.e. prudent, but not worst case) scenario for external debt.

This is the flexibility we need to cope with our changing borrowing position from day to day.

Operational Boundary	2016/17 £m	2017/18 £m	2018/19 £m
Borrowing	350.000	400.000	450.000
Other long-term liabilities	140.000	140.000	140.000
Total Debt	**490.000**	**540.000**	**590.000**

Authorised Limit for External Debt

The Authorised Limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003 it is the maximum amount of debt that the Authority can legally owe. The Authorised Limit provides headroom over and above the operational boundary for unusual cash movements.

This is the absolute maximum of debt approved by the City Council

Authorised Limit	2016/17 £m	2017/18 £m	2018/19 £m
Borrowing	400.000	450.000	500.000
Other long-term liabilities	160.000	160.000	160.000
Total Debt	**560.000**	**610.000**	**660.000**

Ratio of Financing Costs to Net Revenue Stream

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

This measure demonstrates that our proposed borrowing is affordable.

Ratio of Financing Costs to Net Revenue Stream	2016/17 Revised %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %
General Fund	1.97%	5.81%	6.15%	6.50%

Incremental Impact of Capital Investment Decisions

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed.

This is a technical measure prescribed by CIPFA to demonstrate affordability. The Council has not made any decisions on council tax levels in future years.

Incremental Impact of Capital Investment Decisions	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £
General Fund - increase in annual band D Council Tax	5.80	6.79	8.89

Adoption of the CIPFA Treasury Management Code

The Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* in April 2002.

Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

This is how we measure our performance.

Security

The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	Target
Portfolio average credit rating	A

This is a technical measure to limit how much we can be affected by changing interest rates.

Liquidity

The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

	Target
Total cash available within 3 months	£150m

This is a technical measure to limit how much we can be affected by changing interest rates.

Interest Rate Exposures

This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed will be:

	2017/18	2018/19	2019/20
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	25%	25%	25%

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

Our loans fall due for repayment at various dates. We expect to have mainly fixed rate debt for longer loans. This avoids the risk of extra interest costs.

Maturity Structure of Borrowing

This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower
Under 12 months	60%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	25%	0%
5 years and within 10 years	25%	0%
10 years and above	75%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal Sums Invested for Periods Longer than 364 days

The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

	2017/18	2018/19	2019/20
Limit on principal invested beyond one year	£20m	£20m	£20m

Objectives of Borrowing Decisions

- To strike an appropriately low risk balance between securing low interest and certainty of costs.
- Flexibility to renegotiate loans should the Authority's long-term plans change.

It is much cheaper to borrow for a short period now. Before long term rates rise we intend to lock into fixed rate loans.

Strategy

Short term interest rates are currently much lower than long-term rates. It is likely to be more cost effective in the short term to use internal resources, or to borrow short-term. This will reduce net borrowing costs and overall treasury risk. Long term borrowing rates are forecast to rise modestly. The benefits of deferring long term borrowing will be monitored regularly.

Alternatively, the Authority may arrange forward starting loans. In a forward starting loan the interest rate is fixed in advance but is drawn later. Such loans give certainty of cost without suffering a cost of carry.

We are always looking at options to replace existing loans with cheaper alternatives.

In addition, the Authority may borrow short-term loans to cover unexpected cash flow shortages.

The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so.

The Authority will reschedule or repay loans where this is expected to lead to an overall cost saving or a reduction in risk.

The Authority will only borrow from approved sources.

These are the lenders we are able to use.

Sources of Borrowing

The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- Any institution approved for investments (see below)
- Any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except Devon Local Government Pension Fund)
- Capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- Any other counterparty that are approved by the authority's TM advisors.
- A Plymouth City Council bond

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Operating and finance leases
- Hire purchase
- Private Finance Initiative
- Sale and leaseback

The Authority has previously raised some of its long-term borrowing from the PWLB and through LOBOs but it continues to investigate other sources of finance, such as local authority loans and bank

These agreements were entered into under different market conditions. Where possible we will replace them with lower cost loans.

Lender's Option Borrower's Option (LOBOs)

During 2016/17 Barclays Bank decided to transfer the authority's Barclays Bank LOBOs (Lender's Option Borrower's Option) to fixed term borrowing and therefore this has reduced the authorities total LOBOs by £18m. The Authority holds £82m of LOBO loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. £57m of these LOBOS have options during 2017/18, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Total borrowing via LOBO loans will be limited to £82m.

This allows the flexibility to borrow from the Municipal Bonds Agency

Municipal Bond Agency

UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities may be required to provide bond investors with a joint and several guarantee over the very small risk that other local authority borrowers default on their loans; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to the Treasury Management Board.

Short-term and Variable Rate loans

These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.

If we can, we will replace existing loans with cheaper new loans.

Debt Rescheduling

The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Annual Minimum Revenue Provision Statement 2017/18

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision (the CLG Guidance) most recently issued in 2012.

The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The CLG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP.

Minimum Revenue Position Policy

MRP will be determined by charging the expenditure over the expected useful life of the asset on an annuity method, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years.

The MRP payment is funded from revenue with an option that part or all of the payment could be funded from capital receipts.

Borrowing

For new borrowing under the prudential system for which no Government support is being given and is therefore self-financed, MRP will be made using the annuity method over the life of the asset.

Capitalisation Directions

For capitalisation directions on expenditure incurred since 1 April 2008 MRP will be made using the annuity method over 50 years.

PFI/Leases

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

Any loan or investment to an organisation defined as capital expenditure will not attract MRP. The original capital expenditure will be met from the capital receipt on the maturity of the loan/investment.

MRP will commence in the financial year following the one in which the expenditure is incurred, except for expenditure funded by borrowing where the project is not complete at 31st March 2017 (classified as under construction). MRP will be deferred until the construction is complete and operational with the charge to be made in the year following completion.

Investments

These are the ways Government allows us to invest surplus funds.

Specified Investments

The CLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government,
  - a UK local authority, parish council or community council, or
  - a body or investment scheme of "high credit quality".

The Authority defines "high credit quality" organisations and securities as those having a credit rating of [A-] or higher that are domiciled in the UK or a foreign country with a sovereign rating of [AA+] or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of [A-] or higher.

These are the limits we use for making individual investments. They are based on advice from Arlingclose.

Approved investment counterparties and limits

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£6m 5 years	£12m 20 years	£20m 50 years	£6m 20 years	£6m 20 years
AA+	£6m 5 years	£12m 10 years	£12m 25 years	£6m 10 years	£6m 10 years
AA	£6m 4 years	£12m 5 years	£12m 15 years	£6m 5 years	£6m 10 years
AA-	£5m 3 years	£12m 4 years	£12m 10 years	£6m 4 years	£6m 10 years
A+	£5m 2 years	£12m 3 years	£6m 5 years	£6m 3 years	£6m 5 years
A	£4m 13 months	£12m 2 years	£6m 5 years	£6m 2 years	£6m 5 years
A-	£4m 6 months	£12m 13 months	£6m 5 years	£6m 13 months	£6m 5 years
BBB+	£3m 100 days	£5m 6 months	£2m 2 years	£2m 6 months	£2m 2 years
Pooled funds	£20m per fund				

Non-specified Investments

Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality.

Table 3: Non-Specified Investment Limits

	Cash limit
Total long-term investments	£40m
Total investments without credit ratings or rated below A-	£10m
Total investments with institutions domiciled in foreign countries rated below AA+	£0m
Total non-specified investments	£50m

Investment Limits

The Authority's revenue reserves available to cover investment losses are forecast to be £45 million on March 31 2017. No more than 45% of available reserves will be put at risk in the case of a single organisation (other than the UK Government). When considering investment limits in the chart below you must also refer to the credit ratings of the individual organisations (as shown in the chart on page 22) to make the final assessment.

Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Investment Limits

	Cash limit
Any single organisation, except the UK Central Government	£12m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£40m per group
Any group of pooled funds under the same management	£25m per manager
Negotiable instruments held in a broker's nominee account	£40m per broker
Foreign countries	£12m per country
Registered Providers	£12m in total
Unsecured investments with Building Societies	£10m in total
Loans to unrated corporates	£5m in total
Money Market Funds	£55m in total

Liquidity Management

The Authority uses a cash flow forecasting spreadsheet to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium term financial plan and cash flow forecast.

This is the rate we expect to pay on new borrowing, and how much we expect to earn on investments.

Council Budget Assumptions for 2017/18

- Investments will make an average rate of 1.41%
- Long-term loans will cost an average rate of 2.93%

This sets out how we invest any surplus funds.
Security of the funds is paramount

Investment Strategy

The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £60 and £80 million, and is expected to remain about the same in the forthcoming year.

Objectives

Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Negative Interest Rates

If the UK enters into a recession in 2017/18, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy

Given the increased risk and falling low returns from short-term unsecured bank investments, the Authority continues to hold its investments in more secure, lower yielding asset classes. The authority holds £20m as a longer-term investment in the CCLA Property Fund and this gives a higher return than the short term investments. The majority of the Authorities surplus cash is currently invested in short-term unsecured bank deposits, certificates of deposit, Local Authorities and money market funds. The Authority will continue to look for investment opportunities that give a good return whilst being a secure investment.

Approved Counterparties

The Authority may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

Credit Rating

Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all relevant factors including external advice will be taken into account.

Banks Unsecured

Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Banks Secured

Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government

Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates

Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

Registered Providers

Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain the likelihood of receiving government support if needed.

Pooled Funds

Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Risk Assessment and Credit Ratings

Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- No new investments will be made
- Any existing investments that can be recalled or sold at no cost will be, and
- Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other Information on the Security of Investments

The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Other Items

There are a number of additional items that the Authority is obliged by CIPFA or CLG to include in its Treasury Management Strategy.

Policy on use of Financial Derivatives

Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

Investment Training

The needs of the Authority's treasury management staff for training in investment management are assessed every twelve months as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

Staffs regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staffs are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

Investment Advisers

The Authority has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is controlled by quarterly review meetings and periodically tendering for the provision of Treasury Management Consultancy services.

Investment of Money Borrowed in Advance of Need

The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £400 million. The maximum period between borrowing and expenditure is expected to be one year, although the Authority is not required to link particular loans with particular items of expenditure.

Other options considered

The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Section 151 Officer, having consulted the Cabinet Member for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix A – Arlingclose Economic and Interest Rate Forecast November 2016

Underlying assumptions

- The medium term outlook for the UK economy is dominated by the negotiations to leave the EU. The long-term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU and other countries.
- The global environment is also riddled with uncertainty, with repercussions for financial market volatility and long-term interest rates. Donald Trump's victory in the US general election and Brexit are symptomatic of the popular disaffection with globalisation trends. The potential rise in protectionism could dampen global growth prospects and therefore inflation. Financial market volatility will remain the norm for some time.
- However, following significant global fiscal and monetary stimulus, the short term outlook for the global economy is somewhat brighter than earlier in the year. US fiscal stimulus is also a possibility following Trump's victory.
- Recent data present a more positive picture for the post-Referendum UK economy than predicted due to continued strong household spending.
- Over the medium term, economic and political uncertainty will likely dampen investment intentions and tighten credit availability, prompting lower activity levels and potentially a rise in unemployment.
- The currency-led rise in CPI inflation (currently 1.0% year/year) will continue, breaching the target in 2017, which will act to slow real growth in household spending due to a sharp decline in real wage growth.
- The depreciation in sterling will, however, assist the economy to rebalance away from spending. The negative contribution from net trade to GDP growth is likely to diminish, largely due to weaker domestic demand. Export volumes will increase marginally.
- Given the pressure on household spending and business investment, the rise in inflation is highly unlikely to prompt monetary tightening by the Bank of England, with policymakers looking through import-led CPI spikes to the negative effects of Brexit on economic activity and, ultimately, inflation.
- Bank of England policymakers have, however, highlighted that excessive levels of inflation will not be tolerated for sustained periods. Given this view and the current inflation outlook, further monetary loosening looks less likely.

Forecast:

- Globally, the outlook is uncertain and risks remain weighted to the downside. The UK domestic outlook is uncertain, but likely to be weaker in the short term than previously expected.
- The likely path for Bank Rate is weighted to the downside. The Arlingclose central case is for Bank Rate to remain at 0.25%, but there is a 25% possibility of a drop to close to zero, with a very small chance of a reduction below zero.
- Gilt yields have risen sharply, but remain at low levels. The Arlingclose central case is for yields to decline when the government triggers Article 50.

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Avg
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.12
Arlingclose Central Case	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Downside risk	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.40
3-month LIBID rate														
Upside risk	0.05	0.05	0.10	0.10	0.10	0.15	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.18
Arlingclose Central Case	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.29
Downside risk	0.20	0.25	0.25	0.25	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.34
1-yr LIBID rate														
Upside risk	0.10	0.10	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.23
Arlingclose Central Case	0.60	0.50	0.50	0.50	0.50	0.50	0.50	0.60	0.70	0.85	0.90	0.90	0.90	0.65
Downside risk	0.10	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.24
5-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	0.30	0.30	0.30	0.30	0.35	0.40	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.39
Downside risk	0.40	0.45	0.45	0.45	0.50	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.54
10-yr gilt yield														
Upside risk	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	0.75	0.75	0.80	0.80	0.80	0.80	0.80	0.80	0.85	0.90	0.90	0.95	0.95	0.83
Downside risk	0.40	0.45	0.45	0.45	0.50	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.54
20-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.30	1.35	1.35	1.40	1.40	1.29
Downside risk	0.50	0.55	0.55	0.55	0.60	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.64
50-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.30	1.35	1.35	1.40	1.40	1.29
Downside risk	0.50	0.55	0.55	0.55	0.60	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.64

Appendix B - Existing Investment and Debt Portfolio Position

	31 Sept 2016 Actual Portfolio £m	31 Sept 2016 Average Rate %
External Borrowing:		
PWLB – Fixed Rate	44.25	5.76
Local Authorities	107.00	0.39
LOBO Loans	82.00	3.65
Long Term Borrowing	18.00	4.37
Total External Borrowing	**251.25**	**2.68**
Other Long Term Liabilities:		
PFI	123.17	n/a
Finance Leases	1.73	n/a
Total Gross External Debt	**376.15**	
Investments:		
Managed in-house		
Short-term investments	30.20	0.76
Long-term investments	23.90	variable
Managed externally		
Pooled Funds	20.00	variable
Total Investments	**74.10**	
Net Debt	**302.05**	

Treasury Management Strategy

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PLYMOUTH CITY COUNCIL

Subject:	Waterfront Business Improvement District (BID) Renewal
Committee:	Cabinet
Date:	17 January 2017
Cabinet Member:	Councillor Jordan
CMT Member:	Strategic Director for Place
Author:	Patrick Knight, Economy, Partnerships & Regeneration Manager, Economic Development
Contact Details:	Tel: 01752 304472 E-mail: patrick.knight@plymouth.gov.uk
Ref:	Waterfront BID2 Renewal
Key Decision:	Yes
Part:	I

Purpose of the Report / Executive Summary:

This report sets out Plymouth City Council's support for the renewal of the Plymouth Waterfront Partnership (PWP) Business Improvement District (BID) for Plymouth's Waterfront. It defines the Council's financial and other support for PWP's Waterfront BID2 (2017-22) as well as a commitment to establish baseline agreements for the City Council's existing services within the BID area. Any business contributions through the BID that come from the private sector (BID levy c.£1,545,000) are effectively additional investment over and above the support made by the City Council which totals c.£2,920,000, plus targeted grant and other match funding totalling £5,991,000, over the five years. This brings the total projected value of the Waterfront BID to £10,456,000.

As Plymouth prepares for Mayflower 400 commemorations in 2020, PWP's new BID would be well placed to be a key strategic partner in the design and delivery of these plans. The new BID Business Plan focuses on marketing, major events, signage and trails, which aligns with the city's plans for Mayflower 400. In addition, the existing PWP Waterfront BID already plays a lead role in the city's visitor economy, working in close partnership with the City Council, City Centre Company BID and Destination Plymouth; all partners have signed a Memorandum of Understanding to maximise delivery outcomes.

The Plymouth Waterfront Partnership (PWP) is responsible for delivering the Waterfront BID. PWP is an independent, not for profit company limited by guarantee, which currently operates as a voluntary membership partnership with a Board of Directors representing all the key business sectors in the BID area, run by and for local businesses. PWP has successfully delivered its first BID Business Plan (2012-17) and has decided to renew its BID for a further 5 years of delivery.

Once a BID has been established all businesses contribute a BID Levy based on the rateable value of their premises (hereditaments) to ensure fairness and equity. BIDs have a maximum duration of five years, hence the need to renew the Waterfront BID at this stage.

Waterfront BID2 will generate £1.545m of additional BID levy contributions across the 5 year term. It will include 875 BID levy payers (hereditaments), making it one of the UK's largest BIDs, and will encompass 4 square miles of the city's primary waterfront destinations and target 3 major strategic priorities.

The full draft version of the PWP Waterfront BID2 Business Plan (2017-2022) is available at: www.waterfrontbid.co.uk/pwp-bid-renewal

The Corporate Plan 2016-2019:

Through the Plymouth Waterfront Partnership and the consolidation of resources the City will attract more visitors and visitors' spend, increasing the number of jobs within the visitor economy, encouraging enterprise, improving skills and making Plymouth a thriving regional centre.

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

The City Council will provide existing statutory services and in kind support, such as premises, ICT, legal and administration. In addition, PCC will continue provision of BID levy billing, collection and enforcement costs (through the Courts to a maximum value of £9,000 per annum), HR, payroll, accountancy and invoice payment support.

Through the Waterfront BID the City Council will be held accountable to the business community and required to maintain their existing levels of service within the Waterfront. BID projects will be entirely additional to existing City Council services.

National BID legislation enables the PWP to establish a contractual agreement with the City Council over its provision of existing services in the Waterfront area to guarantee that they continue throughout the five year BID lifetime.

PWP will establish a contractual agreement with Plymouth City Council to regularly review Council services delivered within the Waterfront BID area. Once the Waterfront BID has been established, the Council will be contractually obliged to maintain agreed standards to confirm to baseline service level agreements for all services provided (and listed in the body of this report).

The Waterfront BID Levy will be payable by all businesses located within the boundary of the defined Waterfront BID area. Plymouth City Council will be required to contribute approximately £18,700 per annum in BID Levy payments as it owns properties located within the proposed BID boundary.

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

None. Destination Plymouth and Plymouth Waterfront Partnership will continue to ensure that their activities support these objectives.

Equality and Diversity:

Has an Equality Impact Assessment been undertaken? Yes.

Recommendations and Reasons for recommended action:

It is recommended that the Cabinet:

1. Endorse the principles and overall approach of the draft Waterfront BID2 Business Plan 2017-2022.
Reason: To confirm the partnership approach to the Waterfront Business Improvement District and establish a framework for service improvement mechanisms within the Business Improvement District area.

2. Approve the City Council's existing and new commitments to secure financial, match and in kind contributions (totalling c.£8,911,000) and continued commitment to support the Waterfront BID at existing levels through the proposed BID Contract for the provision of services within the Waterfront Business Improvement District area.
Reason: To enable the Plymouth Waterfront Partnership to implement the Business Plan 2017-2022.

3. Authorise the Chief Executive to instruct a Ballot Holder to undertake a ballot of appropriate businesses with the Waterfront Business Improvement District area.
Reason: To enable a ballot in the Business Improvement District area to be conducted in accordance with Section 35 of the Representation of the People Act 1983.

4. Delegate to the Strategic Director for Place authority to vote on behalf of the City Council in the Waterfront Business Improvement District ballot.
Reason: To discharge the City Council's responsibilities in relation to the ballot as an occupier within the Waterfront Business Improvement District area in a timely manner consistent with the Business Improvement District ballot programme and in order to achieve the City Council's wider economic and regeneration objectives for the city.

5. Delegate to the Strategic Director for Place authority to approve the Waterfront Business District Contract provided that it accords with the general principles set out in this report.
Reason: To allow the Business Improvement District Contract to be formally signed after the Business Improvement District ballot and in advance of the formal commencement of the new Business Improvement District for the period 2017-2022.

6. PCC is responsible for managing Street Trading activity within the Waterfront BID area, with an agreed surplus of a minimum £20k generated from street trading, café licenses, events, fairs, festivals being transferred from PCC to PWP following the end of each financial year.
Reason: To enable the PWP (working closely with PCC, promoters, event managers and others) to generate revenues that can then be reinvested for the BID's delivery.

7. The City Council will assist PWP with cash flow over the initial 6 months of its new BID.
Reason: This will ensure that PWP can establish a trading operation and deliver BID Projects in a timely period.

8. Referral to Scrutiny/Select Committee for consideration of the ballot result and the right to exercise the veto. That meeting will then make a recommendation to Full Council. Request the Overview and Scrutiny Commission to insert into their scrutiny work programme a review of the Business Improvement District proposals with a view to making a recommendation to the City Council regarding exercising its power of veto.
Reason: To meet the requirements of Regulation 12 of the Business Improvement District (England) Regulations 2004 in relation to the use of the power of veto and to provide

independent scrutiny of the Business Improvement District proposals.

Alternative options considered and rejected:

Option 1: Progress Waterfront management through a different vehicle using a voluntary contributions approach
This has been rejected by PWP because the anticipated income and levels of commitment would be significantly reduced as a result of differential contributions from different businesses.

Option 2: Amend some of the assumptions in the Business Improvement District Business Plan
This was rejected as the level of service provision within the Waterfront has to be enhanced above pre-Business Improvement District levels for the duration of the BID Business Plan in order to meet the requirements of the regulations. In addition experience in delivering the City Centre BID Business Plans demonstrates the added value of a realistic but challenging programme of integrated initiatives in levering other sources of income above the basic Business Improvement District levy.

Option 3: Abandon the Business Improvement District Model
This was rejected as it might mean that some of the services and management to be undertaken by the Plymouth Waterfront Partnership would have to be managed in-house and
it is not considered this would achieve value for money or efficient operations.

Published work / information:

The PWP BID operates an information website that contains a record of the Waterfront BID's delivery achievements so far; this may be viewed at: www.waterfrontbid.co.uk. Within this website there is a downloadable documents section that may provide:

1) The original PWP BID Business Plan (2012-2017)
2) A Three Year Review Document reporting on project delivery progress (March 2015)
3) The Proposed Draft PWP BID2 Business Plan (2017-2022)

The final PWP Waterfront BID2 Business Plan will be available before the end of January 2017 at: www.waterfrontbid.co.uk

Background papers:
Draft Plymouth BID Business Plan (see www.waterfrontbid.co.uk/pwp-bid-renewal)

Sign off:

Fin	**akh1617.53**	Leg	**DVS 13246**	OM	**DVS 13246**		IT		Corp Prop	Strat Proc	HR
Originating SMT Member											

1.0 Introduction

This report sets out Plymouth City Council's support for the renewal of the Plymouth Waterfront Partnership (PWP) Business Improvement District (BID) for Plymouth's Waterfront. It defines the Council's financial support for PWP's Waterfront BID2 (2017-22) as well as a commitment to establish baseline agreements for the City Council's existing services within the BID area. Any business contributions through the BID that come from the private sector (BID levy c.£1,545,000) are effectively additional investment over and above the support made by the City Council which totals c.£2,920,000, plus targeted grant and other match funding totalling £5,991,000, over the five years. This brings the total projected value of the Waterfront BID to £10,456,000.

As Plymouth prepares for Mayflower 400 commemorations in 2020, PWP's new BID would be well placed to be a key strategic partner in the design and delivery of these plans. The new BID Business Plan focuses on marketing, major events, signage and trails, which aligns with the city's plans for Mayflower 400. In addition, the PWP Waterfront BID already plays a lead role in the city's visitor economy, working in close partnership with the City Council, City Centre Company BID and Destination Plymouth; all partners have signed a Memorandum of Understanding to maximise delivery outcomes.

The Local Economic Strategy 2006-2021 and Beyond (LES) identifies the visitor economy (Tourism and Culture) as a priority growth sector. The baseline data from 2008 identified the potential to generate 7,000 additional jobs up to 2020. Tourism is a significant industry in Devon and Cornwall (14% of employment) and has been recognised in the heart of the South West (HotSW) LEP prospectus. The Visitor Plan (2011-2026) is a key component of the implementation of the LES; setting out a framework for realising the potential of Plymouth's visitor economy to 2026.

Following PWP's successful delivery of its existing forty-two project Waterfront BID Business Plan (2012-17), PWP's Board of Directors have taken the decision to proceed to a BID ballot for a new BID (2017-22) following extensive consultation with over 800 businesses. This report recommends that the City Council signals its strong support for the new BID's establishment by the private sector, to continue the good work already achieved through the first Waterfront BID (2012-2017). The renewal of a Business Improvement District for the Plymouth Waterfront would support the City's Visitor Plan (2011-2026).

1.1 The Waterfront Vision

Plymouth, Britain's Ocean City, is one of the major visitor destinations in the South West of England. The city attracts over 4.9 million visitors annually (2015 data) who spend in excess of £316.5 million, in turn supporting just under 7% of the city's employment. Waterfront BID2 will assist the city to strengthen its position as the regional centre for Devon and Cornwall, by creating a great day out and evening destination, resulting in increased day and staying visitor numbers.

With Plymouth's Waterfront identified as the city's key asset, Waterfront businesses will be positioned at the heart of this growth.

1.2 Waterfront BID2 Operation

A Business Improvement District (BID) is a private sector led management organisation for a precisely defined geographical area, where business rate payers have identified projects and services that will have a positive impact on their trading environment. Businesses within the area vote to invest collectively in delivering these improvements which are wholly additional to those already delivered by local, statutory bodies.

The BID is designed to attract and deliver investment in the Waterfront area, build sustainable partnerships and deliver agreed projects. The BID legislation does not require that the Local Authority endorse the BID proposals, however it is essential that Plymouth City Council confirms its support, financial and in kind.

Through this report the City Council is responding to the Plymouth Waterfront Partnership's draft Waterfront Business Improvement District 2 Business Plan (2017-22). Approval of the report's recommendations will signal the Council's strong support for the proposed BID and also provide match and in-kind funding towards the cost of the BID's delivery by the private sector, represented by the Plymouth Waterfront Partnership.

Plymouth's Waterfront is the magnificent jewel in the City's crown - by joining forces with key partners the Waterfront BID will continue to be able to maximise this wonderful asset for the benefit of businesses, visitors and the wider city and its economy.

The proposed new BID aims to contribute to and capitalise on wider initiatives, including Mayflower 400 commemorations, the Waterfront Masterplan and other significant initiatives. The Waterfront BID will identify and support visitor economy related commercial development opportunities, to enable the Waterfront to become an outstanding visitor destination. This will provide new jobs, better leisure facilities and improved pedestrian, cycling and other transport links with the City Centre, preserve the Waterfront area's extensive maritime heritage and improve and better maintain public space.

To secure the huge opportunities for the Waterfront requires a complete step change in dedicated delivery and management of the area, together with annual investment from both the private and public sector through the Waterfront BID. PWP's new BID2 Business Plan emphasises the importance of partnership working, including enabling local business and community groups to make their own unique contributions.

PWP will continue to provide leadership and management and be directly accountable to Waterfront businesses for the delivery of the new BID Business Plan, working in partnership with Plymouth City Council, Destination Plymouth, the Police Authority, Plymouth University and other public agencies to benefit businesses located within the Waterfront area. Following detailed consultations with businesses, PWP have decided on the precise BID boundary area, which will continue to cover the primary attraction areas of The Barbican, Sutton Harbour, The Hoe and foreshore, Millbay and Royal William Yard. In addition PWP have decided to expand the BID boundary to encompass Mount Batten, Mayflower Marina and parts of Union Street and Durnford Street, to ensure a wide view is taken on the visitor experience. The Waterfront BID area will continue to buffer against the boundary of the City Centre Company's existing BID area, ensuring enhanced links between the two areas and a seamlessly positive visitor experience.

There are already more than 227 BIDs in the UK, including Exeter, Falmouth, Newquay, Tavistock, Taunton, Torbay, Bristol and Plymouth. A mark of their success is that 99% of BIDs are renewed by business ballot after their first term. The City Centre Company is in its third term following two successful renewals.

1.3 The Waterfront Objectives

The BID will focus on business priorities of increasing visitor numbers, customer spend and commercial success through:

- Leadership - Providing a strong business voice to lobby and influence for future investment and public realm improvements for the Waterfront.
- Marketing – Supporting regional and national marketing campaigns and key events linked to local businesses, to attract new customers and increase loyalty, whilst radically improving visitor signage and information.
- Operational management – Tough contracts will hold the City Council and all area service providers to account for the standard of existing cleansing, maintenance and other services. BID investment will only be used to pay for additional services prioritised by businesses.
- Finance – Attracting significant match funding in addition to contributions from businesses for expenditure within the Waterfront.

1.4 The Waterfront Targets

The Waterfront BID will help the City to achieve its strategic visitor objectives of:

- Grow visitor numbers by 20% by 2020 (baseline 2008)
- Grow visitor spend by 25% by 2020 (baseline 2008)
- Target a 33% growth in jobs in the visitor economy providing 4,000 new jobs by 2026 (baseline 2008)
- Strengthen Plymouth's position as the regional centre for Devon and Cornwall, by creating a great day out and evening destination, resulting in increased visitor numbers.

2.0 How Will Waterfront BID2 Be Managed?

The Waterfront BID will be managed by PWP which will be directly accountable to Waterfront businesses for the co-ordination of the Waterfront area and the successful delivery of the Waterfront BID.

The Waterfront BID's governance will be the responsibility of the PWP Board with operational matters overseen by the Waterfront BID Advisory Panel, giving Waterfront businesses and other stakeholders control in formulating strategy and overseeing BID project delivery. In addition, as a member of the PWP, businesses will also have a vote on major decisions.

Business BID Levy contributions will be spent entirely to service the area within the boundary of the Waterfront BID. This will ensure fair representation for businesses investing within their own areas.

The Waterfront BID will encompass the core areas of the Barbican, Bretonside, Sutton Harbour, West side of Sutton Road, Queen Anne's Battery Marina, The Hoe, West Hoe, Notte Street, Vauxhall Street, Millbay, Stonehouse, Royal William Yard and Mayflower Marina.

3.0 The Costs to Businesses

In February 2017 the businesses will have to decide whether to vote Yes or No to fund delivery of the final Waterfront BID Business Plan 2017-22. If a majority of businesses vote Yes, then all businesses in the BID area will be required to contribute an annual BID Levy payment, based on the rateable value of the premises that the business occupies (hereditament).

The proposed annual BID Levy is based on 1.5% of a business property's rateable value (RV).
For example, if the RV is £30,000 a business will pay £450.00 per annum, that's £8.65 per week.
The BID Levy will be increased each year by the annual inflationary factor for Local Non-Domestic Rate bills as calculated by H.M. Government.

It is estimated that 71% of businesses within the Waterfront area will pay less than £250 per annum.

4.0 The Development of Waterfront BID2

The BID Business Plan has been driven at every stage by business owners and managers seeking to improve their trading environment and profitability.

PWP has listened to business concerns, ideas and priorities, evolving its new BID Business Plan from a highly structured, detailed, democratic consultation process, involving a number of key stages.

The total budget (direct contributions plus match funding) will be invested to drive customer numbers and spend by more effectively marketing the Waterfront, improving the visitor experience and maximising the economic potential of the city's most spectacular asset.

The Plymouth Waterfront Business Improvement District Business Plan and the proposed projects within it are the result of extensive consultation with Waterfront businesses on what they want.

5.0 Value for Money

If a majority of businesses vote Yes, all 875 identified businesses within the Tourism, Leisure, Retail and Professional Services sectors in the Plymouth Waterfront area will be required to contribute through a Levy. The Plymouth Waterfront Partnership will then aim to secure match funding which could multiply the five-year investment from £1.5 million to £10.4 million.

Based upon rateable value, the average Waterfront business will pay an annual levy of £353 (£6.79 per week) in return for significantly higher benefits in terms of visitor spend and other advantages.

Based upon existing rateable values within the Waterfront area:
33% of businesses will pay less than £100 per year
54% of businesses will pay between £100 and £500 per year
7% of businesses will pay between £500 and £1,000 per year
5% of businesses will pay between £1,000 and £5,000 per year
1% of businesses will pay more than £5,000 per year

6.0 Projected Budgets over 5 years

Total Estimated Levy Income from Waterfront Businesses	£1,545,000
Total value of existing City Council Services	£2,770,000
Total City Council Match Funding	£150,000
Total Other Match Funding e.g. PCC Support To Secure Grants, etc	£5,991,000 (projected)
Total 5 Year Project Expenditure	**£10,456,000 (projected)**

*Based upon current projected budgets which could be subject to change.

6.1 City Council contributions – financial and in kind

Assuming the Waterfront BID is successfully established, Plymouth City Council will continue to provide the following services and target associated match funding over the 5 years of the BID's lifetime:

Source of Match Funding	Value	Confirmed?	New?	Cash?
Existing City Council Services – see www.waterfrontbid.co.uk for full details of SLAs				
Plymouth City Council – Street Scene & Waste Services	£1,145,855	Confirmed	Existing	In Kind
Plymouth City Council – Maritime Services	£620,000	Confirmed	Existing	In Kind
Plymouth City Council – Car Parks	£440,000	Confirmed	Existing	In Kind
Plymouth City Council – Trading Standards Service	£110,000	Confirmed	Existing	In Kind
Plymouth City Council – Tourist Information Centre	£200,000	Confirmed	Existing	In Kind
Plymouth City Council – Closed Circuit TV	£32,000	Confirmed	Existing	In Kind
Plymouth City Council – Licensing Enforcement	£29,000	Confirmed	Existing	In Kind
Plymouth City Council – Staff Support	£148,000	Confirmed	Existing	In Kind
Plymouth City Council – Office, ICT and Business Admin	£45,000	Confirmed	Existing	In Kind
TOTAL	**£2,770,000**			
Other City Council Match Funding				
Plymouth City Council – Levy Collection	£50,000	Confirmed	Existing	In Kind
Plymouth City Council – Street Trading Surplus	£100,000	Estimated	New	Cash
TOTAL	**£150,000**			
Other Match Funding				
Landlords BID Subscription	£150,000	Estimated	New	Cash
Various Partners – Evening & Night Time Economy	£215,000	Estimated	New	In Kind
New Visual Art	£635,000	Estimated	New	In Kind
Partnership Marketing Campaigns	£1,534,000	Estimated	New	In Kind

Arts Council BID for Mayflower 400 Campaigns	£1,000,000	Estimated	New	In Kind
Coastal Communities Fund	£250,000	Estimated	New	In Kind
Heritage Lottery Fund	£455,000	Estimated	New	In Kind
Business Tourism Contributions	£10,000	Estimated	New	Cash
Partner Contribution Toward Events, Signage & Interpretation	£1,042,000	Estimated	New	In Kind
Mayflower 400 Public Realm Improvement	£700,000	Estimated	New	In Kind
TOTAL	**£5,991,000**			
Total of Existing and New City Council & Other Match Funding The BID reserves the right to modify these figures depending on circumstances	**£8,911,000**			

PCC will continue to be responsible for managing Street Trading activity within the Waterfront BID area, with an agreed surplus generated from street trading, café licenses, events, fairs, festivals being transferred from PCC to PWP following the end of each financial year.

The City Council will assist PWP with cash flow over the initial 6 months of its new BID in order for it to establish a trading operation and delivery of BID projects.

6.0 Why Have a Waterfront BID?

The implementation of the BID will result in delivery of significant improvements, providing a private sector-led approach to managing the Waterfront area and attracting more visitors and customer spend. The new BID will enable the city to deliver the Mayflower 400 commemorations, the Waterfront masterplan and other major initiatives and in a way that benefits Waterfront businesses.

7.0 How Will the Waterfront BID Maximise its Impact?

The BID Levy will be paid by every business and ring fenced for projects identified in the final BID Business Plan.

The BID Levy is match funded by Plymouth City Council and other partners to generate further funds from additional sources. This Waterfront BID aims to lever £5 of additional match funding for every £1 of BID levy received from businesses within the Waterfront BID area, to maximise the delivery of project and service improvements.

8.0 Waterfront Service Baselines

The proposed Waterfront BID projects and services will be entirely additional to any services already delivered by Plymouth City Council. PWP will establish a contractual agreement with Plymouth City Council to regularly review Council services delivered within the Waterfront BID area. Once the Waterfront BID has been established, the Council will be contractually obliged to maintain agreed standards to confirm to baseline service level agreements for the following services:

Safety

- Closed Circuit Television (CCTV)
- Licensing and Enforcement
- Street Lighting

Cleanliness

- Street Scene and Waste Services
- Trade Waste Collections
- Domestic Waste Collections
- Public Conveniences

Promotion

- Attractions (inc Smeaton's Tower, Elizabethan House)
- Marketing and Major Events

Statutory

- Planning
- Environmental Health, Health & Safety and Environmental Quality
- Plymouth Trading Standards Service
- Street Trading and Enforcement

Other Services

- Administrative, ICT and Office Space Support
- Car parking
- Maritime Services and Waterfront Slipways
- Tourist Information Centre

Maintenance

- Highways maintenance and management
- Traffic signals and pedestrian crossings

Others

For full details of Baseline Service Level Agreements see: www.waterfrontbid.co.uk

9.0 Waterfront BID Ballot

All non-domestic rate paying businesses within the proposed BID area will be eligible to vote on the final Waterfront BID Business Plan. A four week postal ballot will be held between February 1 and March 1, 2017. The result of the ballot will be publically announced by 8th March 2017.

Each person entitled to vote in the Waterfront BID ballot shall have one vote in respect of each hereditament in the geographical area of the Waterfront BID on which non-domestic rates are payable.

The ballot will have to meet two tests. First, a simple majority (above 50%) of those voting must vote in favour. Second, those voting in favour must represent a majority of the aggregate rateable value of hereditaments voting.

The ballot papers will be forwarded to those ratepayers who are eligible to vote by 1st February 2017 and must be returned by 5pm on 1st March 2017.

10.0 The Waterfront BID Levy, Liability and Collection

The Waterfront BID Levy will be payable by all businesses located within the boundary of the defined Waterfront BID area.

The Waterfront BID Levy will be set on the 1st April 2017, based on the rateable value shown in the 2010 Local Non-Domestic Rating list, updated for any changes in ratepayer appeals, additions and removals from the list to date. For new assessment, splits and mergers (of rateable values) brought into the list between 1st April 2017 and 31st March 2018, the rateable value used will be that as shown in the Non-Domestic Rating 2010 at the date the new or amended assessment is brought into that list. The Waterfront BID Levy will not be adjusted to reflect any changes to the rateable value during 5 years of the Waterfront BID. In addition any “Taken out of Rating” cases will be deleted from the effective date as advised by the Valuation Office Agency to the City Council’s Non-Domestic Rates section. The Waterfront BID levy will be increased each year by the annual inflationary factor for Local Non-Domestic Rate bills as calculated by H.M. Government.

The following types of businesses within the Waterfront BID area will be exempt from paying the BID Levy:

Commercial car parking spaces that are rated separately; concessions; on-street traders, kiosks and promotions; telephone masts, and advertising poster drums. The Waterfront BID Levy will not be reduced where the ratepayer is a charity or non-profit making organisation. The BID levy will also not be affected by the Government’s Small Business Rate Relief Scheme which came into effect on 1st April 2005. The Waterfront BID Levy is payable on the whole rating assessment irrespective if part or all of it is empty. In the case of empty properties, the Waterfront BID levy will be collected at 100% from either the owner or leaseholder (if an occupational lease exists).

The BID levy will be collected by Plymouth City Council annually on 1st April at no cost to the BID. The Council will reimburse the PWP with BID Levies on a monthly basis. The BID Levy collection rate will be 1.5% and the BID Levy will be increased each year by the annual inflationary factor for Local Non-Domestic Rate bills as calculated by H.M Government.

11.0 Governance and Management

The PWP Board of Directors will represent all business sectors currently operating in Plymouth's Waterfront. This will occur by co-option until the first Annual General Meeting. BID Members will be eligible to vote at Annual General Meetings. A Plymouth City Council Cabinet Member will also have a seat on the Board and will be excluded from rotation at Annual General Meetings. The full board will meet quarterly.

The Waterfront BID Advisory Panel operations committee will represent all business sectors and areas of the Waterfront BID area. The Advisory Panel will meet regularly and will be responsible for the delivery of BID projects, with operational sub-groups covering specific themes and projects. Representatives from each of the St Peter & the Waterfront, Sutton & Mount Gould and Plymstock Radford Wards will have a seat on the Advisory Panel.

12.0 Alteration of BID Arrangements

The Waterfront BID area and the BID Levy percentage (other than inflationary increases announced by Government for NNDR) cannot be altered within the five year lifetime without an Alteration Ballot.

The Waterfront BID projects, headings, costs and timescales can be altered by the Board, within the constraints of BID income - providing that the Waterfront BID's aims are adhered to.

The Waterfront BID Advisory Panel management committee and any sub-groups may manage budgets within their areas of speciality.

13.0 Commencement and Duration of the BID

If the Waterfront BID proposal is approved, it will start from 1st April 2017 operate for five years until 31st March 2022. At or before the end of this period, the Board may choose to seek renewal of the Waterfront BID's mandate.

14.0 Projects Identified by Waterfront Businesses

Since October 2015, the Plymouth Waterfront Partnership (PWP) has surveyed more than 800 Waterfront businesses, held formal and informal consultation meetings and organised a major Waterfront Business conference for January 2017. The Waterfront Business Plan and projects within this summary document are the result of the priorities identified by businesses.

Permanent and Dedicated Management

Continue the Waterfront management structure accountable to businesses to prioritise and deliver benefits for all users. Taking control of the trading environment by co-ordinating and championing business and partner efforts to regenerate the area, whilst working in partnership with and holding the City Council to account for delivery of existing services.

Improve Marketing

Deliver a five-year marketing plan supporting the overall city marketing strategy to position Plymouth's Waterfront as a major UK visitor destination targeting new markets including day visitors, short breaks and the US East Coast visitor market. Improved website and visitors guides, promoting Plymouth's waterfront, sailing events and the city as a national conference destination including conference enquiry handling.

Major Events

Continue the major Summer Shore-side Events Programme, by creating major on-shore events that complement existing on-water sports, delivering themed weekend activities.

Visitor Welcome, Access, Signage and Information

Dramatically improve signage and interpretation to tell Plymouth's many stories. Develop enhanced pedestrian and cycling links between the City Centre and Waterfront. Continue to develop linked boat, cycle and pedestrian trails.

Safer Waterfront

Deliver improved management and promotion of shops, pubs and late licensees. Provide a dedicated 24 hour hotline with a one hour rapid response. Work with partners to provide night time street and taxi marshals.

Cleaner Waterfront

Ensure that the Council's cleansing standards are maintained and operationally manage existing Council cleansing staff to ensure a Waterfront rapid response clean team with highly visible blue Waterfront uniforms. Anti-litter campaigns and a community volunteers' programme for regular Waterfront clean ups.

Waterfront Environment

Develop attractive planting schemes to secure award-winning status. Provide Christmas illuminations focused on linking the City Centre with the Barbican. Commission a bespoke 'visitor welcome' training programme for Waterfront staff, bus and taxi drivers.

Inward Investment and Regeneration

Lead economic development in the Waterfront, encouraging new businesses and brands to invest. Coordinate efforts to create mini-destinations nationally famed for their individuality e.g. The Barbican, Sutton Harbour, The Hoe and Royal William Yard. Engage and enthuse the community working with residents groups and businesses city-wide through community crowdfunding schemes, volunteering initiatives and new events.

Lobbying and Influence

With the power of a strong BID mandate, PWP will use its business voice to lobby for: more static/mobile CCTV cameras; better Barbican street lighting; car parking and gateway improvements; improved maintenance and repair of Waterfront public toilets; tackling waste hotspots including using bin stores and seagull proof bins. PWP will also be the primary consultee for City Council strategies and major planning applications within the Waterfront area.

BID Member Benefits

Use the buying power of the BID to provide reduced utility and insurance costs; gain increased networking and advertising opportunities; free listing of BID Members on the Visit Plymouth and PWP websites and membership of Destination Plymouth; reduced cost of Chamber of Commerce and Federation of Small Businesses membership; create a Privilege Card for all Waterfront businesses, with promotional offers on entertainment, food and shopping.

Ref: Dev/ED/ED/Projects/CityCentre&WaterfrontRegeneration/WaterfrontBIDRenewal/CabinetReportDec2016_Final

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