



#plymcabinet

**Democratic and Member Support**

Chief Executive's Department  
Plymouth City Council  
Ballard House  
Plymouth PL1 3BJ

Please ask for Amelia Boulter  
T 01752 304570  
E [amelia.boulter@plymouth.gov.uk](mailto:amelia.boulter@plymouth.gov.uk)  
[www.plymouth.gov.uk/democracy](http://www.plymouth.gov.uk/democracy)  
Published 30 January 2017

## Cabinet

Tuesday 7 February 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

## Agenda

### Part I (Public Meeting)

#### 1. Apologies

To receive apologies for absence submitted by Cabinet Members.

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

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

#### 3. Minutes (Pages 3 - 8)

To sign and confirm as a correct record the minutes of the meeting held on 17 January 2017.

#### 4. Questions from the Public

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

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

#### 5. Chair's Urgent Business

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

#### 6. Mayflower 400 National Trails Programme (Pages 9 - 22)

Councillor Jordan will present the Mayflower 400 National Trails Programme.

A background paper (the equality impact assessment) can be assessed at the Council's website Councillors, Committees and meetings/Committee Meetings/Library/Cabinet background papers 201617 or using the following link - <http://tinyurl.com/hvbnbn3>

**7. Response to the Budget Scrutiny Report on the Budget 2017 TO FOLLOW - 18**

Tracey Lee (Chief Executive) will submit the response to the Budget Scrutiny Report on the Budget 2017 – 18.

**8. Budget 2017 - 18 (Pages 23 - 36)**

Councillor Darcy will present the Budget 2017 – 18 report.

A background paper (the equality impact assessment) can be assessed at the Council's website Councillors, Committees and meetings/Committee Meetings/Library/Cabinet background papers 2016/17 or using the following link - <http://tinyurl.com/zneeezz>

**9. Capital and Revenue Monitoring Report 2016/17 – Quarter 3 (Pages 37 - 64)**

Councillor Darcy will present the Capital and Corporate Revenue Monitoring Report 2016/17 – Quarter 3.

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DECLARING INTERESTS – QUESTIONS TO ASK YOURSELF

What matters are being discussed?



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

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

No

Yes




Declare interest and leave (or obtain a dispensation)




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



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

Yes      No       You can speak and vote



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

Yes      No

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

Declare the interest and speak and vote

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

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

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**Cabinet****Tuesday 17 January 2017****PRESENT:**

Councillor Nicholson, in the 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), Ruth Harrell (Director of Public Health), Andrew Hardingham (Assistant Director of Finance), Emma Rose (Strategic Development Manager), Lou Hayward (Assistant Director for Street Services), David List (General Manager, Tamar Bridge and Torpoint Ferry Joint Committee), Simon Arthurs (Senior Financial Analyst), Patrick Knight (Economy, Partnerships and Regeneration Manager), Chris Arscott (Chairman, Plymouth Waterfront Partnership) and Amelia Boulter (Democratic Support Officer).

Apologies for absence: Councillor Bowyer, Lesa Anear (Strategic Director for Transformation and Change) and Anthony Payne (Strategic Director for Place).

The meeting started at 4.00 pm and finished at 4.50 pm.

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

47. **Declarations of Interest**

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

48. **Minutes**

Agreed the minutes of the meeting held on 6 December 2016.

49. **Questions from the Public**

Two questions were submitted by the public. Andrew Kerswell and Alison Casey were present at the meeting to ask their questions.

Question submitted by: Andrew Kerswell
To the Cabinet Member for Transport and Housing Delivery – Councillor Ricketts
Question:  This council claims to support the vulnerable this decision just shows you do not it's the most vulnerable this hits hardest. Disabled persons are least who can afford this increase let alone be able to walk, or stand to pay handle the ticket or coins so can you reconsider this?

Response:

On the 6th December 2016 the Council announced a range of proposals relating to parking, as part of a Parking Modernisation Plan; proposals which the Council advised would be subject to consultation.

A meeting has already undertaken with the Plymouth Disability Action Network in relation to the proposals relating to blue badge holders and the Council will shortly announce details of when the consultation will commence on these proposals. The consultation period will run for 21 days and include details of the proposals published in the media and advertised through notices placed within car parks and On Street locations. Anyone is able to make representations in relation to any, or all, of the proposals during the consultation period.

All of the proposals, including those relating to blue badge holders, will be considered once the consultation has concluded. This enables the Council to review and consider all representations received, whereby the Council will then decide whether to implement, or not to implement, any of the proposals.

Question submitted by: Alison Casey

To the Leader of the Council – Councillor Bowyer

Question:

According to homeless organisations in Plymouth we still have a problem with homeless and rough sleepers. If this is correct – my question is:

Couldn't Plymouth follow the incentive that Exeter city council has taken by opening up one of their empty premises - if funding was available to run this?

Response:

We are proud of our recent history on homelessness in the City and continue to work closely with homeless organisations in Plymouth, but would agree there is more work to do.

We continue to ensure that Homelessness and Rough Sleeping is a priority for us as a city.

We have a good track record of maintaining funding into this sector and work well with our partners and stakeholders and through groups such as the Complex Lives partnership group continue to adapt and improve the single homelessness pathway.

We do not believe that the type of accommodation suggested in the question is needed in Plymouth at this time because currently in Plymouth we have 217 units of supported/hostel accommodation with a further 28 rooms in shared accommodation/move on accommodation with more to come on stream. We are working with all our partner agencies to ensure that we commission the right amount and types of accommodation to meet the complex needs of those who find themselves homeless or rough sleeping.



Partner agencies currently use a central assessment centre which has streamlined the process meaning bed spaces are being utilised more effectively with no voids and the prioritisation process means that those most in need including rough sleepers and those on safesleep are prioritised.

50. **Chair's Urgent Business**

There were no items of Chair's Urgent Business.

51. **Council Tax Base**

Councillor Darcy introduced the Council Tax Base report and it was agreed that Cabinet recommend to Council the approval of the Council Tax Base for 2017/18 as set out in the report.

52. **Council Tax Support Scheme**

Councillor Downie introduced the Council Tax Support Scheme which includes the findings of the council tax support scheme consultation that informs the development of the revised scheme for 2017/18. Councillor Downie highlighted a number of changes to the recommendations.

Agreed that Cabinet recommend to City Council -

- I. That the council tax support scheme is revised to -
  - a. Reduce the period a person can be absent from Great Britain and still receive Council Tax Support to 4 weeks.
  - b. 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.
  - c. Remove the additional earnings disregard and apply the standard earnings disregards regardless of hours worked to those claimants who receive Universal Credit.
  - d. Assume a set minimum income within the calculation of Council Tax Support for self-employed earners after a 1 year's self-employment (implementation delayed until 2018/19 financial year).
  - e. Remove the work related activity component in the calculation of the current scheme for new Employment and Support claimants (implementation delayed until 2018/19 financial year).
2. To approve the revised exceptional hardship policy.

53. **Tamar Bridge and Torpoint Ferry - 2017/18 Revenue Estimates and Capital Programme**

Councillor Nicholson presented the Tamar Bridge Torpoint Ferry Joint Committee's (TBTFJC) 2017/18 Revenue Estimates and Capital Programme report submitted to TBTFJC on 24 November 2016 and the draft minutes recording the endorsement.

Agreed that Cabinet recommends the Tamar Bridge Torpoint Ferry Joint Committee's 2017/2018 Revenue Estimates and Capital Programme to Full Council for approval.

54. **Pensions (DELTA)**

Councillor Darcy introduced his paper on Pensions (DELTA) which seeks 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 DELTA. This change is intended to create a better position for DELTA to grow. DELTA obtained admitted body status (ABS) and closed the LGPS to new DELTA employees in May 2016.

Agreed that:

1. Approve the change of pension arrangements with effect from the 1 April 2016 so that the Council make provision for DELTA LGPS pension liabilities at the end of the DELTA contract on the Council's Balance Sheet rather than on DELTA'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, DELTA and to represent the Council to amend the Pensions Admission Agreement and any other contract to reflect the proposed changes.
4. Instruct the Councils DELTA Owner shareholder representative to advise the DELTA Board to amend DELTA's employers' contribution rate for the DELTA LGPS employees for the remainder of the DELTA contract (from 12.0%).

55. **Treasury Management Strategy**

Councillor Darcy presented the Treasury Management Strategy. 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.

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

56. **Waterfront BID Review**

Councillor Jordan presented the Waterfront BID review. 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.

Chris Arscott, Chairman of the Waterfront BID acknowledged Plymouth City Council's support for the Waterfront BID and highlighted popular events that have taken place on the waterfront. The BID would improve business profitability; celebrate heritage and community engagement whilst making the most of Mayflower 400.

Agreed that 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 4 independent scrutiny of the Business Improvement District proposals.

**PLYMOUTH CITY COUNCIL**

<b>Subject:</b>	Mayflower 400 National Trails Programme
<b>Committee:</b>	Cabinet
<b>Date:</b>	7 February 2017
<b>Cabinet Member:</b>	Councillor Glenn Jordan
<b>CMT Member:</b>	Anthony Payne (Strategic Director for Place)
<b>Author:</b>	Catherine Dilloway (Project Manager)
<b>Contact details</b>	Tel: 01752 305440 Email: catherine.dilloway@plymouth.gov.uk
<b>Ref:</b>	01860/16
<b>Key Decision:</b>	Yes
<b>Part:</b>	I

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**Purpose of the report:**

The Mayflower 400 Programme will ensure that Plymouth maximises the opportunities presented by the 400<sup>th</sup> anniversary of the journey of the Mayflower from Plymouth to the US in 2020. Exploiting Plymouth's great natural and heritage assets, the programme will modernise the city and help stimulate an economic renaissance attracting jobs and commercial opportunities. Alongside this, it proposes a transatlantic cultural celebration fit for a global audience. It will provide a legacy for the city as a first class cultural destination, touching residents, friends and visitors alike for generations to come.

The need to approach the city's heritage assets in a joined up manner is enhanced by guidance from the Heritage Lottery Fund (HLF). The HLF have encouraged Plymouth on behalf of the ten Mayflower Compact national destinations to apply for funding of up to £5 million across the partnership, with a bid suggested for spring 2017.

The Mayflower 400 National Trails Programme encompasses ten destinations in England who will research and celebrate their community's part in this international story. The National Trails Programme binds the chapters of this story together and showcases each destinations Mayflower heritage artefacts to local regional and international audiences. It asks people to consider the modern day relevance of the themes of religious difference, tolerance, migration and diversity.

Feasibility studies have been undertaken which have identified the scope of works needed to achieve the city's as well as the National Trail Programme aspirations.

This report seeks approval for Plymouth to lead on the National Trail Programme HLF bid and for the funding to deliver the capital projects which will form the Plymouth Mayflower 400 offer.

**The Corporate Plan 2016 - 19:**

**PIONEERING PLYMOUTH** - Many of Plymouth's key existing heritage assets do not provide optimum value to the city, either due to their poor condition or through the lack of a coherent narrative to draw visitors to the city and drive footfall between locations. This capital project will

connect to the current History Centre project and will provide the foundation to address these challenges and access relevant funding, enabling the creation of a renewed heritage offer leading into 2020 and continuing with a legacy beyond. Increasing the city's heritage assets will bring in additional visitors but also increase dwell time, visitor spend and economic impact, creating jobs.

**GROWING PLYMOUTH** - Mayflower 400 proposes to realise significant benefits to the city's economy. Across all associated projects, the impact is estimated at 5,407 FTE jobs and £256m GVA for the Plymouth drive to work area. Investment in Plymouth's heritage is key to the realisation of these benefits, in order to create a visitor offer that draws in additional tourists and shows the city in the best possible light, exploiting the international attention attached to the Mayflower 400 commemoration. Mayflower 400 will showcase the city internationally, which will raise its profile as an attractive place to live, visit, and invest. £500,000 of funding has already been secured from Visit Britain to promote the Mayflower trail to the US market. This is an opportunity to position the City the heart of an internationally significant commemoration.

**CARING PLYMOUTH** - The Mayflower Programme will put citizens at the heart of decision making, providing meaningful opportunities for residents to inform decisions about how resources are allocated, for example in the relation to public realm improvements. Citizens will also be mobilized to shape the celebration through a wide reaching engagement programme, promoting social inclusion and personal development by enabling community events, cultural activities and creating volunteering opportunities. The programme will reduce social inequality by generating additional employment opportunities and targeting resources in traditionally excluded communities ensuring that the Mayflower celebration involves the city as a whole. Health inequality will be addressed through investment made in public spaces, encouraging residents to engage in healthy leisure activities such as walking and leaving a legacy of well-being.

**CONFIDENT PLYMOUTH** - Plymouth has a unique history, particularly in relation to navy and maritime events that extend beyond the Mayflower voyage, including Sir Francis Drake, Sir William Hawkins and associated expeditions to Africa, HMS Endeavour and the second voyage of HMS Beagle, carrying Sir Charles Darwin. However, Plymouth's story is often underplayed, weakening the city's brand. The proposed project will focus on creating a joined up heritage offer, bringing to the fore key narratives in a cohesive manner, so generating community pride in the city's achievements reinforcing Plymouth's status as 'Britain's Ocean City'. This will be supported through wider investment achieved through the Mayflower Programme, which will improve Plymouth's public realm and heritage and cultural offers, making the city a more exciting place in which to live and work. The investment requested will support Plymouth's lead role in the national and international Mayflower agenda, asserting the city's voice and building confidence in our ability to host world-class events. Furthermore, the investment will enable employees to act as ambassadors for the city and Council across a range of forums including sports, heritage and culture, trade and education, highlighting the authority's ambitious agenda for Plymouth and demonstrating pride in the difference we can make.

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

The Mayflower 400 National Trails Programme is projected to be a £11.8m national project of which Plymouth will contribute £2m. In addition we will support the Programme with a further £3m of capital works to our historic houses, public realm and water event infrastructure giving a £5m total capital contribution. This is in addition to the £14.34m of wider major projects including hotel developments, aspirations for a Cruise Terminal, Railway Station redevelopment and

History Centre projects and the £1.5m previously allocated in the Capital Programme for Public Realm Maintenance.

The revenue implications of the projects need to be further defined and funding identified before the business case is considered at the City Council Investment Board and provision is made in the Capital Programme.

The tax implications of the works to the historic houses are being identified as this may have an impact on the timing of the works due to the implications for the Councils overall tax position.

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

At the moment there is not a broad level of knowledge in communities of the Mayflower story. Many of the values and issues connected to the Mayflower such as migration, tolerance, freedom of religion and exploration have contemporary relevance. Therefore Mayflower 400 is an opportunity to use heritage to inform the present and future. This is particularly pertinent when working with children and young people and in the designing of the education and broader engagement programme. The heritage of Mayflower 400 is also important as creates social community value through participatory projects. Communities will be directly involved in the co-design and co-commission of projects for the Trail Programme, encouraging ownership and participation. This will bring communities together and encourage social mobility an engagement in Mayflower 400

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## **Equality and Diversity**

Has an Equality Impact Assessment been undertaken? Yes

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

It is recommended that Cabinet, having considered the benefits set out in this report:

1. Commit to leading and participating in the National Trail Programme of heritage and cultural works and activities to commemorate the 400<sup>th</sup> anniversary of the sailing of the Pilgrim Fathers to America on the Mayflower ship in 2020 and the other necessary supporting projects outlined in this report.

Reason: The Mayflower 400 Programme will ensure that Plymouth optimizes the opportunities presented by the 400<sup>th</sup> anniversary of the journey of the Mayflower from Plymouth to the US in 2020. Exploiting Plymouth's great natural and heritage assets, the programme will modernise the city and help stimulate an economic renaissance attracting jobs and commercial opportunities.

2. Recommend provision of £5m to be included in the Councils Capital Budget to deliver the project. Procurement activities and contract award decisions in relation to the projects will be undertaken in accordance with the Council's Constitution. Given the prestigious nature

and firm timeline associated with this anniversary, early engagement with procurement should be undertaken to develop a pipeline of activity.

Reason: Without the capital funding it will not be possible to leaver in additional funding locally and nationally and achieve the benefits set out in this report.

3. Delegate authority to the Strategic Director for Place to submit funding bids to support these projects including bids to the Heritage Lottery Fund, Arts Council, and Coastal Communities Fund using up to £5m of Council funding for match funding/leverage requirements.

Reason: To maximise the funding opportunities available to the Council to deliver the cultural, economic, community and educational benefits of Mayflower 400 for the City.

4. Note that there will be a revenue requirement to the National Trail. The ongoing maintenance requirements will be confirmed in the project Business Case(s) considered by the Leader before the funding is committed to the Capital Programme.

Reason: Providing new trail infrastructure will have a maintenance requirement for repairs and cleaning.

Accepting these recommendations will offer the security that the Heritage Lottery Fund will demand in demonstrating the Council’s commitment to match funding and will allow officers to undertake the necessary consultation to establish public support for the proposals.

**Alternative options considered and rejected:**

If the Mayflower trails and associated projects are not developed the opportunities to encourage visitors to Plymouth in 2020 will not be fully maximised, nor will there be a tangible legacy thereafter.

**Published work / information:**

**Background papers:**

Title	Part I	Part II	Exemption Paragraph Number						
			1	2	3	4	5	6	7
<a href="#">Equality Impact Assessment</a>	x								
<a href="#">Mayflower 400 Feasibility Report, Metaphor, August 2016</a>		x							
<a href="#">Elizabethan House, High Tech Services</a>		x							
<a href="#">Merchants House, High Tech Services</a>		x							

**Sign off:**



Fin	RD FIN1 617 155	Leg	ALT /272 79.	Mon Off	DV S2 73 11.	HR	N/A	Assets	JW 007 5 10/0 1/17	IT	N/ A	Strat Proc	HG/ SP U/4 41/ CP/ 011 7.
Originating SMT Member: David Draffan													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

## **1.0 PROJECT OVERVIEW**

- 1.1 The Mayflower 400 National Trails Programme brings to life the story of the Mayflower Pilgrims from their beginnings in north Nottinghamshire, the people; their journey and their ship – the Mayflower – and their voyage from their final departure in Plymouth, England to the USA where they were welcomed and supported by the Wampanoag Native American Indians. On 21 November 1620 the Mayflower Pilgrim's signed the Mayflower Compact which, in turn, became the model for the American Constitution upon which modern day America is founded.
- 1.2 The National Trails Programme currently encompasses ten destinations in England who will research and celebrate their community's part in this international story. The Programme binds the chapters of this story together and showcases each destinations Mayflower heritage artefacts to local regional and international audiences. It asks people to consider the modern day relevance of the themes of religious difference, tolerance, migration and diversity.
- 1.3. The heritage of the Mayflower is important and valued for a number of reasons. Animating the geographical distinctive narratives will engage local people in their local heritage improve and develop knowledge of Mayflower and contribute towards developing civic pride and place making. It will also attract visitors to destinations, wanting to participate in the Mayflower visitor experience and so have an impact upon the cultural and visitor economy, create jobs and increase volunteering in destinations.
- 1.4 Mayflower 400 will be a far reaching programme of activities and investment on a transformational scale, and will act as a platform for an international commemoration of the remarkable relationship between our nations which began with the Pilgrims journey and the Mayflower in 1620.
- 1.5 High level ambitions include:
- United States Presidential and British and Dutch Royal visits
  - The 'Mayflower Muster' an international gathering of the military community celebrating over a century of strong military alliance and comradeship between our armed forces
  - A multi faith gathering celebrating our shared values
  - A tribute to the Native American Nation
  - A grand 'Mayflower Reunion'- welcoming back to the United Kingdom many members of the Mayflower Descendants drawn from the millions of Americans living today who can trace their genealogy directly back to one of the 102 passengers on board the Mayflower.
- 1.6 Locally there is a desire to make Plymouth a more attractive cultural and heritage visitor destination and protect some of the City's most at risk and valuable heritage assets.
- 1.7 A national 'Mayflower 400 Compact Partnership' was formed in July 2015 including:
- |                         |                                   |
|-------------------------|-----------------------------------|
| ▪ Plymouth              | ▪ Immingham                       |
| ▪ Dartmouth             | ▪ Gainsborough                    |
| ▪ Southampton           | ▪ Boston, Lincolnshire            |
| ▪ Harwich and Tendering | ▪ Austerfield, Doncaster          |
| ▪ Southwark             | ▪ Bassetlaw, Scrooby and Babworth |

and their wider county regions. The locations are working together to develop Mayflower 400 activities and secure investment.

## 2.0 THE CAPITAL WORKS PROGRAMME

2.1 The Mayflower 400 capital ask is for £5m. This will support the following projects which are detailed further below:

Mayflower Heritage Trails Programme	£2m
Public Realm Works	£1m
Historic Houses	£1.3m
Mayflower Monument	£0.5m
Water Event Infrastructure	£0.2m
Total	£5m

### a. The Mayflower Heritage Trails Programme - Estimated capital cost £2m

#### *National Trails Programme*

2.2 The 'Mayflower product' for England has never previously been viewed overall as a cohesive historic asset for the nation; symbolic of its special relationship and widely embedded history with the American nation. At best the current offer is a disparate collection of historic buildings and artefacts spread around England and thinly stitched together by an inconsistent narrative.

2.3 A major national heritage trail which is rich in storytelling is proposed which will link the Compact partner locations and encourage visitors to the UK from the US and Holland, and stimulate domestic tourism; notably over 25 million Americans are descended from the Pilgrims who sailed on the Mayflower in 1620. Many Dutch nationals are also descended from the Pilgrims.

2.4 Each trail will be inspirational, participative and interactive, drawing in everyone from local communities to global visitors. Connected themed itineraries will use innovative technology, art, education and cultural programs. The trail is anticipated to deliver high economic, cultural and community impacts pre, during and post 2020.

2.5 A feasibility study involving all of the Compact partner locations has identified their key assets and explored how they can be improved and connected to provide compelling visitor itineraries and exhibits or attractions with a world class experience.

2.6 A national series of trails has been developed and an activity and an engagement programme is being developed to meet the HLF outcomes for Heritage, People and Communities. Initial meetings with the compact partners have progressed well and the Compact Partnership members will shortly confirm their inclusion in the bid and the match funding they can contribute.

2.7 It is intended that all of the trail destinations will share elements of common trail infrastructure which will include:

- A series of 'markers', poles that are topped with bespoke icons co-designed with local communities and artists
- Low maintenance floor set direction markers to guide people along the trails

- Interpretation signage telling the unique story of each heritage destination along the trails
- A commemorative artwork which explains the link between all of the trail destinations and potentially includes a digital time capsule to encase a digital report of the Mayflower 400 celebrations.

2.8 Proposals for Plymouth also involve building on the existing way finding 'monolith' signs in Plymouth city centre, adding more, redesigning the graphics and digitising some of them to carry up to date streamed information about culture and events.

2.9 Some of the destinations have started to develop their own capital programmes and feasibility studies to determine capital expenditure and revenue requirements. It is anticipated that capital projects from other partner destinations will be in the region of £4.5 to 7 million

In particular, Bassetlaw, Southwark and Southampton are all progressing significant projects alongside Plymouth.

### ***Plymouth Trails Programme***

2.10 We have identified three trails in Plymouth that will make it easier for local communities and visitors to navigate the city, connect them to Plymouth's many treasures and communities and allow them to engage in live and digital events:

- A Mayflower trail based in the historic Barbican area which will take the visitor on a journey back to the 16th and 17th centuries. The density of historic buildings in the area, including its significant cobbled paving, will encourage the visitors' sense of immersion into Plymouth's Elizabethan and Jacobean past. The Barbican and the Mayflower Steps already act as a strong draw for visitors to Plymouth, so the challenge posed by the Mayflower trail is to connect up the offers in the Barbican area with a strong narrative, which will satisfy the visitor and leave a lasting impression. The trail is intended to be theatrical, authentic and entertaining, appealing to adults and children alike. Visitors will be directed to stroll down New Street, which will feel like an authentic, Elizabethan street. This will be achieved through the staging of immersive street performances using costumed interpreters. Plymouth Culture have secured £500k from the Treasury, which is being administered by the Arts Council and is available from 2018 for cultural programming up to and including 2020 to achieve this. Events will also animate the streetscape during the summer months, but priority should be given to improving the public offer all year round, to ensure repeat visits and longer dwell time in the Barbican. Revenue costs for this in 2020 will be included in the Heritage Lottery Fund application and subsequently legacy activities could be provided through the Elizabethan House operation and Plymouth Culture on an on-going basis. The Elizabethan House business case is currently being developed in conjunction with the History Centre and Smeatons Tower.
- A trail helping visitors to navigate between The Barbican and the city's new History Centre
- A trail tracing the journey along the Hoe, looking out towards Plymouth Sound.

2.11 As for the national trail, the Plymouth trails will comprise a suite of physical infrastructure likely to comprise:

- A series of 'markers', poles that are topped with bespoke icons co-designed with local communities and artists
- Floor set direction markers to guide people along the trails

- Interpretation signage telling the unique story of each heritage destination along the trails
- A commemorative artwork which explains the link between all of the trail destinations and potentially includes a digital time capsule to encase a digital report of the Mayflower 400 celebrations.

### **b. Public Realm Works - Estimated capital contribution £1m**

2.12 Targeted public realm works will enhance the trails and visitor experience.

- The Mayflower Steps and Mayflower Centre (£850k)** - The steps are a tangible expression of the idea that 'it happened here' – but increased interpretation around the site needs to direct visitors to consider the significance of the historic journey. The Mayflower Centre contains the only current interpretation of the Mayflower story.
- Sir John Hawkins Square (£100k)** - This key public space on the History Centre trail behind the law courts between the Merchants House and Prysten House offers an opportunity to rest and relax in a quiet location shaded by trees. This space is currently poorly laid out and is inaccessible for buggys and wheelchairs. It is therefore a significant barrier to the use of the trail. Enhanced seating areas for adjacent businesses could provide an income towards the maintenance of the landscaping through additional rent/street trading income.
- Prysten House (£25k)** - This historic Elizabethan building houses historic American plaques but most visitors to the city do not feel as if they may enter it as it is a private restaurant. New external interpretation panels and public realm enhancements will create an interesting destination on the History Centre trail.
- Entrance to Southside Street - The Globe (£25k)** - This key gateway to the Barbican is located on two of the Mayflower trails. The Globe is to be retained but the interpretation below it is outdated and superseded by the monolith scheme and therefore needs to be removed. The current use as a commercial bin store is unsightly and new bin storage options need to be explored.

2.13 These interventions stand alongside the wider £1.5m 'Pilgrim' Public Realm Works and will comply with all design codes developed for City Centre public realm works to ensure that a cohesive streetscene is provided and that the trails are accessible to everyone.

### **c. Historic Houses– Estimated capital contribution £1.3m**

- The Elizabethan and Merchants House are Grade II\* Elizabethan buildings which lie within the Barbican Conservation Area, along two of the trail routes. They are currently closed but were last used as museums. Structural Engineers reports have been undertaken for both properties and both have significant issues affecting their building fabric which urgently need to be resolved to prevent further decline. The opening hours and charging policy are being reviewed as part of the joint History Centre organisational Business Case to improve public access and ensure ongoing sustainability. This process will also ensure that the tax implications of the works are well understood.
- The Elizabethan House (£1m)** - Is proposed to be renovated and become a living history museum. It will offer an intense moment of 'Elizabethan-ness' so that visitors continuing on their journey along the Mayflower Trails will see the streets with 16th century eyes. Dennis Severs House in Spitalfields is an example of the immersive room sets that the Elizabethan House could offer. The building fabric repairs are estimated at £500k and the internal refit of the building to create the new museum and provide modern facilities will cost a further £500k.

- i. **The Merchants House (£300k)** – The structural engineers report has confirmed that urgent repair works are required to the building fabric to minimise further degradation which are estimated to cost in the region of £300k, with modernisation of the building and fit out costs additional to that.

**d. The Mayflower Monument - Estimated capital contribution £0.5m**

- 2.14 One of the “Signature Mayflower Projects” is for a world class monument/artwork to be commissioned within Plymouth which commemorates the story of the Mayflower and becomes a major visitor attraction for Plymouth UK. The artwork would be finished in 2019 and publicly unveiled in early 2020. The intention is that the work will celebrate and commemorate the sailing of Mayflower and the relationship with the United States of America and Holland. This will become a major element of the Mayflower 400 programme and leave a substantial legacy, becoming a major visitor attraction for the city. The commission could include a touring arts programme visiting all destinations to give it a truly national dimension.
- 2.15 The artwork has a potential value of £1.21m. Discussions have taken place with The Arts Council and they have suggested their ‘Ambition for Excellence’ funding programme. £500k of Council funding could leaver in £600k of Arts Council funding as well as potentially £50k each from the Henry Moore Foundation and Art Fund. £10k has already been pledged from the General Society of Mayflower Descendants (GSMD). The funding sources are competitive and strong dialogue with the funders is already underway. Strong match funding is essential to demonstrating the Councils commitment to the Monument and will increase the chance of funding being awarded. There is also a potential associated £250k Arts Council funded Regional Touring Programme which could see the benefit of this commission further spread to the other Mayflower Compact destinations.
- 2.16 A Commissioning Partnership will be established to oversee the Mayflower Monument project.
- 2.17 Plymouth (US) and Leiden (Holland) are also interested in commissioning a piece of public art to commemorate Mayflower. This could be an international co-located project, which would be unique pioneering. However as the funding for the international aspect is currently not in place and the timescales to deliver the project we intend to proceed with the UK only monument with the option to convert it into an international piece should our partner destinations secure funding.
- 2.18 The commission has the following aims:
- Facilitate a meaningful encounter with the legacy and ideas of Mayflower
  - Connect with local people and be accessible
  - Create a world class and enduring art commission relating to maritime heritage, the Mayflower Story and the values of Mayflower 400
  - Stimulate cultural visitors to the city and be a distinctive cultural icon for Plymouth and the region

**e. Supporting Water Access and Event Infrastructure - Estimated capital contribution £0.2m**

- 2.19 In order to support prestigious water events which bring significant visitors and spend to the city, a flexible event pontoon which can be attached to the Commercial Wharf landing stage is required. This will provide berthing space for 30 40-50ft boats or 15 100ft boats to

support water events which are a key aspect of the Councils 'Britain's Ocean City' events programme.

- 2.20 For 2020, Plymouth aspires to hosting high profile and connected club and community sailing events as part of the Mayflower celebrations and the availability of the pontoon will enable this to happen. The new pontoon close to Commercial Wharf will:
- give vessels greater public visibility and provide visitor spectacle during the event
  - contribute to increased visitor spend by the crews and the increased visitors viewing the boats
- 2.21 The event pontoon will be installed ready for summer 2017 and will provide a legacy which will reduce the cost of holding future water events. It will also enable us to secure the future of the bi-annual Fastnet race in Plymouth which has been held here for 90 years but is currently under review by the organisers. The pontoon will increase the attractiveness of remaining here and allow the negotiation of a longer term contract for the event to stay in Plymouth. Fastnet typically brings around 380 entrants to the city of which around 140 require moorings for 4-5 days.
- 2.22 Other events which would have benefitted from the pontoon include the 2016 Transat and the 2013 La Solitaire Du Figaro. Costs associated with these events would have been avoided had the event pontoon been available.
- 2.23 The pontoon will be installed for events and dry stored at other times.

### **Wider Capital Commitments**

- 2.24 A wider range of high profile projects are linked to Mayflower 400, including the History Centre, Cruise terminal, Railway Station, hotel and public realm developments. These are not included in the scope of this paper and will or have been submitted to the City Council Investment Board independently for inclusion in the Capital Programme.
- 2.25 £14.34 million has already been committed to the 2020 commemoration by the Council, and further investment may be required to support the development of a cruise terminal, which is estimated to be in the region of £2 million.
- 2.26 Irrespective of any further investment, this will ensure that Plymouth's visitor experience, supporting transport and accommodation infrastructure offers are transformed prior to 2020, and lead to the generation of around 1,700 jobs which are expected to be created through an increase in visitor numbers and subsequent economic impact.

### **Discover England Fund – up to £1.2 million to market internationally**

- 2.27 The National Trails Programme offers clear opportunities to generate additional visits and spend from international visitors, through a combination of targeted promotional activity, a programme of product development to improve the nation's capability to inspire additional visits, enable potential visitors to better access the product by encouraging greater international connectivity, improving visitors' ability to research and plan a trip, both geographically and thematically, increasing the amount of product sold through the travel trade, capitalising on the strong international education sector and facilitating the growth of the Business Visits and Events sector.

- 2.28 An Expression of Interest has been submitted to the Discover England Fund by Destination Plymouth and if we are invited to submit a full application the deadline for that will be March 2017. If the application is successful, we would start the project in June 2017, running until March 2019. The focus would be on United States and Canadian visitors.

### 3.0 CAPITAL REQUIREMENTS

- 3.1 The capital elements of the project will be delivered during 2018-19 and 2019-20 and in total require a £5m contribution from Plymouth City Council. This will be used to lever in additional funding up to 2020 including a Plymouth share of a £5m National Lottery bid, £2-£3m of Coastal Communities Funding, £600k from the Arts Council Ambition for Excellence Fund, £50k Henry Moore Foundation, £50k Art Fund, £10k Mayflower Descendants. This is on top of the £500k from the Treasury that has already been committed for the culture programme and will be administered through the Arts Council. Many smaller contributions are likely through developer contributions and the Business Improvement Districts. The momentum behind this significant national commemoration is building rapidly and it is highly likely that further funding will be identified and levered in from the Council's capital contribution, particularly in view of the many cross cutting themes for example with education, sport, communities, tourism, art and heritage.
- 3.2 The HLF have encouraged Plymouth to lead on and submit to them a bid for a National Trails Programme on behalf of the ten Mayflower Compact Partners. A bid structured this way is unprecedented for the HLF and the bid is expected to have a minimum value of £11.8m with a £5m contribution from the HLF and at least £5m from the compact partners including Plymouth. We intend to submit a Stage 1 bid in March 2017 to enable the projects to be further developed. The promotion of the National Trail will be supported by the £500k Visit England funding which has already been secured. A further £1.2m Discover England Funding has been applied for. These funds will ensure that the required economic benefits of the trail nationally and internationally are realised. The Plymouth element will also form part of a bid to Coastal Communities in 2017 to gain further leverage.

### 4.0 REVENUE FUNDING PACKAGE

- 4.1 The £5m capital requirement will be to be funded through corporate borrowing and provided as a grant to the project. This will be included in the Capital Programme through a business case approved by The Leader of the Council.
- 4.2 Maintenance implications for revenue include:
- i. **Project management and support costs** - Project Management costs to date including commissioning feasibility studies and the development of the local Plymouth and National Partnership HLF bids are currently being covered from the £2.25 million revenue which PCC has ring fenced for Mayflower 400 overall. Should a capital allocation be approved, then these costs will be capitalised and met from the new capital budget. Going forward, project management fees to develop the national trail programme of works will be included in the HLF bid for both the development and delivery phases. A management fee for co-ordinating the partnership will also be included within the grant funding proposal.
  - ii. **Trail infrastructure** - Maintenance and periodical updates of information content re required. Highways and Street Services will be responsible for maintaining the totems, floor plaques and interpretation. Designs will be developed with them to ensure they are low maintenance. It is anticipated that the trail infrastructure will have a revenue



implication but this is not yet defined. It will be identified and included in the business case before the project proceeds to delivery.

- iii. **Public realm projects – Mayflower Steps, Sir John Hawkins Square, Prysten House** - These projects are still being defined but will be designed within the constraints of existing revenue budgets. Opportunities for revenue income e.g. from the lease of outdoor seating areas or sponsorship opportunities will be explored.
- iv. **Historic houses and buildings** - A detailed business case is being developed for a refurbished Elizabethan House Museum and Merchants House The Business Case is based on a consolidated approach with the new History Centre Museum and Art Gallery and Smeaton’s Tower and their longer term organisational approach. The works proposed to the Elizabethan House and Merchants House will address backlog maintenance issues. The viability of the Historic Houses will benefit from the increased footfall from the Mayflower Trails.
- v. **The Mayflower Monument** - The Mayflower Monument will be commissioned by Plymouth Culture. Opportunities are being explored to capture additional visitor spend to the support the maintenance of the monument such as through parking and refreshments which will be identified in the Business Case to the Investment Board.
- vi. **Supporting Water Access and Event Infrastructure** - The event pontoon will have a revenue implication of £12,000 per annum for the costs of storage and setting up the pontoon for events. The revenue budget for the pontoon will be met from existing Economic Development revenue budgets. The pontoon will significantly reduce the current revenue funding requirements for water based events (see section 2.21 above)

4.3 Any additional costs for maintaining the trail infrastructure can be used as match funding towards the HLF bid for a period of up to 5 years post completion.

## 5.0 CONCLUSIONS

- 5.1 Mayflower 400 represents a significant opportunity as a catalyst for Plymouth helping to engage the local community, maximise visitors and drive economic impact through a programme of capital interventions, programming and realisation of previously underutilised assets. Mayflower 400 proposes to realise significant benefits to the city’s economy. Across all associated projects, the impact is estimated at 5,407 FTE jobs and £256m GVA for the Plymouth area. Investment in Plymouth’s heritage is key to the realisation of these benefits, in order to create a visitor offer that draws in additional tourists and shows the city in the best possible light, exploiting the international attention attached to the Mayflower 400 commemoration. Mayflower 400 will showcase the city internationally, which will raise its profile as an attractive place to live, visit, and invest.
- 5.2 The anticipated capital cost of £5 million can be balanced out against potential increases in visitor numbers, community pride and long-term legacy from the projects.
- 5.3 Mayflower 400 must remain powerful and meaningful after the 2020 anniversary year. In particular we are seeking to leave a lasting educational legacy, and to ensure that future generations will recognise the cultural and historic importance of the Mayflower story, and recognise its values of cooperation, understanding of other cultures, and striving to build a better world. To keep Mayflower 400 fresh and relevant we will need to refresh the events programme and content of exhibitions and proposed digital slab signs.
- 5.4 Trails, events and a strong digital offer should all drive foot fall and spend in Plymouth, and contribute to a positive public perception of Plymouth as a tourist destination.

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**PLYMOUTH CITY COUNCIL**

**Subject:** Budget 2017-18  
**Committee:** Cabinet  
**Date:** 7 February 2017  
**Cabinet Member:** Councillor Darcy  
**CMT Member:** Andrew Hardingham  
**Author:** Paul Looby (Head of Financial Planning and Reporting)  
**Contact details:** Tel 01752 3307271  
paul.looby@plymouth.gov.uk

**Ref:**

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

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**Purpose of the report:**

Under the Council's Constitution, Cabinet is required to recommend the 2017/18 Budget to Council.

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**The Corporate Plan 2016/19:**

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

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

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

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

The 2017/18 Draft Budget provides the maximum resources achievable to address key policy areas.

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**Equality and Diversity:**

A full equalities impact assessment is available at (link to be added)

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**Recommendations and Reasons for recommended action:**

1. That Cabinet recommends the 2017/18 Budget to Council.
2. That Cabinet recommends the 2017/18 Flexible Use of Capital Receipts Strategy to Council.
3. That Cabinet recommends the increased Capital Budget of £861m to Council.
4. The MTFS to be updated to reflect the new Capital Budget.

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**Alternative options considered and rejected:**

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There are no alternative options.

**Published work / information:**

**Background papers:**

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

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**Sign off:**

Fin	pc1617.63	Leg	DVS27410	Mon Off		H R		Ass ets	IT	Strat Proc	
Originating SMT Member Andrew Hardingham											
Has the Cabinet Member(s) agreed the content of the report? Yes											

## 1.0 National Context

- 1.1 Since the 2010 Spending Review continuing Government austerity measures have resulted in large reductions in local government funding.
- 1.2 2013 saw major changes to how councils receive their funding. Local government became able to retain 50% of business rates. The main funding sources for Plymouth are revenue support grant, business rates and council tax.
- 1.3 Since 2013 the Government has not significantly changed the formula to calculate Plymouth's spending need.
- 1.4 The Government has recently consulted on long term changes to calculating individual authority spending need (fair funding). In its response Plymouth has stressed the unfairness of calculating spending need on past expenditure. Plymouth has argued that spending need should be identified by direct measures for services. Plymouth has also argued that the long term funding of adult social care must be addressed. If implemented these approaches would radically improve Plymouth's funding position.
- 1.5 In 2017-18 Government plans to reduce Plymouth's Core spending power by £2.2m to £184.1m. These are government planning assumptions.

CORE SPENDING POWER					
Plymouth					
Illustrative Core Spending Power of Local Government;					
	2015-16	2016-17	2017-18	2018-19	2019-20
	£ millions	£ millions	£ millions	£ millions	£ millions
Settlement Funding Assessment*	98.9	86.6	77.5	72.6	67.8
Council Tax of which;	90.4	94.1	99.2	104.7	110.4
<i>Council Tax Requirement excluding parish precepts (including base growth and levels increasing by CPI)</i>	90.4	92.2	95.4	98.7	102.1
<i>additional revenue from referendum principle for social care</i>	0.0	1.8	3.8	6.0	8.3
<i>Potential additional Council Tax from £5 referendum principle for all Districts</i>	0.0	0.0	0.0	0.0	0.0
Improved Better Care Fund	0.0	0.0	0.8	5.3	9.5
New Homes Bonus	4.4	5.6	5.3	3.9	3.8
Rural Services Delivery Grant	0.0	0.0	0.0	0.0	0.0
Transition Grant	0.0	0.0	0.0	0.0	0.0
The 2017-18 Adult Social Care Support Grant	0.0	0.0	1.3	0.0	0.0
<b>Core Spending Power</b>	<b>193.7</b>	<b>186.3</b>	<b>184.1</b>	<b>186.5</b>	<b>191.4</b>
Change over the Spending Review period (£ millions)					-2.3
Change over the Spending Review period (% change)					-1.2%
Please see the Core Spending Power Explanatory note for details of the assumptions underpinning the elements of Core Funding					
*2019-20 Settlement Funding Assessment has been modified to include a provisional tariff or top-up adjustment					

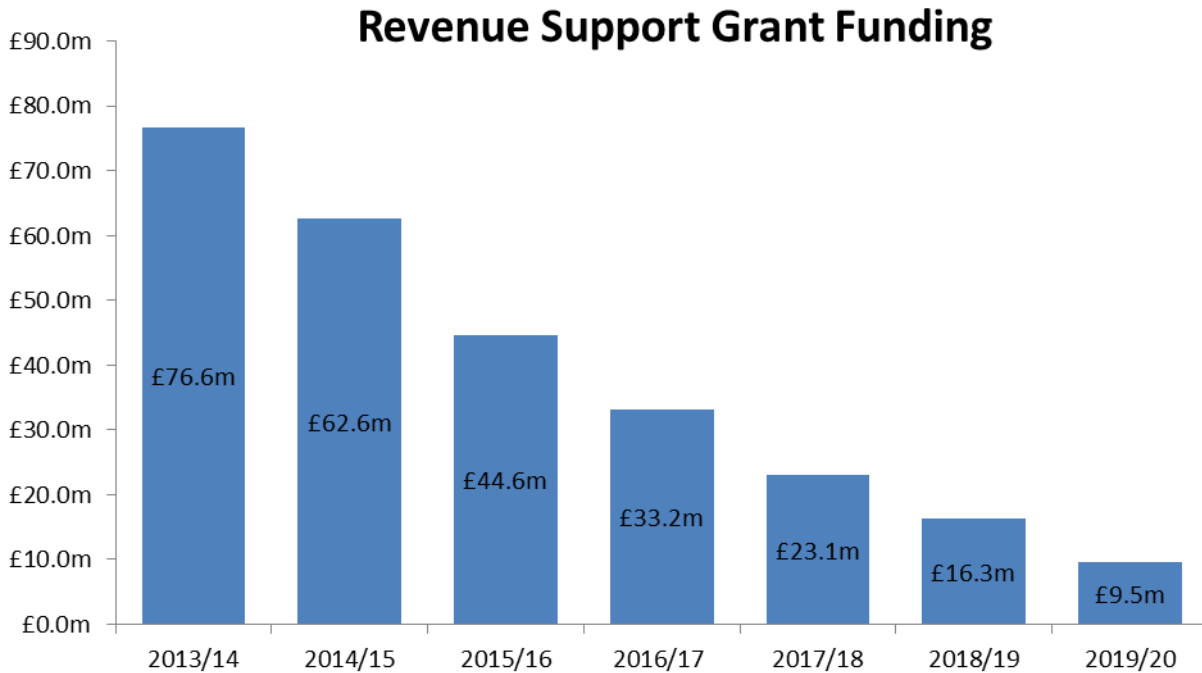
- 1.6 Core Spending Power includes an assumed Settlement Funding Assessment as set out in the table below.

Key Information for Local Authorities				
Plymouth				
	2016-17	2017-18	2018-19	2019-20
Settlement Funding Assessment	86.60	77.54	72.55	67.76
Made up of:				
Revenue Support Grant	33.21	23.06	16.32	9.53
Baseline Funding Level (Business Rates)	53.39	54.48	56.23	58.23
Tariff/Top-Up (Business Rates)	9.24	13.77	14.21	14.71
Tariff/Top-Up adjustment	-	-	-	-
Safety Net Threshold (Business Rates)	49.38	50.39	52.01	53.86
Levy Rate (p in £)	-	-	-	-

- 1.7 To calculate Plymouth's 2017-18 Revenue Support Grant the Government has already assumed that Plymouth will generate an additional £5.1m in council tax. The £5.1m includes an assumed 2% Adult Social Care Precept.
- 1.8 Government calculations also assume the Plymouth will generate an additional £1.09m of locally retained business rates. This is the change in the Baseline Funding Level. The increased top-up adjustment is intended to neutralise the impact of the 2017 revaluation.
- 1.9 The result of these Government calculations is a sharply declining Revenue Support Grant for Plymouth. The chart below shows how Plymouth's Revenue Support grant has fallen since 2013-14.
- 1.10 2017-18 is the second year of the 4-year local government finance settlement that began in 2016-17. The 4-year settlement offers more certainty for the MTFs period, albeit guaranteeing reduced support.
- 1.11 The Local Government Finance Bill 2017 was published 13 January 2017. It provides the mechanism for 100% business rate retention. It also gives new powers to levy additional business rates to Mayoral Combined Authorities. Full details of how the changes will be applied by Government have yet to be announced.
- 1.12 There are also a number of specific grants that are already included in Directorate budgets. Grant reductions have to be borne by those directorates. These reductions are over and above the loss of spending power. Examples are given in 1.13 and 1.14 below.
- 1.13 In 2017-18 the government subsidy for the cost of administering housing benefit has fallen by £0.128m to £1.126m.
- 1.14 The Council's education services grant allocation has fallen by over £1.7m, largely due to academisation. Plans are already in place to save £1.2m of the change, and work is proceeding on the residual £586k.
- 1.15 Similarly the Public Health grant has fallen by £0.398m to £15.735m.

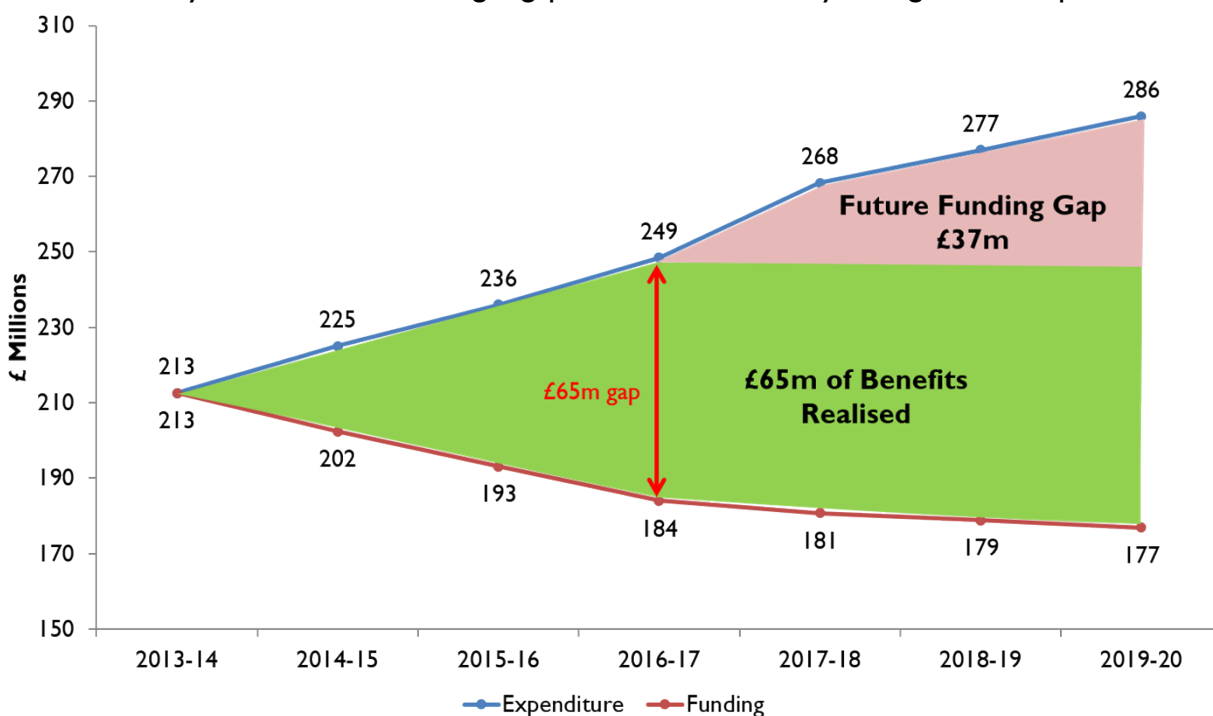
1.16 The context for 2017-18 budget decisions is therefore:

- Falling Revenue Support grant.
- Loss of specific grants.
- It is already assumed councils will generate much higher income local through council tax, precepts and business rates.



## 2.0 Budget Decisions

2.1 The Medium Term Financial Strategy was recommended by 8 November 2016 Cabinet and subsequently approved by 21 November 2016 Council. The Strategy addressed the funding gap for the following three financial years. It builds on the significant benefits achieved over recent financial years. This is the budget gap before the efficiency savings in this report.



- 2.2 The overall budget position at 7 February 2017 is set out in the table below. Details of the transformation savings are provided in Section 2.8.

	2017/18 £m	2018/19 £m	2019/20 £m
	FORECAST		
<b>REVENUE RESOURCES AVAILABLE</b>	<b>181.118</b>	<b>179.546</b>	<b>177.811</b>
Baseline spend requirement	186.702	181.118	179.546
One off savings brought forward	4.876		
Plus identified additional costs	10.536	6.607	6.453
<b>Overall spend requirement</b>	<b>202.114</b>	<b>187.725</b>	<b>185.999</b>
<b>In-year shortfall to be found</b>	<b>20.996</b>	<b>8.179</b>	<b>8.188</b>
<b>Cumulative shortfall</b>	<b>44.867</b>	<b>53.046</b>	<b>61.234</b>
<b>Transformation savings</b>	<b>18.431</b>	<b>5.949</b>	<b>8.270</b>
<b>REVISED SPENDING FOR YEAR</b>	<b>183.683</b>	<b>181.776</b>	<b>177.729</b>
<b>Budget Gap 7 February 2017</b>	<b>2.565</b>	<b>2.230</b>	<b>-0.082</b>

The budget by Directorate is shown in appendix I.

- 2.3 The table below sets out the increased costs that have been allowed in the budget for 2017-18 and the next two years.

Increased costs	2017/18	2018/19	2019/20
	£m	£m	£m
Salary and pension inflation	0.900	0.900	0.900
Pension actuarial review	1.200	0.150	0.150
Adult social care volume pressures	2.756	1.854	1.374
Children's social care volume pressures	1.800		
Major investments	0.550	-0.400	
National Living Wage in adult social care contracts	1.670	3.263	3.479
Plymouth Plan (one-off)	0.210	-0.210	
ICT re-provisioning	0.300	0.300	0.300
Apprenticeship Levy	0.250		
Revenue costs arising from capital investment decisions	0.250	0.250	0.250
Staff costs of Enhanced Voluntary Redundancy Scheme and redundancy		0.500	
National insurance and Insurance Tax Increase	0.050		
Housing Benefit Subsidy	0.500		
Neighbourhood Initiatives	0.100		
<b>Total</b>	<b>10.536</b>	<b>6.607</b>	<b>6.453</b>

- 2.4 Nationally it is recognised that Adult Social Care is a service area under considerable stress and is now at a tipping point as a number of high profile national reports have indicated. Charging residents extra council tax to pay for social care has failed to raise enough money to cover the cost of the new National Living Wage (NLW), let alone address the huge shortfall in funding in the face of increasing demand.



- 2.5 Like the rest of the Council, services in the People Directorate are facing significant external challenges from Welfare Reform, the Care Act, the Cheshire West Supreme Court judgement in respect of Deprivation of Liberty Safeguards, the general state of the economy and the changing structure of the population.
- 2.6 With a continually ageing population with more complex needs these demographic changes are placing unsustainable demands on our statutory adult social care services.
- 2.7 The 2017-18 2% ASC Precept already assumed in the MTFs will generate £1.9m additional funding for 2017-18. This represents 43% of the predicted increased cost of demographic pressures £2.756m and the further impact of the increase in the National Living Wage on our adult care packages of £1.670m totaling £4.426m.
- 2.8 The table below lists the savings that have now been identified for the next three financial years. These reflect the difficult service decisions that have had to be made given the Council's reducing available funding. The £18.431m to be delivered represents 10% of the Council's net budget.

Transformation Savings (£m)	2017/18	2018/19	2019/20
New Homes Bonus	-0.513	-0.431	-0.593
Better Care Fund Gain	0.764	2.522	4.377
Adult Social Care Support Grant (one off)	1.300	-1.300	
<b>Public Health Directorate</b>			
Efficiency savings	0.040	0.003	0.002
Fees & Charges in accordance with Policy	0.108	0.072	0.072
<b>Chief Executive Office</b>			
Efficiency savings	0.255	0.035	0.022
<b>Place Directorate including GAME 2</b>			
City Deal reprofiling	0.100	-0.500	
Real time passenger information	0.024		
ED Systems Review - cost neutrality	0.200		
Commercial Events		0.150	0.050
Dividend from Ernesettle Solar Farm	0.043		
Additional Capitalisation Low Carbon Team Posts	0.025		
Additional Efficiencies	0.213	0.198	0.126
GAME 2 - Asset Investment Fund	0.850	0.350	
GAME 2 - Highways reprocurement	0.250		
GAME 2 - Street Service operations	0.275		
GAME 2 - Strategic Planning Systems Review	0.266		
GAME 2 - Further Service Reviews	0.500		
GAME 2 - Waste Modernisation	0.250	0.500	
Fees & Charges in accordance with Policy	0.053	0.003	0.003
<b>People - One System One Aim</b>			
Integrated delivery	0.775	0.400	0.650
Integrated commissioning	2.225	0.850	1.000
Children, young people, youth and families	1.500	0.750	0.750
Learning + Communities		0.250	0.250
People directorate review	0.500	0.250	0.250
Efficiencies People Directorate	2.117	1.539	0.756
One-off grant maximisation in People 16/17	-2.219		
<b>Transformation of the Corporate Centre</b>			
Legal Department Transformation	0.200		
Transformation Review	0.835	0.500	
Smart working	0.305	0.543	0.234
Systems and IT infrastructure	0.338		
Corporate Training	0.055		

<b>Transformation Savings (£m)</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Administration & Facilities Management	0.125		
Systems Review - Community Facilities	0.470	0.033	
Further Efficiency Savings	0.317	0.294	0.187
Service Centre		0.500	
Fees & Charges Policy	0.026	0.002	0.002
<b>Corporate Items</b>			
Treasury Management/MRP/LOBO	0.500	0.500	1.000
Treasury Management Savings	0.512	-0.114	-0.118
Procurement	0.300	0.300	
Reduction in Reserve	0.150		
Collection Fund Surplus	0.200	-0.200	
Fees & Charges Policy	0.313		
Increase in Investment Diversification	0.200	0.400	0.200
Reduction in Working balances	0.184	0.050	0.050
Flexible use of capital receipts	3.500	-2.500	-1.000
<b>Total Savings</b>	<b>18.431</b>	<b>5.949</b>	<b>8.270</b>

### 3.0 Options to close the Budget Gap

- 3.1 There are a number of options to close the £2.565m budget gap in 2017-18.
- 3.2 The use of additional provisions or reserves is not recommended. A planned reduction in the working balance has already been assumed in the transformation savings, whilst maintaining 5% of net expenditure. Use of balances in any year is a one-off saving and increases the savings tariff in the next financial year.
- 3.3 Further efficiencies could be sought. A high value (£18.431m) of efficiencies has already been identified. Directorates are expected to spend on budget in 2016-17, but are having to accommodate service pressures to do so. It is considered that the focus for any further efficiencies should be 2018-19 given timescales for consultation and implementation.
- 3.4 The referendum limit for a council tax increase is 1.99%. Each additional 1% of Council Tax will generate £0.953m.
- 3.5 The 2017-18 Local Government Finance Settlement, and the Council's MTFs assume a 2% Adult Social Care Precept increase. The settlement also allows the planned 6% increase between 2017-18 and 2019-20 to be brought forward. Increases of up to 3% in 2017-18 and 2018-19 are permissible. The increase over the three years must still not exceed 6%. Increasing the Adult Social Care precept by an additional 1% in 2017-18 would generate and additional one-off gains of £0.953m in 2017-18 and 2018-19.
- 3.6 The Adult Social Care Precept is ring-fenced and the Council will devote any precept to this purpose.

### 4.0 Flexible use of capital receipts policy

- 4.1 The policy set out below is the statutory requirement to put this savings into operation.
- 4.2 There were no projects approved for 2016-17. The projects for 2017-18 are set out in the table below with the anticipated savings

		2017/18 £m	2017/18 £m	2018/19 £m	2019/20 £m
		Cost of project	Will assist in achievement of savings:		
1	Transformation team (part of £2.600m total revenue cost)	1.750	6.425	3.408	0.623
The project cost is part of the 2017/18 revenue budget for the Transformation Team. These savings will assist in achieving the MTFS planned transformation savings across the Council as a whole.					
<b>Impact on prudential indicators</b>					
	Financing costs of capital programme		0.000	0.000	0.000
	Affordability		0.000	0.000	0.000
	Planned capital expenditure		1.750	0.000	0.000
	Planned use of receipts		-1.750	0.000	0.000
	Borrowing requirement		0.000	0.000	0.000
2	Integrated Commissioning Team (part)	1.750	7.117	4.039	3.656
The project cost is part of the 2017/18 revenue budget for the Integrated Commissioning Team. The savings the project will assist in achieving are the MTFS planned One System One Aim savings					
<b>Impact on prudential indicators</b>					
	Financing costs of capital programme		0.000	0.000	0.000
	Affordability		0.000	0.000	0.000
	Planned capital expenditure		1.750	0.000	0.000
	Planned use of receipts		-1.750	0.000	0.000
	Borrowing requirement		0.000	0.000	0.000

## 5.0 Capital

- 5.1 The Plymouth Plan represents the most ambitious set of proposals this City has ever seen. Primarily through its planning vehicle, the Plymouth and South West Devon Joint Local Plan, there are proposals to build 18,200 new homes across the city, create 18,000 new jobs, and to undertake a major investment programme in infrastructure including transport, schools and green space.
- 5.2 This investment will enable Plymouth to become the key economic driver for the far South West; will prepare the Council to show the world how to celebrate for Mayflower 2020; and

will ensure that communities and businesses have the facilities they need to continue to thrive and prosper.

5.3 In addition, the Council has a programme of transformation to enable it to improve its service delivery, as well as plans to invest in land and property that will provide the Council with a significant future income stream.

5.4 To prepare the way for this major investment programme, a thorough review of the capital programme and its governance and management has been undertaken. Further improvements are planned including improved coordination of the Council's investment programmes with other agencies operating in the City. Nevertheless the Council is now making investment decisions in a much more streamlined way whilst at the same time continuing to ensure that it always achieves value for money.

5.5 The current approved capital programme totals £205m from 2016-17 to 2020-21. It includes:

	£m
The flagship History Centre, due for completion in 2020	£27m
Improvements to the transport networks in the northern (£20m) and eastern (£8m) corridors	£28m
New and expanded schools	£4m
The creation of the Oceansgate marine industries campus at South Yard Devonport	£19m
The acquisition of key sites across the city to enable regeneration, and to provide the Council with an income stream	£53m
Major refurbishment of the City Market	£3m
The creation of a high tech play market at Devonport Market Hall	£3m
Highway and footway maintenance and flood defences	£23m
Investment in IT to enable the Council to continue to transform service delivery	£4m

5.6 To enable the Council to target its future investments on the things the City really needs, the programme has been restructured to take a much more strategic approach. It has been reorganised around four key outcomes:

- Delivering the Plymouth Plan
- Generating income
- Maintaining Council assets
- Transforming service delivery

5.7 Further Council investment is now proposed in these four outcomes. In the next five years the Council contribution would increase by £266m, enabling the delivery of projects with a total value of over £417m.

5.8 To fund this level of Council investment it is proposed to use prudential borrowing. Some of the schemes will be self-financing and for some the revenue costs have already been provided for in the MTFS.

5.9 Investments could potentially be funded from a variety of alternatives enabling the borrowing requirement to be reduced including

- Grants
- Additional capital receipts.

These options will be continually evaluated for each scheme.

5.10 The proposed investments are set out in the table below. Every effort will be made to improve the proportion of external funding achieved on each project.

			£m Total cost	£m Plymouth Contribution
To deliver the Plymouth Plan by investing in the infrastructure necessary to enable the city to grow (based on the comprehensive assessment of infrastructure needs contained within the Infrastructure Needs Assessment)	Transport and other infrastructure that eases traffic flow and improves facilities for public and active transport, enabling housing growth and reducing the impact of development on local communities	Woolwell to The George widening	£15.7m	£15.7m
		Northern corridor transport schemes	£43.6m	£24.6m
		Forder Valley Link Road (only project development costs in the current programme). This is additional scheme cost.	£3.9m	£3.9m
		Schools	£26.0m	£5.0m
		Derriford Park	£12.0m	£6.0m
		<b>Total</b>	<b>£101.2m</b>	<b>£55.2m</b>
	Transport, public realm and business infrastructure that eases the flow of traffic, provides essential business premises and creates a more attractive environment, improving business productivity, and enabling economic growth	Public realm improvements at Armada Way and other schemes which will encourage further private investment in the city centre	£49.0m	£27.0m
		A cruise terminal which will support the viability of local hospitality and retail businesses by increasing visitor numbers	£8.0m	£5.0m
		The Mayflower 2020 celebration, which will increase visitor numbers and provide a lasting economic legacy. A detailed report on this project is on the 7 February 2017 Cabinet agenda	£10.0m	£5.0m
		Plymouth Central Station	£40.0m	£5.0m
		Oceansgate	£4.0m	£4.0m
		Millbay Boulevard	£10.0m	£3.0m
		<b>Total</b>	<b>£121.0m</b>	<b>£49.0m</b>
	To generate an increased level of sustainable rental income for the Council by investing in new land and property assets. £100m investment is planned. The further £100m programme is self-financing and will generate income in excess of the cost of borrowing of £0.300m in 2019-20, £0.300m in 2019-20 and £0.400m 2020-21			<b>£100.0m</b>

		£m Total cost	£m Plymouth Contribution
To maintain and improve the Council's assets	Maintaining the highway network	£50.0m	£20.0m
	Maintenance of other city assets	£15.0m	£15.0m
	Undertaking a series of improvements to Central Park, delivering the masterplan	£9.0m	£6.0m
	<b>Total</b>	<b>£74.0m</b>	<b>£41.0m</b>
To transform service delivery by building and procuring infrastructure and assets that enables the Council to change the way it delivers services	Extra care facilities which provide a supported housing environment for elderly people. The capital financing cost would need to be covered in the project business case	£4.0m	£4.0m
	IT infrastructure that enables more efficient ways of delivering services giving residents an improved customer experience. This investment would need to have a self-financing business case.	£11.0m	£11.0m
	An improved bereavement service model, that future proofs the delivery of bereavement services including new and replacement cemetery and crematorium facilities. This will have a self-financing business case.	£6.0m	£6.0m
	<b>Total</b>	<b>£21.0m</b>	<b>£21.0m</b>
<b>Total Proposed Investments</b>		<b>£417.2m</b>	<b>£266.2m</b>

- 5.11 This budget and projects already approved result in an additional £266m of borrowing over the period 2017-18 to 2021-22. This represents an increase in the Council's total borrowing to £517m. By 2021-22 this increases the Council's borrowing prudential indicator from 5.4% of the annual revenue budget to 7.5%.
- 5.12 The external funding environment is rapidly changing and new opportunities are constantly arising. By taking a more organised and proactive approach to identifying, bidding for and then securing, external grants, it is considered there is potential to fund a further 15% of the programme externally. This has not been assumed in the budget figures.
- 5.13 By taking a more aggressive approach to the generation of capital receipts, both through a proactive approach to identifying surplus assets, and over the longer term by purchasing new assets that have the potential for capital growth, there is potential to improve current capital receipts forecasts.
- 5.14 The table below shows the revenue cost of the proposed investment during the MTF period. The forecast cost depends on the profiling of schemes. The timing of schemes may be varied to achieve affordability of the programme

Cost of Borrowing – Capital Programme		2017/18	2018/19	2019/20	2020/21	2021/22	
		£m	£m	£m	£m	£m	
<b>Capital Financing Costs</b>	Woolwell to the George widening	0.006	0.011	0.011	0.061	0.336	
	Other N. Corridor transport schemes	0.159	0.162	0.120	0.165	1.116	
	Forder Valley Link Road	0.033	0.066	0.209			
	Schools		0.070	0.140	0.140		
	Derriford Park		0.028	0.055	0.055	0.268	
	Armada Way public realm		0.041	0.094	0.050	0.288	
	Other City Centre Public Realm			0.138	0.538	0.338	
	Cruise terminal			0.055	0.283		
	Mayflower			0.083	0.255		
	Plymouth Central Station			0.060	0.190		
	Oceansgate future phases					0.060	
	Millbay Boulevard			0.045	0.165		
	Central Park		0.028	0.028	0.215	0.135	
	Highway maintenance		0.135	0.270	0.270	0.338	
	Other corporate assets		0.300	0.300	0.300	0.300	
	<b>Total Cost of Borrowing</b>		<b>0.198</b>	<b>0.840</b>	<b>1.606</b>	<b>2.685</b>	<b>3.177</b>
	<b>Offset MTFS corporate borrowing</b>		<b>-0.250</b>	<b>-0.250</b>	<b>-0.250</b>		
<b>Asset Investment Fund Income</b>		<b>0.000</b>	<b>0.000</b>	<b>-0.300</b>	<b>-0.300</b>	<b>-0.400</b>	
<b>Net Cost of Borrowing</b>		<b>-0.052</b>	<b>0.590</b>	<b>1.056</b>	<b>2.385</b>	<b>2.777</b>	

5.15 Options to meet the funding gap include

- Additional capital receipts to fund the projects in place of borrowing
- Generating additional revenue savings from Council wide budgets
- Increasing the Council Tax
- Review the scope of the Capital Programme

5.16 The revenue implications of the programme in 2018-19 will need to be addressed in developing the 2018/19 to 2020/21 Medium Term Financial Strategy.

5.17 The projects may assist in generating additional business rates and new homes bonus. The impact cannot be quantified at this stage.

5.18 All projects will be subject to an evaluation of their business at the City Council Investment Board.

5.19 The financial progress of the projects will be regularly reviewed by the City Council Investment Board. The cost of borrowing (currently assumed to be 2.75%) and income assumptions will be regularly revisited. Close monitoring of the revenue cost of projects will enable the programme to be modified if appropriate.

5.20 The amount of Community Infrastructure Levy is increasing but currently the Council is prevented by Government from using the levy to repay loans. The Council will continue to lobby Government to seek a change to these Regulations.

## APPENDIX

## Budget by Service

Directorate	Department	Budget 16/17	Budget 2017/18
Corporate Items	Capital Financing	4.407	7.571
	Other Corporate Items	-1.020	-3.977
	<b>Total Corporate Finance</b>	<b>3.387</b>	<b>3.594</b>
Executive Office	Business Support	0.531	0.432
	Chief Executives Office	3.296	3.515
	<b>Total Executive Office</b>	<b>3.826</b>	<b>3.947</b>
People Directorate	Children, Young People & Families	33.406	33.991
	Community Connections	3.032	2.562
	Joint Commissioning & Adult Social Care	77.915	77.357
	Education Participation Skills	9.959	9.467
	Management and Support	-2.676	-1.871
<b>Total People</b>	<b>121.638</b>	<b>121.507</b>	
Place Directorate	Economic Development	1.016	0.491
	Management and Support	-4.701	-4.394
	Strategic Planning	9.722	9.457
	Street Services	18.057	16.900
<b>Total Place</b>	<b>24.094</b>	<b>22.454</b>	
Public Health	Bereavement Services	-1.634	-1.717
	Civil Protection Unit	0.190	0.183
	Environ Health (Food & Safety)	0.387	0.393
	Environmental Protection	0.404	0.407
	Licensing	-0.108	-0.105
	Operational and Development	0.246	0.209
	Trading Standards	0.418	0.425
<b>Total Public Health</b>	<b>-0.098</b>	<b>-0.206</b>	
Transformation & Change	Customer Services	2.415	2.535
	Departmental Management	0.104	-0.209
	Finance	15.120	14.834
	Human Resources & Organisational Development	3.220	3.207
	ICT	6.582	6.544
	Legal	2.994	2.839
	Transformation	3.420	2.638
<b>Total Transformation &amp; Change</b>	<b>33.855</b>	<b>32.388</b>	
<b>Total General Fund</b>		<b>186.702</b>	<b>183.683</b>



**Subject:** Capital & Revenue Monitoring Report 2016/17 – Quarter3  
**Committee:** Cabinet  
**Date:** 7 February 2017  
**Cabinet Member:** Councillor Darcy  
**CMT Member:** CMT  
**Author:** Andrew Hardingham – Interim Joint Strategic Director for Transformation and Change (Finance)  
**Contact details** Tel: 01752 312560  
 email: [andrew.hardingham@plymouth.gov.uk](mailto:andrew.hardingham@plymouth.gov.uk)  
**Ref:**  
**Key Decision:** No  
**Part:** I

**Purpose of the report:**

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

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

As shown in Table I below, the estimated revenue overspend is £1.272m, reflecting an improved financial position of £1.550m since the previous quarter. The overall forecast net spend equates to £187.974m against a budget of £186.702m, which is a variance of 0.68%. This needs to be read within the context of needing to deliver £24m of savings in 2016/17 on the back of balancing the 2015/16 revenue budget where £21m of net revenue reductions were successfully delivered.

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

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

	Budget £m	Forecast Outturn £m	Variance £m
Total General Fund Budget	186.702	187.974	1.272

The latest approved Capital Budget covering 2016/17 to 2020/2021 stands at £478m which was agreed at Council on 21 November 2016. The report sets out in Table 6 proposed increases to the Capital Budget of £3m, which results in a proposed budget of £478m, now for the period 2016 – 2021.

## **The Corporate Plan 2016 - 19**

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

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

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

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

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

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### **Equality and Diversity**

Has an Equality Impact Assessment been undertaken? No

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**Recommendations and Reasons for recommended action:**

That Cabinet:-

1. Note the current revenue monitoring position and action plans in place to reduce/mitigate shortfalls;
2. Approve the non-delegated revenue budget virements (shown in Table 5);
3. Increase the Capital Budget 2016-21 is increased to £478m (shown in Table 6);

**Alternative options considered and rejected:**

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

**Published work / information:**

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

**Background papers:**

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

**Sign off:**

Fin	dn1617.36	Leg	DVS2 6692	Mon Off		HR		Assets		IT		Strat Proc	
Originating SMT Member: Andrew Hardingham, AD for Finance													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

## DECEMBER 2016 FINANCE MONITORING

**Table 1: Revenue Monitoring Position**

Directorate	Gross Expenditure	Gross Income	2016/17 Latest Approved Budget	Forecast Outturn	Forecast Year End Variation	Movement from previous quarter
	£m	£m	£m	£m	£m	£m
<b>Executive Office</b>	4.419	(0.409)	4.010	4.023	0.013	(0.012)
<b>Corporate Items</b>	11.012	(10.094)	0.918	0.918	0.000	0.000
<b>Transformation and Change</b>	150.335	(115.629)	34.706	34.436	(0.270)	(1.293)
<b>People Directorate</b>	275.807	(153.318)	122.489	123.462	0.973	(0.087)
<b>Public Health</b>	20.007	(19.644)	0.363	0.363	0.000	0.000
<b>Place Directorate</b>	70.035	(45.819)	24.216	24.772	0.556	(0.158)
<b>TOTAL</b>	<b>531.615</b>	<b>(344.913)</b>	<b>186.702</b>	<b>187.974</b>	<b>1.272</b>	<b>(1.550)</b>

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**Table 2: Plymouth Integrated Fund**

Plymouth Integrated Fund	Section 75 indicative position	2016/17 Latest Budget	Forecast Outturn	Forecast Year End Overspend / (Underspend)
	£m	£m	£m	£m
<b>New Devon CCG – Plymouth locality</b>	331.000	355.698	357.223	1.525
<b>Plymouth City Council</b>	*131.000	137.505	138.178	0.673
<b>TOTAL</b>	<b>462.000</b>	<b>493.203</b>	<b>495.401</b>	<b>2.198</b>

The financial position above for the Plymouth Integrated Fund is at December 2016. The full report is shown in Appendix 1.

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

**Table 3: Key Issues and Corrective Actions**

Issue	Variation £M	Management Corrective Action
<p><b>EXECUTIVE OFFICE</b></p> <p>Democracy and Governance support cost pressures. £0.224m relates to a stretch target for efficiencies in this area.</p>	0.013	<p>The £0.224m Democracy &amp; Governance Legacy received in October 2015 and the addition of the reallocation of the MTFS is continuing to be actively managed. Further savings plans are being developed but are difficult to quantify at present including the upcoming service review. Despite this, there is confidence this variation will continue to be reduced.</p>
<p><b>CORPORATE ITEMS</b></p>	(0.000)	<p>There is currently a nil variance to report.</p>
<p><b>TRANSFORMATION and CHANGE – Finance</b></p> <p>Anticipated that these pressures will be addressed and the service area will come in on budget despite the significant savings target set for 2016/17.</p>	0.100	<p>Finance Fit is delivering savings, with over £0.850m banked towards the £1.500m target. Plans are in place to deliver the sustainable project benefits. Any shortfall will be met from one-off in-year savings.</p>
<p><b>TRANSFORMATION and CHANGE – Legal</b></p>	(0.028)	<p>Service pressures within Elections and Legal are currently being offset by underspend on Court Fees, Legal Agents and Legal expenses resulting in a small underspend for the Department.</p>

<b>TRANSFORMATION and CHANGE – Customer Services</b>	0.219	Housing Benefit Subsidy is showing a significant pressure of £0.741m. This is a £306k improvement on Q2 due to increased overpayments income. The pressure is currently being offset in part by salary savings elsewhere within the service.
<b>TRANSFORMATION and CHANGE – Human Resources &amp; OD</b>	(0.465)	£0.310m efficiency target delivered in full. Underspend reflects staff salary savings and the reduction in training budget as agreed.
<b>TRANSFORMATION and CHANGE – Departmental</b>	0.189	Reallocation of Commercialisation and CST programme targets.
<b>TRANSFORMATION and CHANGE – Transformation and Portfolio</b>	(0.285)	£0.500m efficiency target delivered in full and a further £0.285m underspend identified.
<b>TRANSFORMATION and CHANGE – ICT Commissioned Service</b>  There is currently a nil variance to report.	0.000	Processes and Service Levels monitored through the ICT Review Group.
<b>PEOPLE – Children Young People and Families</b>  The Children Young People and Families (CYP&F) Service are continuing to report a budget pressure of £0.560m a reduction of £0.093m in the month.  The Service continues to face unprecedented pressures, care applications are up, and the service are struggling to purchase	0.560	The reduction is as a result of the quarter three ‘Star Chamber’ exercise.  A piece of work has been undertaken to ensure a systematic review of all young people in supported living and new arrangements for plans for them are in place. This will ensure appropriate plans are in

cost effective placements to adequately meet demand. In the last 11 months, Plymouth has observed an increase in the number of children in care of 5.4%. The continued increase in numbers of children in care is in line with national and regional trends.

There are risks that continue to require close monitoring and management:

- Increased number of young people in care since budget setting autumn 2015.
- Lack of availability of the right in-house foster care placements creating overuse of IFA's.
- Use of Residential Placements due to lack of foster care placement sufficiency across the Peninsula. The lack of availability of foster care is leading to a small number of children being placed in residential care as an alternative to fostering.
- Court ordered spend continues on Parent & Child Assessment placements.
- There are still a small number of individual packages of care at considerably higher cost due to the needs of the young person.
- There are currently 27 Residential Placements with budget for only 20.
- There are currently 102 Independent Foster Care (IFA's) placements with budget for only 70.  
We are aiming to achieve savings from the transformation of our In House Foster Care Service.
- A region wide lack of placements due to an increase in demand for placements.

place for young people improving timeliness and reducing cost pressure.

As part of the transformation project for 2016/17, CYP&F are expected to make savings of over £2.100m (in order to contribute to the £9.214m Directorate target). Circa £1.000m has been saved to date through EVRS and the Transformation of Services together with an anticipated £0.800m through review and commissioning of placements and a further £0.300m from an extensive piece of work across the peninsular to provide children's secure places.

In addition, Children's Improvement Board will be considering a project to address in year pressures including accelerating the In House Fostering Action Plan.

<p><b>PEOPLE – Strategic Co-operative Commissioning</b></p> <p>The Strategic Co-operative Commissioning (SCC) service is reporting a budget pressure of £0.510m at month 9 – a decrease of (£0.195m) from last month. The main reasons for the reduction in the forecast were:          (£0.120m) - Management actions to postpone the cost increases on residential and nursing clients and,          (£0.040m) - Reduction to the numbers of short stay clients.</p> <p>However there are still overspends forecast on the care packages as reported in previous months.</p> <p>The savings target for grant maximisation of £2.219m will be offset using set aside balance sheet provision.</p>	<p>0.510</p>	<p>As part of the transformation project for 2016/17, the SCC budget is making savings of over £5m (in order to contribute to the £9.214m Directorate target) with the activities and actions that will drive delivery forming part of the transformation programme. These have been achieved via savings around reduced client numbers, reviews of high cost packages and contracts.</p>
<p><b>PEOPLE – Education Participation and Skills</b></p> <p>Education Participation and Skills is still reporting a breakeven position at the end of month 9. Star Chamber exercises have taken place within the Service and these will continue to drive out savings during the year, to mitigate emerging pressures.</p>	<p>0.000</p>	<p>During 2016/17 the Education Participation and Skills budget will need to make savings of £1.269m (in order to contribute to the £9.214m Directorate target) with activities and actions that will drive delivery forming part of the transformation programme. Circa £1.159m has been saved to date through EVRS and the transformation of services.</p>
<p><b>PEOPLE – Community Connections</b></p> <p>Community Connections is continuing to deliver (£0.097m) savings.</p>	<p>(0.097)</p>	<p>The demand for emergency accommodation has increased by £0.048m to £0.153m, this has been contained mainly through additional one-off income repaid renovation grants and previously unreported letting income Community Centres.</p> <p>The emergency B &amp; B placements average between April and December is 33 per week, which exceeds the profiled budget of 28 placements per week. The forecast for the remainder of the year is for 40 per week average placements which reflects the current trend,</p>



		notably December average 41. Action is ongoing to limit the overall cost pressure through lower placements and prevention work.
<p><b>PEOPLE – Management &amp; Support</b></p> <p>Projecting a balanced budget for 2016/17 .Further consideration required for disaggregated corporate income maximising delivery plan £0.667m.</p>	0.000	
<p><b>PUBLIC HEALTH</b></p> <p>Although the 16/17 Public Health ring-fenced grant was cut by £1.293m for Plymouth City Council, the Directorate is on track to achieve a balanced budget. As part of this balanced budget, Public Health is making contributions towards schemes in other Council departments, and will continue to prepare plans to achieve the anticipated further reduction to the ring fenced grant in 2017/18.</p>	0.000	This will be achieved through management of vacancies, contract activity and values, and a focus on increased commercialisation and income generation.
<p><b>PLACE - Strategic Planning and Infrastructure</b></p> <p>Salary savings arising from vacancy management and increased income from commercialisation of viability services and transport projects are currently more than mitigating pressures arising from a shortfall on Planning Application fees and other cost pressures resulting in a further improvement in the projected under spend for the department.</p>	(0.324)	We continue to monitor the impact of Brexit in relation intelligence being gathered around property and housing investment decisions which are being widely reviewed by investors. There is precedent in the department to respond to market failure through market recovery measures and appropriate responses will be kept under close review, including through the consideration of the Plymouth and South West Devon Joint Local Plan.

<p><b>PLACE - Economic Development</b></p> <p>Previously reported pressures within Economic Development will be mitigated via management actions and the use of reserves.</p>	0.000	Internal pressures within Economic Development are being managed through one off actions to remove the pressure whilst additional steps are being taken to remove the one-off pressures for next year focusing on an ability to generate income in future years.
<p><b>PLACE - Management Support</b> (Director's budget)</p> <p>£127k Redistribution of formerly centrally held targets for 2016/17.</p>	0.013	Review all areas to identify savings and removal of non-essential spend to meet £127k target.
<p><b>PLACE - Street Services</b></p> <p><b>Waste:</b> There is a projected overspend within the waste service of £749k. The main pressures that account for this projected overspend are on-going vehicle cost pressures, increase in tonnages, staffing costs and loss of income at the RTS which is now close to being resolved with a new occupant but the financial effect will not materialise until next year. The decision not to charge for non-domestic waste at HWRCs has also added to the overspend.</p> <p>Staffing levels across the service have also been revised which will provide some mitigation against the pressure. The capitalisation of bin purchases will also help in terms of mitigation</p> <p><b>Cost &amp; Volume indicators</b> Budget 81,500 tonnes Forecast of Tonnage 83,100 tonnes Increase in tonnes = 1,600 tonnes which equates to potential</p>	0.867	<p>A plan to modernise waste and street scene services has been agreed through Cabinet. It is a series of measures to ensure the service is fit for purpose and modernised through changes in working practices and implementation of revised waste policies to deliver savings and generate income.</p> <p>This will address both the waste demand pressure, and the fleet size – which is tied together intrinsically. This will not mitigate pressures until 2017/18.</p> <p>An Immediate Action plan has been put in place to reduce any unnecessary spend across the whole of street services to mitigate the budget pressures.</p>

<p>increase in cost of £146k</p> <p><b>Fleet and Garage:</b> The fleet and garage has delivered savings and income of £1.335M over two years. There is still an additional target of £445K, however the handing back of certain parts of the fleet are linked to changes to operational arrangements that are still be to be completed. This pressure has been mitigated by (£177k) through delays in purchasing and therefore a reduction in borrowing costs. They are also looking to find (£50k) of additional savings within the service. Fleet are therefore forecasting an overspend of £217k.</p> <p><b>Street Cleansing and Grounds:</b> Street Cleansing and Grounds are reporting to budget.</p> <p><b>Highways and Car Parking:</b> Highways, Parking &amp; Marine will find savings of £100k within the service to contribute to Street Services overall gap by a range of one-off efficiency savings, service reductions and increased income.</p>		<p>The re-profiling of fleet vehicle purchases has reduced borrowing costs by £170k.</p>
<b>TOTAL</b>	<b>1.272</b>	

### Overall Comments Finance AD

Overall there is a significant improvement from Quarter 2. The progress made within housing benefit overpayment billing and recovery is the biggest contributor to this.

Discussions are ongoing with the Council's Highways Contractor, Amey, for recovery of significant amounts outstanding for third party claims due under the December 2014 Settlement Agreement. Failure to recover these amounts would result in a significant deficit in the Insurance Provision. The position is being carefully monitored.

It is expected with continued tight control of expenditure that any overspend can be eliminated by the year-end, particularly given the increased controls over agency expenditure.

### Recommendation

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

## VIREMENTS

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

**Table 5: Virements detail**

	Life Centre Dowry Contribution to Reserves	Agreed transfer of Community Youth Service	Totals
Directorate	£m	£m	£m
Executive Office			
Corporate Items	(0.150)		(0.150)
Transformation and Change			
People Directorate	0.150	0.00	0.150
Public Health			
Place Directorate			
	0.000	0.000	0.000

### Recommendation

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

## **Capital Programme 2016-2021**

The latest approved capital budget was reported to Council on 21 November 2016, as £475m. This covered the 5 year period 2016 –2021.

The budget has since been reviewed resulting in an increase in the overall funding for the period 2016 – 21, by £3m to £478m. This is set out in Table 6 below.

**Table 6: Current Capital Resources**

Description	£m
Latest Approved Budget 2016 - 2021	475
Addition of ring-fenced grants 2016-2021	5
Other Changes	(2)
<b>Total Revised Capital Budget for Approval (2016 – 21)</b>	<b>478</b>

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

**Table 7: Revised Capital Programme**

Directorate	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£m	£m	£m	£m	£m	£m
Transform & change	4.628	1.603				6.231
People	12.182	5.543	0.464			18.189
Place	86.182	59.314	22.512	9.214	2.713	179.935
Public Health	0.224					0.224
<b>Total</b>	<b>103.216</b>	<b>66.460</b>	<b>22.976</b>	<b>9.214</b>	<b>2.713</b>	<b>204.579</b>

### **Recommendation**

Cabinet are asked to recommend to Council that the Capital Budget 2016 -2021 is increased to £478m (as shown in Table 6)

## Appendix 1: Plymouth Integrated Fund



Northern, Eastern and Western Devon  
Clinical Commissioning Group



# NHS NEW Devon CCG Plymouth Integrated Fund Finance Report – Month 9 2016/17

## Introduction

This report sets out the forecast financial performance of the Plymouth Integrated Fund for the month of December 2016 (month 9).

The report is in two sections. The first section details the performance of the Integrated Fund, including the section 75 risk share arrangements. The second section details the financial performance of the Western Planning and Delivery Unit (PDU) of the Clinical Commissioning Group.

In summary, the Integrated Fund is forecasting to deliver against budget with a nil risk share impact.

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## SECTION 1 – PLYMOUTH INTEGRATED FUND

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### Plymouth Integrated Fund Finance Position

The summarised financial performance of the Integrated Fund for both the CCG and the City Council is set out in **Appendix 1**. Both the Health and Local Authority elements of the Integrated Fund are forecasting to be overspent against budget by year end. There are risks in delivery of this position for both organisations.

The impact of the risk share in the year remains minimal, at less than £50k. This is because the extent of the overspend forecast in each element of the fund is relative to the risk share percentages. This could fluctuate as the year end is reached and the final positions crystallise.

### Health Contribution to the Fund

The financial plan for 2016/17 is not yet approved by NHS England but negotiations are nearing conclusion with the national Arm's Length Bodies of the CCG share of the system wide control total and the contractual arrangements to support this. As in

## Appendix 1: Plymouth Integrated Fund

previous months, the month 9 budget has been set based on a partial move towards the proposed system plan at PDU level.

Overall the Health contribution to the fund is forecast to be overspent against budget at £1.3m. Within this there are some pressures as identified, and the forecast includes an assumption about further cost recovery actions and agreements in the latter part of the year.

### Acute Care

The CCG is forecasting an underspend of £0.4m for acute care for the Integrated Fund. This has improved since last month, mainly as a result of revised assumptions around the Independent Sector usage.

### Community Services

This position has not changed since last month, and reflects a small overspend forecast at £0.8m, due mainly to the inclusion of the risk in capital resources. A mitigation plan continues to be explored.

### Placements

The overspend, as in previous months, is due to higher than planned numbers of clients and costs of care packages. The position has improved slightly from last month and now is forecast to be £1.2m over budget.

### Other

The other lines have worsened this month due to the inclusion of a number of risks in the system, where there is a higher likelihood that the mitigations will not deliver to the extent planned in previous months.

## Local Authority Contribution to the Fund

### Children, Young People and Families

The Children Young People and Families Service are reporting a budget pressure of £0.560m a reduction of £0.093m in the month. The reduction is as a result of the quarter three star chamber exercise.

The Service continues to face unprecedented pressures, care applications are up, and the service are struggling to purchase cost effective placements to adequately meet demand. In the last 11 months, Plymouth has observed an increase in the number of children in care of 5.4%. The continued increase in numbers of children in care is in line with national and regional trends.

As part of the transformation project for 2016/17, CYP&F are expected to make savings of over £2.100m (in order to contribute to the £9.214m Directorate target). Circa £1.000m has been saved to date through EVRS and the Transformation of

## Appendix 1: Plymouth Integrated Fund

Services together with an anticipated £0.800m through review and commissioning of placements and a further £0.300m from an extensive piece of work across the peninsula to provide children's secure places. In addition Children's Improvement Board will be considering a project to address in year pressures including accelerating the In House Fostering Action Plan.

There are risks that continue to require close monitoring and management:

- Increased number of young people in care since budget setting autumn 2015.
- Lack of availability of the right in-house foster care placements creating overuse of IFA's.
- Use of Residential Placements due to lack of foster care placement sufficiency across the Peninsula. The lack of availability of foster care is leading to a small number of children being placed in residential care as an alternative to fostering.
- Court ordered spend continues on Parent & Child Assessment placements.
- There are still a small number of individual packages of care at considerably higher cost due to the needs of the young person.
- There are currently 27 Residential Placements with budget for only 20
- There are currently 102 Independent Foster Care (IFA's) placements with budget for only 70. We are aiming to achieve savings from the transformation of our In House Foster Care Service.
- A region wide lack of placements due to an increase in demand for placements.

The overall number of children in care at the end of November stands at 404 - a reduction of 2 in the month.

The quarterly 'Star Chamber' exercise is planned to continue to mitigate budget pressures.

The number of children placed with independent fostering agencies stands at 102 against a target budget of 70 placements. Residential placements stands at 27 against a target of 20 budgeted placements with a number of these placements being high cost due to the complex nature of these children's needs. There is currently one young person placed in 'welfare' secure. The In-House Foster Care placements have 174 including connected carer's placements against a target budget of 219 placements, and 3 placements in 'Other Local Authority' Foster Care. There is currently 2 In House Parent & Child Assessment Placement, 1 court ordered Independent foster care placement and 1 high cost Residential placement. There are 18 young people 16+ placed in supported living against a target budget of 20.

A piece of work has been undertaken to ensure a systematic review of all young people in supported living and new arrangements for plans for them are in place.



## Appendix 1: Plymouth Integrated Fund

This will ensure appropriate plans are in place for young people improving timeliness and reducing cost pressure.

Extensive work is underway to review all placements in order to reduce the pressure on cost and volume where appropriate.

### Strategic Co-operative Commissioning

The Strategic Co-operative Commissioning (SCC) service is reporting a budget pressure of £0.510m at month 9 – a decrease of (£0.195m) from last month. The main reasons for the reduction in the forecast were:

- (£0.120m) - Management actions to postpone the cost increases on residential and nursing clients and,
- (£0.040m) - Reduction to the numbers of short stay clients.

However there are still overspends forecast on the care packages as reported in previous months.

As part of the transformation project for 2016/17, the SCC budget is making savings of over £5m (in order to contribute to the £9.214m Directorate target) with the activities and actions that will drive delivery forming part of the transformation programme. These have been achieved via savings around reduced client numbers, reviews of high cost packages and contracts.

### Education Participation and Skills

Education Participation and Skills is still reporting a breakeven position at the end of month 9.

During 2016/17 the Education Participation and Skills budget will need to make savings of £1.269m (in order to contribute to the £9.214m Directorate target) with activities and actions that will drive delivery forming part of the transformation programme. Circa £1.159m has been saved to date through EVRS and the transformation of services.

Star Chamber exercises have taken place within the Service and these will continue to drive out savings during the year, to mitigate emerging pressures.

### Community Connections

Community Connections is continuing to deliver (£0.097m) savings.

The demand for emergency accommodation has increased by £0.048m to £0.153m, this has been contained mainly through additional one-off income repaid renovation grants and previously unreported letting income Community Centres.

The emergency B & B placements average between April and December is 33 per week, which exceeds the profiled budget of 28 placements per week. The forecast

## Appendix 1: Plymouth Integrated Fund

for the remainder of the year is for 40 per week average placements which reflects the current trend, notably December average 41.

Action is ongoing to limit the overall cost pressure through lower placements and prevention work.

### Public Health

Although the 16/17 Public Health ring-fenced grant was cut by £1.293m for Plymouth City Council, the Directorate is on track to achieve a balanced budget.

As part of this balanced budget, Public Health is making contributions towards schemes in other Council departments, and will continue to prepare plans to achieve the anticipated further reduction to the ring fenced grant in 2017/18.

### Conclusion

The Integrated Fund is currently forecasting an overspend against budget in both the Health and Local Authority elements of the Fund. There is currently a minimal impact from the Section 75 risk share agreement, but this could fluctuate over the coming months as positions begin to crystallise.

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## SECTION 2 – WESTERN PDU MANAGED CONTRACTS

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### Context / CCG Wide Financial Performance at Month 9

The financial plan for 2016/17 is not yet approved by NHS England but negotiations are nearing conclusion with the national Arm's Length Bodies of the CCG share of the system wide control total negotiated between the 4 main providers within the Devon footprint. The CCG budget has therefore been set on the draft financial plan to deliver an in year deficit of £29m. In addition to this the brought forward deficit from 2013/14 to 2015/16 of £78.4m is repaid bringing the CCG to a planned cumulative deficit position of £107.4m.

As in previous months, the budget and forecast outturn positions for month 9 are reported in line with the CCG share of the system wide control total. This is a deficit position of £34m following the release of the non-recurrent headroom reserve. This move to the system position has been made in agreement with NHS England. However, the ability to reach this position for the CCG is predicated on a non-recurrent movement of deficit between the CCG and provider organisations. This is the element of the financial plan that remains outstanding, and is still the subject of discussion with NHS England. This results in a currently unmitigated risk to the reported deficit which is reflected in the CCGs risk position.

### Month 9 Summary financial position

## Appendix 1: Plymouth Integrated Fund

	Planned Deficit £'000	Actual Deficit £'000	Variance £'000	Movement from previous mth
Year To date in year position	24,603	28,039	3,436	380
B/fwd deficit	52,257	52,257	0	0
<b>Total In year Position</b>	<b>76,860</b>	<b>80,296</b>	<b>3,436</b>	<b>380</b>
Forecast in year deficit	29,006	33,561	4,555	0
B/Fwd deficit	78,386	78,386	0	0
<b>Total Forecast Deficit</b>	<b>107,392</b>	<b>111,947</b>	<b>4,555</b>	<b>0</b>

**Year to date**

The year to date financial position of the CCG reflects the move to the CCG share of the system wide gap as described above. This results in an in-year deficit of £28.0m (prior to the repayment of brought forwards deficits). Within the commissioning budgets there are some under and over spends which are detailed in the report below and significantly the year to date impact of the FNC national price change and continued growth in Independent Patient Placement (IPP) spend.

**Forecast**

The forecast outturn of the CCG is in line with the CCG's share of the system wide gap, proposed as part of the negotiation on a system wide control total and organisations relative share of the financial gap. In addition, the CCG has had to absorb cost pressures, the material issue being £3.5m due to the impact of FNC and IPP as described above. This has been offset through the partial release of contingency reserves and benefit within the CHC forecast in the forecast to meet the planned level of in year deficit.

**System Wide Savings Plan**

The CCG is reporting 80% achievement of the net CCG share of the System Wide Savings plan as at month 9 with a forecast achievement of 73%. This is following alignment with the system wide savings plan and the release of the system wide gap budget offset by the headroom and increased deficit.

**Risk**

The CCG financial position shows no movement from month 8. The remaining unmitigated risk is £11.4m and should it materialise would result in the CCG having a deficit of £45.0m. Work is ongoing within the system to mitigate this risk position.

**Western PDU Finance Position****Introduction**

The initial draft budget (as described within the context above) for the contracts managed in the Western PDU is £306.5m. Adjustments to budgets this month include the remapping of Mental Health contracts into the Locality to better reflect

## Appendix 1: Plymouth Integrated Fund

where the contracts are managed. The total budget now stands at £318.2m. The increase is mainly due to the allocation of budgets and risks into the position that were previously held corporately, but which are nearing conclusion and now more appropriately reflected in the local position. This is mainly due to negotiations around RTT capacity in the acute sector.

The Locality is currently forecasting a marginal underspend against the budgets for the contracts that are managed in the West. This is a net position and includes some overspending and some underspending contracts. This is an improvement from last month of £0.5m, mainly linked to updated NCA's forecasting (part of an ongoing review), and to the RTT Capacity mentioned above. The most significant variances to plan include:

- Livewell Southwest, resultant from the use of Minor Injuries Services for which we hold a variable contract. Also included this month is the risk that capital resources will not be received and for which the CCG is contractually committed. We continue to seek resolution to this risk.
- Acute Trusts. The NCA position is improving due to an ongoing review of activity and forecasts. In general the remainder of acute variations are offsetting and balanced (albeit with some under and some over spending contracts).
- Wheelchair Services, resultant from a technical improvement due to a clarification on the application of VAT

The detailed analysis for the PDU is included at **Appendix 2**.

### **Acute Care Commissioned Services**

#### **Plymouth Hospitals NHS Trust**

As explained in the context above, at the time of writing, the final contract value for Plymouth Hospitals NHS Trust is unconfirmed and the contract unsigned. The contract performance will still be reported on and scrutinised at the same degree of granularity and as such detail can be provided in this report.

At this stage the budget allocation and forecast spend reflect the anticipated final contract value of £176.7m.

#### ***Capacity Constraint***

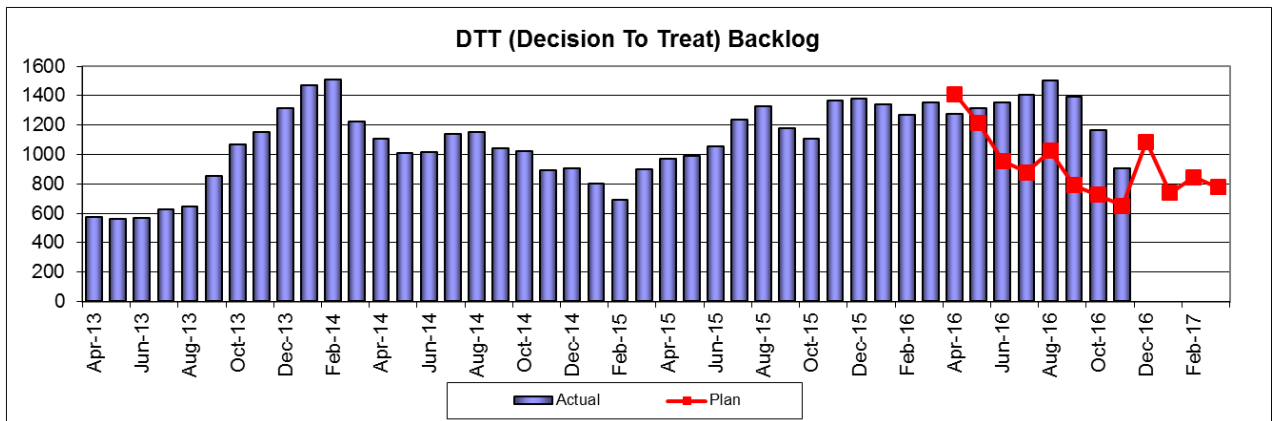
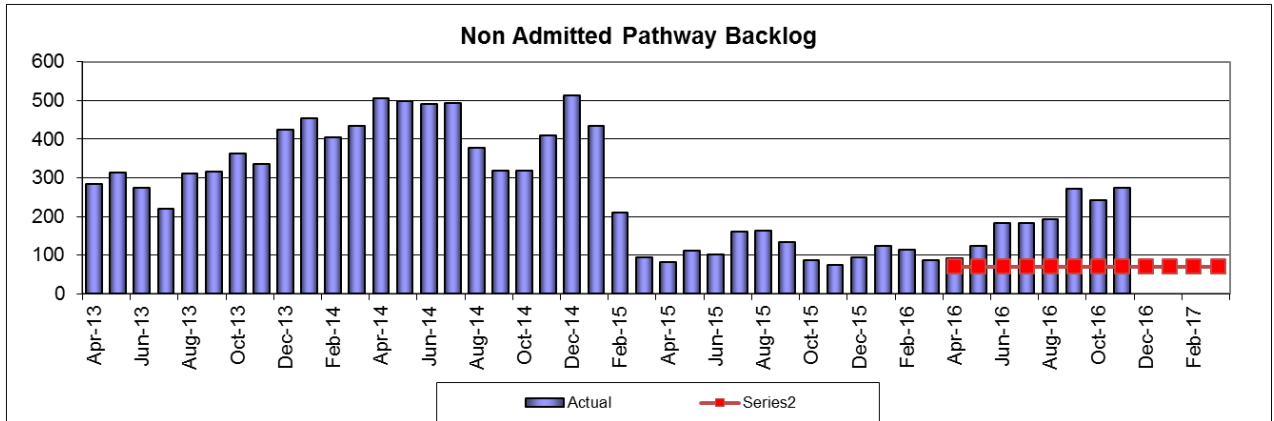
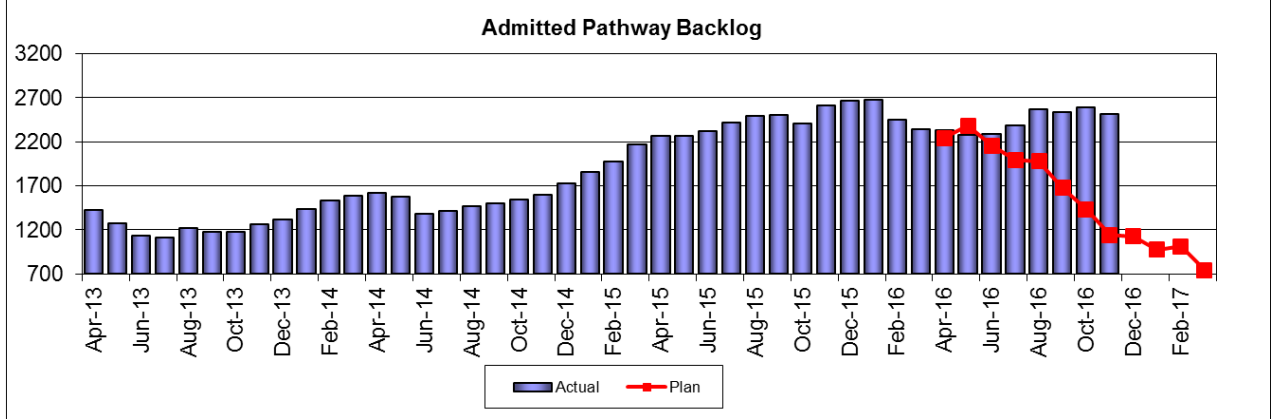
There are a number of specialities that the Trust has been unable to provide sufficient capacity to deliver RTT and match the demand in the system. The agreed level of capacity shortfall has been excluded from the contract, and the locality has been working with the Trust and other providers to bring appropriate levels of additional capacity online. This includes plans with Care UK to open a 3<sup>rd</sup> theatre whilst they have already started providing General Surgery and Endoscopy, with

**Appendix 1: Plymouth Integrated Fund**

PHNT to refurbish and increase the throughput of Tavistock theatre and to bring modular theatres online.

**RTT Compliance**

Performance to month 8 is summarised in the following tables.



**Contract Performance**

The month 8 performance information showed a year to date overperformance against the contract plan of £1.34m.

The main reasons for the contractual underperformance are summarised below.

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2016/17 M08	Planned Spend	Actual Spend	Variance	Variance Activity	Variance Spend
	£000s	£000s	£000s		
Elective	25,493	25,075	- 418	-2.7%	-1.6%
Non Elective	39,311	40,084	773	2.0%	2.0%
A&E	5,817	5,962	145	3.9%	2.5%
Outpatients	20,515	21,440	925	5.2%	4.5%
Excluded Services	25,029	24,914	- 115		-0.5%
Penalties			-		
CQUIN	2,681	2,709	28		
Contract Adjustments			-		
<b>Total</b>	<b>118,846</b>	<b>120,184</b>	<b>1,338</b>		<b>1.1%</b>

The **Elective** position is £0.4m (1.6%) behind plan from a financial perspective but 2.7% behind plan in overall activity terms. The main contributors to this position are under performances within Upper GI surgery, Vascular Surgery, Cardiology, Gynaecology and General Surgery where the Junior Doctor Strikes, theatre cancellations and bed availability have caused a reduction in capacity. This position is offset by over performances in Clinical Haematology, Endoscopy and Plastic Surgery.

**Non Elective** has overperformed in medical and surgical specialties, whilst women's and support services were slightly under plan. The year to date overperformance is £0.8m which is over plan by 2.0% in both financial and activity terms. £0.4m of this overperformance occurred in month 8 highlighting the pressures this part of the hospital have been under.

In **Accident and Emergency** the Trust have seen 1,875 (3.9%) more patients than planned for so far this year. The majority of this overperformance has occurred in month 7 and 8.

The overall position of an overperformance of £0.9m (4.5%) on **Outpatients** masks a wide variation in performance at individual specialty level with over performances in ENT, Paediatrics, Dermatology, Colorectal Surgery and most significantly Ophthalmology. Clinical Haematology, Endoscopy and Pain Management are behind the year to date plan. Within this position there is also variation in the type of outpatient attendance where follow ups account for £34k of the over performance, first attendances £227k and procedures £664k. The rate of monthly overperformance had slowed in month 6 and 7 but has increased again in month 8.

### Referral Information

Referral information for month 8 of 2016/17 showed an overall decrease of 3.6% compared to the same period last year, with GP referrals being 4.5% below the equivalent 2015/16 volumes.

PHNT	Referral Source	2015/16	2016/17	Variance	%
Externally Generated	GP	38,629	36,889	- 1,740	-4.5%
	Dentist	122	118	- 4	-3.3%
<i>Sub Total</i>		38,751	37,007	- 1,744	-4.5%
Internally Generated	Consultant	10,911	11,409	498	4.6%
	Other	5,532	4,999	- 533	-9.6%
	A&E	2,523	2,216	- 307	-12.2%
<i>Sub Total</i>		18,966	18,624	- 342	-1.8%
Grand Total		57,717	55,631	- 2,086	-3.6%

The first part of 2015/16 saw higher referrals than the latter part of the year as a step change reduction was noted mid-year. Therefore this measure is comparing the high

## Appendix 1: Plymouth Integrated Fund

part of 2015/16 with the continued low referral rates seen since mid-2015/16. So whilst this measure shows a reduction compared to the previous year, it is a continuation of the reduction that we experienced last year and not a significant further reduction.

The source data in this report is taken from the Provider data supplied under schedule 6 of the contract except where the Provider is stated as 'Other'. Other Provider data is taken from DRSS Bookings. Filters are applied to the Provider data to remove any non-consultant led activity, maternity activity and specialties which are not year on year comparable. NHS England (including Specialised) activity is also excluded to provide a NEW Devon CCG view.

### Performance Measures

The Trust are appraised against a number of nationally and locally defined key performance indicators. A summary of the key measures is included below:

<b>PHNT Month 8 key performance indicators</b>			
<b>Measure</b>	<b>Target</b>	<b>This month</b>	<b>YTD</b>
RTT - Percentage seen within 18 weeks - admitted pathways	90%	67.8%	
RTT - Waits over 52 weeks	0	70	
Diagnostics - Percentage of patients waiting over 6 weeks - 15 key tests	<1%	2.9%	
Cancer - Percentage seen within 2 weeks - urgent referral to first seen	93%	94.9%	93.8%
Cancer - Percentage treated within 62 days - urgent referral to first definitive treatment	85%	75.7%	80.1%
Cancer - Percentage treated within 31 days - decision to treat to first definitive treatment	96%	94.9%	95.4%
Ambulance handovers - Number of handovers over 30 minutes	0	115	577
Ambulance handovers - Number of handovers over 60 minutes	0	5	25
A&E - Percentage of attendances seen within 4 hours	95%	83.6%	84.7%
Delayed transfers of care (acute) - bed days		1,027	6096
Clostridium difficile - Number of hospital infections	35	0	1
MRSA - Number of hospital infections	0	0	1
Cancelled operations - patients to be offered another binding date within 28 days	0	18	192
Cancelled operations - urgent operations cancelled a second time	0	0	0

## Appendix 1: Plymouth Integrated Fund

### South Devon Healthcare Foundation Trust

The 2016/17 South Devon Healthcare Foundation Trust contract value for acute services has been set at £5.24m on a variable PbR basis, with a further £0.92m fixed contract for community services.

At month 8 the contract is over performing by £191k which has increased from the overspend of £137k that was reported in month 7. This is made up of underspends within elective activity (-£89k) and overspends within non elective admissions (£94k), outpatients (£25k) and high cost drugs (£55k).

The contract also has a QIPP target of £147k which is being reported as undelivered and so represents a further £98k overperformance so far this year.

### Independent Sector

The IS position at most providers remains constant this month. However the position has improved as a result of a review of additional RTT activity due to new capacity being brought on line.

### London Trusts

There are no significant movements from the previous month within the London trusts. Significant over-performance due to high cost critical care patients remains at Guys and the Royal Brompton.

### Livewell Southwest

The Livewell Southwest (LSW) Contract is blocked, with a single variable service (the Minor Injuries Unit). LSW produce a monthly performance/finance databook which allows both parties to shadow monitor the block contract and review key performance metrics.

We are currently validating activity data to understand the underlying activity position within this contract.

### Care Co-ordination Team

We have continued to see a drop in CCRT numbers on the caseload, and are currently forecasting an outturn of £8.2m for 2016/17, which is an underspend of £48k.

### Primary Care Enhanced Services

Whilst the budgets and expenditure are reported in the Western PDU report, this is to ensure that all lines of expenditure for the CCG are reported in a PDU and there is integrity to the reports produced. There is, however, a separate governance



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## Appendix 1: Plymouth Integrated Fund

structure for Enhanced Services that sits outside and alongside the two PDU structures to ensure there is segregation of decision making in primary care investments. The forecast expenditure is in line with budgets.

### QIPP Savings Delivery

NORTHERN, EASTERN AND WESTERN DEVON CLINICAL COMMISSIONING GROUP

2016/17 FINANCE BOARD REPORT

FOR THE PERIOD FROM 01 APRIL 2016 TO 31 DECEMBER 2016

Month 09 December	Year To Date			Current Year Forecast		
	Budget	Actual	Variance Adv / (Fav)	Budget	Forecast	Variance Adv / (Fav)
	£000's	£000's	£000's	£000's	£000's	£000's
<b>SAVINGS LEDGER REPORT</b>						
NHS Royal Devon & Exeter Foundation Trust	-720	-504	216	-2,442	-1,408	1,034
NHS Plymouth Hospitals NHS Trust	-2,056	-831	1,225	-4,516	-2,633	1,883
NHS Northern Devon Healthcare Trust	-899	-369	530	-1,720	-1,287	433
Prescribing	-2,742	-3,159	-417	-3,995	-3,995	-
Continuing Healthcare	-5,978	-7,569	-1,591	-10,000	-12,000	-2,000
Individual Patient Placements Adult	-337	-416	-79	-449	-502	-53
Other Community Services	-867	-867	-	-1,300	-1,300	-
Care Co-ordination Team	-360	-398	-39	-531	-531	-
System Gap	-14,541	-1,917	12,623	-19,389	-	19,389
<b>GROSS SAVINGS</b>	<b>-28,499</b>	<b>-16,030</b>	<b>12,469</b>	<b>-44,342</b>	<b>-23,656</b>	<b>20,686</b>

<b>TOTAL INVESTMENT</b>	-3,918	-3,918	0	-4,832	-2,069	2,763
Contractualisation of system position	-8,120	-10,632	-2,513	-10,826	-14,176	-3,350
<b>NET SAVINGS</b>	<b>-40,537</b>	<b>-30,580</b>	<b>9,957</b>	<b>-60,000</b>	<b>-39,901</b>	<b>20,099</b>
<b>IHAM Growth Mitigation</b>	<b>-10,500</b>	<b>-10,500</b>	<b>-</b>	<b>-14,000</b>	<b>-14,000</b>	<b>-</b>
<b>NHS England monitored QIPP</b>	<b>-51,037</b>	<b>-41,080</b>	<b>9,957</b>	<b>-74,000</b>	<b>-53,901</b>	<b>20,099</b>

80%

73%

### System wide savings plan

The above savings report has been aligned to the system wide savings plan with the balance of the system gap being held within the system gap reserve. In order to fund the opening system budget positions, the System leaders agreed to utilise the non-recurrent RTT reserve and the system investment reserve in the opening position. The commitments to reach the opening position over drew these reserves by £4.8m.

In order to recreate the system reserves it was agreed that a £15m stretch target would be applied to the programmes of work to recover the position. After changes in organisations' positions, this target is now £10m and the system chief executives have committed to delivering this for 2016/17. This element is currently being worked on and will be contractualised once plans are signed off.

## Appendix 1: Plymouth Integrated Fund

The above year to date position is aligned to the system wide plan savings report for the CCG element of the plan. Overall the CCG is reporting 80% delivery of plan with 73% delivery forecast by year end.

During month 9, the CHC forecast has increased by £2m as delivery of their stretch target has been established. This has enabled the negative investment reserve to be reduced for the CCG contribution towards clearing the stretch target. The balance is assumed to be met through the wider Devon system. The elective care forecast reduced by £3.35m during month 8 which is reflected in the shortfall in providers' delivery. This shortfall is mitigated by an increase in contractualised QIPP as a result of the block contract arrangements. This is being managed as part of the overall risk management of the system to achieve the system wide control total. As part of the monitoring of the system wide savings plan, each Senior Responsible Officer (SRO) for the 6 work streams is required to sign off the forecast of the savings they are responsible for as a system. The CCG element of savings will be driven by and aligned to the SRO forecast.

### Conclusion

In summary, the forecast outturn position for the Planning and Delivery Unit is marginally underspent against plan. This incorporates the impact of the Integrated Fund, for which the risk share forecast is currently zero.

**Ben Chilcott**  
*Chief Finance Officer, Western PDU*

**David Northey**  
*Head of Integrated Finance, PCC*

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## Appendix 1: Plymouth Integrated Fund

### APPENDIX 1

### PLYMOUTH INTEGRATED FUND PERFORMANCE AND RISK SHARE

NORTHERN, EASTERN AND WESTERN DEVON CLINICAL COMMISSIONING GROUP

PLYMOUTH INTEGRATED FUND

2016/17 FINANCE BOARD REPORT

FOR THE PERIOD FROM 01 APRIL 2016 TO 31 DECEMBER 2016

Month 09 December	Year to Date			Forecast		
	Budget	Actual	Variance	Budget	Actual	Variance
	£000's	£000's	£000's	£000's	£000's	£000's
<b>CCG COMMISSIONED SERVICES</b>						
Acute	129,902	129,328	-574	171,959	171,582	-377
Placements	31,663	32,338	675	41,730	42,931	1,200
Community & Non Acute	55,973	56,580	607	74,651	75,497	846
Mental Health Services	941	916	-26	1,255	1,229	-26
Other Commissioned Services	10,984	10,562	-422	15,108	14,669	-439
Primary Care	36,604	36,129	-476	48,574	48,295	-278
<b>Subtotal</b>	266,068	265,853	-215	353,278	354,204	926
Running Costs & Technical/Risk System Plan Agreement	-960	1,055	2,015	2,421	3,319	899
					-300	-300
CCG Net Operating Expenditure	265,108	266,908	1,800	355,698	357,223	1,525
Risk Share					-	-
CCG Net Operating Expenditure (after Risk Share)	265,108	266,908	1,800	355,698	357,223	1,525
<b>PCC COMMISSIONED SERVICES</b>						
Children, Young People & Families	25,525	25,945	420	34,033	34,593	560
Co-operative Commissioning & Adult Social Care	56,819	57,201	383	75,758	76,268	510
Education Participation and Skills	7,526	7,526	-	10,035	10,035	-
Community Connections	2,340	2,267	-73	3,120	3,023	-97
<b>Subtotal</b>	92,210	92,939	730	122,946	123,919	973
Public Health Commissioning Recovery Plans in Development	10,919	10,919	-	14,559	14,559	-
					-300	-300
PCC Net Operating Expenditure	103,129	103,859	730	137,505	138,178	673
Risk Share					-	-
PCC Net Operating Expenditure (after Risk Share)	103,129	103,859	730	137,505	138,178	673
Combined Integrated Fund	368,237	370,767	2,530	493,203	495,401	2,198

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## Appendix 1: Plymouth Integrated Fund

### APPENDIX 2

### PDU MANAGED CONTRACTS FINANCIAL PERFORMANCE

NORTHERN, EASTERN AND WESTERN DEVON CLINICAL COMMISSIONING GROUP

2016/17 FINANCE BOARD REPORT

FOR THE PERIOD FROM 01 APRIL 2016 TO 31 DECEMBER 2016

Month 09 December	Year To Date			Current Year Forecast		
	Budget	Actual	Variance	Budget	Forecast	Variance
	Adv / (Fav)			Adv / (Fav)		
	£000's	£000's	£000's	£000's	£000's	£000's
<b>ACUTE CARE</b>						
NHS Plymouth Hospitals NHS Trust	135,518	135,337	-181	179,298	179,106	-192
NHS South Devon Healthcare Foundation Trust	4,785	5,011	225	6,353	6,622	270
NHS London Contracts	1,223	1,369	147	1,623	1,837	214
Non Contracted Activity (NCA's)	6,639	6,310	-329	8,813	8,283	-530
Independent Sector	10,333	9,648	-685	13,721	13,232	-489
Other Acute	-	5	5	-	32	32
<b>Subtotal</b>	158,498	157,680	-818	209,807	209,111	-697
<b>COMMUNITY &amp; NON ACUTE</b>						
Livewell Southwest	54,220	54,970	750	72,294	73,294	1,000
GPWSI's (incl Sentinel, Beacon etc)	1,323	1,308	-15	1,764	1,733	-31
Community Equipment	486	480	-6	648	640	-8
Ultrasound (Sonarcare)	192	177	-14	256	245	-11
Reablement	1,138	1,125	-13	1,517	1,500	-17
Other Community Services	192	191	-1	256	255	-1
Better Care Fund_Plymouth CC	6,416	6,416	0	8,555	8,555	0
<b>Subtotal</b>	63,967	64,668	700	85,290	86,223	933
<b>MENTAL HEALTH SERVICES</b>						
Mental Health Contracts	19	19	-	25	25	-0
Other Mental Health	746	746	0	994	994	-
<b>Subtotal</b>	765	765	0	1,020	1,020	-0
<b>OTHER COMMISSIONED SERVICES</b>						
Stroke Association	115	120	5	153	159	6
Hospices	2,010	1,899	-111	2,679	2,551	-128
Care Co-ordination Team	6,227	6,192	-35	8,252	8,204	-48
Patient Transport Services	315	356	41	420	475	55
Wheelchairs Western Locality	1,612	1,351	-261	2,150	1,790	-360
Commissioning Schemes	143	147	4	191	191	-0
All Other	377	382	5	503	392	-111
<b>Subtotal</b>	10,799	10,447	-352	14,348	13,762	-586
<b>PRIMARY CARE</b>						
Enhanced Services	5,679	5,679	-0	7,573	7,573	-
Other Primary Care	130	-130	-259	173	171	-2
<b>Subtotal</b>	5,809	5,550	-259	7,746	7,744	-2
<b>TOTAL COMMISSIONED SERVICES</b>	239,839	239,110	-729	318,211	317,858	-352