



#plymcouncil



Democratic and Member Support

Chief Executive's Department
Plymouth City Council
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Published: 16 February 2018

CITY COUNCIL

Monday 26 February 2018

2 pm

Council House, Plymouth

Members:

Councillor Mrs Foster, Chair

Councillor Kelly, Vice Chair

Councillors Mrs Aspinall, Ball, Mrs Beer, Bowie, Bowyer, Mrs Bowyer, Mrs Bridgeman, Carson, Churchill, Coker, Cook, Dann, Darcy, Philippa Davey, Sam Davey, Deacon, Downie, Drean, Evans, Fletcher, K Foster, Fry, Hendy, James, Jordan, Martin Leaves, Michael Leaves, Sam Leaves, Loveridge, Lowry, Dr Mahony, Mavin, McDonald, Morris, Murphy, Nicholson, Parker-Delaz-Ajete, Penberthy, Mrs Pengelly, Rennie, Ricketts, Riley, Singh, Smith, Sparling, Stevens, Storer, Jon Taylor, Kate Taylor, Tuffin, Tuohy, Vincent, Wheeler, Wigen and Winter.

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

This meeting will be webcast and available on-line after the meeting. By entering the Council Chamber, councillors are consenting to being filmed during the meeting and to the use of the recording for the webcast.

The Council is a data controller under the Data Protection Act. Data collected during this webcast will be retained in accordance with authority's published policy.

For further information on attending Council meetings and how to engage in the democratic process please follow this link - <http://www.plymouth.gov.uk/accesstomeetings>

Tracey Lee

Chief Executive

City Council

Agenda

1. Apologies

To receive apologies for absence submitted by councillors.

2. Minutes

(Pages 1 - 12)

To approve and sign the minutes of the meeting held on 29 January 2018 as a correct record.

3. Declarations of Interest:

(Pages 13 - 14)

4. Announcements

5. Questions by the Public

6. Appointments to Committees, Outside Bodies etc

A schedule detailing vacancies on committees, outside bodies etc and of changes notified to us will be published in the Order of Proceedings and reflected in the Minutes of the meeting.

7. Revenue And Capital Budget And Proposed Council Tax Levels For 2018/19

(Pages 15 - 138)

The City Council will be asked to consider recommendations in the report of the Interim Strategic Director for Transformation and Change regarding the Revenue and Capital Budget and Proposed Council Tax levels for 2018/19.

8. Tamar Bridge and Torpoint Ferry Revenue and Capital Budget

(Pages 139 - 174)

The City Council will be asked to consider the Cabinet recommendation to approve the Tamar Bridge and Torpoint Ferry Revenue and Capital budget 2018/19.

City Council

Monday 29 January 2018

PRESENT:

Councillor Mrs Foster, in the Chair.

Councillor Kelly, Vice Chair.

Councillors Mrs Aspinall, Ball, Mrs Beer, Bowie, Bowyer, Mrs Bowyer, Mrs Bridgeman, Carson, Churchill, Coker, Cook, Dann, Darcy, Philippa Davey, Sam Davey, Deacon, Downie, Drear, Evans, Fletcher, K Foster, Fry, Hendy, James, Jordan, Martin Leaves, Michael Leaves, Sam Leaves, Loveridge, Lowry, Dr Mahony, Mavin, McDonald, Morris, Murphy, Nicholson, Parker-Delaz-Ajete, Penberthy, Mrs Pengelly, Rennie, Riley, Singh, Smith, Sparling, Stevens, Storer, Jon Taylor, Kate Taylor, Tuffin, Tuohy, Vincent, Wheeler, Wigen and Winter.

Apologies for absence: Councillors Ricketts

The meeting started at 2pm and finished at 7.45pm.

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

44. MINUTES

Agreed the minutes of the meeting held on 20 November 2017.

45. DECLARATIONS OF INTEREST

The following declarations of interest were made by councillors in accordance with the code of conduct in respect of items under consideration at the meeting -

| Name | Minute Number | Reason | Interest |
|---------------------------|---------------|-----------------|----------|
| Councillor Jon Taylor | 54.1 and 54.2 | NHS Employee | Private |
| Councillor Kate Taylor | 54.1 | NHS Employee | Private |
| Councillor Deacon | 54.1 | Staff nurse | Private |
| Councillor Sam Leaves | 54.1 | NHS Employee | Private |
| Councillor Michael Leaves | 54.1 | Care Home Owner | Private |

46. ANNOUNCEMENTS

(a) Lord Mayor

- 100 Great Westerners
- Finalist in the Team Leader of the Year category - Melanie Wilson – Social Worker

- Winner of the Mental Health Social Worker of the Year Award – Gareth Benjamin – Social Worker
- Vera Mitchell – Volunteer – Plymouth Hospital NHS Trust MBE
- Carole Burgoyne MBE
- Library Staff at Christmas

(b) The Leader, Cabinet Members or Chairs of Committees

Councillor Patrick Nicholson, Deputy Leader and Cabinet Member for Strategic Transport, Housing and Planning

- Plymouth and South West Devon Joint Local Plan – Public Examination

47. **QUESTIONS BY THE PUBLIC**

There were two questions from members of the Public.

Question submitted by: Alan Ramage

Plymouth Green Book Club recently read “An Air That Kills” by Dr John Rieuwerts of Plymouth University. It states air pollution in Plymouth is greatest along arterial routes. Legal exceedances and even low levels are harmful especially to the vulnerable, including schoolchildren. What measures are being proposed to address this?

Response: Councillor Lynda Bowyer, Cabinet Member for Adult Health and Social Care

Response: (for completion by City Council officers and Cabinet Members / Chairs)
Plymouth City Council takes air quality seriously and the principles of protecting the air we breathe is contained within the Plymouth & South West Devon Joint Local Plan (JLP), a single strategic plan for the city and the neighbouring district authorities of South Hams and West Devon, that has a timeframe to 2034 and beyond and that is currently in the latter stages of development. The JLP brings together all of the city's long term strategic plans into one place and includes the city's economic, land use planning, housing, transport and environmental policies ensuring a coordinated approach to how the city evolves. The air quality issue is embedded into the JLP as it was previously in the Plymouth Plan and the Local Development Framework before that.

Air quality monitoring is undertaken in Plymouth continuously at various sites, which meet the criteria for assessment which is prescribed by DEFRA. This includes sites where residents live and could be exposed to increased levels of pollution, such as busy transport routes. This monitoring data is used to compare against the annual air quality objectives, which are set out by Government in regulations. Where levels exceed the objective figures, a Local Authority is required to declare an Air Quality Management Area, including an action plan showing how measures will be implemented to improve air quality.

In Plymouth, an AQMA was declared in 2014 for exceedance of nitrogen dioxide, covering five distinct areas and the adjoining road networks, replacing the previously

declared two individual AQMA's. Transport emissions were identified as the primary contributor. Details of the AQMA are on the Council website.

Plymouth City Council is pleased to report that air quality improvements are being observed in the AQMA, with the majority of the results now being below the air quality objective. We are closely reviewing the situation annually and discussing the observed improvements with DEFRA with a view to revoking or amending the AQMA as soon as we are able.

Key to achieving these results has been the Council's balanced transport strategy that seeks to support the objective of cleaner, healthier air for its residents and visitors. The strategy has a strong focus on encouraging greater sustainable transport use with more trips undertaken by bus, cycle and foot alongside reducing the need to travel and providing and enabling greater use of cleaner fuel vehicles. The numbers of people cycling in particular has seen a dramatic rise with a 51% increase between 2009-2015, which is a trend that the Council is keen to see continue.

Question submitted by: Mr Danny Bamping

Could the Cabinet Member for Finance please confirm how much the Council currently [1/1/18] holds in total in its 'non-ring-fenced' reserves, how much does the council still owe via its LOBO loans and what is the annual interest payments on them?"

Response: Councillor Ian Darcy, Cabinet Member for Finance and IT

Could the Cabinet Member for Finance please confirm how much the Council currently [1/1/18] holds in total in its 'non-ring-fenced' reserves.

The Council's only non – ring fenced reserve is the general fund working balance. As at 1/1/18 this reserve was £9.2m.

How much does the council still owe via its LOBO loans and what is the annual interest payments on them?"

Between 2005 to 2008, the Council took out £100m of borrowing through LOBO (Lenders Option Borrowers Option) loans from various banks. Many Local Authorities were using LOBOs as they offered preferential interest rates at the time. Most LOBO loans are at rates of around 4% to 5%, with long dated maturities. Based upon current implied market expectations, these are unlikely to be called for at least ten years or possibly longer. If lenders do exercise their option to increase the rate despite economic conditions, it is likely that authorities would be able to refinance loans at a similar or lower rate.

The Council now holds £82m of LOBOs and is in discussion with other banks to refinance some of the LOBO loans. The annual interest payments are approx. £3.6m. These arrangements are subject to regular reviews as part of the Treasury Management Board's scope.

48. **Torbay Children's Services Contractual Partnership**

Councillor Ian Bowyer (Leader) presented the report on the Torbay Childrens' Services Contractual Arrangement, Councillor Evans seconded the report.

Following the vote, the Council agreed to endorse the Cabinet's decision to enter into a formal contractual arrangement for Plymouth City Council to manage Torbay Council's Children's Services with effect from 1 April 2018.

For the Motion (50)

Councillors Bowie, Coker, Davey, Evans OBE, Hendy, Lowry, McDonald, Morris, Murphy, Parker-Delaz-Ajete, Rennie, Smith, Stevens, J Taylor, K Taylor, Tuffin, Tuohy, Vincent, Wheeler, Ball, Mrs Beer, Bowyer, Mrs Bowyer, Churchill, Darcy, Deacon, Downie, Drean, Fletcher, Foster, Fry, James, Jordan, Kelly, Martin Leaves, Michael Leaves, Mrs Leaves, Dr Mahony, Nicholson, Mrs Pengelly, Wiggins, Mrs Bridgeman, Riley, Storer, Sparling, Mavin, Carson, Winter, Mrs Loveridge and Cook.

Against the motion (0)

Abstentions (1)

Lord Mayor

Absent/Did not vote (6)

Councillors Aspinal, Dann, Davey, Penberthy, Singh and Ricketts.

49. **Council Tax Base Setting 2018/19**

Councillor Ian Darcy (Cabinet Member for Finance and IT) presented the report on the Council Tax Base Setting 2018/19, Councillor Ian Bowyer (Leader) seconded the report.

Following the vote, the Council agreed to -

1. approve the Council Tax Base for 2018/19 as set out in the report;
2. approve the continuation of the current Council Tax Support Scheme for 2018/19 with an update that "The authority may use information provided by the DWP and HMRC for the purposes of Council Tax Reduction, council tax liability, billing, administration and enforcement".

For the Motion (50)

Councillors Bowie, Coker, Davey, Evans OBE, Hendy, Lowry, McDonald, Morris, Murphy, Parker-Delaz-Ajete, Rennie, Smith, Stevens, J Taylor, K Taylor, Tuffin, Tuohy, Vincent, Wheeler, Ball, Mrs Beer, Bowyer, Mrs Bowyer, Churchill, Darcy, Deacon, Downie, Drean, Fletcher, Foster, Fry, James, Jordan, Kelly, Martin Leaves, Michael Leaves, Mrs Leaves, Dr Mahony, Nicholson, Mrs Pengelly, Wiggins, Mrs Bridgeman, Riley, Storer, Sparling, Mavin, Carson, Winter, Mrs Loveridge and Cook.

Against the motion (0)

Abstentions (1)

Lord Mayor

Absent/Did not vote (6)

Councillors Aspinall, Dann, Davey, Penberthy, Singh and Ricketts.

50. **Democratic and Community Engagement**

Councillor John Riley (Cabinet Member for HR/Democracy and Governance/Licensing) presented the report on Democratic and Community Engagement, Councillor Stevens seconded the report.

Following the vote, the Council agreed to

1. Agree the following priorities which comprise the programme of work proposed by CRG:
 - a. Providing a solid induction and good opportunities for follow-up training and development;
 - b. Improving information and data flow about wards/the city;
 - c. Engaging residents in different ways and responding to their concerns;
 - d. Clarifying ways to connect back to the Council through officers and democratic/governance processes;
 - e. Improving responsiveness from Council employees to questions and casework raised by Councillors;
 - f. Appropriately devolved funds that are directed to ward priorities and complement the baseline service;
 - g. Better utilising our networks to help solve problems collaboratively;
 - h. Ensuring Councillors are visible and accessible to residents.
2. Delegate to CRG responsibility for monitoring implementation of the detailed actions relating to the priorities within the programme of work outlined in recommendation 1
3. Note the intention to approve use of the Neighbourhood Initiative Fund through the regular budget setting process.
4. Delegate to the Monitoring Officer, via CRG, relevant amendments required to Appendix One (3) Neighbourhood Working of the Constitution.

For the Motion (50)

Councillors Bowie, Coker, Davey, Evans OBE, Hendy, Lowry, McDonald, Morris, Murphy, Parker-Delaz-Ajete, Rennie, Smith, Stevens, J Taylor, K Taylor, Tuffin, Tuohy, Vincent, Wheeler, Ball, Mrs Beer, Bowyer, Mrs Bowyer, Churchill, Darcy, Deacon, Downie, Drear, Fletcher, Foster, Fry, James, Jordan, Kelly, Martin Leaves, Michael Leaves, Mrs Leaves, Dr Mahony, Nicholson, Mrs Pengelly, Wiggins, Mrs Bridgeman, Riley, Storer, Sparling, Mavin, Carson, Winter, Mrs Loveridge and Cook.

Against the motion (0)

Abstentions (1)

Lord Mayor

Absent/Did not vote (6)

Councillors Aspinall, Dann, Davey, Penberthy, Singh and Ricketts.

51. **Remuneration of the Independent Remuneration Panel Members**

Councillor John Riley (Cabinet Member for HR/Democracy and Governance/Licensing) presented the report on Remuneration of the Independent Remuneration Panel Members, Councillor Stevens seconded the report.

Following the vote, the Council agreed to

1. Remunerate members of the Independent Remuneration Panel at the LGA daily rate, assuming payment for each day of formal meetings, 0.5 days preparation for members and 1 day preparation for the Chair.
2. Note that recruitment for additional members of the Panel will be undertaken during early 2018 and that, where relevant, the opportunity to share a Panel (and therefore costs) with another Local Authority will be explored.

For the Motion (49)

Councillors Bowie, Coker, Davey, Evans OBE, Hendy, Lowry, McDonald, Morris, Murphy, Parker-Delaz-Ajete, Rennie, Smith, Stevens, J Taylor, K Taylor, Tuffin, Tuohy, Vincent, Wheeler, Ball, Mrs Beer, Bowyer, Mrs Bowyer, Churchill, Darcy, Deacon, Downie, Drear, Fletcher, Fry, James, Jordan, Kelly, Martin Leaves, Michael Leaves, Mrs Leaves, Dr Mahony, Nicholson, Mrs Pengelly, Wiggins, Mrs Bridgeman, Riley, Storer, Sparling, Mavin, Carson, Winter, Mrs Loveridge and Cook.

Against the motion (0)

Abstentions (1)

Lord Mayor

Absent/Did not vote (7)

Councillors Aspinall, Dann, Davey, Foster, Penberthy, Singh and Ricketts.

52. **Pay Policy Statement 2018/2019**

Councillor John Riley (Cabinet Member for HR/Democracy and Governance/Licensing) presented the report on the Pay Policy Statement 2018/19, Councillor Bridgeman seconded the report.

Following the vote, the Council agreed to

1. Remunerate members of the Independent Remuneration Panel at the LGA daily rate, assuming payment for each day of formal meetings, 0.5 days preparation for members and 1 day preparation for the Chair.
2. Note that recruitment for additional members of the Panel will be undertaken during early 2018 and that, where relevant, the opportunity to share a Panel (and therefore costs) with another Local Authority will be explored.

For the Motion (27)

Councillors Ball, Mrs Beer, Bowyer, Mrs Bowyer, Churchill, Darcy, Deacon, Downie, Drear, Fletcher, Foster, Fry, James, Jordan, Kelly, Martin Leaves, Mrs Leaves, Dr Mahony, Nicholson, Mrs Pengelly, Wiggins, Mrs Bridgeman, Riley, Storer, Carson, Mrs Loveridge and Cook.

Against the motion (0)

Abstentions (28)

Lord Mayor, Councillors Aspinall, Bowie, Coker, Dann, Davey, Davey, Evans OBE, Hendy, Lowry, McDonald, Morris, Murphy, Parker-Delaz-Ajete, Penberthy, Rennie, Singh Smith, Stevens, J Taylor, K Taylor, Tuffin, Tuohy, Vincent, Wheeler, Sparling, Mavin and Winter.

Absent/Did not vote (2)

Councillors Ricketts and Michael Leaves

53. **Organisational Design**

The Lord Mayor moved, in accordance with article 14.1(b) of the Constitution and Council Procedure Rule 21, to suspend the usual procedural rules of debate to allow the Chief Executive to present her report to Council. The motion was seconded by the Deputy Lord Mayor, put to the vote and carried.

For the Motion (55)

Councillors Ball, Mrs Beer, Bowyer, Mrs Bowyer, Churchill, Darcy, Deacon, Downie, Drear, Fletcher, Foster, Fry, James, Jordan, Kelly, Martin Leaves, Michael Leaves, Mrs Leaves, Dr Mahony, Nicholson, Mrs Pengelly, Wiggins, Mrs Bridgeman, Riley, Storer, Carson, Mrs Loveridge, Cook, Aspinall, Bowie, Coker, Dann Davey, Davey, Evans OBE, Hendy, Lowry, McDonald, Morris, Murphy, Parker-Delaz-Ajete Penberthy, Rennie, Singh Smith, Stevens, J Taylor, K Taylor, Tuffin, Tuohy, Vincent, Wheeler, Sparling, Mavin Winter

Against the motion (0)

Abstentions (1)

Lord Mayor

Absent/Did not vote (1)

Councillors Ricketts

Following the re-instatement of standing orders Councillor Ian Bowyer moved and Councillor Evans seconded the report. Following the vote, Council agreed to-

1. approve the proposals for changes to the Plymouth City Council Senior Leadership Team.
2. note the outline timetable implementing the changes to Chief Officer positions.
3. authorise the Chief Officer Appointments Panel to consider any further responses from any collective and individual consultation undertaken; approve the role profiles of the new positions; agree how the roles will be selected and make appointments to roles as appropriate.

4. The Council's constitution is amended to reflect the changes to the Chief Officer structure and any changes to the designation or operation of Statutory Roles.

For the Motion (55)

Councillors Ball, Mrs Beer, Bowyer, Mrs Bowyer, Churchill, Darcy, Deacon, Downie, Drear, Fletcher, Foster, Fry, James, Jordan, Kelly, Martin Leaves, Michael Leaves, Mrs Leaves, Dr Mahony, Nicholson, Mrs Pengelly, Wiggins, Mrs Bridgeman, Riley, Storer, Carson, Mrs Loveridge, Cook, Aspinall, Bowie, Coker, Dann Davey, Davey, Evans OBE, Hendy, Lowry, McDonald, Morris, Murphy, Parker-Delaz-Ajete Penberthy, Rennie, Singh Smith, Stevens, J Taylor, K Taylor, Tuffin, Tuohy, Vincent, Wheeler, Sparling, Mavin Winter

Against the motion (0)

Abstentions (1)

Lord Mayor

Absent/Did not vote (1)

Councillors Ricketts

54. **MOTIONS ON NOTICE**

- (i) NHS and Adult Social Care Crisis

Councillor Ian Tuffin proposed a motion on the NHS and Adult Social Care Crisis, Councillor Mrs Aspinall seconded the motion. Following a debate the motion was put to the vote. Council agreed –

- I. to request that the Chief Executive Mrs Tracey Lee, write to the Prime Minister the Rt Hon Theresa May MP, Secretary of State for Health and Adult Social Care the Rt Hon Jeremy Hunt MP and the Leader of Her Majesty's opposition the Rt Hon Jeremy Corbyn MP, within 10 working days with the following requests: -
 - a. That as a priority, they fully seek and support strategies from medical professionals that will reduce overcrowding in our emergency departments.
 - b. That there is an immediate, significant and adequate increase in Social Care Funding to Support Plymouth City Council and other local authorities to provide patients who are fit to be discharged from acute beds to the provision they need
 - c. Finally we request that the main parties convene as a matter of urgency a cross party group to consider a short, medium and long-term solution to funding the NHS and Local Authorities.
 - d. We consider this a more appropriate method than the proposed green paper consultation exercise.

For the Motion (55)

Councillors Ball, Mrs Beer, Bowyer, Mrs Bowyer, Churchill, Darcy, Deacon, Downie, Drear, Fletcher, Foster, Fry, James, Jordan, Kelly, Martin Leaves, Michael Leaves, Mrs Leaves, Dr Mahony, Nicholson, Mrs Pengelly, Wiggins, Mrs Bridgeman,

Riley, Storer, Carson, Mrs Loveridge, Cook, Aspinall, Bowie, Coker, Dann Davey, Davey, Evans OBE, Hendy, Lowry, McDonald, Morris, Murphy, Parker-Delaz-Ajete, Penberthy, Rennie, Singh Smith, Stevens, J Taylor, K Taylor, Tuffin, Tuohy, Vincent, Wheeler, Sparling, Mavin and Winter

Against the motion (0)

Abstentions (1)
Lord Mayor

Absent/Did not vote (1)
Councillors Ricketts

(ii) Access to NHS Dentists

Councillor Sue McDonald proposed an amended motion on Access to NHS Dentists; the motion was seconded by Councillor Stevens.

Following the debate and vote council agreed –

1. that the Director of Public Health writes to the Secretary of State for Health and Social Care with the request to rapidly improve access to NHS Dentists thereby offering a service that offers an increase in early intervention and prevention
2. the director of public health writes to NHS England, who are the commissioner of dental services, to request urgent local action to improve access to NHS Dentists.

For the Motion (54)

Councillors Ball, Mrs Beer, Bowyer, Mrs Bowyer, Churchill, Darcy, Deacon, Downie, Drear, Fletcher, Foster, Fry, James, Jordan, Kelly, Martin Leaves, Michael Leaves, Mrs Leaves, Dr Mahony, Nicholson, Mrs Pengelly, Wiggins, Mrs Bridgeman, Riley, Storer, Carson, Mrs Loveridge, Cook, Aspinall, Bowie, Coker, Dann Davey, Davey, Evans OBE, Hendy, Lowry, McDonald, Morris, Murphy, Parker-Delaz-Ajete, Penberthy, Rennie, Singh, Smith, Stevens, J Taylor, K Taylor, Tuffin, Tuohy, Vincent, Wheeler, Mavin and Winter.

Against the motion (0)

Abstentions (1)
Lord Mayor

Absent/Did not vote (1)
Councillors Ricketts and Sparling.

(iii) PLASTIC FREE PLYMOUTH

Councillor Winter proposed a motion on Plastic Free Plymouth, the motion was seconded by Councillor Evans.

Councillor Bowyer proposed an amendment to the motion seconded by Councillor Jordan. Following the vote the amendment was carried.

For the Motion (49)

Councillors Ball, Mrs Beer, Bowyer, Mrs Bowyer, Churchill, Darcy, Deacon, Downie, Drean, Fletcher, Foster, Fry, James, Jordan, Kelly, Martin Leaves, Michael Leaves, Mrs Leaves, Dr Mahony, Nicholson, Mrs Pengelly, Wiggins, Mrs Bridgeman, Riley, Storer, Carson, Mrs Loveridge, Cook, Bowie, Coker, Dann, Davey, Evans OBE, Hendy, Lowry, Morris, Murphy, Parker-Delaz-Ajete, Penberthy, Rennie, Singh Smith, Stevens, J Taylor, K Taylor, Tuffin, Tuohy, Wheeler and Winter

Against the motion (4)

Councillors Davey, McDonald, Vincent and Mavin.

Abstentions (1)

Councillor Aspinall

Absent/Did not vote (3)

Lord Mayor, Councillors Ricketts and Sparling.

Following a debate and vote on the amended motion, Council agreed to support a plastic free Plymouth by -

1. Publishing a strategy that demonstrates how the Council will reduce the use and internal consumption of unnecessary single use plastics, and how we will engage with partners to deliver the desired outcomes across the wider city by 2020.
2. Appoint an Elected Member as Green Champion to lead a Council led Plastic Free Plymouth taskforce that involves local businesses and organisations in place by June 2018. This will work alongside the existing staff working group to drive the strategy forward and as far as reasonably practicable start phasing out its use of unnecessary single use plastic products in all Council buildings and at all Council events by June 2020.

For the Motion (55)

Lord Mayor, Councillors Ball, Mrs Beer, Bowyer, Mrs Bowyer, Churchill, Darcy, Deacon, Downie, Drean, Fletcher, Foster, Fry, James, Jordan, Kelly, Martin Leaves, Michael Leaves, Mrs Leaves, Dr Mahony, Nicholson, Mrs Pengelly, Wiggins, Mrs Bridgeman, Riley, Storer, Carson, Mrs Loveridge, Cook, Aspinall, Bowie, Coker, Dann, Davey, Davey, Evans OBE, Hendy, Lowry, McDonald, Morris, Murphy, Parker-Delaz-Ajete Penberthy, Rennie, Singh Smith, Stevens, J Taylor, K Taylor, Tuffin, Tuohy, Vincent, Wheeler, Mavin and Winter

Against the motion (0)

Abstentions (0)

Absent/Did not vote (2)

Councillors Ricketts and Sparling

55. **QUESTIONS BY COUNCILLORS**

| | From | To | Subject |
|-----|-----------------------|---------------------------|--|
| 1. | Councillor Carson | Councillor Michael Leaves | Waste collection. |
| 2. | Councillor Parker | Councillor Mrs Beer | Sexual harassment in Schools. |
| 3. | Councillor Penberthy | Councillor Ian Bowyer | Numbers of active applications on the housing waiting list. |
| 4. | Councillor Darcy | Councillor Nicholson | Living Streets process. |
| 5. | Councillor Jon Taylor | Councillor Mrs Beer | Underperforming schools in the City. |
| 6. | Councillor Morris | Councillor Ian Bowyer | Impact of the collapse of Carillion. Councillor Bowyer agreed to publish a report regarding the impact on Plymouth. |
| 7. | Councillor James | Councillor Mrs Bowyer | Deaths in Care Homes. |
| 8. | Councillor Loveridge | Councillor Nicholson | Update on improvements to Children's Play Areas. |
| 9. | Councillor Dann | Councillor Michael Leaves | Update on Trees requiring work. A written response would be provided to Councillor Dann. |
| 10. | Councillor Stevens | Councillor Ian Bowyer | A request for sharing of emails between the Chief Executive and Leader. |
| 11. | Councillor S Davey | Councillor Ian Bowyer | Controlled Park Zones in Stoke. Councillor Bowyer would provide an update. |
| 12. | Councillor Morris | Councillor Michael Leaves | Winter works scheme. |
| 13. | Councillor Tuohy | Councillor Nicholson | A written response would be provided to Councillor Tuohy why Laurel Road was chosen for improvements under Winter Works. |
| 14. | Councillor Sam Davey | Councillor Downie | Rats and public protection service. |

| | From | To | Subject |
|-----|-------------------|---------------------------|--|
| 15. | Councillor Evans | Councillor Downie | To ascertain when the Cabinet Downie raised the issue of underfunding with Cabinet. Councillor Downie would write to Councillor Evans. |
| 16. | Councillor Lowry | Councillor Michael Leaves | Waste collection in Honicknowle. |
| 17. | Councillor Rennie | Councillor Ian Bowyer | Requested names of officers who have shared emails with Cabinet Members. |
| 18. | Councillor Hendy | Councillor Leaves | Data regarding recycling and fly tipping. |

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

Declare the interest and speak and vote

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

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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 MINUTE 78

Delivering a Balanced Budget - Budget 2018/19



Cabinet agreed to recommend–

1. the 2018/19 Budget to Council;
2. the 2018/19 Flexible Use of Capital Receipts Strategy to Council;
3. the Capital Budget of £674.640m to Council.

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PLYMOUTH CITY COUNCIL

Subject: Revenue and Capital Budget 2018/19

Committee: City Council

Date: 26 February 2018

Cabinet Member: Councillor Darcy

CMT Member Andrew Hardingham (Interim Joint Strategic Director for Transformation and Change)

Author: Paul Looby, Head of Financial Planning and Reporting

Contact details Tel: 01752 307271
email: paul.looby@plymouth.gov.uk

Ref:

Key Decision: No

Part: I

Purpose of the report:

Under the Council's Constitution the Council is required to set a Revenue and Capital Budget and set the Council Tax for each financial year.

The Corporate Plan 2016/19:

The 2018/19 Budget sets out the revenue and capital resources available to deliver the Corporate Plan.

**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.

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

The proposed 2018/19 Budget provides the maximum resources achievable to address key policy areas.

Equality and Diversity:

A full equalities impact assessment is available at;
<http://democracy.plymouth.gov.uk/documents/s86083/EIA%20form%20Budget%20Cabinet%2013.02.2018.pdf>.

Recommendations and Reasons for recommended action:

The City Council is recommended:

1. To approve the proposed net revenue budget requirement for 2018/19 of £185.556m;
2. To approve the total capital budget of £674.640m to 2021/22 (Appendix 5);
3. To consider an Adult Social Care council tax precept and council tax levels for 2018/19;
4. To note that the Office of the Devon and Cornwall and Isles of Scilly Police Commissioner has issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area, reflecting twelve pound or a six point eight one per cent (£12.00 or 6.81%) increase for 2018/19;
5. To note that the Devon and Somerset Fire and Rescue Authority precepts will be confirmed for 2018/19 at the meeting;
6. To note the Section 151 Officer's statement on the Budget Robustness Statement as set out in section 2 of this report;
7. To approve the 2018/19 Flexible use of capital receipts strategy.
8. To approve the annual Treasury Management Strategy and Annual Investment Strategy 2018/19 (incorporating the authorised limits, operational boundaries and prudential indicators) as submitted (Appendix 7);
9. To note the Revenue and Capital Monitoring Report Quarter Three 2017/18 (Appendix 8);
10. To note the response to the recommendations made by the Budget Scrutiny Select Committee (Appendix 9);
11. To delegate responsibility for any technical accounting changes which may arise after the budget to the Section 151 Officer in consultation with the Leader and Portfolio Holder for Finance and IT.

Alternative options considered and rejected:

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 | |
| Medium Financial Strategy 2018/19 to 2020/21 | X | | | | | | | | | |
| Corporate Fees and Charges Policy | X | | | | | | | | | |
| Annual Report | X | | | | | | | | | |
| Treasury Management Strategy | X | | | | | | | | | |
| Council Tax Base | X | | | | | | | | | |

Sign off:

| | | | | | | | | | | | | |
|---|-----------------|-----|----------------------|------------|----------------|----|--|--------|--|----|--|---------------|
| Fin | djn1718.19 6 | Leg | lt/298443/2/090 2 | Mon Off | lt/dvs/29843/2 | HR | | Assets | | IT | | Strat Proc |
| Originating CMT Member Andrew Hardingham | | | | | | | | | | | | |
| Has the Cabinet Member(s) agreed the content of the report? yes | | | | | | | | | | | | |

I. Background

- I.1 This report sets out the decisions of Cabinet of 13 February 2018 to recommend a Revenue Budget for 2018/19 and Capital Budget for the five years to 2022/23. In addition, Council is recommended to approve the Treasury Management Strategy Statement and Annual Investment Strategy 2018/19 (as required by the CIPFA Code of Practice), including changes to the prudential indicators. Council is also asked to note the latest Revenue and Capital Monitoring Reports for 2017/18 as at the end of quarter three.
- I.2 The report to Cabinet set out in detail the latest budget position and budget gap and set out the impact of new and emerging pressures offset by savings and efficiencies to reach a revised budget gap.
- I.3 Council is required to set the Council Tax amounts for 2018/19. The precept notification from the office of the Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly, and the precept for the Devon and Somerset Fire and Rescue Service have been received and will be included as part of the Council Tax Resolution for 2018/19.
- I.4 The final 2018/19 Local Government Finance Settlement was announced on 6 February 2018. This confirmed the previously announced figures and the ten business rates retention pilots which included the Devon Pool. The Government announced a further £150m for Adult Social Care. Plymouth's allocation is £0.803m and will be used to support Adult Social Care.
- I.5 The Section 151 Officer is required to make an assessment as to the robustness of the budget and adequacy of the council's reserves. A detailed assessment is set out in section 2 of this report.
- I.6 The following appendices are included with this report:
- Appendix 1 Updated MTFS Risk Register;
 - Appendix 2 Budget Build by Directorate and Department;
 - Appendix 3 Funding Forecast;
 - Appendix 4 Council Tax Resolution (to be tabled at the meeting);
 - Appendix 5 Capital Budget;
 - Appendix 6 Revenue and Capital Budget 2018/19 report;
 - Appendix 7 Treasury Management Strategy Statement and Annual Investment Strategy 2018/19;
 - Appendix 8 Capital and Revenue Monitoring Report 2017/18 Quarter 3;
 - Appendix 9 Cabinet's response to the scrutiny recommendations and the scrutiny report.

2. Joint Interim Strategic Director for Transformation and Change (S151 Officer) – Budget Robustness Statement

- 2.1 Section 25 of the Local Government Act 2003 requires the Section 151 Officer (Interim Director for Transformation and Change) to formally report to Council as part of the tax setting report their view on the minimum level of reserves available to the general fund and on the robustness of estimates used on the budget setting process. The Council is required to take these views into account when setting the Council Tax at its meeting on 26 February 2018.

2.2 In considering the robustness of any estimates, the following criteria need to be considered:-

- The reasonableness of the underlying budget assumptions such as the:
 - Reasonableness of provisions to meet liabilities.
 - Extent to which known trends and pressures have been provided for.
 - Achievability of changes built into the budget.
 - Realism of income targets.
 - Alignment of resources with the Council service and organisational priorities.
 - A review of the major risks associated with the budget.
 - The availability of un-earmarked reserves to meet unforeseen cost pressures.
 - The strength of the financial management and reporting arrangements.

2.3 In coming to a view as to the robustness of the 2018/19 budget, the Section 151 Officer has taken account of the following issues:-

- Preparation has been subject to rigorous review throughout the budget process both in terms of reasonableness and adequacy. This process takes account of previous and current spending patterns in terms of base spending plans and the reasonableness and achievability of additional spending to meet increasing or new service pressures. This is a thorough process involving both financial and non-financial senior managers throughout the Council;
- Significant financial pressures experienced in 2017/18 including the application of one off use of reserves and other financing solutions have, where appropriate, been recognised in preparing the 2018/19 budget, or are subject to further actions to enable them to be delivered;
- Since the draft MTFS was approved in November 2017 and the initial Budget proposals were approved in January 2018, work has been undertaken to reduce some of the risks in the budget and to place less reliance on the use of “one off” financing solutions. The need to balance resource requirements against efficiency targets whilst ensuring front line service provision is not compromised continues to remain a concern;
- I have taken a risk-based assessment of the areas which could have a major impact on the Council’s finances. This approach has taken into account the type of risk, the potential magnitude of the financial risk and a judgement as to how likely the issue is to arise;
- In addition to specific directorate risks, the collection of Council Tax and generation of Business Rates yields are two key risks which need to be closely monitored;
- The Section 151 Officer is satisfied that the risks set out in the MTFS adequately reflect the fiscal challenges facing the Council.

2.4 It is important to note that 2017/18 has been and continues to be a challenging year. Demand for services, particularly children’s and adults has continued to increase and exceeded the cost forecasts used when preparing the budget with children’s services seeing an unprecedented 16% increase in costs in-year. In addition opportunities to realise some

savings targets have not materialised as forecast. It was important therefore to reassess these targets during the year in order to create a more robust budget going forward into 2018/19. Referring to the risks mentioned above the S151 Officer will be monitoring closely the revised and new savings targets.

- 2.5 The Section 151 Officer is able to confirm the contractual arrangement with Torbay to manage their children's services will not have any detrimental impact on Plymouth City Council's finances. I am satisfied that the contract will reflect that the budget the joint Director of Children's Services will be responsible for in delivering the service will be subject to a comprehensive and regular monitoring process and that all budget responsibilities and liabilities rest solely with Torbay.
- 2.6 The proposed strengthening of the Senior Management Team, as set out in the Chief Executive's Organisational Design, will ensure the delivery of Children's Services in Plymouth remain a key priority.
- 2.7 The budget proposed for 2018/19 includes the disaggregation of the central Transformation department. This reflects the maturity of Plymouth's ability to manage major transformational projects and delivery the required savings. Although there is a risk associated with this move, as S151 Officer I am assured by the discussions with the Corporate Management Team that there will be no adverse impact on the delivery of savings. Where previous transformation/efficiency savings have not been achieved the 2018/19 budget has been rebased. The Council has set challenging vacancy management savings. These will be managed within departments to meet the target set corporately with an understanding of the need to deliver departmental priorities. These reflect the profile of turnover across the Council but need to be closely monitored and actively managed throughout the year as to meet such an extended target will have an impact upon service delivery.
- 2.8 I have undertaken a comprehensive review of reserves and balances and consider these to be adequate. However, it should be noted that an overspend of 1% in any year, unless alternatively funded, would reduce general balances by 20%.
- 2.9 The Council's financial controls are set out in the Council's Financial Regulations. These provide a significant degree of assurance as to the strength of financial management and control arrangements throughout the Council. The Council has a well-established framework for financial reporting at directorate, corporate and cabinet levels. Given the scale of the budget challenges and the number of actions that need to be implemented to ensure the budget is on track, Cabinet will continue to monitor budget performance on a quarterly basis with monthly reports being provided to Portfolio holders.
- 2.10 In the context of the above, the Section 151 Officer considers the proposed budget which has been developed following input and reviews with Directors and other officers and Members, including Cabinet, for 2018/19 as robust and that the level of reserves are adequate given a clear understanding of the following:-
 - Both the revenue budget and capital programme have been formulated having regard to a number of factors including funding availability; risks and uncertainties; inflation; priorities; demography and service pressures. The savings plans have been formulated having regard to Council priorities and assessed against an agreed set of impact criteria and equality assessments;

- Budget monitoring and scrutiny arrangements are in place which include arrangements for the identification of remedial action, reporting and any remedial action required is supported by a clear action plan and regularly monitored;
 - The budget contains a number of challenging targets and other actions which will be subject to specific monitoring by the Council's Corporate Leadership Team, and as such, are at this time considered reasonable and achievable;
 - Monthly budget reporting to Cabinet members will continue;
 - There is a clear understanding of the duties of the Council's statutory Financial Officer and that the service implications of them being exercised are fully understood by members and senior management alike.
- 2.11 The Section 151 Officer is aware that the ongoing reduction to both general and specific government grant for local government will continue to have an impact upon Plymouth's finances. The MTFS will be reviewed on and updated on a quarterly basis to identify and address future funding, service and operational pressures. The delivery of future transformational savings by Directorates (as set out in the MTFS) is essential to ensure future year's budgets can be declared as robust.
- 2.12 An updated MTFS risk register has been included as appendix I.

3. Resources

- 3.1 The budget report presented to Cabinet on 13 February 2018 set out the national context for large reductions in local government funding and the impact of the Local Government Finance Settlement. The Final Local Government Finance Settlement was announced on 6 February 2018.
- 3.2. The headline position for Plymouth is the Government has assumed Plymouth's core spending power will be £194.1 in 2018/19.
- 3.3 As part of the Settlement the Government assumes that Plymouth will generate an additional £7.5m in council tax, which includes an assumed 3% Adult Social Care Precept.
- 3.4 As a successful pilot for 100% business rates retention in 2018/19, the main funding sources for Plymouth are business rates and council tax. Assuming the pilot is for only one year, Plymouth will revert back to the existing funding arrangements and receive revenue support grant from 2019/20.
- 3.5 The Council has assumed an additional pool gain of £1m in 2018/19 as a result of the 100% business rates pilot. The gain has been included in the Revenue Resources Available. The gain is dependent on overall growth of the pool.
- 3.6. There are also a number of specific grants that are already included in service budgets. Grant reductions have to be borne by those services. These include:

- A £1.3m reduction in the education services grant;
- A reduction of £0.405m in the Public Health grant;
- A reduction of £0.129m in the subsidy for the cost of administering housing benefit.

3.7 Table I below sets out a summary of Plymouth’s resource assumptions through to 2020/21 based on the Local Government Finance Settlement. The detailed calculation is shown in appendix 3.

Table I – Revenue Resource Assumptions

| | 2018/19 Settlement £m | 2019/20 Forecast £m | 2020/21 Forecast £m |
|---|-----------------------------|---------------------------|---------------------------|
| Revenue Support Grant (RSG) | | 9.533 | 5.567 |
| Council Tax (Including 3% ASC Precept 2018/19) | 104.792 | 105.310 | 108.478 |
| Business Rates | | | |
| RSG moved to Business Rates as part of 100% Rates retention pilot | 16.323 | | |
| Business Rates before 100% retention | 62.954 | | |
| Total Business Rates | 79.277 | 63.895 | 65.377 |
| Total Revenue | 184.069 | 178.738 | 179.422 |

(see Appendix 3 for details).

4. Cost Pressures

4.1 The City Council has to plan for a number of unavoidable costs pressures which form part of the base budget. The Medium Term Financial Strategy (MTFS) set out these costs and set out the principle that wherever possible services have to absorb the increased cost of service demand and inflation. Table 2 below sets out the increased costs that have been included in the budget for 2018/19 through to 2020/21.

Table 2 – Increased Costs

| Directorate | Increased costs | 2018/19 | Total by Directorate |
|-------------------------|---|---------------|----------------------|
| | | £m | £m |
| People | Adult social care – Care Packages and volume | 2.813 | 9.617 |
| | Children’s social care – cost and volume | 3.200 | |
| | National Living Wage in adult social care contracts | 2.054 | |
| People | Homelessness | 0.250 | |
| People | Education Services Grant – Legacy Costs | 1.300 | (0.510) |
| Place | Plymouth Plan (one-off) | (0.210) | |
| Place | Major investments | (0.550) | |
| Place | Street Services Operations | 0.250 | |
| Transformation & Change | Housing Benefit Subsidy | 0.250 | 0.650 |
| Transformation & Change | ICT re-provisioning | 0.300 | |
| Transformation & Change | Elections | 0.100 | |
| Corporate Items | Salary and pension inflation | 1.800 | 3.450 |
| Corporate Items | Pension actuarial review | 0.900 | |
| Corporate Items | EVRS/Redundancy | 0.500 | |
| Corporate Items | Revenue costs arising from capital investment decisions | 0.250 | |
| | Total | 13.207 | 13.207 |

5. Budget Savings

- 5.1 Cabinet Portfolio Members and Officers have worked to identify savings proposals to offset these increased budget pressures. These were outlined in the budget report to Cabinet on 13 February 2018 and are summarised below in table 3.

Table 3 – Summary of Budget Savings

| | 2018/19 £m |
|---|---------------|
| Additional Grant income | |
| - Adult Social Care Support Grant (one off) | (1.300) |
| - Better Care Fund Gain | 4.579 |
| Use of S106 contributions | 2.850 |
| Reduction in Working Balances | 0.050 |
| Flexible Use of Capital Receipts | (1.500) |
| Government Grant Changes | |
| - Reduction in New Homes Bonus | (1.659) |
| Transformation savings | 8.441 |
| Total | 11.461 |

6. Budget

- 6.1 As set out in the report to Cabinet on 13 February 2018 a summary of the MTFs and budget Gap of £1.560m in 2018/19 is shown in table 4.

Table 4 – Budget Gap

| | 2018/19 £m | 2019/20 £m | 2020/21 £m |
|--------------------------------------|----------------|----------------|----------------|
| | FORECAST | | |
| REVENUE RESOURCES AVAILABLE | 184.069 | 178.738 | 179.422 |
| Baseline spend requirement | 183.883 | 184.069 | 178.738 |
| Plus identified additional costs | 13.207 | 11.216 | 11.118 |
| Overall spend requirement | 197.090 | 195.285 | 189.856 |
| In-year shortfall to be found | 13.021 | 16.547 | 10.434 |
| Cumulative shortfall | 31.252 | 47.799 | 58.233 |
| Transformation savings | 11.461 | 7.490 | -0.596 |
| REVISED SPENDING FOR YEAR | 185.629 | 187.795 | 190.452 |
| Budget Gap 13 February 2018 | 1.560 | 9.057 | 11.030 |

- 6.2 The budget by Directorate is shown in appendix I and compares the 2017/18 budget to the proposed 2018/19 budget with increased costs and savings for each service.

7. Closing the Budget Gap 2018/19

- 7.1 As identified in table 4 above, after taking into account the resources available to the Council and unavoidable costs pressures there is a budget gap of £1.560m in 2018/19. This gap has been reduced to £1.560m through a combination of measures.

Recommendation and Options to Close the Budget Gap

- 7.2 The options to close the gap include:

- Use of additional provisions or reserves. This option is not recommended by the Section 151 Officer. A planned reduction in the working balance has already been assumed in the planned savings and the use of balances in any year is a one-off saving.
- Further efficiencies could be sought. Due to the high value of efficiencies already identified and the existing service pressures this is not a recommended approach at this stage of the financial year.
- The referendum limit for a council tax increase is 2.99%. Each additional 1% of Council Tax (including the Adult Social Care precept) will generate £1.0m. The Adult Social Care Precept of 3% already built into the resource assumptions is ring-fenced and the Council will devote any precept to this purpose

7.3 Taking into account the budget pressures faced by the Council, Members will need to consider what measures should be taken to reduce the budget gap

8. Dedicated Schools Grant (DSG)

8.1 The Dedicated Schools Grant (DSG) is a specific grant received by the Council and predominantly funds schools to undertake their work. From benchmarking data available it appears that schools in Plymouth are currently funded between £7m and £7.5m lower than nationally. The Government have been consulting on the National Funding Formula and the final formula will start to be implemented in 2018/19. Plymouth’s schools block funding will increase under the National Funding Formula. It is currently circa £143m and due to increase to circa £148m in 2018/19 and circa £152m in 2019/20 (based on 2017/18 pupil numbers).

8.2 Plymouth’s schools benefit from the National Funding Formula from 2018/19. However, Plymouth schools have experienced years of underfunding and will not see the total impact of the National Funding Formula until it is fully implemented in 2020/21.

8.3 In relation to the High Needs Block, again part of the DSG this is currently at £29.1m; funding individual children. Plymouth will get an increase of £0.3m in 2018/19. However, this is a budget under pressure due to a significant increase in the need for special school places, children requiring a higher level of support and an increase in the cost of independent school places.

9. Flexible Use of Capital Receipts Policy

9.1 The policy set out below is the statutory requirement to put this savings into operation.

9.2 For 2018/19 £2.000m of capital receipts will be used for transformation projects. The projects for 2018/19 are set out in the table below with the anticipated savings.

Table 5 - Flexible Use of Capital Receipts Policy

| | | 2018/19 £m | 2018/19 £m | 2019/20 £m | 2020/21 £m |
|--|--|-----------------|--|---------------|---------------|
| | | Cost of project | Will assist in achievement of savings: | | |
| 1 | Project support costs do deliver shared services and ICT infrastructure investment (part of £2.600m total revenue cost). | 0.600 | 3.076 | 0.446 | 0.025 |
| The project cost is part of the 2018/19 revenue budget for delivering shared service and the Way We Word programme. These savings will assist in achieving the MTFs planned savings across the Council as a whole. | | | | | |

| Impact on prudential indicators | | | | | |
|---------------------------------|---|-------|--------|-------|-------|
| | Financing costs of capital programme | | 0.000 | 0.000 | 0.000 |
| | Affordability | | 0.000 | 0.000 | 0.000 |
| | Planned capital expenditure | | 0.300 | 0.000 | 0.000 |
| | Planned use of receipts | | -0.300 | 0.000 | 0.000 |
| | Borrowing requirement | | 0.000 | 0.000 | 0.000 |
| | | | | | |
| 2 | Integrated Commissioning Team (part) | 1.400 | 4.039 | 3.656 | 0.000 |
| | The project cost is part of the 2018/19 revenue budget for the Integrated Commissioning Team. The savings the project will assist in achieving are the MTFs planned One System One Aim savings | | | | |
| Impact on prudential indicators | | | | | |
| | Financing costs of capital programme | | 0.000 | 0.000 | 0.000 |
| | Affordability | | 0.000 | 0.000 | 0.000 |
| | Planned capital expenditure | | 0.700 | 0.000 | 0.000 |
| | Planned use of receipts | | -0.700 | 0.000 | 0.000 |
| | Borrowing requirement | | 0.000 | 0.000 | 0.000 |

10. Capital Programme

- 10.1 The Plymouth Plan remains the principal driver for the Council's capital programme. It contains 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 26,700 new homes across the area, create 13,200 new jobs, and to undertake an unprecedented major investment programme in modernising infrastructure including transport, schools and green spaces.
- 10.2 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. The investment will enable growth within the economy as well as a significant level of new housebuilding and will therefore assist in generating additional business rates, Council Tax, New Homes Bonus and Community Infrastructure Levy.
- 10.3 The Council continues to take a strategic approach to the capital programme, having established 15 strategic outcomes within which individual projects sit. Increasingly the programme will need to be aligned with the strategic outcomes set out in the Plymouth Plan and Plymouth and South West Devon Joint Local Plan as well as the investment and business planning programmes of other organisations to maximise delivery on the ground.

- 10.4 The Council's Capital Programme consists of the approved capital projects the Council intends to deliver over a five year period. In recent years the Programme has been running at an average of £60m per year, although it has shown a rising trend. Details for the capital programme are set out in the Cabinet report of 13 February and is attached to this report.

Revised MTFS Risk Register

MTFS Risk Register – February 2018 Update

| Risk | Mitigation | Likelihood | Impact | Score |
|---|--|------------|--------|-------|
| National and local economic situation - impact on New Homes Bonus. | Proactive approach to new development. | 3 | 3 | 9 |
| Change to economic outlook (nationally, locally and impact of Brexit) –impact on Business Rates income. | Proactive approach to new development and promoting business investment in PCC. | 3 | 4 | 12 |
| Economic outlook (including Brexit) - impact upon investment returns. | Ongoing review of investment policy and use of property fund to maintain returns. | 3 | 4 | 12 |
| Change of Government - 4-year RSG settlement at risk. | Work with partners and local government bodies to protect the settlement. | 2 | 2 | 4 |
| Fair funding review disadvantages PCC. | Work proactively to lobby for increased PCC resources that recognise the particular needs of the City. | 4 | 5 | 20 |
| 100% business rates retention does not direct a fair share of resources to PCC or does not allow the benefits of rates growth to be fully retained. | Work proactively to lobby for increased PCC resources and promote a system that is not unduly favourable to authorities with a higher business rates base. | 2 | 5 | 10 |
| Volume of demand and demographics beyond MTFS assumptions- adults. | Although provision has been made in the MTFS for additional costs in this area, the position will need careful monitoring. | 4 | 5 | 20 |
| Volume of demand beyond MTFS assumptions – children. | Although provision has been made in the MTFS for additional costs in this area, the position will need careful monitoring. | 4 | 5 | 20 |
| Volume of demand beyond MTFS assumptions – homelessness. | Although provision has been made in the MTFS for additional costs in this area, the position will need careful monitoring. | 3 | 3 | 9 |
| Risk to Council tax collection rates following the roll out of Universal Credit. | The MTFS is based on realistic collection assumptions, but the position will need to be carefully monitored and additional resources allocated for collection activity as necessary. | 3 | 3 | 9 |

| | | | | |
|--|---|----------|----------|-----------|
| <p>Risk of additional costs through pension fund deficits beyond MTFS assumptions.</p> | <p>Some provision has been made in the MTFS for additional pension costs, but the position will need to be carefully monitored. The Government Actuary is to have a new role in signing off deficit reduction timescales.</p> | <p>3</p> | <p>3</p> | <p>9</p> |
| <p>Delivery of planned savings.</p> | <p>The achieved value of Transformation Stretch savings is part of regular budget monitoring. Corrective management action is taken where adverse variations are identified.</p> | <p>3</p> | <p>4</p> | <p>12</p> |
| <p>Commercialisation Debt Risk.</p> | <p>Borrowing to invest in commercial projects exposes PCC to additional credit risk, as the revenues that flow from these projects are inherently uncertain.</p> | <p>2</p> | <p>4</p> | <p>8</p> |

APPENDICES

Plymouth City Council General Fund Budget 2018/19

| Directorate | Department | Division | Budget 2017/18 | | | Budget 2018/19 | | | |
|-------------------|---|--------------------------------|----------------|------------------|----------------|----------------|----------------|----------------|----------------|
| | | | Expenditure | Income | Net Budget | Cost Increases | Savings | Other Savings | Net Budget |
| Corporate Finance | Other Corporate Items | Other Corporate Items | 10.573 | (10.722) | (0.149) | 0.850 | 0.000 | (0.228) | 0.473 |
| | | Corporate Items Budget Savings | (1.881) | (0.041) | (1.923) | 0.000 | 0.000 | 0.000 | (1.923) |
| | Total Corporate Finance | Total Corporate Finance | 8.692 | (10.763) | (2.071) | 0.850 | 0.000 | (0.228) | (1.449) |
| Executive Office | Chief Executives Office | Performance & Intelligence | 0.413 | 0.000 | 0.413 | 0.007 | (0.008) | 0.000 | 0.413 |
| | | Communications and Engagement | 0.556 | (0.059) | 0.497 | 0.009 | (0.010) | 0.000 | 0.496 |
| | | Civic Events | 0.172 | (0.014) | 0.157 | 0.002 | (0.002) | 0.000 | 0.157 |
| | | Oversight and Governance | 0.520 | 0.000 | 0.520 | 0.009 | (0.045) | 0.000 | 0.484 |
| | | Members | 1.287 | 0.000 | 1.287 | 0.000 | 0.000 | 0.000 | 1.287 |
| | Business Support | Departmental Support | 0.808 | (0.053) | 0.755 | 0.013 | (0.015) | 0.000 | 0.754 |
| | Total Executive Office | Total Executive Office | 3.755 | (0.127) | 3.629 | 0.041 | (0.080) | 0.000 | 3.590 |
| People | Children, Young People, Families | QA Safeguarding and Bus Suppt | 3.557 | 0.094 | 3.650 | 0.047 | (0.049) | 0.000 | 3.649 |
| | | Permanency | 8.835 | (0.110) | 8.725 | 0.038 | (0.040) | 0.000 | 8.724 |
| | | CAMHS Specialist Services | 0.642 | (0.033) | 0.609 | 0.001 | (0.001) | 0.000 | 0.609 |
| | | Childrens Social Work | 4.462 | 0.000 | 4.462 | 0.049 | (0.050) | 0.000 | 4.461 |
| | | Plymouth Referral and Assmnt | 2.951 | (0.484) | 2.467 | 0.049 | (0.051) | 0.000 | 2.465 |
| | | Adoption | 3.323 | (0.135) | 3.188 | 0.012 | (0.012) | 0.000 | 3.188 |
| | | Children in Care | 7.806 | (1.102) | 6.704 | 3.205 | (1.268) | 0.000 | 8.641 |
| | | Targeted | 5.098 | (1.669) | 3.429 | 0.066 | (0.068) | 0.000 | 3.427 |
| | Strategic Commissioning & Adult Social Care | Service Delivery | 75.605 | (20.588) | 55.016 | 4.922 | (2.161) | 1.300 | 59.077 |
| | | Commissioning | 16.335 | (5.671) | 10.663 | 0.026 | (0.026) | 0.000 | 10.663 |
| | | Leisure Management | 2.643 | (0.096) | 2.547 | 0.001 | (0.001) | 0.000 | 2.547 |
| | | Management and Transformation | (1.524) | (2.464) | (3.988) | 0.003 | (0.003) | (4.579) | (8.567) |
| | | Social Care Contract | 6.919 | 0.000 | 6.919 | 0.000 | 0.000 | 0.000 | 6.919 |
| | | Childrens Commissioning | 5.287 | (0.373) | 4.915 | 0.004 | (0.004) | 0.000 | 4.914 |
| | Education Participation Skills | Schools* | 65.425 | (65.425) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| | | SEND | 24.078 | (19.974) | 4.103 | 0.086 | (0.089) | 0.000 | 4.101 |
| | | School Improvement | 2.539 | (1.467) | 1.072 | 0.030 | (0.031) | 0.000 | 1.071 |
| | | School Support | 3.387 | (4.587) | (1.201) | 1.302 | (0.002) | 0.000 | 0.099 |
| | | External | 1.995 | (1.995) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| | | Skills and Employability | 0.338 | (0.060) | 0.278 | 0.004 | (0.425) | 0.000 | (0.143) |
| | | Schools Access Planning | 6.361 | (1.156) | 5.205 | 0.055 | (0.056) | 0.000 | 5.203 |
| | | Sports Development | 0.308 | (0.083) | 0.224 | 0.004 | (0.004) | 0.000 | 0.224 |
| | Community connections | Community Access | 2.522 | (1.222) | 1.300 | 0.266 | (0.065) | 0.000 | 1.501 |
| | | Community Localities | 0.971 | (0.282) | 0.689 | 0.014 | (0.016) | 0.000 | 0.687 |
| | | Community Youth | 0.563 | (0.040) | 0.523 | 0.008 | (0.008) | 0.000 | 0.523 |
| | Management and Support People | Management and Support People | 0.214 | 0.000 | 0.214 | 0.003 | (0.203) | 0.000 | 0.014 |
| | Total People | Total People | 250.636 | (128.922) | 121.714 | 10.195 | (4.635) | (3.279) | 123.996 |

*This £65m represents the DSG for the local authority maintained schools only; the gross DSG including Academies is £199m

| Directorate | Department | Division | Budget 2017/18 | | | Budget 2018/19 | | | | |
|------------------------------------|--------------------------------|--|--------------------------|-----------------|-----------------|----------------|----------------|----------------|----------------|---------------|
| | | | Expenditure | Income | Net Budget | Cost Increases | Savings | Other Savings | Net Budget | |
| Place | Economic Development | Management & Support | 0.610 | (0.390) | 0.220 | 0.006 | (0.064) | 0.000 | 0.163 | |
| | | Business Parks | 0.381 | (0.847) | (0.466) | 0.005 | (0.000) | 0.000 | (0.461) | |
| | | Mount Edgumbe | 0.780 | (0.666) | 0.113 | 0.011 | (0.009) | 0.000 | 0.115 | |
| | | Museum Services | 2.559 | (1.271) | 1.288 | 0.049 | (0.042) | 0.000 | 1.295 | |
| | | Land and Property | 3.878 | (6.918) | (3.040) | 0.015 | (0.650) | 0.000 | (3.675) | |
| | | Events & Tourist Information | 2.395 | (1.826) | 0.569 | 0.013 | (0.150) | 0.000 | 0.432 | |
| | | Enterprise and employment | 0.973 | (0.441) | 0.532 | 0.020 | 0.000 | 0.000 | 0.552 | |
| | | Theatre and Entertainments | 0.415 | 0.000 | 0.415 | 0.000 | 0.000 | 0.000 | 0.415 | |
| | | Arts & Cultural Development | 0.050 | 0.000 | 0.050 | 0.000 | 0.000 | 0.000 | 0.050 | |
| | | Strategic Projects Development | 0.798 | (0.488) | 0.311 | 0.006 | (0.000) | 0.000 | 0.317 | |
| | | City Deal | 0.336 | (0.321) | 0.015 | 0.008 | 0.000 | 0.000 | 0.024 | |
| | Strategic Planning | Strategic Planning & Infrastructure Core Budgets | 7.413 | (3.012) | 4.401 | (0.049) | (0.213) | 0.000 | 4.139 | |
| | | Strategic Planning & Infrastructure Core Budgets Projects | 0.295 | (0.294) | 0.001 | 0.000 | 0.000 | 0.000 | 0.001 | |
| | | Strategic Planning & Infrastructure Core Budgets Transport Revenue | 5.715 | (0.230) | 5.485 | 0.000 | (0.150) | 0.000 | 5.335 | |
| | Street Services | Highways Parking and Marine Sv | 8.830 | (6.394) | 2.436 | 0.044 | (0.038) | 0.000 | 2.443 | |
| | | Street Scene & Waste Services | 34.315 | (18.429) | 15.886 | 0.475 | (0.194) | 0.000 | 16.167 | |
| | | Fleet & Garage | 2.375 | (3.889) | (1.515) | 0.016 | 0.586 | 0.000 | (0.912) | |
| | Management and Support - Place | Management and Support | 0.234 | 0.000 | 0.234 | 0.004 | (0.202) | 0.000 | 0.037 | |
| | | Business Support | 0.284 | 0.000 | 0.284 | 0.009 | (0.007) | 0.000 | 0.285 | |
| | | GAME Transformation | 0.000 | (5.146) | (5.146) | 0.000 | 0.000 | 1.659 | (3.487) | |
| | Total Place | | Total Place | 72.637 | (50.562) | 22.075 | 0.634 | (1.132) | 1.659 | 23.236 |
| | Public Health | Public Health | Prescribed Functions | 8.033 | 0.000 | 8.033 | 0.000 | 0.000 | 0.000 | 8.033 |
| | | | Non-Prescribed Functions | 7.996 | (0.294) | 7.702 | 0.000 | 0.000 | 0.000 | 7.702 |
| Funding Reduction (Allocation TBC) | | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | (0.405) | (0.405) | |
| ODPH Funding Streams | | | 0.000 | (15.735) | (15.735) | 0.000 | 0.000 | 0.405 | (15.330) | |
| Operational and Development | | PPS Management | 0.099 | (0.040) | 0.059 | 0.001 | (0.003) | 0.000 | 0.057 | |
| | | PPS Technical Support | 0.142 | 0.000 | 0.142 | 0.005 | (0.002) | 0.000 | 0.145 | |
| Trading Standards | | Trading Standards | 0.428 | (0.017) | 0.411 | 0.013 | (0.006) | 0.000 | 0.418 | |
| Environ Health (Food & Safety) | | Environmental Health (Food & Safety) | 0.432 | (0.034) | 0.398 | 0.013 | (0.006) | 0.000 | 0.405 | |
| Bereavement Services | | Contracts Cemeteries & Crematoriums | 0.992 | (2.681) | (1.689) | 0.017 | (0.078) | 0.000 | (1.750) | |
| | | Cemeteries & Crematoriums Improvements | 0.130 | (0.130) | 0.000 | 0.001 | (0.000) | 0.000 | 0.001 | |
| Licensing | | Licensing | 0.306 | (0.408) | (0.102) | 0.010 | (0.005) | 0.000 | (0.097) | |
| Environmental Protection | | Neighbourhood & Enviro Quality | 0.573 | (0.160) | 0.413 | 0.016 | (0.009) | 0.000 | 0.421 | |
| | | Environmental Protection & Monitoring | 0.000 | (0.005) | (0.005) | 0.000 | 0.000 | 0.000 | (0.005) | |
| Civil Protection Unit | | Civil Protection Unit | 0.189 | (0.026) | 0.163 | 0.005 | (0.004) | 0.000 | 0.165 | |
| Total Public Health | | Total Public Health | 19.322 | (19.531) | (0.209) | 0.080 | (0.113) | 0.000 | (0.242) | |

| | | | Budget 2017/18 | | | Budget 2018/19 | | | |
|-------------------------|--|--|----------------|------------------|----------------|----------------|----------------|----------------|----------------|
| Directorate | Department | Division | Expenditure | Income | Net Budget | Cost Increases | Savings | Other Savings | Net Budget |
| Transformation & Change | Finance | Assistant Director for Finance | (0.186) | (0.031) | (0.217) | 0.006 | (0.310) | 0.000 | (0.522) |
| | | Head of Integrated Finance | 0.748 | 0.000 | 0.748 | 0.017 | (0.016) | 0.000 | 0.749 |
| | | External Audit | 0.158 | 0.000 | 0.158 | 0.000 | 0.000 | 0.000 | 0.158 |
| | | Assurance Services | 0.912 | (0.305) | 0.607 | 0.018 | (0.017) | 0.000 | 0.607 |
| | | Procurement | 0.467 | (0.041) | 0.426 | 0.010 | (0.010) | 0.000 | 0.426 |
| | | Financial Planning and Reporting | 1.198 | (0.233) | 0.964 | 0.025 | (0.024) | 0.000 | 0.965 |
| | | Internal Audit | 0.335 | (0.024) | 0.311 | 0.000 | (0.050) | 0.000 | 0.261 |
| | | Soft Facilities Management | 3.605 | (1.142) | 2.463 | 0.060 | (0.157) | 0.000 | 2.365 |
| | | Hard Facilities Management | 9.563 | (1.029) | 8.534 | 0.015 | (0.015) | 0.000 | 8.534 |
| | | Commercialisation | 0.209 | 0.000 | 0.209 | 0.004 | (0.004) | 0.000 | 0.209 |
| | | Treasury Management | 9.016 | (1.969) | 7.047 | 0.250 | (0.786) | 0.000 | 6.511 |
| | | Legal | Legal | 2.174 | (0.879) | 1.295 | 0.043 | (0.041) | 0.000 |
| | Coroner | 0.679 | (0.053) | 0.626 | 0.004 | (0.004) | 0.000 | 0.626 | |
| | Customer Services | Customer Services | 4.279 | (3.425) | 0.854 | 0.073 | 0.241 | 0.000 | 1.168 |
| | | Library Service | 2.410 | (0.524) | 1.887 | 0.044 | (0.076) | 0.000 | 1.854 |
| | | Revenues & Benefits | 105.511 | (106.201) | (0.690) | 0.250 | 0.000 | 0.000 | (0.440) |
| | | Service Centre | 3.200 | (0.976) | 2.223 | 0.069 | (0.566) | 0.000 | 1.726 |
| | | Registration Service | 0.651 | (0.504) | 0.147 | 0.014 | (0.013) | 0.000 | 0.148 |
| | Human Resources (HR) & Organisational Development (OD) | OD & Talent | 0.771 | (0.035) | 0.737 | 0.013 | (0.062) | 0.000 | 0.687 |
| | | HR & OD Management | 0.222 | 0.000 | 0.222 | 0.003 | (0.002) | 0.000 | 0.222 |
| | | HR Specialist Services | 0.698 | (0.007) | 0.691 | 0.014 | (0.014) | 0.000 | 0.692 |
| | Departmental Management | Health, Safety & Wellbeing | 0.360 | (0.016) | 0.344 | 0.007 | (0.007) | 0.000 | 0.344 |
| | | Director for Corporate Service | (0.304) | 0.000 | (0.304) | 0.003 | (0.337) | 0.000 | (0.638) |
| | Transformation | Business Support | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| | | Transformation | 2.792 | (0.445) | 2.347 | 0.058 | (1.373) | 0.000 | 1.031 |
| | ICT | ICT | 6.898 | (0.425) | 6.473 | 0.300 | 0.000 | 0.000 | 6.773 |
| Electoral Function | Electoral Function | 0.647 | (0.002) | 0.645 | 0.106 | (0.006) | 0.000 | 0.746 | |
| | Total Transformation & Change | Total Transformation & Change | 157.013 | (118.267) | 38.746 | 1.406 | (3.653) | 0.000 | 36.499 |
| | Total General Fund | Total General Fund | 512.055 | (328.172) | 183.883 | 13.207 | (9.613) | (1.848) | 185.629 |

NB: Other Changes are a combination of changes to specific grants, income generation efficiency savings and contributions from capital receipts and balances. The allocation of budgets in the above table is subject to change as a result of Virements and structure changes.

Funding Forecast 2018/19

| Core Funding Forecast | 2018/19 £m |
|---|----------------|
| Council Tax (Including 3% ASC Precept Increase) | 104.792 |
| RSG | 0.000 |
| NNDR (Including Devon Rates Pool) | 79.277 |
| Total Resources | 184.069 |

| Core Funding Forecast | 2018/19 £m |
|---|----------------|
| Tax base after estimated local council tax support reductions | 72,167 |
| Multiplied by: Collection Rate | 98.50% |
| Plus: Tax base adjustment (contributions in lieu Ministry of Defence) | 848 |
| Equals: Tax base after estimated collection rate adjustment | 71,932 |
| Initial Band D Rates - Prior Year Base | 1,407.47 |
| Initial Council Tax Yield | 101,242,273 |
| Council Tax increase (up to 1.99%) – subject to change | 0.00% |
| Addition Council Tax Yield - due to referendum increase | 0 |
| Subtotal Council Tax Base including Referendum Increase | 101,242,273 |
| Council Tax increase (ASC precept 2%) | 3.00% |
| Addition Council Tax Yield - due to ASC precept | 3,037,268 |
| Total Council Tax Yield | 104,279,541 |
| Indicative Band D Rate £ | 1,449.69 |
| Council Tax income | 104.280 |
| Council Tax Surplus | 0.512 |
| Total Revenue from Council Tax | 104.792 |

| NNDR I | 2018/19 £m |
|---|-------------------|
| Business Rates Income | 80.349 |
| Multiplied by: Base growth Change % | 0.52% |
| Increase in base due to assumed growth £ | 0.413 |
| Increase in RPI % (OBR Forecasts) | 3.00% |
| Increase in base due to RPI £ | 2.423 |
| Subtotal NNDR Base | 83.185 |
| Plus Top up / (Tariff) | (11.882) |
| Plus Forecast Actual S3I Payments (as per NNDR I) | 7.280 |
| Cost of Collection | 0.311 |
| Surplus/(Deficit) to be charged to the General Fund | (1.467) |
| Plus Pooling Gains / Losses | 1.650 |
| Plus Renewable Energy income | 0.200 |
| NNDR | 79.277 |

Appendix 4

Council Tax Resolution

To follow

Appendix 5

Capital Budget to 2017 - 2022

| Funding Source | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total |
|--------------------------------|----------------|----------------|----------------|----------------|---------------|----------------|
| | £m | £m | £m | £m | £m | £m |
| Un-ringfenced Grants | 6.830 | 4.736 | 5.749 | 4.686 | 4.686 | 26.687 |
| Ringfenced Grants | 25.637 | 43.905 | 28.473 | 20.334 | 0.225 | 118.574 |
| Developer Contributions | 25.365 | 13.122 | 7.511 | 11.265 | 11.355 | 68.618 |
| External Contributions | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 | 2.500 |
| Capital Receipts | 5.059 | 1.479 | 1.775 | 0.000 | 0.000 | 8.313 |
| Loans Repaid | 0.205 | 0.346 | 0.955 | 0.448 | 0.449 | 2.403 |
| Plan for Homes | 0.538 | 14.953 | 15.000 | 24.712 | 24.713 | 79.916 |
| Borrowing (incl Priority List) | 81.362 | 115.754 | 92.956 | 46.962 | 27.700 | 364.734 |
| Revenue/Funds | 0.827 | 1.768 | 0.100 | 0.100 | 0.100 | 2.895 |
| Total | 146.323 | 196.563 | 153.019 | 109.007 | 69.728 | 674.640 |

Details of the Capital Programme to 2021/22

| Approved Capital Programme | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total |
|---|--------------|--------------|--------------|------------|----------|--------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Celebrating Mayflower | | | | | | |
| Mayflower 400 - Public Realm Improvements | 50 | 784 | 280 | | | 1,114 |
| Mayflower 400 - Public Realm Enabling | 50 | 450 | 500 | | | 1,000 |
| Mayflower 400 - Trails | 50 | 931 | 985 | | | 1,966 |
| Mayflower 400 - Merchants House | 25 | | | | | 25 |
| Mayflower 400 - Elizabethan House | 250 | | | | | 250 |
| Mayflower 400 - Monument | 50 | | | | | 50 |
| Mayflower 400 - Waterfront Event Infrastructure | 10 | | | | | 10 |
| Total Celebrating Mayflower | 485 | 2,165 | 1,765 | 0 | 0 | 4,415 |
| Connecting the City | | | | | | |
| Mayflower Coach Station | 47 | - | - | - | - | 47 |
| Creation of Non-Scheduled Coach Drop Off Points | 72 | - | - | - | - | 72 |
| Total Connecting the City | 119 | 0 | 0 | 0 | 0 | 119 |
| Delivering More/Better Housing | | | | | | |
| Self Build Housing Sites | 73 | 115 | | | | 188 |
| Former Whitleigh Community Centre | 92 | 88 | | | | 180 |
| Empty Homes / Enabling | | | | | | 0 |
| North Prospect Phase 5 | | 500 | 450 | | | 950 |
| Prince Maurice Road | 359 | | | | | 359 |
| Bath Street | 730 | 977 | 937 | | | 2,644 |
| Plan for Homes | 262 | 301 | 200 | 300 | | 1,063 |
| Homes for Veterans (Nelson Project) | 225 | | | | | 225 |
| Extra Care Housing Support Millbay | | 450 | | | | 450 |
| How Street Specialist Housing Programme | 238 | 38 | | | | 276 |
| Bournemouth Churches Housing Association | 80 | | | | | 80 |
| Total Delivering More/Better Housing | 2,059 | 2,469 | 1,587 | 300 | 0 | 6,415 |

Details of the Capital Programme to 2021/22

| Approved Capital Programme | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total |
|--|---------------|---------------|--------------|--------------|--------------|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Delivering Oceansgate | | | | | | |
| South Yard Remediation/separation works | 1,726 | 7,729 | | | | 9,455 |
| South Yard Area I East Direct Development | 5,173 | 1,001 | | | | 6,174 |
| Total Delivering Oceansgate | 6,899 | 8,730 | 0 | 0 | 0 | 15,629 |
| Delivering The Box | | | | | | |
| The Box | 8,605 | 11,856 | 9,123 | 148 | | 29,732 |
| Total Delivering The Box | 8,605 | 11,856 | 9,123 | 148 | 0 | 29,732 |
| Ensuring Essential City Infrastructure | | | | | | |
| Clean Vehicle Technology Improvements | 81 | | | | | 81 |
| Bus Punctuality improvement plan (BPIP) | 220 | 41 | | | | 261 |
| Access Road to Housing Site in Estover | 112 | | | | | 112 |
| SI06 Transport Projects | 186 | 838 | | | | 1,024 |
| Derriford Community Park | 71 | 28 | | | | 99 |
| European Marine Sites - Recreational Behaviour Changing Measures | 28 | 28 | 55 | | | 111 |
| Home Energy | 34 | 46 | | | | 80 |
| Millbay Boulevard | 25 | | | | | 25 |
| Development Funding | 75 | 400 | | | | 475 |
| Capitalised Maintenance Schemes | 8,755 | 6,483 | 5,042 | 2,000 | 2,000 | 24,280 |
| Flood defence Works | 53 | | | | | 53 |
| Container Provision | 672 | | | | | 672 |
| West Hoe Pier | 30 | 75 | | | | 105 |
| Mount Edgcombe Sea Wall Repairs | 569 | | | | | 569 |
| Mount Edgcombe Commercialisation | 180 | 84 | | | | 264 |
| Total Ensuring Essential City Infrastructure | 11,091 | 8,023 | 5,097 | 2,000 | 2,000 | 28,211 |
| Ensuring Good Quality School Places | | | | | | |
| Stoke Damerel Basic Need | 22 | | | | | 22 |
| Pennycross Basic Need | 2,000 | | | | | 2,000 |
| Pomphlett Basic Need | 395 | 2,093 | | | | 2,488 |
| Oreston Academy Basic Need | 226 | | | | | 226 |
| Yealmpstone Farm Primary School Basic Need | 1,546 | 1,004 | | | | 2,550 |
| Woodford Primary School - Decking | 59 | | | | | 59 |
| Total Ensuring Good Quality School Places | 4,248 | 3,097 | 0 | 0 | 0 | 7,345 |
| Growing the Economy | | | | | | |
| Social Enterprise Fund | 575 | 277 | | | | 852 |
| Langage Development Phase 2 | 1,771 | 1,400 | | | | 3,171 |
| STEM Provision at City College | 481 | | | | | 481 |
| 39 Tavistock Place | 202 | 15 | | 33 | | 250 |
| Total Growing the Economy | 3,029 | 1,692 | 0 | 33 | 0 | 4,754 |

Details of the Capital Programme to 2021/22

| Approved Capital Programme | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total |
|--|---------------|--------------|--------------|------------|----------|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Improving neighbourhoods and delivering community infrastructure / facilities | | | | | | |
| Barne Barton general amenity improvement | 19 | 164 | | | | 183 |
| Active Neighbourhoods | 41 | 47 | 25 | | | 113 |
| Infrastructure Works at Honicknowle | | 26 | | | | 26 |
| Derriford Community Park - Phase 3 | 100 | 421 | 22 | 4 | 4 | 551 |
| Bond Street Playing fields (Southway Community Football Facility) | 6 | 507 | | | | 513 |
| Staddiscombe Sports Improvements | 1 | 58 | | | | 59 |
| Higher Efford Play Pitch Enhancements | 16 | 422 | 66 | | | 504 |
| Central Park Sports Plateau | 15 | 365 | 52 | | | 432 |
| Central Park Improvements | 625 | 2,179 | 1,725 | 976 | | 5,505 |
| Improving Outdoor Play | 611 | 264 | | | | 875 |
| Central Park Wooded Valley | 23 | | | | | 23 |
| Dunstone Woods | | 13 | | | | 13 |
| Blockhouse Park Playground Refurbishment | 2 | | | | | 2 |
| Manadon Play Pitches | 677 | 1,356 | | | | 2,033 |
| St Budeaux Tennis Courts | 3 | | | | | 3 |
| MAP Early Years Capital Fund | 300 | | | | | 300 |
| Children Centres | 13 | 238 | | | | 251 |
| Total Improving neighbourhoods and delivering community inf | 2,452 | 6,060 | 1,890 | 980 | 4 | 11,386 |
| Securing Growth in Derriford and Northern Corridor | | | | | | |
| Forder Valley Link Road- Development Costs | 1,390 | 1,000 | | | | 2,390 |
| Derriford Transport scheme - Derriford Roundabout / William Prance I | 12,215 | 50 | | | | 12,265 |
| Derriford Hospital interchange scheme | 37 | | | | | 37 |
| N Corridor Junction Imps - PI Outland Rd | 238 | 1,180 | | | | 1,418 |
| Purchase of 444 Tavistock Road | 32 | | | | | 32 |
| Purchase of 422 Tavistock Road | 196 | 79 | | | | 275 |
| Purchase of Properties in the North of Plymouth | 380 | 1,658 | | | | 2,038 |
| Northern Corridor Strategic Cycle Network | 550 | 1,750 | 840 | | | 3,140 |
| Woolwell to The George | 233 | 187 | | | | 420 |
| Total Securing Growth in Derriford and Northern Corridor | 15,271 | 5,904 | 840 | 0 | 0 | 22,015 |
| Securing Growth in the City Centre and Waterfront | | | | | | |
| Devonport Market High Tech 'Play Market' | 713 | 1,318 | | | | 2,031 |
| Charles Cross | 750 | | | | | 750 |
| City Centre Public Realm | 526 | | 923 | | | 1,449 |
| Market Way Public Realm | 215 | | | | | 215 |
| Sutton Harbour Public Realm Improvements | 32 | | | | | 32 |
| Visitor signage | 86 | | | | | 86 |
| Cobourg House | 3,323 | | | | | 3,323 |
| Quality Hotel | 70 | 266 | | | | 336 |
| Colin Campbell Court Phase 1 | 221 | | 743 | | | 964 |
| Colin Campbell Court Phase 2 | 1,164 | 516 | | | | 1,680 |
| Plymouth City Market Major Refurbishment | 1,287 | 2 | | | | 1,289 |
| City Centre Shop Fronts Grant Scheme | 176 | 114 | | | | 290 |
| Improved Waterfront Cycle Routes | 5 | | | | | 5 |
| West End Public Realm | | 74 | | | | 74 |
| Total Securing Growth in the City Centre and Waterfront | 8,568 | 2,290 | 1,666 | 0 | 0 | 12,524 |

Details of the Capital Programme to 2021/22

| Approved Capital Programme | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total |
|--|----------------|----------------|----------------|----------------|---------------|----------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Securing Growth in the Eastern Corridor | | | | | | |
| Eastern Corridor Junction Improvements | 200 | 3,158 | | | | 3,358 |
| Eastern Corridor Strategic Cycle Network | 930 | 2,230 | 380 | 380 | | 3,920 |
| Total Securing Growth in the Eastern Corridor | 1,130 | 5,388 | 380 | 380 | 0 | 7,278 |
| Transforming Services | | | | | | |
| Street lighting bulb replacement | 79 | 40 | | | | 119 |
| Highways Information Management System | 342 | | | | | 342 |
| Fleet Replacement Programme | 1,478 | | | | | 1,478 |
| Weston Mill Recycling Centre | 204 | | | | | 204 |
| Chelson Meadow Closure & Leachate Plant Upgrade | | 259 | | | | 259 |
| Bell Park Industrial Estate | 34 | 302 | | | | 336 |
| Friary Retail Park | 50 | | | | | 50 |
| Next | 7,875 | 7,178 | | | | 15,053 |
| 10 New George Street | 1,779 | | | | | 1,779 |
| Purchase of St Catherine's House | 2,416 | | | | | 2,416 |
| Royal Mail | 20,303 | | | | | 20,303 |
| Strategic Property Investment | 100 | 13,060 | | | | 13,160 |
| Ocean Studios | 200 | | | | | 200 |
| Highway Works At The Former Seaton Barracks Site | | 661 | | | | 661 |
| Barbican Footbridge | 10 | 170 | | | | 180 |
| LGA Transforming Social Care | 49 | | | | | 49 |
| Disabled Facilities (incl Care & Repair works) | 2,337 | | | | | 2,337 |
| Schools Condition Works | 392 | | | | | 392 |
| CaterED | | | | | | 0 |
| SEN Access and Safeguarding | 35 | | | | | 35 |
| Schools Devolved Formula & Projects | 525 | 420 | 225 | 225 | 225 | 1,620 |
| Plan for Libraries | 121 | | | | | 121 |
| ICT | 1,108 | 4,431 | 984 | 984 | | 7,507 |
| Corporate Asset Lifecycle Maintenance | 414 | 488 | | | | 902 |
| Corporate Heritage Maintenance | 166 | | | | | 166 |
| Other Corporate Property | 1,489 | 32 | | | | 1,521 |
| Transformation Accommodation | 795 | 449 | | | | 1,244 |
| Boiler Replacement Programme for Council Properties | | 145 | | | | 145 |
| Total Transforming Services | 42,301 | 27,635 | 1,209 | 1,209 | 225 | 72,579 |
| TOTAL CAPITAL PROGRAMME | 106,257 | 85,309 | 23,557 | 5,050 | 2,229 | 222,402 |
| Forecast future income streams | 27,758 | 55,492 | 54,204 | 66,041 | 46,799 | 250,294 |
| Priority List | 12,308 | 55,762 | 75,258 | 37,916 | 20,700 | 201,944 |
| GRAND TOTAL | 146,323 | 196,563 | 153,019 | 109,007 | 69,728 | 674,640 |

PLYMOUTH CITY COUNCIL

Subject: Budget 2018/19

Committee: Cabinet

Date: 13 February 2018

Cabinet Member: Cllr Darcy

CMT Member: **Andrew Hardingham** (Interim Joint Strategic Director for Transformation and Change)

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

Purpose of the report:

Under the Council's Constitution, Cabinet is required to recommend the 2018/19 Budget to Council.

The Corporate Plan 2016/19:

The 2018/19 Budget sets out the resources available to deliver the Corporate Plan.

**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.

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

The 2018/19 Draft Budget provides the maximum resources achievable to address key policy areas.

Equality and Diversity:

A full equalities impact assessment has been submitted with this Budget paper.

RECOMMENDATIONS AND REASONS FOR RECOMMENDED ACTION:

It is recommended that:

1. Cabinet recommends the 2018/19 Budget to Council;
 2. Cabinet recommends the 2018/19 Flexible Use of Capital Receipts Strategy to Council;
 3. Cabinet recommends the Capital Budget of £674.640m to Council.
-

Alternative options considered and rejected:

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 |
| | | | | | | | | | |
| | | | | | | | | | |

Sign off:

| | | | | | | | | | | | | | |
|---|-------------|-----|----------------|------------|--------------|----|--|--------|--|----|--|---------------|--|
| Fin | djn1718.188 | Leg | t/29843/010218 | Mon Off | It/dvs/29843 | HR | | Assets | | IT | | Strat Proc | |
| Originating SMT Member Andrew Hardingham | | | | | | | | | | | | | |
| Has the Cabinet Member(s) agreed the content of the report? | | | | | | | | | | | | | |

Section A - Revenue budget

I. National Context

- I.1 The ongoing impact of the Government's Austerity measures have been widely reported and documented since the 2010 Spending Review. Despite the introduction of the Adult Social Care Precept and greater flexibility to use capital receipts to fund revenue expenditure, these measures have not provided sufficient revenue resources to mitigate against the large reductions in local government funding and increased demands across all council services.
- I.2 The introduction of 50% business rates retention in 2013 was a fundamental change to how councils receive their funding. Further changes are expected with the Government announcing in the Provisional Local Government Finance Settlement in December 2018, the introduction of 75% business rates retention from 2020/21.
- I.3 As part of the move to 100% business rates retention, the Government invited all local authorities to bid to become a pilot. On behalf of the Devon business rates pool, Plymouth submitted a pilot application and was successful and will be one of 10 pilots nationally who will pilot 100% business rates retention in 2018/19. The pilot is initially for one year. This will mean for 2018/19 the main funding sources for Plymouth are business rates and council tax. Assuming the pilot is for one year, Plymouth will revert back to the existing funding arrangements and receive revenue support grant from 2019/20.
- I.4 The Council has assumed an additional pool gain of £1.0m in 2018/19 as a result of the 100% business rates pilot. The gain has been included in the Revenue Resources Available. The gain is dependent on overall growth of the pool. The pilot application included a number of benefits that Devon authorities would invest the gain in, including economic development and social care. Devon has a number of initiatives in place such as Heart of the south West LEP to promote economic development across the county.
- I.5 As a pilot the Government have confirmed there will be a no detriment clause whereby all authorities within a pilot cannot be worse off than if they had remained under the current funding regime. For the purposes of this report, the overall funding as announced as part of the Provisional Local Finance Settlement on 19 December 2017 is shown in this report due to the impact on overall council resources in future years.
- I.6 Since 2013, the Government has not significantly changed the formula to calculate Plymouth's spending need. The Government has announced that it will implement the Fair Funding Review by 2020. This is an important exercise and will focus specifically on potential approaches to measure the relative needs of local authorities e.g.:
- Presents the idea of using a simple foundation formula to measure the relative needs of local authorities, based on a small number of common cost drivers;
 - Consider a number of service areas where in addition, a more sophisticated approach to measuring relative needs may potentially be required;
 - Outlines the statistical techniques that could be used to construct relative needs.
- I.7 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.

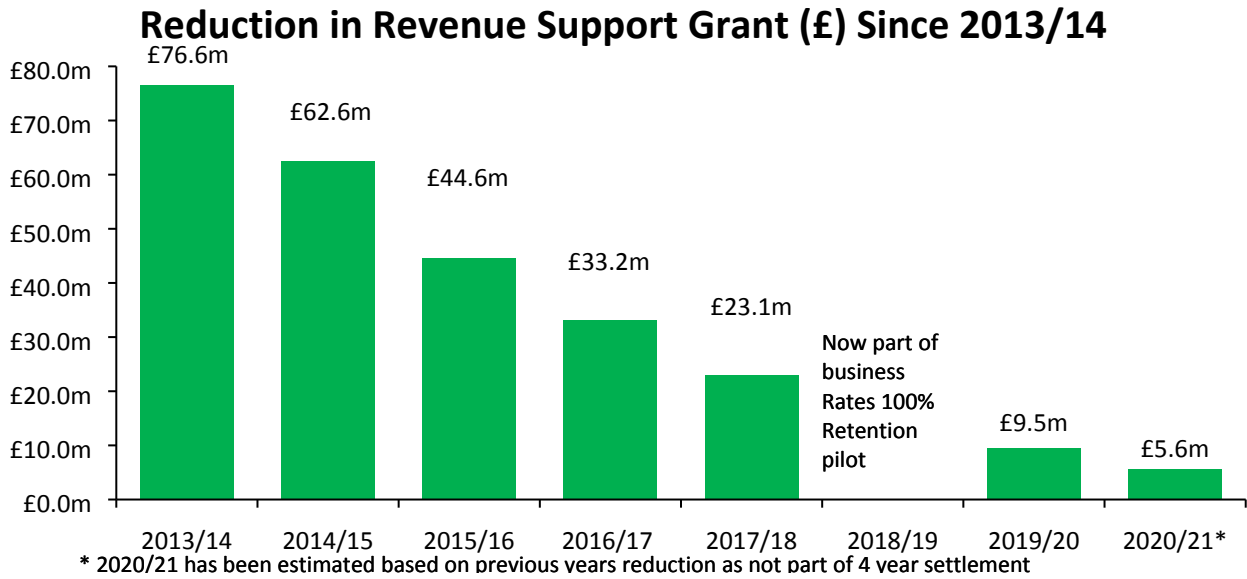
- I.8 In 2018/19, Government has assessed Plymouth’s core spending power will be £193.2m. Core spending power is the Government’s assumption of the total resources available to local government. It includes assumptions for the maximum amount of income that can be raised from council tax including assumptions for growth in the taxbase and other income sources such as New Homes Bonus and the Better Care Fund.
- I.9 As part of the core spending power, the Government has already assumed that Plymouth will generate an additional £7.5m in council tax which includes an assumed 3% Adult Social Care Precept.
- I.10 Core Spending Power, in relation to Business Rates, includes an assumed Settlement Funding Assessment as set out in the table below. For Plymouth the 2018/19 settlement is based on the 100% business rates pilot. As a result of retaining 99% of the business rates in 2018/19 (1% goes to Devon and Somerset Fire authority) the Council will pay a tariff of £11.9m.

| Key Information for Local Authorities (£m) | | | | |
|--|---------|---------|---------|---------|
| Plymouth | | | | |
| | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
| Settlement Funding Assessment | 86.60 | 77.54 | 72.44 | 66.89 |
| of which: | | | | |
| Revenue Support Grant | 33.21 | 23.06 | 0.00 | 9.53 |
| Baseline Funding Level | 53.39 | 54.48 | 72.44 | 57.36 |
| Tariff/Top-Up | 9.24 | 13.77 | -11.88 | 14.63 |
| Tariff/Top-Up adjustment | | | | 0.00 |
| Safety Net Threshold | 49.38 | 50.39 | 70.26 | 53.06 |
| Levy Rate (p in £) | 0.00 | 0.00 | 0.00 | 0.00 |

- I.11 2018/19 is the third 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 financial support.
- I.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 overall resources. Examples are given below:
 - In 2018/19 the Government subsidy for the cost of administering housing benefit has fallen by £0.129m;
 - The Public Health grant has fallen by £0.405m to £15.330m.
- I.13 The context for 2018/19 budget decisions is therefore:
 - Continued reduction in resources;
 - Loss and reduction of specific grants;

- It is already assumed councils will generate much higher income local through council tax, precepts and business rates.

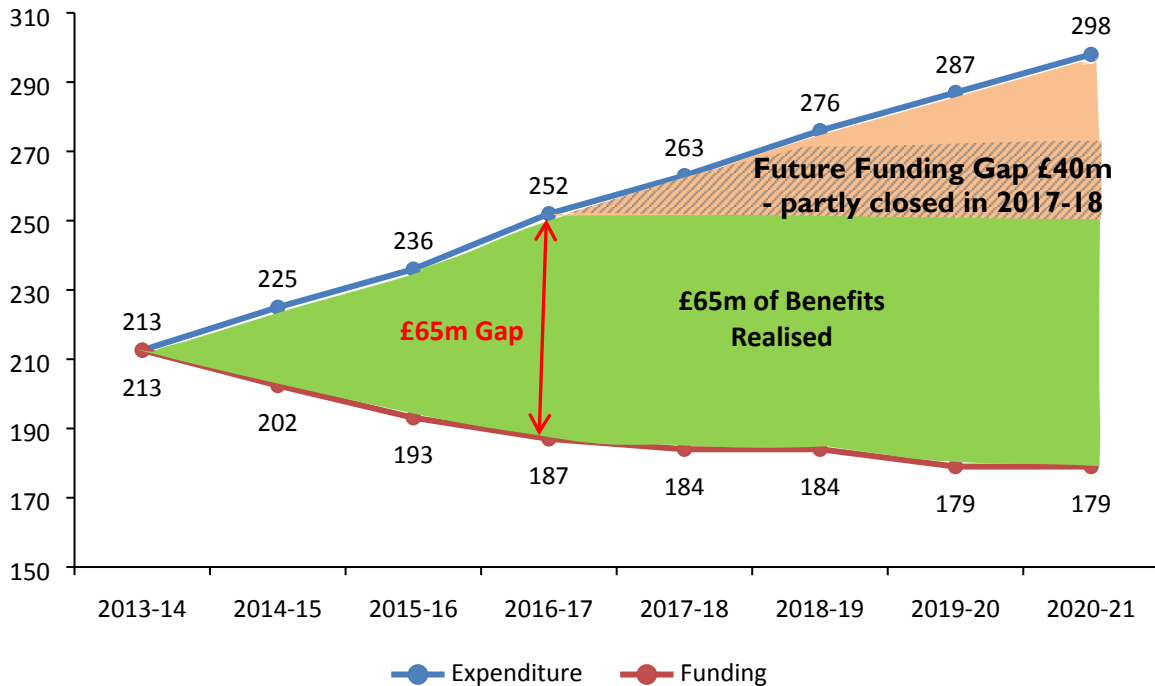
1.14 The chart below shows how Plymouth’s Revenue Support grant has fallen since 2013/14.



2. Budget Decisions

2.1 The Medium Term Financial Strategy was recommended by Cabinet on 31 October 2017 and subsequently approved by Council on 20 November 2017. 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.

Transformation Programme



- 2.2 The budget gap reported to Council in November 2017 was £4.766m. Cabinet received an updated report on the budget at its meeting on 16 January 2018. This report set out a number of changes to forecast funding and expenditure for 2018/19.
- 2.3 The revised budget gap reported to Cabinet on 16 January 2018 decreased to £2.640m. This updated position reflected new savings and efficiencies identified at this time, new and emerging pressures, the latest information arising from the Chancellor's Autumn Statement and the impact of the Provisional Local Government Finance Settlement. The overall budget position is set out in the table below.

| | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|---|----------------|----------------|----------------|----------------|
| | £m | £m | £m | £m |
| | BUDGET | FORECAST | | |
| REVENUE RESOURCES AVAILABLE | 183.883 | 184.069 | 178.738 | 179.422 |
| Baseline spend requirement | 186.702 | 183.883 | 184.069 | 178.738 |
| One off savings brought forward | 4.876 | | | |
| Plus identified additional costs | 10.536 | 13.207 | 11.216 | 11.118 |
| Overall spend requirement | 202.114 | 197.090 | 195.285 | 189.856 |
| In-year shortfall to be found | 18.231 | 13.021 | 16.547 | 10.434 |
| Cumulative shortfall | 18.231 | 31.252 | 47.799 | 58.233 |
| Savings | 18.231 | 10.381 | 7.490 | -0.596 |
| REVISED SPENDING FOR YEAR | 183.883 | 186.709 | 187.795 | 190.452 |
| Budget Gap as at 16 January 2018 | 0.000 | 2.640 | 9.057 | 11.030 |

- 2.4 The proposed budget by Directorate is shown in appendix A.
- 2.5 The table below sets out the increased costs that have had to be included in the budget for 2018/19.

| Directorate | Increased costs | 2018/19 | Total by Directorate |
|-------------------------|---|---------------|----------------------|
| | | £m | £m |
| People | Adult social care – Care Packages and volume | 2.813 | 9.617 |
| | Children’s social care – cost and volume | 3.200 | |
| | National Living Wage in adult social care contracts | 2.054 | |
| | Homelessness | 0.250 | |
| | Education Services Grant – Legacy Costs | 1.300 | |
| Place | Plymouth Plan (one-off) | (0.210) | (0.510) |
| | Major investments | (0.550) | |
| | Street Services Operations | 0.250 | |
| Transformation & Change | Housing Benefit Subsidy | 0.250 | 0.650 |
| | ICT re-provisioning | 0.300 | |
| | Elections | 0.100 | |
| Corporate Items | Salary and pension inflation | 1.800 | 3.450 |
| | Pension actuarial review | 0.900 | |
| | EVRS/Redundancy | 0.500 | |
| | Revenue costs arising from capital investment decisions | 0.250 | |
| | Total | 13.207 | 13.207 |

- 2.6 The impact of pressures within Social Care continues to have a significant impact upon the Council’s resources. Nationally and locally the costs of providing health and wellbeing services are rising as demand increases. Plymouth has an ageing population with more complex needs and higher levels of young children requiring our services.
- 2.7 Increased Social Care costs amount to £4.867m in 2018/19, with further increases built into future year’s budgets. The National Living Wage was increased to £7.85 per hour from April 2018. This increasing cost is shown separately in our additional costs analysis but in reality is a key driver in the increasing costs of providing our adult social care packages and services.
- 2.8 Within Children’s Services cost and volume analysis is refreshed on a quarterly basis. The latest trend suggest a levelling out in the trend of the number of children coming into care but an increase in the cost of the care packages and placements. The numbers reflected for 2019/20 and 2020/21 are based on trend analysis at this stage and will be refined and updated going forward.
- 2.9 The 2018/19 3% ASC Precept already assumed in the MTFS will generate £3.037m additional funding for 2018/19. This represents 62% of the predicted increased cost of demographic

pressures - £2.813m and the further impact of the increase in the National Living Wage on our adult care packages of £2.054m totaling £4.867m.

- 2.10 Other additional pressures include an increased provision for the pay award and increased provision within Community Connections to reflect increased demand within the homelessness budget.
- 2.11 A 1% provision for the pay award was included within the Council's MTFs. At the time this was based on the assumption the public sector cap on salary increases would continue into 2018/19. Subsequently there has been a considerable amount of media attention on public sector pay and the Government removed the pay cap. At the time of writing this report two of three main trade unions have rejected the 2% offer. Following consultation with their members a final decision as to whether the pay award will be accepted will be announced in the middle of March 2018.
- 2.12 The table below lists the savings that have now been identified for the next three financial years. Further details are provided in Appendix B. These reflect the difficult service decisions that have had to be made given the Council's reducing available funding. The £10.381m to be delivered in 2018/19 represents 5.6% of the Council's net budget.

| Savings (£m) | 2018/19 | 2019/20 | 2020/21 |
|--|---------|---------|---------|
| New Homes Bonus | -1.659 | -0.204 | -0.921 |
| Better Care Fund Gain | 4.579 | 4.111 | |
| Adult Social Care Support Grant (one off) | -1.300 | | |
| Public Health Directorate | | | |
| Efficiency Savings | 0.075 | 0.099 | 0.050 |
| Vacancy Management Target | 0.038 | | |
| Chief Executive Office | | | |
| Efficiency savings | 0.035 | 0.022 | |
| Vacancy Management Target | 0.045 | | |
| Place Directorate including GAME 2 | | | |
| Real time passenger information | 0.150 | -0.150 | |
| Commercial Events | 0.150 | 0.050 | |
| Energy-Related Initiatives: Low Carbon Team Additional Income | 0.023 | | |
| Energy-Related Initiatives: Additional Capitalisation of Low Carbon Team Posts | 0.053 | -0.053 | |
| Additional Efficiencies | 0.198 | 0.126 | |
| Asset Investment Fund | 0.650 | | |
| Fleet Modernisation budget rebased | -0.600 | | |
| Fees & Charges in accordance with Policy | 0.003 | 0.003 | |
| Vacancy Management Target | 0.505 | | |
| People - One System One Aim | | | |

| Savings (£m) | 2018/19 | 2019/20 | 2020/21 |
|--|----------------|----------------|----------------|
| Integrated delivery & Commissioning | 2.105 | 1.650 | |
| Community Connections | 0.050 | | |
| Children, Young People, and Families | 1.263 | 0.750 | |
| Education, Participation, Skills | 0.421 | 0.250 | |
| People directorate review | 0.200 | 0.250 | |
| Efficiencies People Directorate | | 0.756 | |
| Vacancy Management Target | 0.596 | | |
| Transformation & Change | | | |
| Transformation Review | 0.500 | | |
| Systems Review - Community Facilities | 0.033 | | |
| Further Transformation Savings | 0.294 | 0.187 | |
| Service Centre | 0.500 | | |
| Smart working | 0.043 | 0.234 | |
| Revision to office cleaning arrangements | 0.100 | | |
| Anti-Fraud Partnership with Devon Audit Partnership | 0.050 | 0.025 | 0.025 |
| Review of Coroners arrangements | 0.040 | | |
| Human Resources & Organisational Development | 0.050 | | |
| Treasury Management/MRP/LOBO | 0.500 | 1.000 | |
| Treasury Management Savings | -0.114 | -0.118 | |
| Increase in Investment Diversification | 0.400 | 0.200 | |
| Fees & Charges in accordance with Policy | 0.002 | 0.002 | |
| Fees & Charges in accordance with Policy - Court Costs | -0.311 | | |
| Vacancy Management Target | 0.486 | | |
| Corporate Items | | | |
| Fees & Charges in accordance with Policy - Additional Income | 0.250 | 0.250 | 0.250 |
| Revised staff travel target | -0.344 | | |
| Revised Procurement contract savings target | -0.678 | | |
| Revised customer services programme target | -0.400 | | |
| Reduction in Working balances | 0.050 | 0.050 | |
| Flexible use of capital receipts | -1.500 | -2.000 | |
| Use of S106 contributions | 2.850 | | |
| Total Savings | 10.381 | 7.490 | -0.596 |

3. Options to close the Budget Gap

3.1 Cabinet Portfolio holders and Officers have been considering further options to close the £2.640m budget gap in 2018/19. The budget gap can be further reduced following a review of the structure of the Transformation Service.

Our Transformation Evolution

3.2 In April 2018 we move into the fifth year of our successful transformation journey that has delivered over £65m of budget savings and a further £15m in 2017/18 giving a total of £80m of efficiencies for Plymouth City Council in the last four years.

a. In addition to savings, the transformation work has driven innovation and improvement across both the Council and the city. There has been a significant increase in the city's economic growth. Ground breaking integration between the Council and health partners has achieved a step change in the city's health and wellbeing services.

b. Modernisation of Council services has created a number of profitable arms-length companies to support the Council and partners in the city such as Delt and CaterEd, introduced new technology to provide staff with more efficient ways of working and delivered a fit for purpose library service.

3.5 We are now moving into the next stage of our journey, which allows us to respond to drivers for change including:

- Delivery of the Plymouth Plan and Corporate Plan (JLP);
- Promoting democratic engagement and the role of Councillors;
- Meeting our financial challenges and transforming the way we work;
- An ambitious economic growth agenda;
- Performing at our best – strong and effective service performance;
- Changing expectations from residents – citizen focus and customer experience;
- Integration with partners and the Plymouth family;
- New contract to manage Children's Services in Torbay;
- Strategic Transformation Plan (STP) and development of Local Delivery
- Partnership for the Western System;
- Changes in Education Services;
- Sharing back office services;
- Direct delivery of services.
- Responding to our regional and sub-regional agenda.

3.6 We will continue to focus on three roles in delivering the vision for the city:

1. Community leadership, advocating for the city;
2. Facilitating partnerships at all levels and connecting communities;
3. Commissioning services and delivering them through the most appropriate means.

3.7 We will ensure that the basic fundamentals such as an excellent performance management are in place, working well and adding value. We will use data and insight to drive decision-making and work closely with our communities to develop innovative models for how services are delivered.

- 3.8 We will be placing the customer and citizen at the heart of how we deliver services and focusing on better outcomes for them.
- 3.9 Many of the staff currently working on transformation programmes will transfer from a centralised service within the Transformation and Change Directorate to the People and Place directorates from March 2018 based on the major programmes of change. The responsibility to deliver the savings of £1.080m from the new organisational arrangements will lie with the Strategic and Service Directors.
- 3.10 Retained within the Transformation and Change Directorate will be a small flexible resource to respond quickly to critical service improvement needs, as prioritised by the Corporate Management Team.
- 3.11 A small core hub of three posts will be retained to ensure we keep corporate oversight of the performance, costs, benefits and resource plans for our transformation programmes, along with maintaining essential expertise in managing a portfolio of programmes, business models and IT client management.
- 3.12 By agreeing to the proposed change for Transformation the budget gap is reduced to £1.560m.

Other Options

- 3.13 A planned reduction in the working balance has already been assumed. Use of balances in any year is a one-off saving and increases the savings tariff in the next financial year. As part of the annual review of the budget all reserves and provisions have been reviewed to assess if any one off resources are available in 2018/19.
- 3.14 The Council can review its reserves and provisions to establish if any can be credited to the General Fund. A saving of this nature is a one off and could leave the Council exposed to risk, depending on the nature of the provision used.
- 3.15 There is always the option to undertake further reviews within Directorates to ascertain if further efficiencies or reduction can be delivered. This needs to be considered in the context of savings already identified. All Directorates are expected to spend within their approved budget in 2017/18 and are managing a range of new and legacy pressures due to increased demand and increased costs. New plans need to be developed to deliver the further efficiencies required after 2019/20 and beyond and therefore it is not recommended new efficiencies and savings are developed at this stage.
- 3.16 As part of the Provisional Local Government Finance Settlement the Government announced the referendum limit for a council tax increase will be increased by 1% compared to the current year to 2.99%. Based upon the approved council base, each additional 1% of Council Tax will generate £1.012m of additional resources.
- 3.17 The 2018/19 Provisional Local Government Finance Settlement, and the Council's MTFS assume a 3% Adult Social Care Precept increase. The 3% increase has already been built in into the council's resource assumptions and will be ring-fenced for Adult Social Care expenditure.

4. Flexible use of capital receipts policy

4.1 For 2018/19 £2.000m of capital receipts will be used for transformation projects. The projects for 2018/19 are set out in the table below with the anticipated savings.

| | | 2018/19 £m | 2018/19 £m | 2019/20 £m | 2020/21 £m |
|---|--|-----------------|--|---------------|---------------|
| | | Cost of project | Will assist in achievement of savings: | | |
| I | Transformation team (part of £2.600m total revenue cost) | 0.600 | 1.996 | 0.446 | 0.025 |
| <p>The project cost is part of the 2018/19 revenue budget for the Transformation Team. These savings will assist in achieving the MTFS planned savings across the Council as a whole.</p> | | | | | |
| Impact on prudential indicators | | | | | |
| | Financing costs of capital programme | | 0.000 | 0.000 | 0.000 |
| | Affordability | | 0.000 | 0.000 | 0.000 |
| | Planned capital expenditure | | 0.600 | 0.000 | 0.000 |
| | Planned use of receipts | | -0.600 | 0.000 | 0.000 |
| | Borrowing requirement | | 0.000 | 0.000 | 0.000 |
| | Integrated Commissioning Team (part) | 1.400 | 4.039 | 3.656 | 0.000 |
| <p>The project cost is part of the 2018/19 revenue budget for the Integrated Commissioning Team. The savings the project will assist in achieving are the MTFS planned One System One Aim savings</p> | | | | | |
| Impact on prudential indicators | | | | | |
| | Financing costs of capital programme | | 0.000 | 0.000 | 0.000 |
| | Affordability | | 0.000 | 0.000 | 0.000 |
| | Planned capital expenditure | | 1.400 | 0.000 | 0.000 |
| | Planned use of receipts | | -1.400 | 0.000 | 0.000 |
| | Borrowing requirement | | 0.000 | 0.000 | 0.000 |

Section B - Capital budget

5. Capital

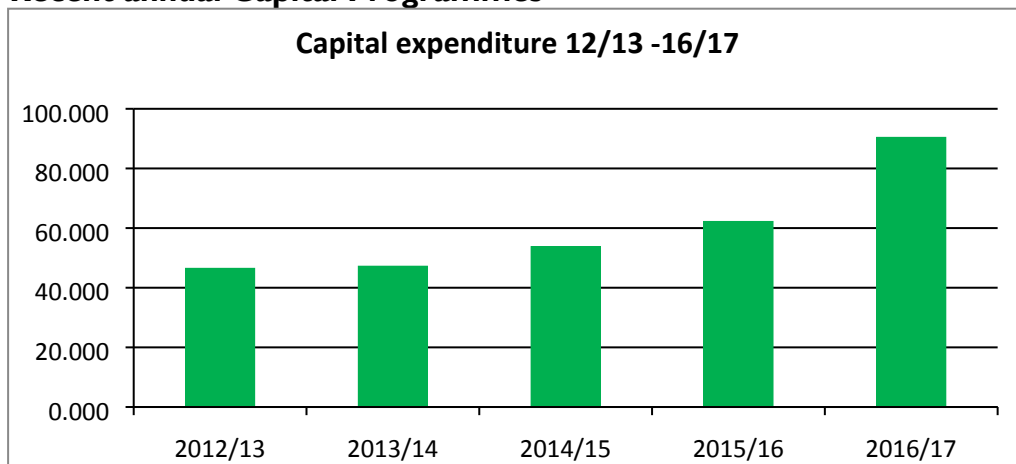
5.1 The Plymouth Plan remains the principal driver for the Council’s capital programme. It contains the most ambitious set of proposals this City has ever seen. Primarily through its planning vehicle, the Plymouth and South West Devon Joint Local Plan, there are proposals to build 26,700 new homes across the area, create 13,200 new jobs, and to undertake an unprecedented major investment programme in modernising infrastructure including transport, schools and green spaces.

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. The investment will enable growth within the economy as well as a significant level of new housebuilding and will therefore assist in generating additional business rates, Council Tax, New Homes Bonus and Community Infrastructure Levy.

5.3 The Council continues to take a strategic approach to the capital programme, having established 15 strategic outcomes within which individual projects sit. Increasingly the programme will need to be aligned with the strategic outcomes set out in the Plymouth Plan and Plymouth and South West Devon Joint Local Plan as well as the investment and business planning programmes of other organisations to maximise delivery on the ground.

5.4 The Council’s Capital Programme consists of the approved capital projects the Council intends to deliver over a five year period. In recent years the Programme has been running at an average of £60m per year, although it has shown a rising trend. The scale of the last 5 years annual programmes is shown in the graph below.

Recent annual Capital Programmes



5.5 During this current year (2017/18) the following projects are due to complete:

- Major refurbishment of the City Market (£3m);

- Derriford Transport Scheme, due for completion by March 2018 (£16m);
- Further improvements to the condition of our highways and footpaths;
- Property investments as part of the Asset Investment Fund (£28m);
- Expansion of Pennycross Primary School (£3m);
- First phase of outdoor play area improvements;
- Purchase of new grass cutting equipment (£0.5m);
- Further acquisitions to secure the regeneration of Colin Campbell Court;
- Foreshore repairs (£1m);
- Oceansgate Phase One.

5.6 The capital programme covers the five years from 2017 to 2022. It consists of £222.402m of projects. The current year's programme (2017/18) is expected to total £106.255m. Future years are also expected to exceed the recent average. This is primarily for three reasons: the establishment of the Asset Investment Fund, investment in a series of key economic development projects, and the programme of investment in city infrastructure to support the Plymouth Plan.

5.7 The programme includes the following major projects that have already commenced but are not yet completed, or are due to start:

- The Box;
- Further improvements to the northern corridor, including Morlaix Drive, and Mannamead junction improvements;
- The Eastern Corridor junction improvement scheme and cycle network;
- Pomphlett to The Ride;
- Further Asset Investments;
- Improvements to Charles Cross;
- Forder Valley Link Road;
- Further development at Oceansgate;
- Central Park improvements;
- Playing pitch improvements including Manadon;
- Pomphlett and Yealmpstone Farm school expansions;
- Investment in ICT.

5.8 The breakdown of the current five year Programme across the Directorates is shown below.

Five year Capital Programme by Directorate

| Directorate | Latest Forecast | | | | | |
|-------------------------|-----------------|---------------|---------------|---------------|---------------|----------------|
| | 2017/18 £m | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | Total £m |
| People | 9.601 | 5.599 | 0.225 | 0.225 | 0.225 | 15.875 |
| Place | 92.559 | 74.167 | 22.349 | 3.841 | 2.004 | 194.920 |
| Transformation & Change | 4.095 | 5.544 | 0.984 | 0.984 | - | 11.607 |
| Public Health | - | - | - | - | - | - |
| Total | 106.255 | 85.310 | 23.558 | 5.050 | 2.229 | 222.402 |

5.9 The breakdown of the five year Programme by outcome is shown below.

Five year Capital Programme by outcome

| Primary Outcome of Project | £m |
|--|----------------|
| Securing Growth in the City Centre/Waterfront | 12.525 |
| Securing Growth in Derriford and the Northern Corridor | 22.014 |
| Securing Growth in the Eastern Corridor | 7.278 |
| Delivering More/Better Housing | 6.414 |
| Ensuring Essential City Infrastructure | 28.210 |
| Improving Neighbourhoods and Community Infrastructure | 11.386 |
| Ensuring Good Quality School Places | 7.345 |
| Growing the Economy | 4.754 |
| Delivering the Railway Station Office Quarter | - |
| Delivering Oceansgate | 15.629 |
| Connecting the City | 0.118 |
| Celebrating Mayflower | 4.416 |
| Delivering The Box | 29.733 |
| Transforming Services | 19.484 |
| Asset Investment Fund | 53.096 |
| Total | 222.402 |

5.10 In February 2017, the City Council approved a significant level of investment in some key priority projects. Much of this is to be funded by borrowing, acknowledging that the benefits of these investments would be seen over many years. So far, £64m of the allocated amount has been drawn down enabling the following priority projects to be approved and included in the capital programme:

- £3.3m investment in the Mayflower 2020 programme;
- £37.7m as part of the asset investment fund;
- £4.6m to fund the first phases of improvements to Central Park;

- £2.6m investment in the city’s schools, principally to enable expansion at Yealmpstone Farm;
- £2.7m to fund advanced preparation for the Woolwell to the George improvement scheme;
- £6.9m for highway maintenance;
- £0.5m for the improvement of play facilities across the city;
- £0.7m to improve the toilets on the Hoe and Foreshore;
- £7m to fund improvements and redevelopments at the Central Railway Station.

5.11 Delivering the new homes that local people need remains central to achieving a successful future for the city and the wider housing market area. £80m was set aside for the Plan for Homes originally launched in November 2013 and refreshed in 2016. To date this has delivered a total of 2,980 homes, with a further 1,424 under construction. The Plan for Homes has enabled the release of 33 Council-owned sites and over 55 hectares of mainly brownfield land that is delivering 1,680 homes of which 51% are affordable.

5.12 However, the scale of the housing crisis is such that there is a need to take the delivery of housing onto another level, potentially in partnership with others. Accordingly, future investment for 2017-2022 makes provision for an ambitious long-term programme of accelerated housing delivery and investment called “Homes for Plymouth”.

5.13 Funding for the capital programme comes from a variety of sources with the highest proportion from service borrowing (34%). This is an effective strategy to fund capital investment as the borrowing repayments are covered by income or savings being made within the Service Department.

5.14 The Council will continue to fund a number of priority projects from Corporate Borrowing (30%). This is largely for projects that are considered to be overall strategic priorities (such as those agreed at Council in February 2017 and updated by this report) and where the borrowing repayments are covered by making revenue provision in the annual budget. The revenue implications of the current programme and the agreed priorities have been addressed in developing the 2018/19 to 2020/21 Medium Term Financial Strategy.

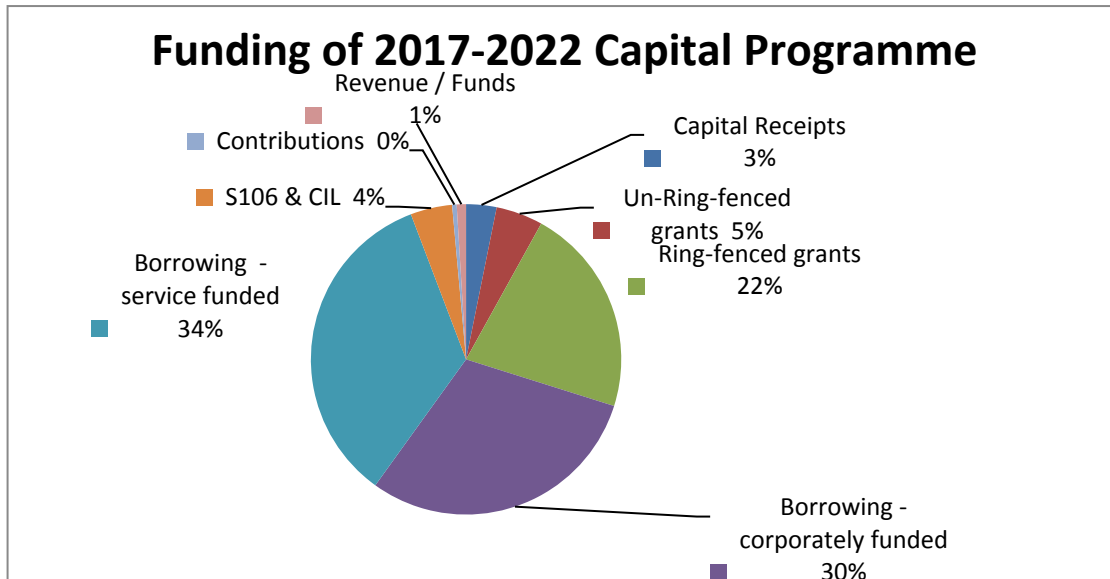
5.15 The council will endeavour to ensure a significant proportion of the funding for the Programme comes from external sources – grants from other organisations and Government departments and agencies (27%). Capital receipts make up about 3% of the programme with S106 contributions and CIL constituting about 4%. Every effort is being made to secure funding from grant programmes and other external sources.

Some of the grant awarded in 2017/18:

- | | |
|---|----------|
| • NPIF - Morlaix Drive | £ 3.314m |
| • NPIF - Forder Valley Interchange | £ 5.000m |
| • LEP Funding - Charles Cross | £ 2.100m |
| • LEP Funding - FVLR | £22.558m |
| • Highways England Growth & Housing Fund - FVLR | £ 4.470m |
| • LEP Funding - Plymouth Central Station | £ 5.000m |
| • Manadon Play Pitches | |

- Sport England £ 0.315m
- Football Foundation £ 0.421m
- England & Wales Cricket Board £ 0.135m

Funding of the Capital Programme



6. Changes to the Prudential Code

- 6.1 CIPFA has made changes to the Prudential Code that will require the Council to produce a Capital Strategy covering capital expenditure and financing, treasury management and non-treasury investments.
- 6.2 DCLG has issued separate “Guidance on Local Authority Investments” that requires certain items to be included in the Capital Strategy.
- 6.3 The main reason for these changes is to incorporate the decision of many Local Authorities to invest in commercial assets to generate additional revenue income.

7. Finance Capital Budget 2017/18-2021/22

- 7.1 The latest forecast for the Capital Budget 2017-2022 is £674.640m.

Capital Budget 2017-2022

| Capital Budget for 2017-2022 | £m |
|---|----------------|
| Capital Programme Approved by CCIB | 222.404 |
| Income Assumptions | 250.292 |
| Priority List (Outstanding Allocations) | 201.944 |
| Total | 674.640 |

8. Income Assumptions

- 8.1 The current forecast for the five year programme 2017-2022 is £250.292m.
- 8.2 External funding currently contributes approximately towards 67% of resources within the capital resource envelope; this is included within the income assumptions and included both ring-fenced and un-ringfenced grants, S106 and contributions.
- 8.3 Bidding for further external funding is strongly encouraged during the preparation of business cases for new projects.

9. Priority List

- 9.1 The current forecast for the five year programme 2017-2022 is £201.944m and this has not been allocated to the capital programme.
- 9.2 The table below shows the capital projects that are priorities for delivery over the next 5 years (2017-22) approved at Full Council in February 2017.

| Priority Projects | Total cost | PCC ask | Corporate Borrowing – so far drawn down into Capital Programme |
|---|----------------|----------------|---|
| Woolwell to The George widening | £15.7m | £15.7m | Property purchases in North of Plymouth £2.313m |
| Northern and Eastern corridor transport schemes | £43.6m | £24.6m | - |
| Forder Valley Link Road | £3.9m | £3.9m | - |
| Schools | £26.0m | £5.0m | Yealmpstone Farm £2.346m Early years £0.250m |
| Derriford Park | £12.0m | £6.0m | - |
| City Centre Public Realm improvements | £49.0m | £27.0m | Development funding £0.526m Market Way £0.215m Bretonside leisure £0.923m |
| Cruise Terminal | £8.0m | £5.0m | - |
| Mayflower 2020 celebration | £10.0m | £5.0m | £3.335m |
| Plymouth Central Station | £40.0m | £5.0m | - |
| Oceansgate | £4.0m | £4.0m | - |
| Millbay Boulevard | £10.0m | £3.0m | - |
| To deliver the Plymouth Plan | 222.2 | 104.2 | £9.908m |
| Investment in new land and property assets | £100.0m | £100.0m | 4 investments £37.657m |
| To generate income | £100.0m | £100.0m | £37.657m |

| | | | |
|--------------------------------------|----------------|----------------|---|
| Maintaining the highway network | £50.0m | £20.0m | Highway capital maintenance £4.191m A386 Resurfacing £2.753m |
| Maintenance of other city assets | £15.0m | £15.0m | Weston Mill recycling £0.204m Chels. Meadow leachate £0.259m Schools maintenance £0.158m Improving outdoor play £0.500m Foreshore Repairs £0.086m Barbican Footbridge£0.060m |
| Central Park masterplan | £9.0m | £6.0m | £4.6m |
| Development Funding | - | - | £0.035m various projects |
| To maintain city assets | £74.0m | £41.0m | £12.811m |
| Extra care facilities | £4.0m | £4.0m | - |
| IT infrastructure | £11.0m | £11.0m | £3.846m |
| Bereavement service improvements | £6.0m | £6.0m | - |
| To transform service delivery | £21.0m | £21.0m | £3.846m |
| Total | £417.2m | £266.2m | £64.256m |

Draft Budget by Directorate Service

Plymouth City Council General Fund Budget 2018/19

| Directorate | Department | Division | Budget 2017/18 | | | Budget 2018/19 | | | |
|-------------------|---|--------------------------------|----------------------|------------------|----------------|----------------|----------------|----------------|----------------|
| | | | Expenditure | Income | Net Budget | Cost Increases | Savings | Other Savings | Net Budget |
| Corporate Finance | Other Corporate Items | Other Corporate Items | 10.380 | (10.529) | (0.149) | 0.850 | 0.000 | (0.228) | 0.473 |
| | | Corporate Items Budget Savings | (1.881) | (0.041) | (1.923) | 0.000 | 0.000 | 0.000 | (1.923) |
| | | Total Corporate Finance | 8.499 | (10.571) | (2.071) | 0.850 | 0.000 | (0.228) | (1.449) |
| Executive Office | Chief Executives Office | Performance & Intelligence | 0.407 | 0.000 | 0.407 | 0.007 | (0.008) | 0.000 | 0.407 |
| | | Communications and Engagement | 0.554 | (0.059) | 0.495 | 0.009 | (0.010) | 0.000 | 0.494 |
| | | Civic Events | 0.170 | (0.014) | 0.156 | 0.002 | (0.002) | 0.000 | 0.156 |
| | | Oversight and Governance | 0.500 | 0.000 | 0.500 | 0.009 | (0.045) | 0.000 | 0.464 |
| | | Members | 1.300 | 0.000 | 1.300 | 0.000 | 0.000 | 0.000 | 1.300 |
| | | Business Support | Departmental Support | 0.825 | (0.053) | 0.772 | 0.013 | (0.015) | 0.000 |
| | Total Executive Office | Total Executive Office | 3.755 | (0.127) | 3.629 | 0.041 | (0.080) | 0.000 | 3.590 |
| People | Children, Young People, Families | QA Safeguarding and Bus Suppt | 3.677 | (0.027) | 3.650 | 0.047 | (0.049) | 0.000 | 3.649 |
| | | Permanency | 8.835 | (0.110) | 8.725 | 0.038 | (0.040) | 0.000 | 8.724 |
| | | CAMHS Specialist Services | 0.642 | (0.033) | 0.609 | 0.001 | (0.001) | 0.000 | 0.609 |
| | | Childrens Social Work | 4.462 | 0.000 | 4.462 | 0.049 | (0.050) | 0.000 | 4.461 |
| | | Plymouth Referral and Assmnt | 2.951 | (0.484) | 2.467 | 0.049 | (0.051) | 0.000 | 2.465 |
| | | Adoption | 3.323 | (0.135) | 3.188 | 0.012 | (0.012) | 0.000 | 3.188 |
| | | Children in Care | 7.806 | (1.102) | 6.704 | 3.205 | (1.268) | 0.000 | 8.641 |
| | | Targeted | 5.162 | (1.733) | 3.429 | 0.066 | (0.068) | 0.000 | 3.427 |
| | Strategic Commissioning & Adult Social Care | Service Delivery | 75.562 | (20.158) | 55.403 | 4.922 | (2.161) | 1.300 | 59.464 |
| | | Commissioning | 16.378 | (5.671) | 10.706 | 0.026 | (0.026) | 0.000 | 10.705 |
| | | Leisure Management | 2.643 | (0.096) | 2.547 | 0.001 | (0.001) | 0.000 | 2.547 |
| | | Management and Transformation | (1.524) | (2.894) | (4.418) | 0.003 | (0.003) | (4.579) | (8.997) |
| | | Social Care Contract | 6.919 | 0.000 | 6.919 | 0.000 | 0.000 | 0.000 | 6.919 |
| | Education Participation Skills | Childrens Commissioning | 5.287 | (0.373) | 4.915 | 0.004 | (0.004) | 0.000 | 4.914 |
| | | Schools* | 65.425 | (65.425) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| | | SEND | 24.078 | (19.974) | 4.103 | 0.086 | (0.089) | 0.000 | 4.101 |
| | | School Improvement | 2.539 | (1.467) | 1.072 | 0.030 | (0.031) | 0.000 | 1.071 |
| | | School Support | 3.387 | (4.587) | (1.201) | 1.302 | (0.002) | 0.000 | 0.099 |
| | | External | 1.995 | (1.995) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| | | Skills and Employability | 0.338 | (0.060) | 0.278 | 0.004 | (0.425) | 0.000 | (0.143) |
| | | Schools Access Planning | 6.361 | (1.156) | 5.205 | 0.055 | (0.056) | 0.000 | 5.203 |
| | | Sports Development | 0.307 | (0.082) | 0.224 | 0.004 | (0.004) | 0.000 | 0.224 |
| | | Community Access | 2.522 | (1.222) | 1.300 | 0.266 | (0.065) | 0.000 | 1.501 |
| | Community connections | Community Localities | 0.971 | (0.282) | 0.689 | 0.014 | (0.016) | 0.000 | 0.687 |
| | | Community Youth | 0.563 | (0.040) | 0.523 | 0.008 | (0.008) | 0.000 | 0.523 |
| | | Management and Support People | 0.214 | 0.000 | 0.214 | 0.003 | (0.203) | 0.000 | 0.014 |
| | Total People | Total People | 250.820 | (129.106) | 121.714 | 10.195 | (4.635) | (3.279) | 123.996 |

*This £65m represents the DSG for the local authority maintained schools only; the gross DSG including Academies is £199m

| Directorate | Department | Division | Budget 2017/18 | | | Budget 2018/19 | | | |
|----------------------------|--------------------------------|--|-----------------|----------------|--------------|----------------|--------------|----------------|------------|
| | | | Expenditure | Income | Net Budget | Cost Increases | Savings | Other Savings | Net Budget |
| Place | Economic Development | Management & Support | 0.610 | (0.390) | 0.220 | 0.006 | (0.064) | 0.000 | 0.163 |
| | | Business Parks | 0.381 | (0.847) | (0.466) | 0.005 | (0.000) | 0.000 | (0.461) |
| | | Mount Edgcumbe | 0.780 | (0.666) | 0.113 | 0.011 | (0.009) | 0.000 | 0.115 |
| | | Museum Services | 2.559 | (1.271) | 1.288 | 0.049 | (0.042) | 0.000 | 1.295 |
| | | Land and Property | 3.878 | (6.918) | (3.040) | 0.015 | (0.650) | 0.000 | (3.675) |
| | | Events & Tourist Information | 2.395 | (1.826) | 0.569 | 0.013 | (0.150) | 0.000 | 0.432 |
| | | Enterprise and employment | 0.973 | (0.441) | 0.532 | 0.020 | 0.000 | 0.000 | 0.552 |
| | | Theatre and Entertainments | 0.415 | 0.000 | 0.415 | 0.000 | 0.000 | 0.000 | 0.415 |
| | | Arts & Cultural Development | 0.050 | 0.000 | 0.050 | 0.000 | 0.000 | 0.000 | 0.050 |
| | | Strategic Projects Development | 0.798 | (0.488) | 0.311 | 0.006 | (0.000) | 0.000 | 0.317 |
| | | City Deal | 0.336 | (0.321) | 0.015 | 0.008 | 0.000 | 0.000 | 0.024 |
| | Strategic Planning | Strategic Planning & Infrastructure Core Budgets | 7.424 | (3.012) | 4.412 | (0.049) | (0.213) | 0.000 | 4.150 |
| | | Strategic Planning & Infrastructure Core Budgets Projects | 0.295 | (0.294) | 0.001 | 0.000 | 0.000 | 0.000 | 0.001 |
| | | Strategic Planning & Infrastructure Core Budgets Transport Revenue | 5.704 | (0.230) | 5.475 | 0.000 | (0.150) | 0.000 | 5.325 |
| | Street Services | Highways Parking and Marine Sv | 8.901 | (6.464) | 2.436 | 0.044 | (0.038) | 0.000 | 2.443 |
| | | Street Scene & Waste Services | 34.380 | (18.494) | 15.886 | 0.475 | (0.194) | 0.000 | 16.167 |
| | | Fleet & Garage | 2.375 | (3.889) | (1.515) | 0.016 | 0.586 | 0.000 | (0.912) |
| | Management and Support - Place | Management and Support | 0.234 | 0.000 | 0.234 | 0.004 | (0.202) | 0.000 | 0.037 |
| | | Business Support | 0.284 | 0.000 | 0.284 | 0.009 | (0.007) | 0.000 | 0.285 |
| | | GAME Transformation | 0.000 | (5.146) | (5.146) | 0.000 | 0.000 | 1.659 | (3.487) |
| Total Place | Total Place | 72.773 | (50.698) | 22.075 | 0.634 | (1.132) | 1.659 | 23.236 | |
| Public Health | Public Health | Prescribed Functions | 8.033 | 0.000 | 8.033 | 0.000 | 0.000 | 0.000 | 8.033 |
| | | Non-Prescribed Functions | 7.996 | (0.294) | 7.702 | 0.000 | 0.000 | 0.000 | 7.702 |
| | | Funding Reduction (Allocation TBC) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | (0.405) | (0.405) |
| | | ODPH Funding Streams | 0.000 | (15.735) | (15.735) | 0.000 | 0.000 | 0.405 | (15.330) |
| | Operational and Development | PPS Management | 0.099 | (0.040) | 0.059 | 0.001 | (0.003) | 0.000 | 0.057 |
| | | PPS Technical Support | 0.142 | 0.000 | 0.142 | 0.005 | (0.002) | 0.000 | 0.145 |
| | Trading Standards | Trading Standards | 0.428 | (0.017) | 0.411 | 0.013 | (0.006) | 0.000 | 0.418 |
| | Environ Health (Food & Safety) | Environmental Health (Food & Safety) | 0.432 | (0.034) | 0.398 | 0.013 | (0.006) | 0.000 | 0.405 |
| | Bereavement Services | Contracts Cemeteries & Crematoriums | 0.992 | (2.681) | (1.689) | 0.017 | (0.078) | 0.000 | (1.750) |
| | | Cemeteries & Crematoriums Improvements | 0.130 | (0.130) | 0.000 | 0.001 | (0.000) | 0.000 | 0.001 |
| | | Licensing | Licensing | 0.306 | (0.408) | (0.102) | 0.010 | (0.005) | 0.000 |
| | Environmental Protection | Neighbourhood & Enviro Quality | 0.573 | (0.160) | 0.413 | 0.016 | (0.009) | 0.000 | 0.421 |
| | | Environmental Protection & Monitoring | 0.000 | (0.005) | (0.005) | 0.000 | 0.000 | 0.000 | (0.005) |
| | Civil Protection Unit | Civil Protection Unit | 0.189 | (0.026) | 0.163 | 0.005 | (0.004) | 0.000 | 0.165 |
| Total Public Health | Total Public Health | 19.322 | (19.531) | (0.209) | 0.080 | (0.113) | 0.000 | (0.242) | |

Plymouth City Council General Fund Budget 2018/19

| Directorate | Department | Division | Budget 2017/18 | | | Budget 2018/19 | | | |
|-------------------------|--|--|----------------|------------------|----------------|----------------|----------------|----------------|----------------|
| | | | Expenditure | Income | Net Budget | Cost Increases | Savings | Other Savings | Net Budget |
| Transformation & Change | Finance | Assistant Director for Finance | (0.186) | (0.031) | (0.217) | 0.006 | (0.310) | 0.000 | (0.522) |
| | | Head of Integrated Finance | 0.748 | 0.000 | 0.748 | 0.017 | (0.016) | 0.000 | 0.749 |
| | | External Audit | 0.158 | 0.000 | 0.158 | 0.000 | 0.000 | 0.000 | 0.158 |
| | | Assurance Services | 0.912 | (0.305) | 0.607 | 0.018 | (0.017) | 0.000 | 0.607 |
| | | Procurement | 0.475 | (0.049) | 0.426 | 0.010 | (0.010) | 0.000 | 0.426 |
| | | Financial Planning and Reporting | 1.198 | (0.233) | 0.964 | 0.025 | (0.024) | 0.000 | 0.965 |
| | | Internal Audit | 0.335 | (0.024) | 0.311 | 0.000 | (0.050) | 0.000 | 0.261 |
| | | Soft Facilities Management | 3.605 | (1.142) | 2.463 | 0.060 | (0.157) | 0.000 | 2.365 |
| | | Hard Facilities Management | 9.563 | (1.029) | 8.534 | 0.015 | (0.015) | 0.000 | 8.534 |
| | | Commercialisation | 0.209 | 0.000 | 0.209 | 0.004 | (0.004) | 0.000 | 0.209 |
| | | Treasury Management | 9.016 | (1.969) | 7.047 | 0.250 | (0.786) | 0.000 | 6.511 |
| | Legal | Legal | 2.274 | (0.879) | 1.395 | 0.043 | (0.041) | 0.000 | 1.396 |
| | | Coroner | 0.679 | (0.053) | 0.626 | 0.004 | (0.004) | 0.000 | 0.626 |
| | Customer Services | Customer Services | 4.279 | (3.425) | 0.854 | 0.073 | 0.241 | 0.000 | 1.168 |
| | | Library Service | 2.410 | (0.524) | 1.887 | 0.044 | (0.076) | 0.000 | 1.854 |
| | | Revenues & Benefits | 105.511 | (106.201) | (0.690) | 0.250 | 0.000 | 0.000 | (0.440) |
| | | Service Centre | 3.200 | (0.976) | 2.223 | 0.069 | (0.566) | 0.000 | 1.726 |
| | Human Resources (HR) & Organisational Development (OD) | Registration Service | 0.651 | (0.504) | 0.147 | 0.014 | (0.013) | 0.000 | 0.148 |
| | | OD & Talent | 0.771 | (0.035) | 0.737 | 0.013 | (0.062) | 0.000 | 0.687 |
| | | HR & OD Management | 0.222 | 0.000 | 0.222 | 0.003 | (0.002) | 0.000 | 0.222 |
| | | HR Specialist Services | 0.698 | (0.007) | 0.691 | 0.014 | (0.014) | 0.000 | 0.692 |
| | Departmental Management | Health, Safety & Wellbeing | 0.360 | (0.016) | 0.344 | 0.007 | (0.007) | 0.000 | 0.344 |
| | | Director for Corporate Service | (0.304) | 0.000 | (0.304) | 0.003 | (0.337) | 0.000 | (0.638) |
| | | Business Support | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| | Transformation | Transformation | 2.792 | (0.445) | 2.347 | 0.058 | (0.293) | 0.000 | 2.111 |
| | ICT | ICT | 6.898 | (0.425) | 6.473 | 0.300 | 0.000 | 0.000 | 6.773 |
| | Electoral Function | Electoral Function | 0.547 | (0.002) | 0.545 | 0.106 | (0.006) | 0.000 | 0.646 |
| | Total Transformation & Change | Total Transformation & Change | 157.021 | (118.275) | 38.746 | 1.406 | (2.573) | 0.000 | 37.579 |
| | Total General Fund | Total General Fund | 512.190 | (328.306) | 183.883 | 13.207 | (8.533) | (1.848) | 186.709 |

APPENDIX B

MTFS Delivery Plan

| PEOPLE | | |
|--|----------------|----------------|
| Children's Young People & Family Services | | |
| <u>Overview of Plans</u> | | |
| <p>The Delivery Plan builds on the work of the Integrated Health and Wellbeing Programme and is centred around deriving benefits from Children, Young People & Family Services.</p> <ul style="list-style-type: none"> ▪ Extend the Gateway to deliver an integrated single access offer ▪ Focus on Early Intervention & prevention to minimise escalation of need ▪ Revise Transitions offer to ensure seamless transfer of support ▪ Refine Looked After Children offer including Permanency | | |
| <u>Risk Assessment</u> | | |
| <p>Overall plans are presently assessed as Amber. Detailed planning is presently underway and projects are being mobilised. Risks have been identified of sufficient capacity to deliver projects and complexities of integrating services. In mitigation work is being prioritised to focus on key projects and early conversations with system partners are taking place.</p> | | |
| 2018/19 | 2019/20 | 2020/21 |
| £1.263 | £0.750 | |
| Strategic Commissioning | | |
| <u>Overview of Plans</u> | | |
| <p>The Delivery Plan builds on the work of the Integrated Health and Wellbeing Programme and is centred around deriving benefits from Integrated Commissioning and Integrated Delivery.</p> | | |
| <p>Integrated Delivery</p> <ul style="list-style-type: none"> ▪ Livewell SouthWest Contract Savings ▪ Retained Provision Savings through enhanced management action and development of service ▪ Package of Care Savings- Integrated Reviews and Assistive Technology savings | | |
| <p>Integrated Commissioning</p> <ul style="list-style-type: none"> ▪ Savings from Supported Living Contract ▪ Greater Integration with NEW Devon CCG including further joint posts ▪ Roll out of Health and Wellbeing Hubs ▪ Contract Negotiation | | |
| <u>Risk Assessment</u> | | |
| <p>Overall plans are presently assessed as Amber. Detailed planning is presently underway and projects are being mobilised. Risks have been identified of sufficient capacity to deliver projects and complexities of integrating organisations. In mitigation work is being prioritised to focus on key projects and early conversations with system partners are</p> | | |

| | | |
|--|----------------|----------------|
| taking place. | | |
| 2018/19 | 2019/20 | 2020/21 |
| £2.105 | £1.650 | |
| Education, Participation and Skills | | |
| <u>Overview of Plans</u> | | |
| <p>The Delivery Plan builds on the work of the Integrated Health and Wellbeing Programme and is centred around deriving benefits from working in partnership with Schools.</p> <ul style="list-style-type: none"> ▪ Remodel SEND services ▪ Develop new operating model for Education, Participation and Skills to work in partnership with Schools across the City | | |
| <u>Risk Assessment</u> | | |
| <p>Overall plans are presently assessed as Green. Detailed planning is complete and projects are mobilised. Risks have been identified of sufficient capacity to deliver projects and complexities of integrating offers. In mitigation work is being prioritised to focus on key areas and early conversations and engagement with key system partners have taken place.</p> | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.421 | £0.250 | |
| Community Connections | | |
| <u>Overview of Plans</u> | | |
| <p>The Delivery Plan builds on the work of the Integrated Health and Wellbeing Programme and is centred around deriving benefits from working in partnership with Schools.</p> <ul style="list-style-type: none"> ▪ Increased efficiencies through new ways of working and system upgrades | | |
| <u>Risk Assessment</u> | | |
| <p>Overall plans are presently assessed as Green. Detailed planning is complete and projects are mobilised. Risks have been identified of sufficient capacity to deliver projects. In mitigation work is being prioritised to focus on key areas.</p> | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.050 | | |
| PLACE | | |
| Real Time Passenger Information | | |
| <u>Impact of Proposal</u> | | |
| <p>Plymouth's Real Time Passenger Information system provides live electronic bus timetable information at 88 displays located at bus stops around the city. The previous contract ended in late 2016 and following a very robust tender process a new system has recently been launched provided by 21st Century Passenger Solutions Limited. The previous contract had relied upon outdated technology which required significantly more infrastructure, whereas the new state of the art system converts GPS location signals direct from the bus ticket machines. The new more efficient system has already delivered an on-going annual saving of £24,000 which was included as part of the</p> | | |

| | | |
|---|----------------|----------------|
| <p>2017/2018 budget setting process. With the roll out of the new display infrastructure, the Public Transport Team in Strategic Planning & Infrastructure have identified that provisional sums set aside to cover projected future maintenance costs are no longer required. Therefore a one off saving of £150,000 can be delivered in 2018/19. Provision has however been made to support the on-going revenue maintenance for the new displays.</p> | | |
| <p><u>Risk Assessment</u></p> <p>That the monies set aside for future maintenance costs will be required and not available as one off savings in 18/19.</p> | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.150 | (£0.150) | |
| <p>Additional Efficiencies</p> | | |
| <p><u>Impact of Proposal</u></p> <p>This is a corporately given target distributed to all Directorates as an additional efficiencies line.</p> | | |
| <p><u>Risk Assessment</u></p> <p>Previous year's target has been met with a series of one off savings. The targets for 18/19 and 19/20 are currently without recurring action plans.</p> | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.198 | £0.126 | |
| <p>Fees & Charges in Accordance with Policy</p> | | |
| <p><u>Impact of Proposal</u></p> <p>Increase in fees & charges in line with CPI across the Directorate.</p> | | |
| <p><u>Risk Assessment</u></p> <p>That there is an appetite from the public to warrant an increase in all fees & charges.</p> | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.03 | £0.03 | |
| <p>Asset Investment Fund Step Up</p> | | |
| <p><u>Impact of Proposal</u></p> <p>The Asset Investment Fund has an existing MTFs income target of £0.950m for 2018/19. A further step up in net projected income of £0.650m to £1.600m for 2018/2019 whilst extremely challenging is potentially deliverable in the event that current pipeline investment opportunities complete and new acquisitions are identified and purchased in the tight timeframe required. Projects enable the use of capital resources to deliver economic and employment growth and regeneration in the city and income generation to the Council (via rental receipts) with potential to also benefit from long term capital appreciation.</p> | | |
| <p><u>Risk Assessment</u></p> <p>Market conditions are uncertain, so the projected income streams from the Asset Investment Fund are not without risks. Risks include limited supply of potential new</p> | | |

| | | |
|---|----------------|----------------|
| investment opportunities and slippage in projects currently under negotiation or development. The impact of 'Brexit' could also cause interim turmoil within the economy and markets, leading to a fall in investment stock and capital values as well as weakening occupational demand, resulting in falling rents and an increased voids and associated property holding costs. | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.650 | £0.00 | £0.000 |
| Commercial Events | | |
| <u>Impact of Proposal</u> | | |
| Net nil budgets previously set, upon the expectation that Summer Concert (MTV) costs would equal income, are now revised to a £0.150m profit for 2018/19, rising to £0.2m profit ongoing. | | |
| A re-procurement exercise is currently underway, which will assist with a thorough cost/income review and re-modelling of the summer concert budgets. | | |
| <u>Risk Assessment</u> | | |
| Additional costs associated with the increased terror threat as a result of the Manchester bombing and driving lorries into crowds of people. Counter terrorism and civil protection measures required to comply with additional security measures. | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.150 | £0.050 | £0.000 |
| Energy-Related Initiatives – Low Carbon Team Additional Capitalisation (One-Off for 2018/2019) | | |
| <u>Impact of Proposal</u> | | |
| As part of the 2017/2018 budget setting process, £25,000 of additional capitalisation was built into the base budgets of the Low Carbon Team, increasing capitalisation from 46% to 60%. Given the success of the team in securing various capital funding from various European and Government dedicated carbon reduction initiatives, one-off additional capitalisation opportunities for 2018/2019 exist. This would increase capitalisation within the Low Carbon Team to around 75%. | | |
| <u>Risk Assessment</u> | | |
| The risk of further capitalisation increases beyond 2018/2019 due to the lack of certainty regarding future European and Government funding programmes, and is therefore not recommended for 2019/2020 or 2020/2021. | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.053 | (£0.053) | £0.000 |
| Energy-Related Initiatives – Energy-Related Initiatives - Low Carbon Team Additional Income | | |
| <u>Impact of Proposal</u> | | |
| The Low Carbon Team leads on the city's low carbon agenda and is delivering low carbon initiatives worth over £5.2 Million including the Green Deal, the ECO partnership, solar panels on schools and other public buildings, the Healthy Homes initiative, fuel debt advice and driving forward the Plymouth Energy Community suite of | | |

| | | |
|--|----------------|----------------|
| <p>projects including district heat networks and social investment opportunities. The team generates substantial grant and external income for projects, with a very strong track record of delivery. As part of the 2017/2018 budget setting process income targets for the team were increased by £58,000. This additional income target for 2018/2019 will result in a 22% increase in Plymouth Energy Community income to the core Low Carbon Team costs. This has already been secured through in-year revisions to the current Service Level Agreement to ensure the City Council is getting value for money from this activity which supports the low carbon policy commitments made in the Plymouth and South West Devon Joint Local Plan.</p> | | |
| <p><u>Risk Assessment</u></p> <p>That the level of income required is not feasible.</p> | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.023 | £0.000 | £0.000 |
| TRANSFORMATION & CHANGE | | |
| Chief Executive Office | | |
| <p><u>Impact of Proposal</u></p> <p>Agreed as a 10% saving rolling forward on Community Grants but now grants are to be increased and no revised proposal has been submitted but one is being considered.</p> | | |
| <p><u>Risk Assessment</u></p> <p>N/A</p> | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.035 | £0.022 | £0.000 |
| Transformation Review | | |
| <p><u>Impact of Proposal</u></p> <p>Reduction in staffing structure but now paused and this target will show as a pressure at start of 2018/19.</p> | | |
| <p><u>Risk Assessment</u></p> <p>N/A</p> | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.500 | £0.000 | £0.000 |
| Smart Working | | |
| <p><u>Impact of Proposal</u></p> <p>Discussions are underway to cleanse the budget of this efficiency target for 18/19 and beyond.</p> | | |
| <p><u>Risk Assessment</u></p> <p>N/A</p> | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.043 | £0.234 | £0.000 |

| Systems Review – Community Facilities | | |
|---|----------------|----------------|
| <u>Impact of Proposal</u> | | |
| Final step up of a delivery plan set in 17/18. So far delivered in full and service area are confident that this last requirement will be met following system investment. | | |
| <u>Risk Assessment</u> | | |
| N/A | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.033 | £0.000 | £0.000 |
| T&C Further Efficiency Savings | | |
| <u>Impact of Proposal</u> | | |
| Operational efficiencies to be delivered across the whole Directorate. | | |
| <u>Risk Assessment</u> | | |
| N/A | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.294 | £0.187 | £0.000 |
| Service Centre | | |
| <u>Impact of Proposal</u> | | |
| To be achieved through the consolidation of the back office function within the Council. <ul style="list-style-type: none"> ▪ Phase 1 – the review will encompass all transaction based processes across all services and seek to generate efficiency savings by consolidating these processes within the Service Centre. ▪ Phase 2 – generate further efficiencies via the business case for the transfer of back office services to Delt following Cabinet decision | | |
| <u>Risk Assessment</u> | | |
| N/A | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.500 | £0.000 | £0.000 |
| Fees and Charges (T&C) | | |
| <u>Impact of Proposal</u> | | |
| As set in the Fees and Charges policy all fees and charges have been increased in line with CPI where applicable. | | |
| <u>Risk Assessment</u> | | |
| N/A | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.002 | £0.002 | £0.000 |
| Treasury Management/MRP/LOBO | | |
| <u>Impact of Proposal</u> | | |

The Council has taken on more corporate borrowing to pay for capital expenditure in the priority list so this requires an increase in the MRP budget to repay the borrowing. Please see Treasury Management Strategy.

Risk Assessment

N/A

2018/19

2019/20

2020/21

£0.500

£1.000

£0.000

Treasury Management Savings

Impact of Proposal

Dependant on market conditions and opportunities to reschedule debt. Please see Treasury Management Strategy

Risk Assessment

N/A

2018/19

2019/20

2020/21

(£0.114)

(£0.118)

£0.000

Increase in Investment Diversification

Impact of Proposal

Pursuing new investments opportunities in line with the Treasury Management Strategy. Please see Treasury Management Strategy.

Risk Assessment

N/A

2018/19

2019/20

2020/21

£0.400

£0.200

£0.000

Section 106

Impact of Proposal

In accordance with Section 106 of the Town and Country Planning Act 1990 Plymouth City Council enters into agreements with developers designed to meet the concerns a Local Planning Authority (LPA) may have about mitigating impacts of development for an area. As and when money is received it is held in a ring fenced fund and released for appropriate infrastructure improvements as development proceeds.

In essence contributions received under S106 Agreements are treated as revenue income and applied to finance capital expenditure projects in accordance with the relevant agreement.

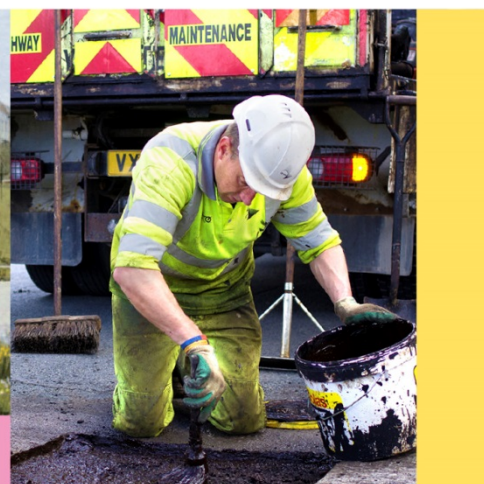
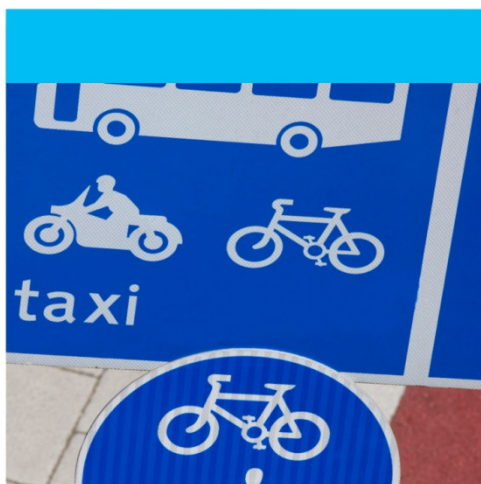
It is proposed that the Council discharges its obligations under the terms of the S106 agreements to finance these developments by making use of a loan facility in accordance with the terms of **CIPFA's Prudential Code** for Capital Finance in Local Authorities (2011) (Prudential Code), making an annual provision for the repayment of the debt (MRP) in its revenue account and drawing the cash contribution from the developer into its revenue budget. The obligation referenced in the S106 agreement will have been met but the cash applied in a different way.

| | | |
|---|----------------|----------------|
| Risk Assessment | | |
| <p>Government introduces legislative changes to Section 106 of the Town and Country Planning Act 19, changes to local government accounting rules and procedures.</p> <p>SI06 agreements don't materialise in the future.</p> <p>Perceptions regarding the use of SI06 not compliant with legal guidance.</p> <p>Financing changes including interest rate changes.</p> | | |
| 2018/19 | 2019/20 | 2020/21 |
| £2.850 | | |
| Flexible use of Capital Receipts | | |
| <u>Impact of Proposal</u> | | |
| Agreed at Cabinet that during 17/18 PCC would make use of this scheme on the understanding funds would be found reoccurring from elsewhere. | | |
| <u>Risk Assessment</u> | | |
| N/A | | |
| 2018/19 | 2019/20 | 2020/21 |
| (£1.500) | (£2.000) | £0.000 |
| Reduction in Working Balances | | |
| <u>Impact of Proposal</u> | | |
| Council decision to hold working balances at 5% of net revenue expenditure. | | |
| <u>Risk Assessment</u> | | |
| N/A | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.050 | £0.050 | £0.000 |
| Soft FM | | |
| <u>Impact of Proposal</u> | | |
| To capture savings by reviewing the cleaning arrangements in place, thus reducing the need of temporary staff. | | |
| <u>Risk Assessment</u> | | |
| N/A | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.100 | £0.000 | £0.000 |

| Anti-Fraud Partnership | | |
|---|----------------|----------------|
| <u>Impact of Proposal</u> | | |
| Partnering with Devon Audit Partnership (DAP); which is growing and provides opportunities by transferring the service to enable a more robust commercial approach. | | |
| <u>Risk Assessment</u> | | |
| N/A | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.050 | £0.025 | £0.025 |
| Review of Coroners Arrangements | | |
| <u>Impact of Proposal</u> | | |
| Finalising shared arrangements with Torbay Council savings are anticipated but subject to consultation. | | |
| <u>Risk Assessment</u> | | |
| N/A | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.040 | £0.000 | £0.000 |
| Reorganisation of HR Leadership | | |
| <u>Impact of Proposal</u> | | |
| Following other changes made to this service a Senior Management review can be considered. Confidential and subject to consultation. | | |
| <u>Risk Assessment</u> | | |
| N/A | | |
| 2018/19 | 2019/20 | 2020/21 |
| £0.050 | £0.000 | £0.000 |

TREASURY MANAGEMENT STRATEGY

2018/19



Foreword



Councillor Ian Darcy

Cabinet Member for Finance and ICT

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

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

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



Andrew Hardingham

Assistant Director for Finance

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

Contents

Part I – Executive Summary – how we invest and borrow

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How the Treasury Management System works



Infrastructure and capital investment needs to deliver the Plymouth Plan



Borrowing to fund the investment. Investing surplus funds

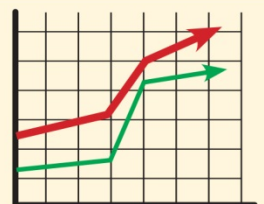


Who do we borrow from?

NEW
Can we use new borrowing methods to save cost?



What is the limit for different types of investment?



How we achieve good investment returns



How we monitor credit status



Do we pay fixed or variable interest?

CAN WE RESTRUCTURE OUR DEBT TO SAVE COST?



How do we get long term low borrowing costs?

Security is paramount



Who do we invest with?

This section explains how we invest and borrow

Introduction

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

CIPFA consulted on changes to the Code in 2017, but has yet to publish a revised Code so the Council has adopted some of the proposed changes in advance of publication.

INVESTMENTS – FACTS AT A GLANCE

Principles and Objectives of the Treasury Management Strategy

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

Market Intelligence

- Bank of England reports
- Market Outlook by the Council's advisers Arlingclose

Statutory and Performance Framework

Rules that guide us

Specified Investments

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

Counterparties and Limits (see table on page 19)

Non-specified investments

- **£40m** max long-term
- **£20m** max below A-

Investment Limits – subject to credit ratings table on page 20

- **No limit** UK Government
- **£20m** any single organisation
- **£40m** any group of organisations
- **£25m** per pooled fund
- **£40m** negotiable instruments per broker
- **£10m** per foreign country
- **£25m** per registered provider
- **£10m** unsecured with Building Societies
- **£25m** unrated corporates
- **£55m** money market funds

Key Council Budget Assumption for 2018/19

- Investments make an average rate of return of 1.49%

| | |
|--|---|
| <p>Approach</p> <p><i>Choices made within the framework</i></p> | <p>Objective Security first, yield second, liquidity</p> <p>Strategy To maximise returns, reduce risk and diversify investments</p> <p>Risk Assessment and credit ratio Our advisors monitor credit ratings daily so no new investment will be made if they do not meet our ratings</p> <p>Other information on security of Investments Market intelligence from our advisors may give warnings before credit warning changes e.g. credit default swaps information</p> |
|--|---|

BORROWING – FACTS AT A GLANCE

- Principles and Objectives of the Treasury Management Strategy**
- To achieve the best secure investment returns
 - To minimise the cost of borrowing
 - To achieve a balanced spread of maturities and commitments
 - To achieve the right mix of borrowing vehicles

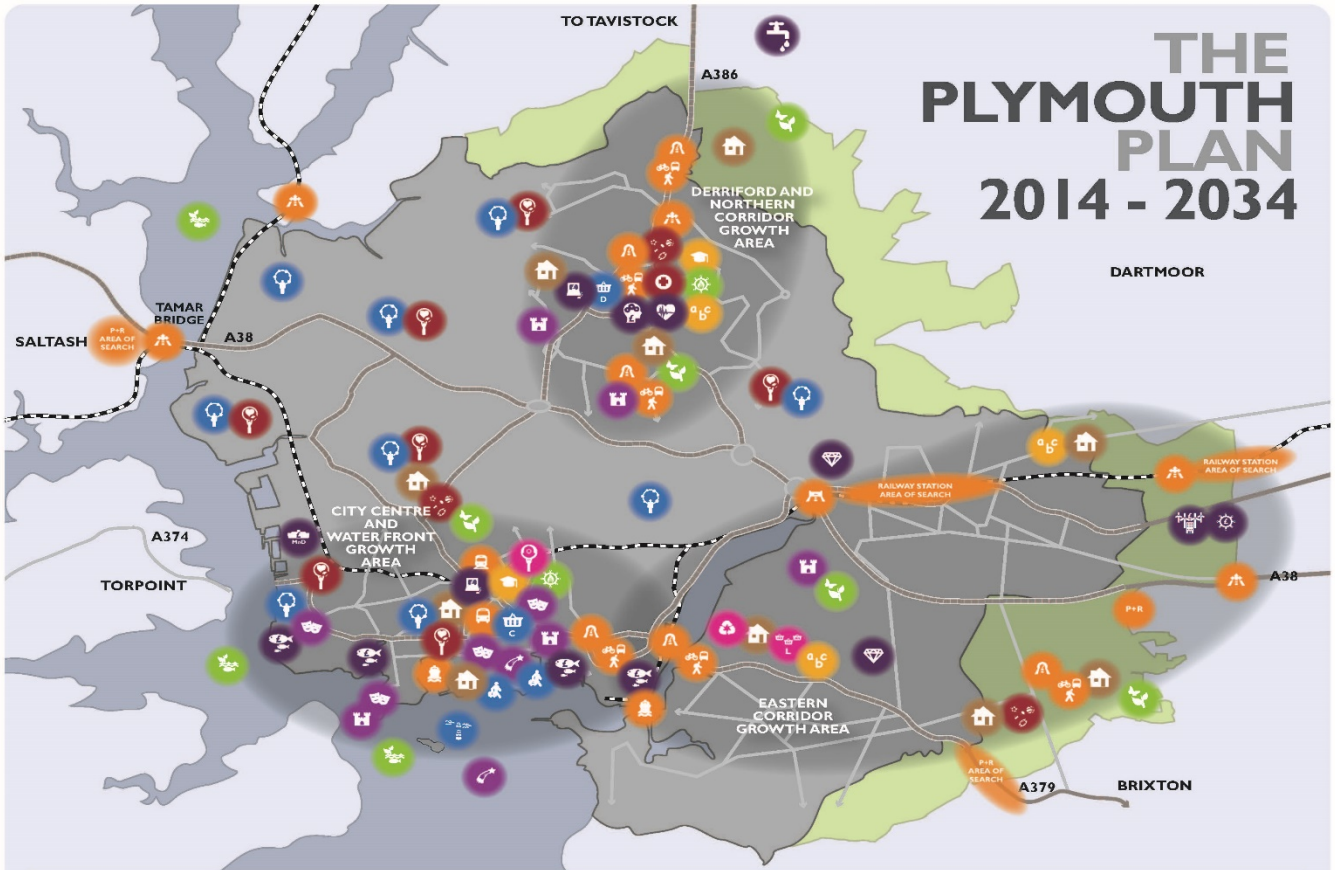
- Market Intelligence**
- Bank of England reports
 - Market Outlook by the Council’s advisers Arlingclose

| | |
|---|--|
| <p>Statutory and Performance Framework</p> <p><i>Rules that guide us</i></p> | <p>Borrowing</p> <ul style="list-style-type: none"> • £215m Total Capital Expenditure • £583m Capital Finance Requirement (need to borrow) • £642m Total Debt (loans and private finance initiatives) • £680m Operational Boundary (practical ceiling on borrowing) • £835m The Authorised limit (absolute maximum debt approved) |
| | <p>Prudential Indicators</p> <ul style="list-style-type: none"> • 4.88% Ratio of finance costs to net revenue stream (borrowing costs as a proportion of total budget) • £9.45 Hypothetical increase in Council Tax affordability. This is a CIPFA prescribed technical measure; the Council has made no future years tax decisions |
| | <p>Treasury Management Indicators</p> <ul style="list-style-type: none"> • 100% Limit on Fixed Interest Exposure • 30% Limit on Variable Interest Rate • 0% to 95% Maturity Structure of Borrowing, exposure in any duration • 2.37% average interest rate on loans |
| | <p>Minimum Revenue Provision Policy</p> <ul style="list-style-type: none"> • Annuity Method • 50 year repayment for capitalisation directions • PFI/Leases determined by the specific agreement |

Delivering the Plymouth plans explains why we are borrowing and investing

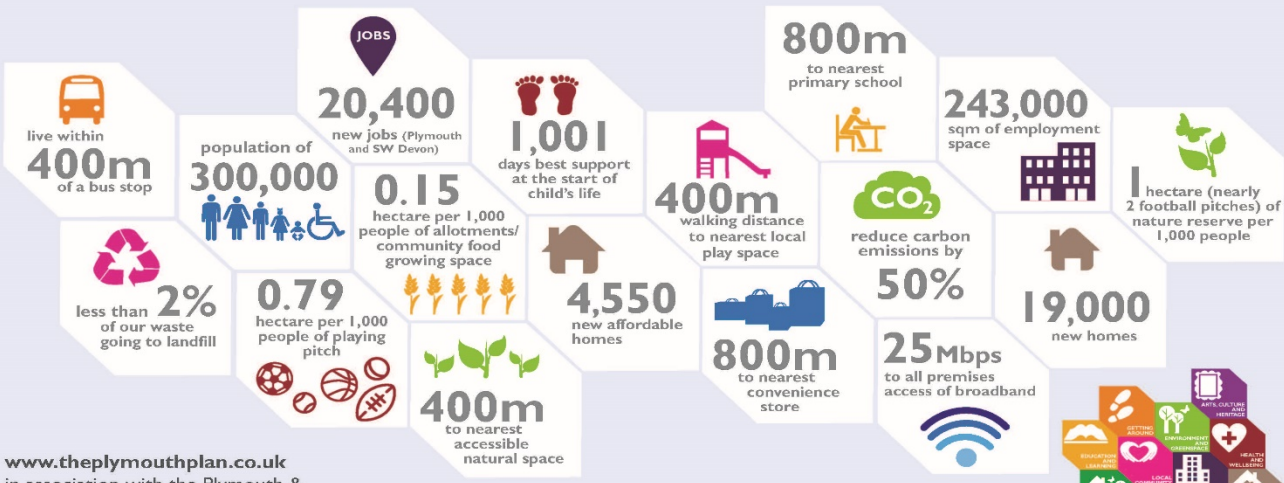
| | |
|--|---|
| | <ul style="list-style-type: none"> • No MRP on capital loans or investments • Option for capital receipts to be used towards MRP |
| <p>Approach</p> <p><i>Choices made within the framework</i></p> | <p>Key Council Budget Assumption for 2018/19</p> <ul style="list-style-type: none"> • Long-term loans will cost an average rate of 2.37% <p>Objective - Balance low interest rates with long term certainty</p> <p>Strategy – to borrow short term now and lock in long term when appropriate</p> <p>Sources Approved by Arlingclose - Banks or Building Society, Public Works Loan Board, Pension Funds, Capital Market Bonds, Municipal Bonds Agency, anyone with whom we would invest. Also, Leasing, PFI, Sale & Lease back</p> <p>LOBOs will be repaid if there is a NPV saving and if there is agreement with the lenders</p> <p>Municipal Bonds Agency Council will use where appropriate</p> <p>Debt Restructuring A present value calculation based on current rates for the same period of loan may result in a discount or premium.</p> <p>Council will re-schedule if it reduces cost or risk</p> |

THE PLYMOUTH PLAN 2014 - 2034



| KEY | | | | |
|-----|--|--|--|--|
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www.theplymouthplan.co.uk
 in association with the Plymouth &
 South West Devon Joint Local Plan
www.plymswdevonplan.co.uk



Our Corporate Plan includes themes of infrastructure and investment

Corporate Plan

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

**OUR PLAN
ONE CITY COUNCIL**



**CITY VISION
Britain's Ocean City**

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

OUR VALUES

**WE ARE
DEMOCRATIC**

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

**WE ARE
RESPONSIBLE**

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

**WE ARE
FAIR**

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

**WE ARE
PARTNERS**

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

OUR VISION One team serving our city

**PIONEERING
PLYMOUTH**

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

**GROWING
PLYMOUTH**

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

**CARING
PLYMOUTH**

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

**CONFIDENT
PLYMOUTH**

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

OUR THEMES

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

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

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

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

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

Economic update from Treasury Management advisors Arlingclose

The major external influence on the Authority's treasury management strategy for 2018/19 will be the UK's progress in negotiating its exit from the European Union and agreeing future trading arrangements. The domestic economy has remains relatively robust since the surprise outcome of the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. Transitional arrangements may prevent a cliff-edge, but will also extend the period of uncertainty for several years. Economic growth is therefore forecast to remain sluggish throughout 2018/19.

Consumer price inflation reached 3.0% in September 2017 as the post-referendum devaluation of sterling continued to feed through to imports. However, this effect is expected to fall out of year-on-year inflation measures during 2018, removing pressure on the Bank of England to raise interest rates.

In contrast, the US economy is performing well and the Federal Reserve is raising interest rates in regular steps to remove some of the emergency monetary stimulus it has provided for the past decade. The European Central Bank is yet to raise rates, but has started to taper its quantitative easing programme, signalling some confidence in the Eurozone economy.

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

Credit Outlook

High profile bank failures in Italy and Portugal have reinforced concerns over the health of the European banking sector. Sluggish economies and fines for pre-crisis behaviour continue to weigh on bank profits, and any future economic slowdown will exacerbate concerns in this regard.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. In addition, the largest UK banks will ringfence their retail banking functions into separate legal entities during 2018. There remains some uncertainty over how these changes will impact upon the credit strength of the residual legal entities.

The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain very low.

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

Interest Rate Forecast

The Authority's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.50% during 2018/19, following the rise from the historic low of 0.25%. The Monetary Policy Committee re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.

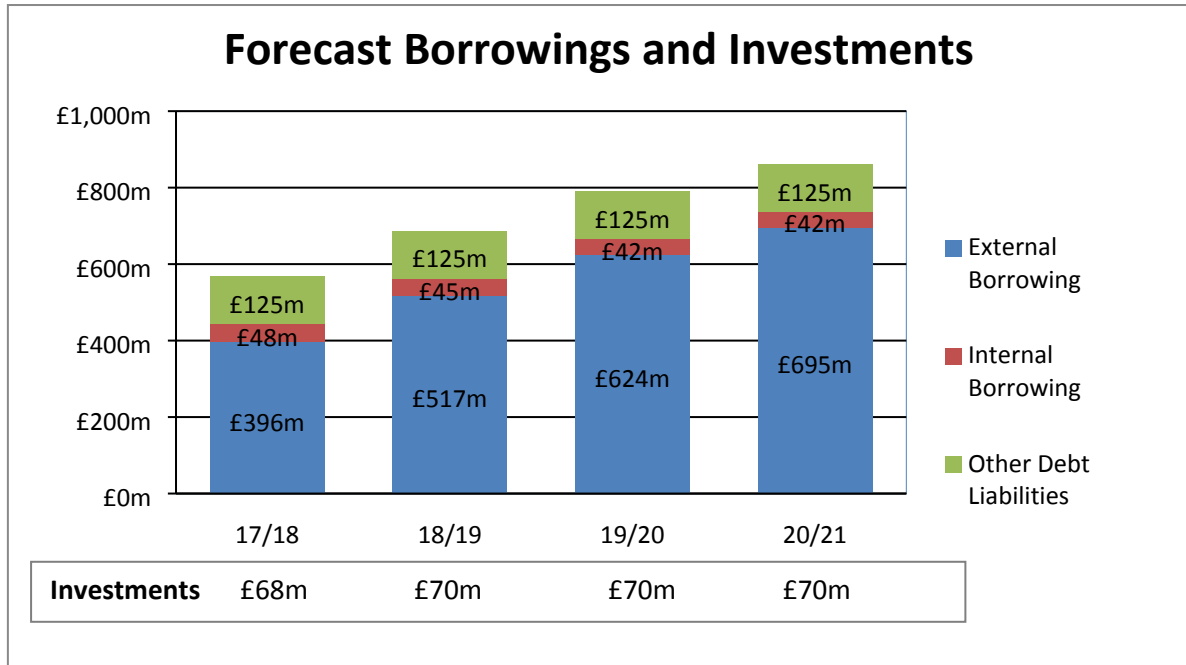
Future expectations for higher short term interest rates are subdued and on-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions. The risks to Arlingclose's forecast are broadly balanced on both sides. The Arlingclose central case is for gilt yields to remain broadly stable across the medium term. Upward movement will be limited, although the UK government's seemingly deteriorating fiscal stance is an upside risk.

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

Part 2 – Detailed Analysis

Borrowing

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



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

Maximum Total Debt

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

CIPFA's *Prudential Code for Capital Finance in Local Authorities* sets a maximum for total debt. This is the maximum the CFR is expected to reach at any time during the next three years. The Council expects to comply with this recommendation during 2018/19.

The Council held £311 million of loans in September 2017. This was an increase of £23 million on the previous year. The increase in loans is because of funding previous years' capital programmes. The Council expects to hold borrowing up to £517m in 2018/19.

The Council can bring forward planned external borrowing into an earlier financial year. This might be done to take advantage of favourable long term interest rates. The total borrowing must not exceed the authorised limit set by the Council of £575 million.

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

Prudential Indicators 2018/19

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

Estimates of Capital Expenditure

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

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

| Capital Expenditure and Financing | 2017/18 Revised £m | 2018/19 Estimate £m | 2019/20 Estimate £m | 2020/21 Estimate £m |
|-----------------------------------|-----------------------|------------------------|------------------------|------------------------|
| General Fund | 199.987 | 215.224 | 153.414 | 76.642 |
| Total Expenditure | 199.987 | 215.224 | 153.414 | 76.642 |
| Capital Receipts | 9.504 | 3.172 | 4.275 | 0.300 |
| Grants and Contributions | 81.294 | 88.984 | 41.080 | 27.321 |
| Reserves | - | - | - | - |
| Revenue | 1.165 | 1.768 | 0.100 | 0.100 |
| Borrowing | 108.024 | 121.300 | 107.959 | 48.921 |
| Leasing and PFI | - | - | - | - |
| Total Financing | 199.987 | 215.224 | 153.414 | 76.642 |

Estimates of Capital Financing Requirement

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

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

| Capital Financing Requirement | 31 Mar 18 Revised £m | 31 Mar 19 Estimate £m | 31 Mar 20 Estimate £m | 31 Mar 21 Estimate £m |
|-------------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|
| General Fund | 461.938 | 583.238 | 691.197 | 740.118 |
| Total CFR | 461.938 | 583.238 | 691.197 | 740.118 |

The CFR is forecast to rise by £278m over the next three years as capital expenditure financed by debt outweighs resources put aside for debt repayment.

Gross Debt and the Capital Financing Requirement

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

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

| Debt | 31 Mar 18 Estimate £m | 31 Mar 19 Estimate £m | 31 Mar 20 Estimate £m |
|----------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Borrowing | 396.000 | 517.000 | 624.000 |
| PFI liabilities & Finance Leases | 125.000 | 125.000 | 125.000 |
| Total Debt | 521.000 | 642.000 | 749.000 |

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

Operational Boundary for External Debt

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

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

| Operational Boundary | 2017/18 £m | 2018/19 £m | 2019/20 £m |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| Borrowing | 425.000 | 540.000 | 625.000 |
| Other long-term liabilities | 130.000 | 140.000 | 140.000 |
| Total Debt | 555.000 | 680.000 | 765.000 |

Authorised Limit for External Debt

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

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

| Authorised Limit | 2017/18 £m | 2018/19 £m | 2019/20 £m |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| Borrowing | 450.000 | 675.000 | 650.000 |
| Other long-term liabilities | 160.000 | 160.000 | 160.000 |
| Total Debt | 610.000 | 835.000 | 810.000 |

Ratio of Financing Costs to Net Revenue Stream

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

This measure demonstrates that our proposed borrowing is affordable.

| Ratio of Financing Costs to Net Revenue | 2017/18 | 2018/19 | 2019/20 |
|--|----------------|----------------|----------------|
|--|----------------|----------------|----------------|

| Stream | Revised | Estimate | Estimate |
|--------------|---------|----------|----------|
| General Fund | 4.32% | 4.88% | 6.03% |

Incremental Impact of Capital Investment Decisions

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

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

| Incremental Impact of Capital Investment Decisions | 2017/18 Estimate | 2018/19 Estimate | 2019/20 Estimate |
|--|------------------|------------------|------------------|
| General Fund - increase in annual band D Council Tax | £4.75 | £9.45 | £20.02 |

Adoption of the CIPFA Treasury Management Code

The Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011* edition in April 2002. It fully complies with the Codes recommendations.

Treasury Management Indicators

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

This is how we measure our performance.

Security

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

| | Target |
|---------------------------------|--------|
| Portfolio average credit rating | A |

This is how we ensure that we have cash available to meet unexpected payments

Liquidity:

The Council does not keep large amounts of cash in call accounts so that it reduces the cost of carrying excess cash. To mitigate the liquidity risk of not having cash available to meet unexpected payments the Council has access to borrow additional, same day, cash from other local authorities.

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

Interest Rate Exposures

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

| | 2018/19 | 2019/20 | 2020/21 |
|--|---------|---------|---------|
| Upper limit on fixed interest rate exposure | 100% | 100% | 100% |
| Upper limit on variable interest rate exposure | 100% | 100% | 100% |

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

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

Maturity Structure of Borrowing

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

| | Upper | Lower |
|--------------------------------|-------|-------|
| Under 12 months | 90% | 0% |
| 12 months and within 24 months | 40% | 0% |
| 24 months and within 5 years | 40% | 0% |
| 5 years and within 10 years | 25% | 0% |
| 10 years and above | 95% | 0% |

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

Principal Sums Invested for Periods Longer than 365 days

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

| | 2018/19 | 2019/20 | 2020/21 |
|---|---------|---------|---------|
| Limit on principal invested beyond one year | £45m | £50m | £50m |

Objectives of Borrowing Decisions

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

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

Strategy

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

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

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

In addition, the Council may borrow short-term loans to cover unexpected cash flow shortages. The Council will take the option to repay LOBO loans if there is a NPV saving and if there is agreement with the lenders.

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

The Council will only borrow from approved sources.

These are the lenders we are able to use.

Sources of Borrowing

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

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

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

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

The Authority has previously raised some of its long-term borrowing from the PWLB and through LOBOs but it continues to investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.

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

Lender's Option Borrower's Option (LOBOs)

During 2016/17 Barclays Bank transferred the Council's Barclays Bank LOBOs (Lender's Option Borrower's Option) to fixed term borrowing and therefore this has reduced the authorities total LOBOs by £18m.

The Council holds £82m of LOBO loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost.

The Council understands that lenders are unlikely to exercise their options in the current low interest rate environment but there remains an element of refinancing risk.

The Council will take the option to repay LOBO loans if there is a NPV saving and if there is agreement with the lenders.

This allows the flexibility to borrow from the Municipal Bonds Agency

Municipal Bond Agency

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

Short-term and Variable Rate loans

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

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

Debt Rescheduling

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

Annual Minimum Revenue Provision Statement 2018/19

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

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

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

Minimum Revenue Position Policy

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

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

External Loans

For capital expenditure loans to third parties that are repaid in instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead.

Capitalisation Directions

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

PFI/Leases

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

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

MRP will commence in the financial year following the one in which the expenditure is incurred, except for expenditure funded by borrowing where the project is not complete at 31st March 2018 (classified as under construction). MRP will be deferred until the construction is complete and operational with the charge to be made in the year following completion.

Investments

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

Specified Investments

The CLG Guidance defines specified investments as those:

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

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

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

Approved investment counterparties and limits

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

Non-specified Investments

Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies.

Table 3: Non-Specified Investment Limits

| | Cash limit |
|--|------------|
| Total long-term investments | £40m |
| Total investments without credit ratings or rated below A- | £20m |
| Total investments with institutions domiciled in foreign countries rated below AA+ | £0m |
| Total non-specified investments | £40m |

Investment Limits

The Council's revenue reserves available to cover investment losses are forecast to be £48 million on March 31 2018. No more than 60% of available reserves will be put at risk in the case of a single organisation (other than the UK Government). When considering investment limits in the chart below you must also refer to the credit ratings of the individual organisations (as shown in the chart on page 19) to make the final assessment.

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

Investment Limits

| | Cash limit |
|---|------------------|
| Any single organisation, except the UK Central Government | £20m |
| UK Central Government | Unlimited |
| Any group of organisations under the same ownership | £40m per group |
| Any group of pooled funds under the same management | £25m per manager |
| Negotiable instruments held in a broker's nominee account | £25m per broker |
| Foreign countries | £10m per country |
| Registered Providers | £25m in total |
| Unsecured investments with Building Societies | £10m in total |

| | |
|-----------------------------|---------------|
| Loans to unrated corporates | £25m in total |
| Money Market Funds | £60m in total |

Liquidity Management

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

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

Council Budget Assumptions for 2018/19

- Investments will make an average rate of 1.49%
- Long-term loans will cost an average rate of 2.37%

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

Investment Strategy

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

Objectives

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

Negative Interest Rates

If the UK enters into a recession in 2018/19, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries.

In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy

Given the increased risk and very low returns from short-term unsecured bank investments, the Council continues to hold its investments in more secure, lower yielding asset classes. The Council holds £25m as a longer-term investment (£20m in the CCLA Property Fund and £5m in the CCLA Diversified Fund) and these give a higher return than the short term investments.

The majority of the Authorities surplus cash is currently invested in short-term unsecured bank deposits, certificates of deposit, pooled funds and money market funds. The Council will continue to look for investment opportunities that give a good return whilst being a secure investment.

Approved Counterparties

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

Credit Rating

Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's

or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all relevant factors including external advice will be taken into account.

Banks Unsecured

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

Banks Secured

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

Government

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

Corporates

Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be issued following finance due diligence, loan agreement and security assessment.

Registered Providers

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

Pooled Funds

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

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

Operational Bank Accounts

The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £100,000 per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Risk Assessment and Credit Ratings

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

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

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

Other Information on the Security of Investments

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

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security.

The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Other Items

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

Policy on use of Financial Derivatives

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

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

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

Investment Training

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

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

Investment Advisers

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

Investment of Money Borrowed in Advance of Need

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

The total amount borrowed will not exceed the authorised borrowing limit of £575 million. The maximum period between borrowing and expenditure is expected to be one year, although the Authority is not required to link particular loans with particular items of expenditure.

Other options considered

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

| Alternative | Impact on income and expenditure | Impact on risk management |
|---|----------------------------------|---|
| Invest in a narrower range of counterparties and/or for shorter times | Interest income will be lower | Lower chance of losses from credit related defaults, but any such losses may be greater |
| Invest in a wider range of counterparties and/or for longer times | Interest income will be higher | Increased risk of losses from credit related defaults, but any such losses may be smaller |

| | | |
|--|--|---|
| Borrow additional sums at long-term fixed interest rates | Debt interest costs will rise; this is unlikely to be offset by higher investment income | Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain |
| Borrow short-term or variable loans instead of long-term fixed rates | Debt interest costs will initially be lower | Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs may be less certain |
| Reduce level of borrowing | Saving on debt interest is likely to exceed lost investment income | Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain |

Appendix A – Arlingclose Economic and Interest Rate Forecast October 2017

Underlying assumptions

- In a 7-2 vote, the MPC increased Bank Rate in line with market expectations to 0.5%. Dovish accompanying rhetoric prompted investors to lower the expected future path for interest rates. The minutes re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.
- Further potential movement in Bank Rate is reliant on economic data and the likely outcome of the EU negotiations. Policymakers have downwardly assessed the supply capacity of the UK economy, suggesting inflationary growth is more likely. However, the MPC will be wary of raising rates much further amid low business and household confidence.
- The UK economy faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. While recent economic data has improved, it has done so from a low base: UK Q3 2017 GDP growth was 0.4%, after a 0.3% expansion in Q2.
- Household consumption growth, the driver of recent UK GDP growth, has softened following a contraction in real wages, despite both saving rates and consumer credit volumes indicating that some households continue to spend in the absence of wage growth. Policymakers have expressed concern about the continued expansion of consumer credit; any action taken will further dampen household spending.
- Some data has held up better than expected, with unemployment continuing to decline and house prices remaining relatively resilient. However, both of these factors can also be seen in a negative light, displaying the structural lack of investment in the UK economy post financial crisis. Weaker long term growth may prompt deterioration in the UK's fiscal position.
- The depreciation in sterling may assist the economy to rebalance away from spending. Export volumes will increase, helped by a stronger Eurozone economic expansion.

- Near-term global growth prospects have continued to improve and broaden, and expectations of inflation are subdued. Central banks are moving to reduce the level of monetary stimulus.
- Geo-political risks remains elevated and helps to anchor safe-haven flows into the UK government bond (gilt) market.

Forecast:

- The MPC has increased Bank Rate, largely to meet expectations they themselves created. Future expectations for higher short term interest rates are subdued. On-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions.
- Our central case for Bank Rate is 0.5% over the medium term. The risks to the forecast are broadly balanced on both sides.
- The Arlingclose central case is for gilt yields to remain broadly stable across the medium term. Upward movement will be limited, although the UK government's seemingly deteriorating fiscal stance is an upside risk.

| | Dec-17 | Mar-18 | Jun-18 | Sep-18 | Dec-18 | Mar-19 | Jun-19 | Sep-19 | Dec-19 | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Average |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| Official Bank Rate | | | | | | | | | | | | | | |
| Upside risk | 0.00 | 0.00 | 0.00 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.19 |
| Arlingclose Central Case | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Downside risk | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.15 |
| 3-month LIBID rate | | | | | | | | | | | | | | |
| Upside risk | 0.10 | 0.10 | 0.10 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.22 |
| Arlingclose Central Case | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Downside risk | -0.10 | -0.10 | -0.15 | -0.15 | -0.15 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.20 |
| 1-yr LIBID rate | | | | | | | | | | | | | | |
| Upside risk | 0.15 | 0.15 | 0.20 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.27 |
| Arlingclose Central Case | 0.70 | 0.70 | 0.70 | 0.70 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.77 |
| Downside risk | -0.15 | -0.20 | -0.30 | -0.30 | -0.30 | -0.30 | -0.30 | -0.30 | -0.30 | -0.30 | -0.30 | -0.15 | -0.15 | -0.26 |
| 5-yr gilt yield | | | | | | | | | | | | | | |
| Upside risk | 0.20 | 0.25 | 0.25 | 0.25 | 0.30 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.40 | 0.32 |
| Arlingclose Central Case | 0.75 | 0.75 | 0.80 | 0.80 | 0.80 | 0.85 | 0.90 | 0.90 | 0.95 | 0.95 | 1.00 | 1.05 | 1.10 | 0.89 |
| Downside risk | -0.20 | -0.20 | -0.25 | -0.25 | -0.25 | -0.35 | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 | -0.33 |
| 10-yr gilt yield | | | | | | | | | | | | | | |
| Upside risk | 0.20 | 0.25 | 0.25 | 0.25 | 0.30 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.40 | 0.32 |
| Arlingclose Central Case | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.30 | 1.30 | 1.35 | 1.40 | 1.45 | 1.50 | 1.55 | 1.55 | 1.36 |
| Downside risk | -0.20 | -0.25 | -0.25 | -0.25 | -0.25 | -0.30 | -0.35 | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 | -0.33 |
| 20-yr gilt yield | | | | | | | | | | | | | | |
| Upside risk | 0.20 | 0.25 | 0.25 | 0.25 | 0.30 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.40 | 0.32 |
| Arlingclose Central Case | 1.85 | 1.85 | 1.85 | 1.85 | 1.85 | 1.90 | 1.90 | 1.95 | 1.95 | 2.00 | 2.05 | 2.05 | 2.05 | 1.93 |
| Downside risk | -0.20 | -0.30 | -0.25 | -0.25 | -0.30 | -0.35 | -0.40 | -0.45 | -0.50 | -0.50 | -0.50 | -0.50 | -0.50 | -0.38 |
| 50-yr gilt yield | | | | | | | | | | | | | | |
| Upside risk | 0.20 | 0.25 | 0.25 | 0.25 | 0.30 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.40 | 0.32 |
| Arlingclose Central Case | 1.70 | 1.70 | 1.70 | 1.70 | 1.70 | 1.75 | 1.80 | 1.85 | 1.90 | 1.95 | 1.95 | 1.95 | 1.95 | 1.82 |
| Downside risk | -0.30 | -0.30 | -0.25 | -0.25 | -0.30 | -0.35 | -0.40 | -0.45 | -0.50 | -0.50 | -0.50 | -0.50 | -0.50 | -0.39 |

Appendix B - Existing Investment and Debt Portfolio Position

| | 30 Sept 2017 Actual Portfolio £m | 30 Sept 2017 Average Rate % |
|-------------------------------------|--|-----------------------------------|
| External Borrowing: | | |
| PWLB – Fixed Rate | 44.3 | 5.76 |
| Local Authorities | 167.0 | 0.35 |
| LOBO Loans | 82.0 | 4.38 |
| Long Term Borrowing | 18.0 | 4.37 |
| Total External Borrowing | 311.3 | 2.42 |
| Other Long Term Liabilities: | | |
| PFI | 123.2 | n/a |
| Finance Leases | 1.6 | n/a |
| Total Gross External Debt | 436.1 | |
| Investments: | | |
| <i>Managed in-house</i> | | |
| Short-term Money Market Funds | 14.5 | 0.21 |
| Other Short Term investments | 16.4 | 0.92 |
| <i>Managed externally</i> | | |
| Pooled Funds | 27.0 | 3.90 |
| Other Funds | 11.0 | 1.35 |
| Total Investments | 68.9 | 1.49 |
| Net Debt | 367.2 | |

Treasury Management Strategy 2018-19

Published by:

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PLYMOUTH CITY COUNCIL

| | |
|------------------------|--|
| Subject: | Capital & Revenue Monitoring Report 2017/18– Quarter 3 |
| Committee: | Cabinet |
| Date: | 13 February 2018 |
| Cabinet Member: | Councillor Darcy |
| CMT Member: | Andrew Hardingham – Interim Joint Strategic Director for Transformation and Change |
| Author: | Paul Looby – Head of Financial Planning and Reporting |
| Contact details | Tel: 01752 307271 email: paul.looby@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 2017.

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 of the report, the forecast revenue overspend is £1.494m. The overall forecast net spend equates to £185.377m against a budget of £183.883m, which is a variance of 0.8%.

The latest position shows a reduction in the projected forecast overspend compared to quarter two and compares to a £1.272m forecast overspend at the same time last year. The latest position needs to be read within the context of needing to deliver in excess of £18.000m of savings in 2017/18 on the back of balancing the 2016/17 revenue budget where £24.000m of net revenue reductions were successfully delivered.

Whilst the improved position is welcomed the challenge of delivering a balanced budget at year end should not be underestimated. Portfolio Cabinet Members and Officers have been managing in year pressures which have been highlighted within the monitoring reports throughout the year.

The latest position must be set in the context of continuing reduction in resources from government and ever increasing pressures, particularly within Social Care due to increasing demands and complexity of needs.

All options for further savings and additional resources are being explored. Where applicable costs pressures identified and highlighted in the current year have been built into future years within the Medium Term Financial Strategy e.g. the increasing costs for placements within Children’s Services.

Table 1: End of year revenue forecast

| | Budget £m | Forecast Outturn £m | Variance £m |
|----------------------------------|----------------|------------------------|----------------|
| Total General Fund Budget | 183.883 | 185.377 | 1.494 |

Capital Budget

The capital budget was agreed at Council on 27th February 2017. This report details a revised capital budget of £674.700m, covering the period 2017/18 – 2021/22.

The Corporate Plan 2016/17 – 2018/19:

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.

Implications for Medium Term Financial Strategy and Resource Implications:

Robust and accurate financial monitoring underpins the Council’s Medium Term Financial Strategy (MTFS). The Council’s Medium Term Financial Forecast is updated regularly based on on-going monitoring information, both on a local and national context. Any adverse variations from the annual budget will place pressure on the MTFS going forward and require additional savings to be generated in future years.

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.

Equality and Diversity

This report monitors our performance against our approved budget 2017/18. As part of the budget setting process, EIA were undertaken for all areas.

RECOMMENDATIONS AND REASONS FOR RECOMMENDED ACTION:

It is recommended that:

1. Cabinet note the current monitoring position.
2. Cabinet approve the non-delegated virements which have occurred since 1st October 2017.
3. Cabinet recommends Council approve that the Capital Budget 2017 -2022 is revised to £674.7m (as 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:

2017/18 Annual Budget: [2017 Budget Report](#)

Background papers:

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

Sign off:

| | | | | | | | | | | | | |
|--|-------------|-----|---------------------|------------|--------------|----|--|--------|--|----|--|---------------|
| Fin | djn1718.184 | Leg | lt/29803/240 118 | Mon Off | lt/dvs/29803 | 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 2017 FINANCE MONITORING

Table 2: Revenue Monitoring Position

| Directorate | Gross Expenditure | Gross Income | 2017/18 Latest Approved Budget | Forecast Outturn | Forecast Year End Variation | Movement from previous month |
|---|-------------------|------------------|--------------------------------|------------------|-----------------------------|------------------------------|
| | £m | £m | £m | £m | £m | £m |
| Executive Office | 3.752 | (0.126) | 3.626 | 3.647 | 0.021 | 0.014 |
| Corporate Items | 14.324 | (12.835) | 1.489 | 0.789 | (0.700) | (1.000) |
| Transformation and Change | 149.123 | (116.436) | 32.687 | 33.782 | 1.095 | 0.000 |
| People Directorate | 254.132 | (131.822) | 122.310 | 123.198 | 0.888 | (1.307) |
| Office of the Director of Public Health | 19.731 | (19.531) | 0.200 | 0.200 | 0.000 | 0.000 |
| Place Directorate | 74.092 | (50.521) | 23.571 | 23.761 | 0.190 | (0.046) |
| TOTAL | 515.154 | (331.271) | 183.883 | 185.377 | 1.494 | (2.339) |

Please note there is a pressure of £1.300m with the ESG grant that is not reflected in the table above.

Table 3: Plymouth Integrated Fund

| Plymouth Integrated Fund | Section 75 2017/18 Latest Budget | Forecast Outturn | Forecast Year End Overspend / (Underspend) |
|-----------------------------------|----------------------------------|------------------|--|
| | £m | £m | £m |
| New Devon CCG – Plymouth locality | 332.926 | 333.805 | 0.879 |
| Plymouth City Council | *253.112 | 254.000 | 0.888 |
| TOTAL | 586.038 | 587.805 | 1.767 |

The financial position above for the Plymouth Integrated Fund is at December 2017. *This represents the gross People Directorate budget plus the gross Public Health Commissioning budget (which is financed by a ring fenced Department of Health Grant).

Table 4: Key Issues and Corrective Actions

| Issue | Variation £M | Management Corrective Action |
|--|-----------------|---|
| EXECUTIVE OFFICE | 0.021 | Shortfall on income target. This pressure will be addressed before the end of the year. |
| CORPORATE ITEMS | (0.700) | <p>Due to the significant budget pressures and demands placed upon services, all options have been considered to further reduce the projected forecast overspend. It has been recommended within the 2018/19 budget proposals that section 106 monies are used to support the revenue budget. This option is also recommended to be used in the current financial year and has been accounted for within Corporate Items (£1.0m).</p> <p>Procurement step up of £0.300m has been previously reported. Discussions are continuing to agree an action plan to meet this pressure and where possible reduce projected overspend.</p> <p>Legacy pressures (Procurement £0.343m, CST £0.549m, Commercialisation £0.136m and Strategic Asset Review £0.070m) and Pension deficit (£0.600m) have been identified and will be managed in 2017/18.</p> |
| TRANSFORMATION and CHANGE – Finance | 0.220 | Following a review of Facilities Management Services a pressure has been identified with utility costs. This is linked to market forces and the service area is looking to manage this down. The department is continuing to hold vacancies to manage demand led services. There is also a pressure with decontaminating the files incorrectly stored in the Guildhall. |
| TRANSFORMATION and CHANGE – Legal | 0.000 | There is currently a nil variance to report. |

| | | |
|--|---------|---|
| TRANSFORMATION and CHANGE – Elections | 0.030 | There is a pressure of £0.030m within this service area which is being actively managed. |
| TRANSFORMATION and CHANGE – Customer Services | 0.585 | The forecast shortfall of £0.311m remains despite reviewing the costs of debt recovery through the court system but is currently being off-set by other in year savings. Following the mid-year review to assess recovery of overpayments from historic council tax benefit the shortfall in rent allowance and rent rebate subsidy is totals £0.585m. |
| TRANSFORMATION and CHANGE – Human Resources & OD | (0.168) | There is currently an underspend due to in year vacancy savings. |
| TRANSFORMATION and CHANGE – All Departments | 0.369 | Reallocation of Commercialisation and CST programme targets totalling £0.467m less (£0.098m) staffing budget savings. |
| TRANSFORMATION and CHANGE – Transformation and Portfolio | 0.059 | Departmental pressure remains and is being managed through vacant posts. |
| TRANSFORMATION and CHANGE – ICT Commissioned Service | 0.000 | There is currently a nil variance to report. |
| PEOPLE – Children Young People and Families The Children Young People and Families Service are reporting a budget pressure of £0.458m. | 0.458 | The CYP+F department have achieved all savings targets against the £1.500m delivery plans in place, although some are from one-off savings. |

The overall CYPF overspend can be attributed to the increased cost and volume of looked after children's placements. Despite these increased costs, the department has made significant off setting savings in year with good progress through the management-challenge sessions and budget containment meetings.

Early in-year monitoring identified the increasing costs of placements, with increases effective during 2017/18 showing 16.59% uplifts. The department has been working throughout the year to contain and cover from other savings; however as we have reached the third quarter additional resources have been agreed of £1.000m. This cost pressure has been identified going forward into future years and as such the MTFS additional funding has been increased from the original £2.000m to £3.200m.

The national and local context for children's placements is extremely challenging, with increasing difficulties in securing appropriate, good quality placements. High demand and limited supply of placements, a tightening of Ofsted requirements, as well as initiatives such as the introduction of the National Living Wage, have all led to an increase in the unit costs of placements

A region wide lack of placements has meant that some children have been placed in residential rather than the preferred fostering placements at a much higher cost. We are on track to achieve savings against the £1.500m delivery plans in place.

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

- Increased cost and volume of young people's placements

A piece of work has been undertaken to ensure a systematic review of all young people in supported living and new arrangements for plans for them are in place. This will ensure appropriate plans are in place for young people improving timeliness and reducing cost pressure.

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

The level of response following the fostering campaign has been very positive and exceeded our expectations. Part of the strategy to increase the number of children subject to a Special Guardianship Order has been successful; we have seen an increase in SGO and a corresponding reduction in IFA/ In House Foster Care.

Commissioners continue to work with colleagues in the peninsula to increase the sufficiency and quality of placements available. Since 2012 when there were 2 residential placements available in the city we now have 12 placements, and we expect this to continue to increase. At the same time work continues to contain costs, with additional activity through block contracts for the year ahead. Work here includes:

- **Peninsula Fostering tender** – cabinet January, new contracts April 2018:
- **Residential block contract**

A tender has been carried out to secure local children's homes either in Plymouth or within 20 miles. The tender will put in place a block contract for existing homes, but also select providers who will develop new provision in partnership with the Council over the next three years. The aim is to prevent children and young people in care from being placed at distance from home, and facilitating positive step-down into family based placements or independence. The tender requires a discount on market prices for placements.

Five providers have submitted bids which cover 14 local beds. 2 beds will be

| | | |
|--|-------|---|
| <p>since budget setting autumn 2016.</p> <ul style="list-style-type: none"> • Lack of immediate availability of the right in-house foster care placements creating overuse of IFA's. • There are still a number of individual packages of care at considerably higher cost due to the needs of the young person. • Regional wide commissioning activity did not bring about the anticipated holding and reduction of placement costs in both the residential and IFA sectors. • There are currently 39 Residential Placements with budget for only 25. • There are currently 117 Independent Foster Care (IFA's) placements with budget for only 92. 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, both national and regionally continues to impact negatively on sufficiency. | | <p>discounted on affordability grounds, leaving 12 local beds. 4 of the 5 providers submitted bids to be able to establish new homes during the lifetime of the contract. Contracted providers will be supported to work collaboratively with one another and with key partners to drive up the quality of the provision in the city.</p> <p>Key dates: Contract award report due at Cabinet January 2018, contract start 1st March 2018</p> <ul style="list-style-type: none"> • Peninsula – Alternative provision for high risk children <p>The Peninsula local authorities are jointly funding a scoping exercise in relation to meeting the needs of children and young people with high risk behaviours, who don't meet the threshold for Tier 4 or Welfare Secure, but are beyond the capability of a traditional children's home.</p> <p>Devon is leading this work on behalf of the Peninsula, and this includes a consideration of establishing a new provision, able to offer crisis/emergency care with highly skilled staff able to manage significant risk.</p> <p>Key dates: Scoping report due spring 2018</p> |
| <p>PEOPLE – Strategic Commissioning</p> <p>The Strategic Commissioning service is forecasting a year end overspend against budget of £0.430m at month 9, no change from month 8.</p> | 0.430 | <p>Strategic Commissioning will need to make over £5.2m of savings in 2017/18 as part of the overall People Directorate target of £7.117m, which are assumed to be achieved in the year end figure above. It is, however, noted that plans are still being developed for approx. £2 million of this.</p> |
| <p>PEOPLE – Education Participation and Skills</p> <p>Education, Participation and Skills are reporting a balanced budget position at Month 9, no change from Month 8. The previously reported pressure of £1.370m regarding the on-going legacy liabilities from the 1998 transfer to Unitary status is now being considered as an overall council issue with options to be worked through during the year.</p> | 0.000 | <p>A plan is being written to scope all of the education-related services within Education, Participation and Skills and recommend an approach and plan for transforming in order to realise savings.</p> |

| | | |
|--|-------|---|
| <p>At this stage it is not being reported as a budget pressure as plans are in place to resolve prior to the financial year end.</p> <p>A plan is being written to scope all of the education related services within Education, Participation and Skills and recommend an approach and plan for transforming in order to realise savings.</p> | | |
| <p>PEOPLE – Community Connections</p> <p>Community Connections is now reporting a balanced budget with a reduction of (£0.212m) from month 8. Average Bed & Breakfast numbers for April to December have been 56 placements per night with nightly costs increasing, as demand has increased use of national accommodation providers together with increasing accommodation needs for families.</p> <p>Focused action is being taken to target the budgetary pressure of £0.692m arising from use of emergency accommodation with plans to reduce average placements by 17 from 56 to 39. This includes use of alternative properties provided through existing contracts as well as use of additional contracted staff to target single occupancy stays. As part of the MTFs for 2017/18, Community Connections are expected to make savings of £0.500m to contribute to the £7.117m Directorate target.</p> | 0.000 | Action is ongoing to limit the overall cost pressure through lower placements and prevention work, with particular focus on lower number of single homelessness in B & B. |
| <p>PEOPLE – Management & Support</p> <p>This budget is projecting to balance for 2017/18.</p> | 0.000 | |

| | | |
|--|----------------|---|
| <p>PUBLIC HEALTH</p> <p>Although the 2017/18 Public Health ring-fenced grant was cut by a further £0.398m for Plymouth City Council, the Directorate is on track to achieve a balanced budget. However, there are pressures with achieving some income targets and there is increasing demand for activity led services.</p> | <p>0.000</p> | <p>ODPH is working towards achieving a balanced budget.</p> |
| <p>PLACE - Strategic Planning and Infrastructure (SP&I)</p> <p>The SP&I projected outturn has remained stable resulting in a forecasted underspend of over £0.259m for year-end. Major planning application and pre-application income activities have weakened significantly this month, however, building control fees are performing well. The projected concessionary fares savings and delayed recruitment has also contributed to off-setting the planning application fee downturn.</p> <p>Key risks remain the potential for increased costs in relation to concessionary fares in the last quarter of the year, and a further drop off of planning application and building control fees related to the wider economy.</p> <p>Additionally, costs still remain unknown in relation to the forthcoming public examination into the Plymouth and South West Devon Joint Local Plan, and there is a potential for a shortfall in project-based income that is particularly important for the Engineering Design and Natural Infrastructure teams.</p> | <p>(0.259)</p> | <p>Risks are being closely monitored on a monthly basis by the SP&I Management Team to ensure early corrective action is taken. At present this includes positive actions to maintain and drive planning and building control income, reviewing the level of legal representation for the joint local plan public examination and ensuring full cost recovery from South Hams & West Devon, as well as a review of SP&I capital projects.</p> |

| | | |
|--|---------|---|
| <p>PLACE - Management Support (Director's budget) There is a £0.405m savings target which has accumulated as a result of step ups in year on year efficiency targets.</p> | 0.338 | Of the £0.405m target, £0.368m had been declared as not achievable but this month a further one off saving of £0.030m has been found in management and support to reduce the variance to £0.338m. |
| <p>PLACE - Economic Development</p> <p>Forecast income generation, including income from Asset Investment Fund acquisitions, have enabled a number of expected spend pressures within Economic Development to be met. This includes enabling the removal of the Corporate Landlord budget savings target for Museums "mothballing", and containing an overall MTV net cost.</p> | (0.514) | Efforts continue to be taken to maximise income and reasonably contain costs. |
| <p>PLACE - GAME</p> <p>The New Homes Bonus target has already been achieved.</p> | 0.000 | Target has been met. |
| <p>PLACE - Street Services</p> <p>Street Scene & Waste services: Street Scene & Waste are currently reporting a balanced budget. The street scene and waste service has delivered significant savings within year via an extensive street cleansing and waste modernisation programme.</p> <p>However, a drop in the value of recyclates have led to an increase in the gate fee at the MRF which has added additional pressures to the budget as well some additional cost pressures linked to reduced income and the realignment of Waste and Street Services.</p> | 0.000 | The implementation of AWC has enabled future income streams to be explored such as Trade Waste. Monthly work is being undertaken to review the AWC additional arrangements. |

| | | |
|--|-----------------------------|---|
| <p>Fleet and Garage: Currently there is a cost pressure which is a gap from the 2017/18 budget setting to the sum of £0.775m. This includes legacy savings targets which have been undelivered of £0.607m.</p> <p>Highways and Car Parking: Currently reporting a favourable variation of (£0.150m). £0.050m of this is due to capitalisation of the SSIMS project costs, the balance being made up of additional income from the Car Parking trading account.</p> | <p>0.775</p> <p>(0.150)</p> | <p>Work is being done to identify potential savings, increase stock controls, and do a full service review.</p> |
| <p>TOTAL</p> | <p>1.494</p> | |

Overall Comments Finance AD

The latest position has seen a reduction in the projected forecast overspend as at the end of quarter three to £1.494m. This compares to a £1.272m forecast overspend at the same time last year.

Whilst the improved position is welcomed it must be set in the context of continuing reduction in resources from government and ever increasing pressures, particularly within Social Care due to increasing demands and complexity of needs. In addition, Portfolio Cabinet Members and Officers have been managing a number of in year pressures within their areas of responsibility. These have been highlighted within the monitoring reports throughout the year and will need a financial solution to ensure a balanced budget can be achieved at year without having to use the council's working balance.

In addition to the reported forecast position, the council has been reporting the ESG pressure of £1.3m which will need to be managed before the end of the year.

Due to the significant budget pressures and demands placed upon services, all options have been considered to further reduce the projected forecast overspend. As part of the 2018/19 budget proposals, an innovative approach to generate new resources and support the revenue budget has been identified through the use of section 106 monies. The Council will discharge its obligations under the terms of the S106 agreements to finance these developments by making use of a loan facility in accordance with the terms of CIPFA's Prudential Code for Capital Finance in Local Authorities (2011) (Prudential Code). The council will make an annual provision for the repayment of the debt (MRP) in its revenue account and draw down the cash contribution from the developer into its revenue budget.

To manage the current forecast overspend, it is now recommended this option is also used to support the 2017/18 budget and this has been reflected within Corporate Items. The Council holds approximately £19m of section 106 monies on its balance sheet.

Whilst all services must contain their expenditure and look for measures to reduce costs wherever possible, there is limited time available to reduce the forecast overspend at this late stage of the financial year. Further options to mitigate the forecast overspend will continue to be explored in the final 2 months of the year so further reductions can be made to the forecast overspend

Recommendation

It is recommended that Cabinet note the current monitoring position.

VIREMENTS

Table 5 below includes a number of virements between specific directorate budgets. All virements in excess of £0.100m are required to be approved by Cabinet and are shown below.

Table 5 Virements detail

| Directorate | Agreed team movements | Transfer of Grant Carry forward budgets from 16/17 to 17/18 | Realignment of Delivery Plan coming out of People Mgmt and Support | GCOCD Budget Cleanse following meeting with AH, HW and HM - to ensure budget agrees to MTFS increase of £500k | Totals |
|---------------------------|-----------------------|---|--|---|--------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Executive Office | (10) | | | | (10) |
| Corporate Items | | (350) | | | (350) |
| Transformation and Change | 10 | 58 | | 0 | 68 |
| People Directorate | | 66 | 0 | 0 | 66 |
| Public Health | | 41 | | | 41 |
| Place Directorate | 0 | 185 | | | 185 |
| | 0 | 0 | 0 | 0 | 0 |

Recommendation

It is recommended that Cabinet approve the non-delegated virements which have occurred since 1st October 2017.

Capital Programme 2017-2022

The latest approved capital budget was reported to Council on 20 November 2017, as £691.3m.

The five year capital budget 2017-2022 is currently forecasted at £674.7m. This is set out in Table 6 below.

Table 6: Current Capital Resources

The Capital budget consists of the following elements:

| Description | £m |
|--|--------------|
| Capital Programme | 222.4 |
| Priority List (outstanding allocations) | 202.0 |
| Income Assumptions ** | 250.3 |
| Total Revised Capital Budget for Approval (2017-2022) | 674.7 |

** Estimate of income to be received to finance future capital projects

Within the approved budget (representing forecast resources), the Capital Programme represents projects that have been approved by the City Council Investment Board (CCIB). Project officers prepare detailed business cases and present them to the board and if approved the CCIB recommends them to the Leader for approval. Once the executive decision has been signed by the leader the projects are added to the Capital Programme for delivery.

Table 7 below shows the revised annual programme for the period 2017-22, as at the end of December 2017. Appendix I shows a detailed breakdown of the Capital Programme.

Table 7: Revised Capital Programme

Capital Programme by Delivery Outcome

| Primary Outcome of Projects | £m |
|--|----------------|
| Securing Growth in the City Centre/Waterfront | 12.524 |
| Securing Growth in Derriford and the Northern Corridor | 22.015 |
| Securing Growth in the Eastern Corridor | 7.278 |
| Delivering More/Better Housing | 6.415 |
| Ensuring Essential City Infrastructure | 28.211 |
| Improving Neighbourhoods and Community Infrastructure | 11.386 |
| Ensuring Good Quality School Places | 7.345 |
| Growing the Economy | 4.754 |
| Delivering Oceansgate | 15.629 |
| Connecting the City | 0.119 |
| Celebrating Mayflower | 4.415 |
| Delivering The Box | 29.732 |
| Transforming Services | 72.579 |
| Total | 222.402 |

Capital Programme by Directorate

| Directorate | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total |
|-------------------------|----------------|---------------|---------------|--------------|--------------|----------------|
| | £m | £m | £m | £m | £m | £m |
| Transformation & change | 4.095 | 5.544 | 0.984 | 0.984 | - | 11.607 |
| People | 9.601 | 5.599 | 0.225 | 0.225 | 0.225 | 15.875 |
| Place | 92.559 | 74.167 | 22.349 | 3.841 | 2.004 | 194.920 |
| Total | 106.225 | 85.310 | 23.558 | 5.050 | 2.229 | 222.402 |

Recommendation

Council approve that the Capital Budget 2017 -2022 is revised to £674.7m (as shown in Table 6)

Appendix I: Detailed Breakdown of the Capital Programme

| Approved Capital Programme | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total |
|---|------------|--------------|--------------|----------|----------|--------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Celebrating Mayflower | | | | | | |
| Mayflower 400 - Public Realm Improvements | 50 | 784 | 280 | - | - | 1,114 |
| Mayflower 400 – Public Realm Enabling | 50 | 450 | 500 | - | - | 1,000 |
| Mayflower 400 - Trails | 50 | 931 | 985 | - | - | 1,966 |
| Mayflower 400 - Merchants House | 25 | - | - | - | - | 25 |
| Mayflower 400 - Elizabethan House | 250 | - | - | - | - | 250 |
| Mayflower 400 - Monument | 50 | - | - | - | - | 50 |
| Mayflower 400 - Waterfront Event Infrastructure | 10 | - | - | - | - | 10 |
| Total Celebrating Mayflower | 485 | 2,165 | 1,765 | - | - | 4,415 |
| Connecting the City | | | | | | |
| Mayflower Coach Station | 47 | - | - | - | - | 47 |
| Creation of Non-Scheduled Coach Drop Off Points | 72 | - | - | - | - | 72 |
| Total Connecting the City | 119 | - | - | - | - | 119 |
| Delivering More/Better Housing | | | | | | |
| Self Build Housing Sites | 73 | 115 | - | - | - | 188 |
| Former Whitleigh Community Centre | 92 | 88 | - | - | - | 180 |
| Empty Homes / Enabling | - | - | - | - | - | - |
| North Prospect Phase 5 | - | 500 | 450 | - | - | 950 |
| Prince Maurice Road | 359 | - | - | - | - | 359 |
| Bath Street | 730 | 977 | 937 | - | - | 2,644 |
| Plan for Homes | 262 | 301 | 200 | 300 | - | 1,063 |

| | | | | | | |
|--|---------------|---------------|--------------|--------------|--------------|---------------|
| Homes for Veterans (Nelson Project) | 225 | - | - | - | - | 225 |
| Extra Care Housing Support Millbay | - | 450 | - | - | - | 450 |
| How Street Specialist Housing Programme | 238 | 38 | - | - | - | 276 |
| Bournemouth Churches Housing Association | 80 | - | - | - | - | 80 |
| Total Delivering More/Better Housing | 2,059 | 2,469 | 1,587 | 300 | - | 6,415 |
| Delivering Oceansgate | | | | | | |
| South Yard Remediation/separation works | 1,726 | 7,729 | - | - | - | 9,455 |
| South Yard Area 1 East Direct Development | 5,173 | 1,001 | - | - | - | 6,174 |
| Total Delivering Oceansgate | 6,899 | 8,730 | - | - | - | 15,629 |
| Delivering The Box | | | | | | |
| The Box | 8,605 | 11,856 | 9,123 | 148 | - | 29,732 |
| Total Delivering The Box | 8,605 | 11,856 | 9,123 | 148 | - | 29,732 |
| Ensuring Essential City Infrastructure | | | | | | |
| Clean Vehicle Technology Improvements | 81 | - | - | - | - | 81 |
| Bus Punctuality improvement plan (BPIP) | 220 | 41 | - | - | - | 261 |
| Access Road to Housing Site in Estover | 112 | - | - | - | - | 112 |
| SI06 Transport Projects | 186 | 838 | - | - | - | 1,024 |
| Derriford Community Park | 71 | 28 | - | - | - | 99 |
| European Marine Sites - Recreational Behaviour Changing Measures | 28 | 28 | 55 | - | - | 111 |
| Home Energy | 34 | 46 | - | - | - | 80 |
| Millbay Boulevard | 25 | - | - | - | - | 25 |
| Development Funding | 75 | 400 | - | - | - | 475 |
| Capitalised Maintenance Schemes | 8,755 | 6,483 | 5,042 | 2,000 | 2,000 | 24,280 |
| Flood defence Works | 53 | - | - | - | - | 53 |
| Container Provision | 672 | - | - | - | - | 672 |
| West Hoe Pier | 30 | 75 | - | - | - | 105 |
| Mount Edgcumbe Sea Wall Repairs | 569 | - | - | - | - | 569 |
| Mount Edgcumbe Commercialisation | 180 | 84 | - | - | - | 264 |
| Total Ensuring Essential City Infrastructure | 11,091 | 8,023 | 5,097 | 2,000 | 2,000 | 28,211 |
| Ensuring Good Quality School Places | | | | | | |
| Stoke Damerel Basic Need | 22 | - | - | - | - | 22 |
| Pennycross Basic Need | 2,000 | - | - | - | - | 2,000 |
| Pomphlett Basic Need | 395 | 2,093 | - | - | - | 2,488 |
| Oreston Academy Basic Need | 226 | - | - | - | - | 226 |
| Yealmpstone Farm Primary School Basic Need | 1,546 | 1,004 | - | - | - | 2,550 |

| | | | | | | |
|--|--------------|--------------|--------------|------------|----------|---------------|
| Woodford Primary School - Decking | 59 | - | - | - | - | 59 |
| Total Ensuring Good Quality School Places | 4,248 | 3,097 | - | - | - | 7,345 |
| Growing the Economy | | | | | | |
| Social Enterprise Fund | 575 | 277 | - | - | - | 852 |
| Langage Development Phase 2 | 1,771 | 1,400 | - | - | - | 3,171 |
| STEM Provision at City College | 481 | - | - | - | - | 481 |
| 39 Tavistock Place | 202 | 15 | - | 33 | - | 250 |
| Total Growing the Economy | 3,029 | 1,692 | 0 | 33 | 0 | 4,754 |
| Improving neighbourhoods and delivering community infrastructure / facilities | | | | | | |
| Barne Barton general amenity improvements | 19 | 164 | - | - | - | 183 |
| Active Neighbourhoods | 41 | 47 | 25 | - | - | 113 |
| Infrastructure Works at Honicknowle | - | 26 | - | - | - | 26 |
| Derriford Community Park – Phase 3 | 100 | 421 | 22 | 4 | 4 | 551 |
| Bond Street Playing fields (Southway Community Football Facility) | 6 | 507 | - | - | - | 513 |
| Staddiscombe Sports Improvements | 1 | 58 | - | - | - | 59 |
| Higher Efford Play Pitch Enhancements | 16 | 422 | 66 | - | - | 504 |
| Central Park Sports Plateau | 15 | 365 | 52 | - | - | 432 |
| Central Park Improvements | 625 | 2,179 | 1,725 | 976 | - | 5,505 |
| Improving Outdoor Play | 611 | 264 | - | - | - | 875 |
| Central Park Wooded Valley | 23 | - | - | - | - | 23 |
| Dunstone Woods | - | 13 | - | - | - | 13 |
| Blockhouse Park Playground Refurbishment | 2 | - | - | - | - | 2 |
| Manadon Play Pitches | 677 | 1,356 | - | - | - | 2,033 |
| St Budeaux Tennis Courts | 3 | - | - | - | - | 3 |
| MAP Early Years Capital Fund | 300 | - | - | - | - | 300 |
| Children Centres | 13 | 238 | - | - | - | 251 |
| Total Improving neighbourhoods and delivering community infrastructure / facilities | 2,452 | 6,060 | 1,890 | 980 | 4 | 11,386 |
| Securing Growth in Derriford and Northern Corridor | | | | | | |
| Forder Valley Link Road- Development Costs | 1,390 | 1,000 | - | - | - | 2,390 |
| Derriford Transport scheme - Derriford Roundabout / William Prance Road | 12,215 | 50 | - | - | - | 12,265 |
| Derriford Hospital interchange scheme | 37 | - | - | - | - | 37 |
| N Corridor Junction Imps - PI Outland Rd | 238 | 1,180 | - | - | - | 1,418 |

| | | | | | | |
|---|---------------|--------------|--------------|------------|----------|---------------|
| Purchase of 444 Tavistock Road | 32 | - | - | - | - | 32 |
| Purchase of 422 Tavistock Road | 196 | 79 | - | - | - | 275 |
| Purchase of Properties in the North of Plymouth | 380 | 1,658 | - | - | - | 2,038 |
| Northern Corridor Strategic Cycle Network | 550 | 1,750 | 840 | - | - | 3,140 |
| Woolwell to the George | 233 | 187 | - | - | - | 420 |
| Total Securing Growth in Derriford and Northern Corridor | 15,271 | 5,904 | 840 | - | - | 22,015 |
| Securing Growth in the City Centre and Waterfront | | | | | | |
| Devonport Market High Tech 'Play Market' | 713 | 1,318 | - | - | - | 2,031 |
| Charles Cross | 750 | - | - | - | - | 750 |
| City Centre Public Realm | 526 | - | 923 | - | - | 1,449 |
| Market Way Public Realm | 215 | - | - | - | - | 215 |
| Sutton Harbour Public Realm Improvements | 32 | - | - | - | - | 32 |
| Visitor signage | 86 | - | - | - | - | 86 |
| Cobourg House | 3,323 | - | - | - | - | 3,323 |
| Quality Hotel | 70 | 266 | - | - | - | 336 |
| Colin Campbell Court Phase 1 | 221 | - | 743 | - | - | 964 |
| Colin Campbell Court Phase 2 | 1,164 | 516 | - | - | - | 1,680 |
| Plymouth City Market Major Refurbishment | 1,287 | 2 | - | - | - | 1,289 |
| City Centre Shop Fronts Grant Scheme | 176 | 114 | - | - | - | 290 |
| Improved Waterfront Cycle Routes | 5 | - | - | - | - | 5 |
| West End Public Realm | - | 74 | - | - | - | 74 |
| Total Securing Growth in the City Centre and Waterfront | 8,568 | 2,290 | 1,666 | - | - | 12,524 |
| Securing Growth in the Eastern Corridor | | | | | | |
| Eastern Corridor Junction Improvements | 200 | 3,158 | - | - | - | 3,358 |
| Eastern Corridor Strategic Cycle Network | 930 | 2,230 | 380 | 380 | - | 3,920 |
| Total Securing Growth in the Eastern Corridor | 1,130 | 5,388 | 380 | 380 | - | 7,278 |
| Transforming Services | | | | | | |
| Street lighting bulb replacement | 79 | 40 | - | - | - | 119 |
| Highways Information Management System | 342 | - | - | - | - | 342 |
| Fleet Replacement Programme | 1,478 | - | - | - | - | 1,478 |
| Weston Mill Recycling Centre | 204 | - | - | - | - | 204 |
| Chelson Meadow Closure & Leachate Plant Upgrade | - | 259 | - | - | - | 259 |
| Bell Park Industrial Estate | 34 | 302 | - | - | - | 336 |

| | | | | | | |
|---|----------------|----------------|----------------|----------------|---------------|----------------|
| Friary Retail Park | 50 | - | - | - | - | 50 |
| Next | 7,875 | 7,178 | - | - | - | 15,053 |
| 10 New George Street | 1,779 | - | - | - | - | 1,779 |
| Purchase of St Catherine's House | 2,416 | - | - | - | - | 2,416 |
| Royal Mail | 20,303 | - | - | - | - | 20,303 |
| Strategic Property Investment | 100 | 13,060 | - | - | - | 13,160 |
| Ocean Studio | 200 | - | - | - | - | 200 |
| Highway Works at the Former Seaton Barrack site | - | 661 | - | - | - | 661 |
| Barbican Footbridge | 10 | 170 | - | - | - | 180 |
| LGA Transforming Social Care | 49 | - | - | - | - | 49 |
| Disabled Facilities (incl Care & Repair works) | 2,337 | - | - | - | - | 2,337 |
| Schools Condition Works | 392 | - | - | - | - | 392 |
| SEN Access and Safeguarding | 35 | - | - | - | - | 35 |
| Schools Devolved Formula & Projects | 525 | 420 | 225 | 225 | 225 | 1,620 |
| Plans for Libraries | 121 | - | - | - | - | 121 |
| ICT | 1,108 | 4,431 | 984 | 984 | - | 7,507 |
| Corporate Asset Lifecycle Maintenance | 414 | 488 | - | - | - | 902 |
| Corporate Heritage Maintenance | 166 | - | - | - | - | 166 |
| Other Corporate Property | 1,489 | 32 | - | - | - | 1,521 |
| Transformation Accommodation | 795 | 449 | - | - | - | 1,244 |
| Boiler Replacement Programme for Council Properties | - | 145 | - | - | - | 145 |
| Total Transforming Services | 42,301 | 27,635 | 1,209 | 1,209 | 225 | 72,579 |
| TOTAL CAPITAL PROGRAMME | 106,257 | 85,309 | 23,557 | 5,050 | 2,229 | 222,402 |
| Forecast future income streams | 27,758 | 55,490 | 54,202 | 66,040 | 46,799 | 250,289 |
| Priority List | 12,342 | 55,762 | 75,258 | 37,916 | 20,700 | 201,978 |
| GRAND TOTAL | 146,357 | 196,561 | 153,017 | 109,006 | 69,728 | 674,669 |

Appendix 9

Budget Scrutiny Recommendations on the Indicative 2018/19 Revenue Budget

Draft Cabinet Response

| | Recommendations | To | Draft Response |
|---|---|---------|---|
| 1 | That the final budget report should explicitly state in plain language how and where the transformation of services is taking place and where services are being reduced or removed. | Cabinet | The report will be explicit about any reduction or removal of services, and Members will be kept informed of future efficiency, modernisation or transformation plans which affect service standards. |
| 2 | That future budget reports should highlight the cost of budget engagement undertaken with the public and other stakeholders. | Cabinet | Agreed |
| 3 | <p>Business Rates Retention –</p> <p>a). Highlight within the budget how £1m of additional monies gained through the Business Rates Retention Pilot will be used to support the delivery of the further growth of business rates</p> <p>b). Within the budget or revised MTFS – confirm how authorities within the pool will be stimulating growth in business rates, highlighting the role of the South West Devon Joint Local Plan and the Heart of the South West Local Enterprise Partnership</p> | Cabinet | <p>The Council has already set out its plans for growth and how they will be supported in detail.</p> <p>Agreed.</p> |
| 4 | <p>Section 106 funding –</p> <p>a). The Committee notes the current financial difficulties of the local authority and request that Cabinet review the Section 106 monies in support of the revenue budget</p> <p>b). The budget report should include –</p> <p>i). a revised risk register which highlights the level of risk this action represents for the council</p> <p>ii). a statement on how this flexibility is</p> | Cabinet | <p>Agreed</p> <p>Agreed.</p> <p>The Council has developed this approach</p> |

| | Recommendations | To | Draft Response |
|----|--|-----------|---|
| 11 | That all service directors have and maintain a service plan which should at a minimum include the resource requirements of the service, staff requirements, discretionary and non-discretionary activities, risks to delivery, savings, dependencies, performance indicators, policy changes, cost and volume data where applicable. Scrutiny will not be undertaken without service plans in place. | Cabinet | Agreed. Service Directors to produce business plans from April 2018. |
| 12 | That the council lobby for a change to the Education National Funding Formula to ensure a fair share for Plymouth. | Cabinet | The Education National Funding Formula has now been finalised. The council will continue to lobby for a fairer approach to schools funding for Plymouth |
| 13 | Performance indicators should be developed to measure the impact of collaborative working in support of the plan for education. | Cabinet | Agreed |
| 14 | That the Plymouth Education Board should review how to support Children and Young People with lower level behavioural and attendance problems to prevent exclusion and the limiting of life chances. | Cabinet | This will be referred to the Plymouth Education Board. |
| 15 | That the Cabinet Member for Children and Young People undertakes a review of external spending within her budget with a view to realise further savings. | Cabinet | Agreed |
| 16 | That the Cabinet should consider an enhanced capital programme which supports the development of further capacity in extra care and supported living for vulnerable clients with dementia and/or autism. | Cabinet | Agreed |
| 17 | That the committee expresses its concern on the long term use and level of agency staff. | Cabinet | Noted. |

EQUALITY IMPACT ASSESSMENT

Budget Report 2018-19



STAGE 1: WHAT IS BEING ASSESSED AND BY WHOM?

| What is being assessed - including a brief description of aims and objectives? | |
|--|--|
| | <p>OVERVIEW</p> <p>On the 16 February 2018 the Council's annual budget for 2018/19 is being presented to Cabinet for approval and then to Full Council on the 26 February.</p> <p>The budget sets out the plans to deliver a balanced budget. This has been done through a plan for delivering savings across the Council to offset reduced Government funding and increased cost pressures.</p> <p>The budget presents these changes through a number of proposals.</p> <p>Equality Impact Assessments will be completed for all individual policy changes such as the Parking Modernisation Plan and Modernisation of Waste and Street Services which have already been published.</p> <p>BACKGROUND</p> <p>Section 149 of the Equality Act 2010, the Public Sector Equality Duty says a Public Authority must, in the exercise of its functions, have due regard to:</p> <ul style="list-style-type: none">▪ Eliminate discrimination, harassment, victimisation▪ Advance equality of opportunity▪ Foster good relations. <p>Having due regard to these involves:</p> <ul style="list-style-type: none">▪ Removing or minimising disadvantage suffered by persons▪ Taking steps to meet the needs of persons with different characteristics▪ Encouraging people to participate in public life▪ Tackling prejudice and promote understanding▪ Taking steps to take account of disabled persons' disabilities. <p>This is with regard to people who share Protected Characteristics under the Act and those who don't. The protected characteristics include: age, disability, religion/faith, gender, gender reassignment, race, sexual orientation. This means the Council needs to understand the effect of the policies and practices on equality, which will involve looking at evidence, engaging with people, staff, service users and others and considering the effect of what we do on the whole community.</p> <p>In addition, the Council's Welfare Support Framework sets out agreed vulnerability criteria which will be used</p> |

when assessing the impact of the proposals on vulnerable groups to determine who may also be disproportionately affected. Decisions will affect different people in different ways. It is possible that decisions will have a disproportionate impact on some groups in comparison to others, even if this is not the intention. An impact assessment helps to identify and avoid any negative unintended consequences of proposals being developed.

BUDGET PROPOSALS

Council Tax Increase The current approved MTFs assumes a 3% increase for Adult Social Care precept for 2018/19. No decision has yet been made regarding the Council Tax increase for 2018/19. An increase of 2.99% can be made without triggering a referendum. Inflation (RPI) is currently running at 4.0%, however our budget consultation feedback suggests that wages are not keeping pace with inflation, and households who are dependent on benefits are likely to see their household income fall as the result of the Government's wider welfare benefit reforms. Analysis of the current council tax support caseload was undertaken to assess whether there may be an indirect impact on one or more groups with protected characteristics as a result of a council tax rise. This data is included where it is available in the evidence for each protected characteristic below.

Fees and Charges Increases – We propose to generate an additional £250,000 of income through increased fees and charges. At the time of this assessment we are preparing the proposed increases in line with the Fees and Charges policy. The additional income is equivalent to £2.10 per household per year on our council tax base. Concern was expressed through our budget consultation exercise about the ability of people on low incomes to pay increased fees and charges. In accordance with the principles expressed in our Fees and Charging Policy fees and charges will be pitched to deliver the Council's overall objectives whilst protecting the most vulnerable citizens of Plymouth. Increases will be subject to sign off by the relevant Council Portfolio Holder and supported with EIAs where appropriate.

Savings – The draft budget currently anticipates that £10.4m will be found in 2018/19. We have yet to identify how all of these savings will be delivered. EIAs will be undertaken on specific programmes as they are identified.

Public Health Directorate - The stretch saving budget will be met through efficiencies and will not have an adverse impact on the services offered.

People Directorate – Integrated delivery and Commissioning, Children, Young People and Families, Education Participation and Skills - Adult Social Care provision is a statutory service and the Council must meet clients' assessed needs. The additional cost of providing care packages (£2.8m) and paying the uprated living wage across all contacts (£2.1m) significantly exceed the income derived from the Adult Social Care precept (£3.0m). Additional pressures on Children's services will require a further £3.2m of funding.

Place - Economic Development, Strategic Planning, Street Services will require savings of £1.1m.

Corporate Items - Plymouth will finance s106 agreements by making use of a loan facility to meet its obligations. This will release £2.850m of revenue to support the general fund budget.

| | | | |
|-------------------------------|---|--|--|
| | <p>Chief Executive Office, Transformation and Change Directorate & Corporate Items - Stretch saving budgets relating to efficiency improvements, smart working, system improvements and treasury management will not have any impact.</p> <p>Redundancies - Plymouth City Council has clear policies and procedures in place to ensure that staff sharing protected characteristics are not unfairly discriminated against. Where any changes to structures or service delivery arrangements lead to redundancies, we will ensure that staff are not unfairly selected for redundancy e.g. on bases of them having a particular protected characteristic within the Equality Act 2010.</p> <p>Evidence from the Equality and Human Rights Commission research report:- <u>"Distributional results for the impact of tax and welfare reforms between 2010-17, modelled in the 2021/22 tax year"</u> is included as background evidence, this is indicated by the prefix EHR-C in the relevant areas below.</p> | | |
| Author | Stephen Coker | | |
| Department and service | Finance | | |
| Date of assessment | 28/11/2017 | | |

STAGE 2: EVIDENCE AND IMPACT

| Protected characteristics (Equality Act) | Evidence and information (e.g. data and feedback) | Any adverse impact <i>See guidance on how to make judgement</i> | Actions | Timescale and who is responsible |
|---|---|---|---|--|
| Age | <p>The average age in Plymouth (39.0 years) is about the same as the rest of England (39.3 years), but less than the South West (41.6yrs).</p> <p>Of the 16 SW authorities Plymouth has the third lowest percentage of older people (75), and the fifth highest percentage of children and young people (under 18).</p> <p>Children and young people (CYP) under 18 account for 19.8 per cent of our population within this 17.5 per cent are</p> | <p>The increase in the number of young people receiving Council Tax support suggests that there could be an adverse impact on young people aged 18-25 from the increase in Council Tax.</p> <p>Families with 3 or more children and single parent families are also disproportionately likely to be amongst low income groups.</p> <p>The need to make efficiency services could have an adverse impact on non statutory services for children and older people as they are disproportionately likely</p> | <p>Plymouth City Council operates a council tax support scheme which limits the amount eligible recipients have to pay to up to 20%. In addition an exceptional hardship policy exists to support those in financial need.</p> <p>Discounts exist for students, 18 yrs olds still at school and apprentices.</p> <p>The current CTS scheme includes protection for families with children by keeping the family premium, disregarding</p> | <p>Strategic Development Manager Customer Service - annual review of Council Tax Support Scheme and development of work with partner organisations to maximise access to benefits and discounts for eligible customers.</p> <p>Strategic Director for People - as proposals are developed to deliver transformation stretch targets.</p> |

| | | | | |
|--|--|--|---|--|
| | <p>under 16.</p> <p>Council Tax records show the following ratios of customers by age group</p> <p>18-25 = 1076 (3.92%)</p> <p>25-35 = 3845 (14.02%)</p> <p>35-45 = 4146 (15.12%)</p> <p>45.55 = 4569 (16.66%)</p> <p>55-65 = 4412 (16.09%)</p> <p>65-75 = 5336 (19.46%)</p> <p>>75 = 4041 (14.73%)</p> <p>These ratios have remained relatively stable year on year.</p> <p>DWP – Households with Below Average Income Data (HBAl) data suggests there was no observed change in average household income for pensioners between 2014/15 and 2015/16. Compared to the overall population, children remained more likely to be in low income households in 2015/16. Working-age adults in working families are much less likely to be in relative low income than those in families where no-one is in work.</p> <p>A majority of older people aged 65 and over who responded through our budget engagement process agreed with our proposal to increase the adult social care precept by 3%.</p> | <p>to benefit from these services.</p> | <p>income from child benefit and maintenance payments.</p> <p>We participate in workshops to target communication and raise awareness of benefits and discounts that customers can access to help their overall financial health. This includes the annual Carer's Rights event, SW Landlord's forum, DWP Partnership work. We also run communication campaigns throughout the year to raise general awareness and consult on any proposed changes to the Council Tax Support Scheme.</p> <p>We will continue to work with our partners to maximise access to benefits and discounts for all customers who are eligible</p> <p>We will conduct EIAs on any proposals that may have an adverse impact on children or older people.</p> | |
|--|--|--|---|--|

| | | | | |
|--------------------------|--|--|--|--|
| | <p>Whilst more supported a 2% increase in the council tax than did not this fell short of a majority. However there was majority support for an increase of 1%.</p> <p>EHRC - The biggest average losses by age group, across men and women, are experienced by the 65-74 age group (average losses of around £1,450 per year) and the 35-44 age group (average losses of around £1,250 per year).</p> | | | |
| <p>Disability</p> | <p>A total of 31,164 people (from 28.5 per cent of households) declared themselves as having a long-term health problem or disability (national figure 25.7 per cent of households), compared with the total number of people with disabilities in UK (11,600,000). 10 per cent of our population have their day-to-day activities limited a lot by a long-term health problem or disability. 1,224 adults registered with a GP in Plymouth have some form of learning disability (2010/11). Plymouth schools report that of</p> | <p>Whilst the disparity between the number of CTS claimants recorded as having a disability and the proportion of households who declared themselves as having a long-term health problem or disability could be taken as an indicator that disabled people are less likely to claim CTS in practice these figures are based on different presumptions and qualifying criteria. Different individuals may also have different interpretations of particular health conditions or question wording. However national evidence does suggest that families with a disabled person are more likely to be in low income groups.</p> | <p>Plymouth City Council operates a council tax support scheme which limits the amount eligible recipients have to pay to up to 20%. In addition an exceptional hardship policy exists to support those in financial need. Discounts exist for carers, care workers, and those who are seriously mentally impaired</p> <p>We participate in workshops to target communication and raise awareness of benefits and discounts that customers can access to help their overall financial health. This includes the annual Carer's Rights event,</p> | <p>Strategic Development Manager Customer Service - annual review of Council Tax Support Scheme and development of work with partner organisations to maximise access to benefits and discounts for eligible customers.</p> <p>Strategic Director for People - as proposals are developed to deliver transformation stretch targets.</p> |

| | | | | |
|--|---|--|---|--|
| | <p>every 1,000 children 17.5 have a learning difficulty.</p> <p>There are 27166 adults with a disability in work.</p> <p>18.85% of CTS claimants are disabled, which is lower than the general population 28.5%.</p> <p>DWP - HBAI data for 2016/17 suggests that on both relative and absolute low income measures, those living in a family with a disabled member are more likely to be in low income than non-disabled families. However since 2012/13 the gap between families where someone is disabled and families where no-one is disabled in absolute low income has narrowed.</p> <p>By a narrow majority people with disabilities who responded to our Budget engagement supported our proposal to increase the Adult Social Care precept. A clear majority supported our proposal to increase council tax by up to 2%.</p> <p>EHRC - Households with one or more disabled member will be significantly more adversely impacted than those with no disabled members. On average, tax</p> | <p>The need to make efficiency services could have an adverse impact on non statutory services for disabled people as they are disproportionately likely to benefit from these services.</p> | <p>SW Landlord's forum, DWP Partnership work. We also run communication campaigns throughout the year to raise general awareness and consult on any proposed changes to the Council Tax Support Scheme.</p> <p>We will continue to work with our partners to maximise access to benefits and discounts for all customers who are eligible.</p> <p>We will conduct EIAs on any proposals that may have an adverse impact on disabled services users.</p> | |
|--|---|--|---|--|

| | | | | |
|--|---|---|---|---|
| | <p>and benefit changes on families with a disabled adult will reduce their income by about £2,500 per year; if the family also includes a disabled child, the impact will be over £5,500 per year. This compares to a reduction of about £1,000 on non-disabled families.</p> | | | |
| <p>Faith/religion or belief</p> | <p>Christians supported our proposals to increase the adult social care precept by 3% and the council tax by up to 2% by a majority of 2:1. There were insufficient respondents from other faith groups.</p> | <p>No impact anticipated</p> | <p>N/A</p> | |
| <p>Gender - including marriage, pregnancy and maternity</p> | <p>Of those customers in receipt of council tax support (CTS), 26.63% have children in the household. There are approximately 4,000 single parent families in receipt of council tax support. This is in a total caseload of 22,505 claims and equates to 17.77% of CTS households. 94% of single parent CTS households are headed by a female. Men and women who responded to our Budget Engagement supported an increase of 3% in the Adult Social Care precept. Men by a</p> | <p>There could be an adverse impact on women and lone parents who have already been disproportionately affected by welfare benefit changes.</p> | <p>Plymouth City Council operates a council tax support scheme which limits the amount eligible recipients have to pay to up to 20%. In addition an exceptional hardship policy exists to support those in financial need. We participate in workshops to target communication and raise awareness of benefits and discounts that customers can access to help their overall financial health. This includes the annual Carer's Rights event, SW Landlord's forum, DWP Partnership work. We also run communication campaigns throughout the year to raise</p> | <p>Strategic Development Manager Customer Service - annual review of Council Tax Support Scheme and development of work with partner organisations to maximise access to benefits and discounts for eligible customers.</p> |

| | | | | |
|-----------------------------------|---|---|--|--|
| | <p>majority of more than 2:1, for women this increased to nearly 3:1. Our proposal to increase Council Tax by up to 2% attracted 2:1 support across both genders.</p> <p>EHRC - Women lose more than men from reforms at every income level. Overall, women lose around £940 per year on average, more than double the losses of around £460 for men.</p> <p>EHRC - Lone parents lose around 15% of their net income on average – almost £1 in every £6. By contrast, the losses for all other family groups are much smaller, from nothing to 8%, especially for those that are relatively well-off.</p> | | <p>general awareness and consult on any proposed changes to the Council Tax Support Scheme.</p> <p>We will continue to work with our partners to maximise access to benefits and discounts for all customers who are eligible.</p> <p>We will work with Children's Centres and schools to ensure they are aware of the benefits and discounts available to parents they are supporting</p> | |
| <p>Gender reassignment</p> | <p>There were insufficient respondents to our budget engagement.</p> | <p>No adverse impact anticipated</p> | <p>N/A</p> | |
| <p>Race</p> | <p>There were insufficient respondents to our budget engagement.</p> <p>EHRC - Ethnic minority households will be more adversely impacted than White households, with</p> | <p>There could be an adverse impact on ethnic minority households who have already been disproportionately affected by welfare benefit changes.</p> | <p>Plymouth City Council operates a council tax support scheme which limits the amount eligible recipients have to pay to up to 20%. In addition an exceptional hardship policy exists to support those in</p> | |

| | | | | |
|--|---|--------------------------------------|---|--|
| | <p>average losses for Black households about 5% of net income – more than double that for White households.</p> | | <p>financial need. We participate in workshops to target communication and raise awareness of benefits and discounts that customers can access to help their overall financial health. This includes the annual Carer's Rights event, SW Landlord's forum, DWP Partnership work. We also run communication campaigns throughout the year to raise general awareness and consult on any proposed changes to the Council Tax Support Scheme. We will ensure that this information is specifically targeted to BME households through our community networks</p> | |
| <p>Sexual orientation - including civil partnership</p> | <p>Insufficient respondents in budget engagement.</p> | <p>No adverse impact anticipated</p> | <p>N/A</p> | |

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

| <p>Local priorities</p> | <p>Implications</p> | <p>Timescale and who is responsible</p> |
|--|--|--|
| <p>Reduce the gap in average hourly pay between men and women by 2020.</p> | <p>The Government expects that the increase in the living wage announced in Autumn statement will be paid across all our social care contracts. This will help to close the Gender Pay gap since women are disproportionately likely to be employed in low paid jobs in the care sector.</p> | <p>Director for Integrated Commissioning – April 2018.</p> |
| <p>Increase the number of hate crime incidents reported and maintain good satisfaction rates in dealing with racist, disablist, homophobic, transphobic and faith, religion and</p> | <p>Our proposal to support the current third party reporting centres are underwritten by the Police and Crime Commissioner and Safer Plymouth partnership and will not be affected by the proposals in the budget.</p> | <p>N/A</p> |

| | | |
|---|---|------------|
| <p>belief incidents by 2020.</p> | | |
| <p>Good relations between different communities (community cohesion)</p> | <p>There is a strong correlation between Community Cohesion and economic deprivation, in 2013 when we last collected data cohesion rates were generally lower in wards with lower scores in the Index for Multiple Deprivation. This correlation was particular strong in relation to the employment sub domain. DWP HBAI data indicates that in 2015/16, 10 per cent of working-age adults in working families were in relative low income BHC compared to 39 per cent in workless families (unchanged from 2014/15).</p> <p>Since our most deprived communities tend also to have the worst health outcomes budget proposals could potentially have an indirect positive impact on reducing relative deprivation as workless families are more likely to qualify for council tax support whilst also being more likely to depend on the services that the adult social care precept is designed to protect.</p> | <p>N/A</p> |
| <p>Human rights Please refer to guidance</p> | <p>There are no Human Rights implications from our Budget proposals.</p> | <p>N/A</p> |

STAGE 4: PUBLICATION

Responsible Officer – Andrew Hardingham



Date

12-2-2018

Interim Joint Strategic Director for Transformation and Change

CABINET MINUTE 80

Tamar Bridge and Torpoint Ferry Revenue and
Capital Budget 2018 /19



Cabinet agreed to recommend the Tamar Bridge and Torpoint Ferry Joint Committee 2018/19 Revenue Estimates and Capital Programme to Full Council for approval.

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PLYMOUTH CITY COUNCIL

Subject: Tamar Bridge & Torpoint Ferry
2018/19 Revenue Estimates and Capital Programme

Committee: Council

Date: 26 February 2018

Cabinet Member: Councillor Ian Bowyer

CMT Member: Anthony Payne (Strategic Director for Place)

Author: David List, General Manager Tamar Bridge and Torpoint Ferry

Contact details Email: david.list@tamarcrossings.org.uk

Ref:

Key Decision: No

Part: I

Purpose of the report:

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

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

This report presents TBTFJC's 2018/19 Revenue Estimates and Capital Programme report submitted to TBTFJC on 1 December 2017 and draft minutes recording TBTFJC's endorsement.

The Council Corporate Plan 2016/19:

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

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

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

Finance – The proposed revenue budget and capital financing will be funded entirely from the undertaking's own income. Bridge traffic volume has been assumed to decrease by 1% from April

2018 to April 2019 to account for the possible effect of major capital works, and then stay unchanged beyond April 2019. Ferry traffic volume has been assumed to remain unchanged from April 2018 onwards. The longer term financial model assumes a 20% toll increase from July 2019, and it is anticipated that such increase will be the subject of a separate report to Cabinet in summer 2018.

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

Human – The proposed budgets support the approved TBTF Strategic Plan 2018-2022 and this will be delivered by the existing organisation using its own staff, contractors and consultants, with support from the parent authorities.

IT – The IT implications are restricted to incremental improvement of existing systems as part of the Business Plan and associated projects.

Land – No land issues arising from this item.

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

Risk Management – The risk register and mitigation measures are updated every six months and presented to TBTFJC. The most recent revision was presented to TBTFJC on 15 September 2017.

Health and Safety – Key Performance Indicators within the Strategic Plan and associated Annual Plans are designed to drive improvement.

There are no child poverty or community safety implications.

Equality and Diversity

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

Recommendations and Reasons for recommended action:

Recommend that Council –

- I. approves the Tamar Bridge and Torpoint Ferry Joint Committee 2018/19 Revenue Estimates and Capital Programme.
-

Alternative options considered and rejected:

The TBTF Strategic Plan 2018-2022 and associated Annual Plans are designed to deliver safe, reliable and efficient crossings of the Tamar. The key priorities and delivery actions support the Plan and maintain established service delivery characteristics. The proposed budgets provide the resources to deliver the plan.

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

Appendices:

Tamar Bridge & Torpoint Ferry Joint Committee reports, 1 December 2017:

Appendix 1 - 2018/19 Revenue Estimates and Capital Programme

Appendix 2 - Draft Minutes of TBTFJC Meeting, 1 December 2017

Appendix 3 – Financial Model

Background papers:

Sign off:

| | | | | | | | | | | | | | |
|--|-----------------|-----|-------------------------|------------|------------------|----|--|--------|--|----|--|---------------|--|
| Fin | djn1718. 163 | Leg | It/2962 2/1912 17 | Mon Off | It/dvs/ 29622 | HR | | Assets | | IT | | Strat Proc | |
| Originating SMT Member - Anthony Payne | | | | | | | | | | | | | |
| Has the Cabinet Member(s) agreed the contents of the report? Yes | | | | | | | | | | | | | |

Introduction

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

Revenue Estimates

- 1.2 The proposed Revenue Estimates 2018/19 (budgets) and indicative estimates for future years support the approved 2018-2022 Strategic Plan and are consistent with the organisation's long-term financial model. They have been determined from the detailed analysis of forecast expenditure and income. The various assumptions made in financial modelling have also been examined at TBTFJC meetings. Assumptions on pay inflation and on interest rates for borrowing and investment have followed those used by Cornwall Council.
- 1.3 Toll income is a function of traffic levels, the mix of vehicle types and the proportion of discounted pre-paid (TamarTag) traffic. Combined total traffic for the two crossings in the 12 months ending 31 October 2017 was 0.9% less than in the preceding 12 month period, and current forecasts predict this recent trend to continue through to the end of this financial year. It is assumed that Ferry traffic levels will remain unchanged from April 2018 onwards. For financial year 2018/19 Bridge traffic is assumed to reduce by a further 1% to take account of the impact of forthcoming capital works on traffic management. It is assumed that Bridge traffic will subsequently recover by that 1% for financial year 2019/20 and then remain unchanged beyond April 2020. The above traffic forecasts are considered to represent a conservative but prudent approach in comparison to the Office of Budget Responsibility's forecasts of economic growth averaging 1.4% over the next five years. In forecasting income, it has been assumed that traffic mix and proportion of discounted crossings will remain unchanged.
- 1.4 TBTFJC adopts a prudent minimum level of reserves of £2m, and a forecast of falling below that threshold is used as the trigger for a requirement for additional income. Based on the assumptions set out above, funding of the projects in the proposed Capital Programme by borrowing and using current toll charges, indicative reserves would fall below £2m by the end of 2019/20. In order to maintain reserves above the £2m threshold it is assumed that a 20% toll increase and 20% increase in TamarTag account fees will be implemented from July 2019. This is illustrated within the model at Appendix 3.
- 1.5 Detail on the revenue estimates is shown in Appendix I being the report presented as item 6.2 of the agenda pack for the 1 December 2017 meeting of TBTFJC, and these were approved by TBTFJC for recommendation to Constituent Authorities as shown in the draft minutes at Appendix 2.

Capital Programme

Financing

- 1.6 As established within previous years' budget reports, the financing of capital projects is currently undertaken through the advance of funding from Cornwall Council (in effect

borrowing). This spreads the effect on the revenue budget and therefore on the level of reserves held by the Joint Committee. The financing costs for the capital programme are reflected within the revenue estimates.

Detail on the consolidated capital programme is shown in the report at Appendix I, being the report presented as item 6.2 of the agenda pack for the 1 December 2017 meeting of TBTFJC.

Projects

- 1.7 There are five items in the approved Capital Programme for 2018/19, and budgets for four of those remain unchanged from the programme approved last year:

| | |
|-------------------------------------|--------|
| Suspension System Remedial Works | £6.00m |
| Bridge Structural Monitoring System | £0.10m |
| Bridge Kerb Units and Waterproofing | £3.85m |
| Bridge Office Development | £4.70m |

- 1.8 The fifth item, Bridge Protective Coating, commenced in May 2015 and adopts a strategy that addresses the areas with the worst corrosion on the underside of the vehicle deck and on the supporting truss. The work is largely below vehicle deck level, and access is generally from the pedestrian/cycle lane on the south side of the structure, while keeping the lane open to pedestrians, cyclists and mobility scooters. The works only affect vehicle lanes occasionally in off-peak periods for specific access. Progress on this project has exceeded forecast and it is proposed to increase the budget for this item from £4.57m to £5.57m to allow extension of the current successful recoating strategy to additional areas during 2018/19. The success of this strategy adopted for the first phase of recoating will inform that adopted for Phase 2.
- 1.9 The proposed Capital Programme for 2018/19 includes a new item – Ferry Traffic Control Systems with a proposed budget of £0.30m. This project will improve system resilience and the safety of all users of the Ferry through improvements to infrastructure layout, road markings and signage, and by replacement of ageing traffic signals and associated obsolete control systems. The item will be subject to a separate business case which will be presented once the design has been developed.

Future Capital Projects

- 1.10 The Future Capital Programme also includes two further proposed capital items – Bridge Protective Coating Phase 2 and Bridge Resurfacing Works Phase 2. These items are planned to commence in 2019/20 and 2020/21 respectively and will be the subjects of business cases to be submitted to TBTFJC and the Joint Authorities in due course. The funding of these two projects has been incorporated in the financial model.

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| | | |
|--|---|--|
| Report to: | Tamar Bridge & Torpoint Ferry Joint Committee | |
| Date: | 1 December 2017 | |
| Title: | 2018/19 Revenue Estimates & Capital Programme | |
| Portfolio Area: | Transport and Infrastructure | |
| Divisions Affected: | All | |
| Relevant Scrutiny Committee: Scrutiny Management Committee | | |
| Authors, Roles and Contact Details: | Julia Harvey, Service Accountant 01872 324294 jaharvey@cornwall.gov.uk Andrew Vallance, Business Manager 01752 361577 andrew.vallance@tamarcrossings.org.uk | |
| Approval and clearance obtained: | Y | |
| For Cabinet and delegated executive decisions only | | |
| Key decision? (\geq £500k in value or significant effect on communities in two or more electoral divisions) | N/A | |
| Published in advance on Cabinet Work Programme? | N/A | |
| Urgency Procedure(s) used if 'N' to Work Programme? | N/A | |
| Date next steps can be taken | | |

Recommendations:

1. the proposed revenue budget for 2018/19 as set out in Appendix 1 is approved
2. the proposed capital programme as set out in Appendix 2 is approved; and
3. the longer term forecast to 2020/21 is noted.

1 Executive Summary

- 1.1 This report sets out for consideration and approval, the proposed revenue estimates (budget) for the Joint Committee for 2018/19 and indicative figures for the subsequent three years 2019/20, 2020/21 and 2021/22, together with the proposed capital programme.
- 1.2 The reserve position at 31 March 2019 is forecast to be £2.921m. Indicatively, future years show that the reserve position is maintained above the £2.000m reserve level following a proposed toll increase in July 2019.

2 Purpose of Report

- 2.1 The Tamar Bridge and Torpoint Ferry (TBTF) are operated, maintained and improved jointly by Plymouth City Council and Cornwall Council on a 'user pays' principle, being funded by toll income using powers derived from the Tamar Bridge Act. The finances of the joint undertaking are effectively ring-fenced by the Act and it is operated as a self-financing business.
- 2.2 The reserve balance at the beginning of this financial year stood at £5.123m. The figures presented in this report include a number of adjustments to the financial model, to take account of changes in capital expenditure and related financing arrangements and to reflect current economic conditions for cost inflation and interest rates. The forecast cost of long term capital financing is currently anticipated at 4.68%. The forecast levels of general inflation and short term interest rates applicable to the funds held by the Joint Committee are now assumed as follows:

| Rates | 2018/19 | 2019/20 | 2020/21 | 2021/212 |
|-----------------------|----------------|----------------|----------------|-----------------|
| Inflation | 2.00% | 2.00% | 2.00% | 2.00% |
| Interest (Receivable) | 1.00% | 1.00% | 1.00% | 1.00% |
| Interest (Payable) | 4.68% | 4.68% | 4.68% | 4.68% |

- 2.3 Income received from funds held by the Joint Committee has been estimated using the investment strategy for cash balances agreed within the Treasury Management Strategy in March 2016.
- 2.4 The proposed revenue budget is set out in Appendix 1. The variations between the latest 2017/18 forecast and the proposed 2018/19 budget are listed on page 5 of Appendix 1 – the later years covered by the revenue figures are indicative.

- 2.5 Some of the more significant items affecting the proposed budget are as follows:

Corporate

The income budgets have been reviewed and revised with the inflationary increases within previous estimates being removed as a cautious response to volumes experienced during 2017. This is to ensure that the income budget reflects the current income expectation. This has resulted in a reduction of forecast cash income of £0.049m and tag income of £0.039m, in addition to the lower base figures resulting from lower 2017/18 income expectations. An assumed 1% fall in income associated with lane closures associated with capital works during the current year has now been included in 2018/19 projections.

The impact of the reduction in projected income has led to officers moving capital projects to later years where prudent to do so in order to minimise the impact on reserves. However, the review process has identified that the assumed increase in tolls from October 2019 which was included in earlier forecasts will need to be brought forward by three months to ensure that reserves remain above £2m. 2019/20 forecasts have assumed that 20% additional income from this proposed toll review will commence from July 2019.. Therefore 2019/20 shows a part year increase with the remainder of full year benefit of the increase showing in 2020/21.

Budgets anticipate that income from tag account fees will increase by 20% as fees are adjusted from July 2019 on the same basis as tolls

There is a £0.030m reduction in Tag Statement production through bringing the process in house.

There is also an addition of £0.020m for a Variable Tolling Study.

- 2.6 **Bridge**

The revenue budget makes provision for the ongoing maintenance and operation of the bridge and its infrastructure in line with current best practice. The main changes from the previous year are;

£0.140m reduction in the IT Software and Hardware budget, reflecting the benefit seen from restructured communications following the move to new offices.

Grounds Maintenance budget has been reduced by £0.071m after provisions for revenue landscaping during 2017/18 have been removed.

An increase of £0.050m within Bridge & Gantry Inspections to cover the cost of additional inspection requirements.

£0.040m increase to the Breakdown Recovery budget due to re-tender of contract.

£0.039m reduction in Agency budget following recruitment to currently vacant posts.

Additional £0.026m staffing and salary costs for pay award increases assumed to be higher than in recent years, increments, NI and superannuation rate increases

In 2019/20, Operational Expenses show a reduction in budget of £0.366m. This reflects the removal of the additional budget provision for the Toll Equipment replacement project and commencement of maintenance arrangements following the end of a warranty period.

2.7 **Ferry**

The revenue budget also makes provision for the ongoing maintenance and operation of the ferries and their associated infrastructure in line with current best practice. The main changes from the previous year are;

A further £0.050m, in addition to the £0.750m previously assumed for the Ferry refit due in 2018-19 and for the subsequent refits.

The provision of £0.160m in the current year's Grounds Maintenance budget, to accommodate the contribution from the Joint Committee to stabilise the rock face behind the current Torpoint office and workshop complex, has been removed from subsequent years' budgets.

Additional £0.094m staffing and salary costs for pay award increases which is assumed to be higher than in recent years, increments, NI and superannuation rate increases.

A reduction of £0.050m in respect of Toll Equipment due to the replacement of elderly equipment.

A reduction of £0.050m within IT Hardware and Software following review of the current budget and forecast.

- 2.8 The proposed capital programme is shown in Appendix 2. Work has been undertaken by officers to assess the current capital programme and the revised estimate for 2017/18 is now anticipated at £7.280m, a reduction of £1.550m. The reduction in the current year has been re-profiled across future years.

Bridge Structure Monitoring System –This £0.100m scheme is now due to be completed within 2018/19 with work commencing during 2017/18.

Bridge Office Development – the scheme remains as per budget and profile with the majority of expenditure during 2017/18 and 2018/19.

Bridge Kerb Units and Waterproofing Improvements have been re-profiled with the majority of expenditure to now take place during 2018/19 and 2019/20. The forecast remains at £3.850m.

Suspension System Remedial Works – the scheme remains as per budget and profile with the work to take place during 2017/18 and 2018/19.

Bridge Protective Coating works continue and are due to complete in 2018/19. Following review of the work remaining which has been described within the General Manager's Report, an additional provision has been made in the budget of £1.000m.

There are three projects showing within the Future Programme area of Appendix 2 as follows:

Bridge Protective Coating Phase 2 - £3.000m commencing 2019/20 through to 2020/21.

Ferry Traffic Control Systems - £0.300m for 2018/19.

Bridge Resurfacing Works - £6.000m scheduled for 2020/21. The budget for this work has been increased to reflect inflation given that work has been delayed by several years due to the current surface's longer than expected lifespan.

Further background on capital schemes has been included in the General Manager's Report.

2.9 Reserves

The reserve position as at the 31 March 2018 (Appendix 3) is forecast to be £4.511m. The forecast for 2018/19 end of year reserve position is £2.921m and, assuming a 20% increase in tolls in July 2019, the 2019/20 forecast outturn is for a further reduction to £2.409. With forecasts assuming an increase in the tolls effective July 2019 to ensure that the reserve position will remain above £2.000m.

A supporting graphical presentation of the projected long-term position will be made at the meeting.

3 Benefits for Customers/Residents

- 3.1 Appropriate management of finances and budget monitoring ensures that appropriate resource is available for the operation, maintenance and improvement of crossings which form key elements of the local transport network which is essential to the sustainable economic and social development of the region for the benefit of residents.

4 Relevant Previous Decisions

- 4.1 Approved budget for 2017-18 at Tamar Bridge and Torpoint Ferry Joint Committee of 24th November 2016 (TBTF/19).

5 Consultation and Engagement

- 5.1 Not applicable.

6 Financial Implications of the proposed course of action/decision

- 6.1 Financial implications are detailed within Section 2 of this report.

7 Legal/Governance Implications of the proposed course of action/decision

- 7.1 There are no implications associated with this report.

8 Risk Implications of the proposed course of action/decision

- 8.1 There are no implications associated with this report.

9 Comprehensive Impact Assessment Implication

- 9.1 There are no implications associated with this report.

10 Options available

- 10.1 To approve the proposed revenue budget for 2018-19 and Capital Programme as set out in Appendix 1 & 2.
- 10.2 To not approve the proposed revenue budget for 2018-19 and Capital Programme as set out in Appendix 1 & 2.

11 Supporting Information (Appendices)

- 11.1 Appendix 1-3 TBTF Budget 2018-19.

12 Background Papers

- 12.1 Not applicable.

13 Approval and clearance**All reports:**

| Final report sign offs | This report has been cleared by (or mark not required if appropriate) | Date |
|---|--|---------------------|
| Governance/Legal (Required for all reports) | Simon Mansell, Corporate and Information Governance Manager | 23.11.17 |
| Finance (Required for all reports) | Leah Thomas, Strategic Finance Manager | 23.11.2017 |
| Equality and Diversity (If required) | Not Required | |
| Service Director (Required for all reports) | Nigel Blackler – Service Director Transport & Infrastructure | 21 November 2017 |
| Strategic Director (If required) | Not Required | |

**Revenue Budget 2018/19
and Indicative Projections for 2019/20 to 2021/2022**

| | |
|-----------------------------------|---------------|
| <i>Overall Summary</i> | <i>Page 1</i> |
| <i>Corporate Estimates</i> | <i>Page 2</i> |
| <i>Bridge Operation Estimates</i> | <i>Page 3</i> |
| <i>Ferry Operation Estimates</i> | <i>Page 4</i> |
| <i>Analysis of Variations</i> | <i>Page 5</i> |

TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE

| OVERALL SUMMARY | 2017/18 Original Budget £'000 | 2017/18 Revised Forecast £' 000 | 2018/19 Budget £' 000 | 2019/20 Indicative £' 000 | 2020/21 Indicative £' 000 | 2021/22 Indicative £' 000 |
|--|--|--|-----------------------------|---------------------------------|---------------------------------|---------------------------------|
| Operational Summary | | | | | | |
| Income | (11,218) | (11,005) | (10,938) | (12,604) | (13,400) | (13,409) |
| Expenditure | | | | | | |
| Corporate | 382 | 401 | 398 | 384 | 341 | 347 |
| Bridge Operations | 4,234 | 4,271 | 3,998 | 3,724 | 3,810 | 3,881 |
| Ferry Operations | 5,264 | 5,036 | 5,657 | 5,800 | 5,774 | 5,059 |
| | 9,880 | 9,708 | 10,053 | 9,908 | 9,925 | 9,287 |
| Operating (Surplus)/Deficit | (1,338) | (1,297) | (885) | (2,696) | (3,475) | (4,122) |
| Interest on CC financing | 1,017 | 801 | 1,095 | 1,449 | 1,472 | 1,721 |
| Interest on Joint Committee balances | (6) | (1) | (20) | (20) | (20) | (20) |
| Capital Expenditure financed from Revenue | 0 | 0 | 0 | 0 | 0 | 0 |
| Contribution to CC MRP | 1,096 | 1,109 | 1,400 | 1,779 | 1,867 | 2,167 |
| Overall (Surplus)/Deficit on Undertaking | 769 | 612 | 1,590 | 512 | (156) | (254) |
| Reserve Balance brought forward | (4,641) | (5,123) | (4,511) | (2,921) | (2,409) | (2,565) |
| Reserve Balance carried forward | (3,872) | (4,511) | (2,921) | (2,409) | (2,565) | (2,819) |
| | | | | | | |

TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE

| CORPORATE | 2017/18 Original Budget £'000 | 2017/18 Revised Forecast £' 000 | 2018/19 Budget £' 000 | 2019/20 Indicative £' 000 | 2020/21 Indicative £' 000 | 2021/22 Indicative £' 000 |
|------------------------------------|--|--|-----------------------------|---------------------------------|---------------------------------|---------------------------------|
| INCOME | | | | | | |
| Tolls | | | | | | |
| Toll income - Bridge | (5,064) | (4,887) | (4,838) | (5,612) | (5,999) | (5,999) |
| Toll income - Ferry | (666) | (640) | (640) | (736) | (768) | (768) |
| Concessionary toll income - Bridge | (4,015) | (3,990) | (3,951) | (4,583) | (4,899) | (4,899) |
| Concessionary toll income - Ferry | (524) | (531) | (531) | (611) | (637) | (637) |
| | (10,269) | (10,048) | (9,960) | (11,542) | (12,303) | (12,303) |
| Other | | | | | | |
| Tag Account Fee | (506) | (506) | (506) | (582) | (607) | (607) |
| Saltash Tunnel control | (327) | (335) | (357) | (362) | (369) | (377) |
| Tag statements | (2) | (2) | 0 | 0 | 0 | 0 |
| Other income | (114) | (114) | (115) | (118) | (121) | (122) |
| | (949) | (957) | (978) | (1,062) | (1,097) | (1,106) |
| TOTAL INCOME | (11,218) | (11,005) | (10,938) | (12,604) | (13,400) | (13,409) |
| EXPENDITURE | | | | | | |
| Other Expenditure | | | | | | |
| Support services | 63 | 57 | 58 | 59 | 60 | 61 |
| Tag statements | 16 | 55 | 26 | 0 | 0 | 0 |
| Purchase of tags | 208 | 190 | 194 | 198 | 202 | 206 |
| Bank charges | 54 | 50 | 40 | 41 | 42 | 43 |
| Internal Audit fees | 8 | 16 | 17 | 17 | 17 | 17 |
| External Audit fees | 0 | 1 | 1 | 1 | 1 | 1 |
| Consultants | 32 | 32 | 42 | 18 | 19 | 19 |
| Professional Fees | 1 | 0 | 20 | 0 | 0 | 0 |
| Cost of Toll Review | 0 | 0 | 0 | 50 | 0 | 0 |
| TOTAL EXPENDITURE | 382 | 401 | 398 | 384 | 341 | 347 |

TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE

| BRIDGE OPERATIONS | 2017/18 Original Budget £'000 | 2017/18 Revised Forecast £' 000 | 2018/19 Budget £' 000 | 2019/20 Indicative £' 000 | 2020/21 Indicative £' 000 | 2021/22 Indicative £' 000 |
|--|--|--|-----------------------------|---------------------------------|---------------------------------|---------------------------------|
| Employees | | | | | | |
| Salaries and wages | 1,011 | 1,037 | 1,063 | 1,088 | 1,110 | 1,129 |
| Agency staff | 21 | 60 | 21 | 22 | 22 | 22 |
| Indirect employee expenses | 21 | 29 | 21 | 22 | 22 | 22 |
| Premises | | | | | | |
| Repair and maintenance - buildings & grounds | 130 | 104 | 34 | 35 | 36 | 36 |
| Repair and maintenance - bridge & infrastructure | 541 | 641 | 608 | 620 | 633 | 639 |
| Bridge & gantry inspections | 274 | 225 | 277 | 283 | 288 | 291 |
| Energy costs, water, rent and rates | 73 | 109 | 92 | 104 | 106 | 107 |
| Insurances | 27 | 33 | 35 | 37 | 37 | 38 |
| Other premises costs | 16 | 14 | 39 | 39 | 40 | 41 |
| Transport Related Expenses | | | | | | |
| Staff travel | 17 | 16 | 16 | 16 | 17 | 17 |
| Supplies & Services | | | | | | |
| Operational expenses | 909 | 704 | 670 | 304 | 310 | 312 |
| Office expenses | 476 | 499 | 305 | 311 | 317 | 346 |
| Toll collection & banking | 528 | 605 | 597 | 621 | 646 | 652 |
| Breakdown recovery | 137 | 150 | 192 | 195 | 199 | 201 |
| Other expenses | 43 | 34 | 17 | 17 | 17 | 17 |
| Support service charges | 10 | 11 | 11 | 10 | 10 | 11 |
| Net Expenditure - Bridge Operations | 4,234 | 4,271 | 3,998 | 3,724 | 3,810 | 3,881 |
| | | | | | | |

TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE

| FERRY OPERATIONS | 2017/18 Original Budget £'000 | 2017/18 Revised Forecast £' 000 | 2018/19 Budget £' 000 | 2019/20 Indicative £' 000 | 2020/21 Indicative £' 000 | 2021/22 Indicative £' 000 |
|---|--|--|-----------------------------|---------------------------------|---------------------------------|---------------------------------|
| Employees | | | | | | |
| Salaries and wages | 3,049 | 3,052 | 3,146 | 3,220 | 3,284 | 3,350 |
| Agency staff | 52 | 30 | 15 | 15 | 16 | 16 |
| Indirect employee expenses | 112 | 60 | 61 | 63 | 63 | 65 |
| Premises | | | | | | |
| Repair and maintenance - buildings & grounds | 260 | 220 | 52 | 53 | 54 | 55 |
| Energy costs, water, rent and rates | 79 | 84 | 85 | 87 | 88 | 90 |
| Other premises costs | 72 | 55 | 56 | 57 | 58 | 59 |
| Transport Related Expenses | | | | | | |
| Staff travel | 28 | 26 | 26 | 27 | 27 | 28 |
| Supplies & Services | | | | | | |
| Repair & maintenance - ferries & infrastructure | 626 | 490 | 494 | 505 | 516 | 525 |
| Annual refit - ferries | 50 | 50 | 851 | 868 | 835 | 0 |
| Fuel costs (Marine Gas Oil) | 245 | 245 | 247 | 252 | 257 | 262 |
| Insurances | 124 | 124 | 127 | 131 | 135 | 138 |
| Operational expenses | 211 | 266 | 209 | 223 | 187 | 191 |
| Office expenses | 306 | 284 | 231 | 252 | 205 | 230 |
| Other expenses | 23 | 30 | 37 | 27 | 28 | 29 |
| Support service charges | 27 | 20 | 20 | 20 | 21 | 21 |
| Net Expenditure - Ferry Operations | 5,264 | 5,036 | 5,657 | 5,800 | 5,774 | 5,059 |
| | | | | | | |

Variations between the Revised 2017/18 and 2018/19 Original Estimates

The variation of £0.978m between the revised estimated overall net cost 2017/2018 of £0.612m and the 2018/2019 estimated overall net cost of £1.590m is accounted for as follows:

| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
|--|--------------|--------------|-------------------|
| Corporate | | | |
| Inflation for prices (net) | 8 | | |
| Reduction in Bank Charges of £11k in merchant provider costs | (11) | | |
| Tag Statement Production reduction of £30k costs due to processing in house | (30) | | |
| Professional Fees Variable Tolling Study | 20 | | |
| Consultancy costs £10k for Terms & Conditions review | 10 | | |
| Inflation for non toll income | (8) | | |
| Toll Income Bridge - removal of inflation and revised forecast based on income to date | 49 | | |
| Concessionary Toll Income Bridge - removal of inflation and revised forecast based on income to date | 39 | | |
| Removal of Tag Statement income | 2 | | |
| Saltash Tunnel - additional charge re LRV costs | <u>(15)</u> | | |
| | | 64 | |
| Bridge | | | |
| Increases for pay awards, increments, Ni and Superann rates etc. | 26 | | |
| Reduction in agency staff costs | (39) | | |
| Removal of Storm Training provision - completed in 17-18 | (8) | | |
| Grounds Maintenance - provisions for revenue landscaping during 2017/18 have been removed | (71) | | |
| Bridge R&M budget has been reviewed and revised | (44) | | |
| Bridge & Gantry Inspections to cover cost of inspection of the runway beam | 50 | | |
| Electricity Cost increase for new building | 6 | | |
| Rates budget reviewed | (23) | | |
| Office Cleaning - increased costs for new building | 25 | | |
| Revised estimated for costs of Control Equipment | (35) | | |
| General supplies and services reduction in budget | (4) | | |
| Toll Cash Handling budget reduced to original position following increased for 2017-18 | (30) | | |
| Breakdown Recovery increased budget to cover new contract cost | 40 | | |
| Inflation for goods and services | 54 | | |
| Office furniture, budget previously increased for new offices | (30) | | |
| IT software & hardware purchase & support budget - reduced following move to new offices | (140) | | |
| ISP/SDN/RAS Line Costs - line no longer required | (19) | | |
| Line rental installations reduced following increase for new office additional costs | (10) | | |
| External Storage - portakabins no longer required | (12) | | |
| Various small reductions - catering, radio installations, uniforms | (4) | | |
| Reduction in miscellaneous charges | <u>(5)</u> | | |
| | | (273) | |
| Ferry | | | |
| Increases for pay award, increments, NI and Superann rates. | 94 | | |
| Reduction in agency staff costs | (15) | | |
| R&M budget reviewed and reduced | (10) | | |
| Grounds Maintenance - budget included provision for stabilisation works behind office and workshop complex | (160) | | |
| Ferry Refit - due to take place in 2018-19 | 800 | | |
| Uniforms and clothing reduction | (10) | | |
| Toll Equipment reduction in maintenance costs of new system | (50) | | |
| IT software & hardware purchases, budget reviewed and reduced | (50) | | |
| Reduction in line rental costs | (6) | | |
| Miscellaneous costs increase | 7 | | |
| Inflation for goods and services | <u>21</u> | | |
| | | <u>621</u> | |
| Change in Operational (Surplus)/Deficit | | | 412 |
| Other | | | |
| Contribution to CC MRP | | 291 | |
| Interest Payable | | 294 | |
| Additional interest | | <u>(19)</u> | |
| | | | 566 |
| | | | <u><u>978</u></u> |

TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE

Capital Programme 2017/2018 to 2021/2022

TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE

| CAPITAL PROGRAMME | Actual | Estimated | Estimated | Estimated | Estimated | Estimated | Estimated |
|--|---------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | Payments to 2016/17 £'000 | Payments 2017/18 £'000 | Payments 2018/19 £'000 | Payments 2019/20 £'000 | Payments 2020/21 £'000 | Payments 2021/22 £'000 | Final Cost Total £'000 |
| Completed Schemes | | | | | | | |
| Rendel Park | 205 | 0 | 0 | 0 | 0 | 0 | 205 |
| Ferry Infrastructure | 3,890 | 0 | 0 | 0 | 0 | 0 | 3,890 |
| Electronic Tolling | 5,331 | 0 | 0 | 0 | 0 | 0 | 5,331 |
| Advance Signing | 116 | 0 | 0 | 0 | 0 | 0 | 116 |
| Ferry Marshalling Area | 22 | 0 | 0 | 0 | 0 | 0 | 22 |
| Bridge Office Feasibility Study | 9 | 0 | 0 | 0 | 0 | 0 | 9 |
| Bridge Car Park | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| Bridge Anchorage Chambers | 73 | 0 | 0 | 0 | 0 | 0 | 73 |
| Ferry Car Park Improvements | 21 | 0 | 0 | 0 | 0 | 0 | 21 |
| Gantry Chain Tunnel Replacement | 261 | 0 | 0 | 0 | 0 | 0 | 261 |
| Rendel Park - Phase 2 | 154 | 0 | 0 | 0 | 0 | 0 | 154 |
| Bridge Resurfacing Works - Phase 1 | 720 | 0 | 0 | 0 | 0 | 0 | 720 |
| Illuminated Road Studs | 600 | 0 | 0 | 0 | 0 | 0 | 600 |
| Storage Building Devonport | 54 | 0 | 0 | 0 | 0 | 0 | 54 |
| Ferry Sewage Treatment Plant | 250 | 0 | 0 | 0 | 0 | 0 | 250 |
| Footpath 24 Reinstatement | 29 | 0 | 0 | 0 | 0 | 0 | 29 |
| Bridge Handstrands | 14 | 0 | 0 | 0 | 0 | 0 | 14 |
| Plaza Canopy Access Works | 21 | 0 | 0 | 0 | 0 | 0 | 21 |
| Rendel Park - Sea Wall Stabilisation | 32 | 0 | 0 | 0 | 0 | 0 | 32 |
| Current Programme | | | | | | | |
| Bridge Access Works | 754 | 0 | 0 | 0 | 0 | 0 | 754 |
| Bridge WIM | 37 | 0 | 0 | 0 | 0 | 0 | 37 |
| Bridge Protective Coating | 2,728 | 1,330 | 1,509 | 0 | 0 | 0 | 5,567 |
| Bridge Main Joint Replacement | 250 | 0 | 0 | 0 | 0 | 0 | 250 |
| Bridge Half Joint Replacement | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bridge Structural Monitoring System | 0 | 50 | 50 | 0 | 0 | 0 | 100 |
| Bridge Office Development | 335 | 2,900 | 1,265 | 200 | 0 | 0 | 4,700 |
| Bridge Kerb Units and Waterproofing | 0 | 0 | 3,350 | 500 | 0 | 0 | 3,850 |
| Suspension System Remedial Works | 5 | 3,000 | 3,000 | 0 | 0 | 0 | 6,005 |
| Future Programme (Not approved) | | | | | | | |
| Bridge Protective Coating Phase 2 | 0 | 0 | 0 | 1,500 | 1,500 | 0 | 3,000 |
| Ferry Traffic Control Systems | 0 | 0 | 300 | 0 | 0 | 0 | 300 |
| Bridge Resurfacing Works - Phase 2 | 0 | 0 | 0 | 0 | 6,000 | 0 | 6,000 |
| TOTAL CAPITAL PROGRAMME | 15,915 | 7,280 | 9,474 | 2,200 | 7,500 | 0 | 42,369 |
| FINANCING | | | | | | | |
| Prudential Borrowing | 14,184 | 7,280 | 9,474 | 2,200 | 7,500 | 0 | 40,638 |
| Capital Receipts | 20 | 0 | 0 | 0 | 0 | 0 | 20 |
| Revenue Financing | 1,711 | 0 | 0 | 0 | 0 | 0 | 1,711 |
| TOTAL FINANCING | 15,915 | 7,280 | 9,474 | 2,200 | 7,500 | 0 | 42,369 |

TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE

**Statement of Estimated Reserves
for 2017/2018 to 2021/2022**

TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE

| RESERVES AND PROVISIONS | 2017/18 Original Budget £'000 | 2017/18 Revised Forecast £' 000 | 2018/19 Budget £' 000 | 2019/20 Indicative £' 000 | 2020/21 Indicative £' 000 | 2021/22 Indicative £' 000 |
|--------------------------------|--|--|-----------------------------|---------------------------------|---------------------------------|---------------------------------|
| Balance brought forward | (4,641) | (5,123) | (4,511) | (2,921) | (2,409) | (2,565) |
| Net movement for year | 769 | 612 | 1,590 | 512 | (156) | (254) |
| Balance Carried Forward | (3,872) | (4,511) | (2,921) | (2,409) | (2,565) | (2,819) |
| | | | | | | |

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TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE

MINUTES of a Meeting of the Tamar Bridge and Torpoint Ferry Joint Committee held at Council Chamber, The Guildhall, 12 Lower Fore Street, Saltash PL12 6JX on Friday 1 December 2017 Commencing at 10.00 am

Present:-

Cornwall Council Members

John Crago (Co-Chair)

Geoff Brown, Gary Davis, Derek Holley and Sam Tamlin

Plymouth City Council Members

Martin Leaves (Co-Chair)

Samantha Leaves and George Wheeler

Apologies for Mark Coker PCC and Patrick Nicholson PCC absence:

DECLARATIONS OF INTEREST

(Agenda No. 2)

TBTF/19 There were no declarations of interest.

MINUTES OF THE MEETING HELD ON 15 SEPTEMBER 2017

(Agenda No. 3)

TBTF/20 It was moved by the Joint Chairman (Cornwall), seconded by the Joint Chairman (Plymouth), and

RESOLVED That the Minutes of the meeting of the Tamar Bridge and Torpoint Ferry Joint Committee held on 15 September 2017 were correctly recorded and that they be signed by the Chairman, subject to the following amendment:

- (i) Minute No. TBTF/14 (Tamar Crossing Travel Analysis Study), Bullet point (iii) to read: "...if traffic predictions remained at the same level..."

PUBLIC QUESTIONS AND STATEMENTS

(Agenda No. 4)

TBTF/21 There were no questions or statements from the Public.

GENERAL MANAGER'S QUARTERLY REPORT

(Agenda No. 5)

TBTF/22 Consideration was given to the previously circulated report in respect of the General Manager's Quarterly Report, presented by the General Manager, Tamar Bridge and Torpoint Ferry.

In response to comments and questions from Joint Committee members, the General Manager, Tamar Bridge and Torpoint Ferry, the Business Manager, Tamar Bridge and Torpoint Ferry, and the Ferry Manager, Tamar Bridge and Torpoint Ferry, confirmed that:

- (i) In respect of Torpoint Ferry Traffic Management Improvements:
 - The proposed work to the outdated marshalling systems would provide clearer direction, channel users more safely and provide improved traffic and pedestrian control. The improvement measures would include the provision of new LED lights to the Devonport queuing lanes, although it was necessary to consider the potential for light pollution affecting the nearby flats;
 - Consideration would also be given to enlarging the existing pedestrian shelters, which were acknowledged not to be currently user-friendly.
- (ii) In respect of Tamar Bridge Operations:
 - The reduction in traffic volumes appeared to be a general trend, as confirmed by Cornwall Council, and were therefore not exclusive to the Tamar Bridge;
 - The change in the volume of HGV traffic was potentially due to the completion of the road works at Carkeel.
- (iii) In respect of Tamar Bridge Suspension System Remedial Works:
 - The detailed method statement for the bolts replacement had now been agreed. It was considered desirable to undertake replacement of a few of the bolts first to better gauge the final cost of the works, which were expected to be known in approximately 5-6 weeks. It was anticipated that that the current budget could potentially cover the cost of the works;
 - It was acknowledged that the rockers were a critical part of the bridge structure. The wear in the pin joints in the pendle were checked every month. At current levels, it was anticipated that it would not be necessary to replace these for the next 4 -5 years. The rockers on the Tamar Bridge were different to those on the Forth Bridge that had failed, and due to the regular and frequent checks carried out on the Tamar Bridge, any potential failure would be more predictable.
A procedure for the replacements was currently in the process of being developed.
It was not yet known whether the replacement process would require the Bridge to be closed for any period of time;
 - A Member's request that an update be provided to the Joint Committee in 12 months was acknowledged.
- (iv) In respect of the Bridge Office Development:
 - A brise soleil was an architectural device to reduce heat gain by deflecting sunlight from a building;
- (v) In respect of the Toll Revenue:

- A typographical error in the report was acknowledged. It was confirmed that Paragraph 3.28 should read: "Toll revenue in the 12 month period ending 31 October 2017 was 0.3% higher than in the preceding 12 months.";
- As traffic volume was less than anticipated, the financial model had been adjusted to reflect the reduced income;
- (vi) In respect of Health and Safety:
 - The accident involving a member of the public was not due to current operational procedures and no additional risk had been identified;
 - Following any accident or sickness event, a review with the member of staff was carried out;
 - The average age of the ferry staff was in the late 40s, and there were no light duties available to assist employees to get back into work;
 - The sickness levels of Tamar Bridge and Torpoint Ferry were worse than other ferry operations, except for the Woolwich Ferry. The Tamar Bridge and Torpoint Ferry terms and conditions were better than other ferry operators, except for the Woolwich Ferry;
 - Discussions would be held with the HR manager to reassess the format of the Health and Safety report.
- (vii) In respect of Journey Time Monitoring:
 - Some progress was being made on extending the provision of journey time sensors along the A38, but the locations had yet to be decided and agreed by Highways England. Joint Committee members would be consulted on the locations of the sensors;
 - A typographical error in the report was acknowledged. It was confirmed that Paragraph 3.42 should read: "...an initial KPI for the limited zone covering the bridge structure has been included in Appendix 2.";
 - The Ferry journey time figures for the 3 month period August to October 2017 were very similar to those for the preceding 3 month period;
 - The journey times for the Ferry were assessed from time of entry to the marshalling lanes to time of alighting from the ferry on the other side of the river;
 - There were generally no specific patterns of performance of the ferries. Lynher was the newest ferry and the incidents it had experienced were coincidental. It was also the most southern ferry and consequently it bore the brunt of south westerly winds. The shape of the seabed under the ferry was also a factor affecting its performance. Consideration had been given to swapping Lynher to be the middle of the three ferries, but it would be a significant operation to effect. However, the possibility of achieving this would be further examined, and a report would be brought to the next meeting of the Joint Committee;
 - Traffic accidents on the Bridge were not due to lane changing by drivers; they were usually rear end shunts. CCTV cameras monitored the lanes and the footage they provided was closely scrutinised.

Following consideration of the report and information provided, it was proposed by the Joint Chairman (Plymouth), seconded by the Joint Chairman (Cornwall) and

RESOLVED That

1. The report be noted;
2. An updated report be brought to the next meeting.

2017/18 BUDGET MONITORING

(Agenda No. 6.1)

TBTF/23 Consideration was given to the previously circulated report in respect of 2017/18 Budget Monitoring, presented by the Service Accountant, Cornwall Council, and the Business Manager, Tamar Bridge and Torpoint Ferry.

In response to comments and questions from Joint Committee members, the Service Accountant, Cornwall Council, the Business Manager, Tamar Bridge and Torpoint Ferry, and the General Manager, Tamar Bridge and Torpoint Ferry, confirmed that:

- (i) In respect of the Executive Summary:
 - A typographical error relating to the anticipated reserve balance was acknowledged. It was confirmed that Paragraph 1.2 should read: "The revised forecast currently anticipates a reserve balance at 31 March 2018 of £4.511m.
- (ii) In respect of the Bridge:
 - The increase in the training budget of £7K was intended for specialised training. Overall, there was a good training programme for Bridge and Ferry staff. Most of the training was provided in house. Six staff members had been trained as trainers and were now providing training to the Contractor's staff, Fire and Rescue Service staff as well as to Tamar Bridge and Torpoint Ferry staff. This training covered all health and safety requirements, which was provided on a regular and frequent basis.
- (iii) In respect of Corporate:
 - The reduction of £6K related to corporate support from Plymouth City Council, ie the time given to Tamar Bridge and Torpoint Ferry matters by the Joint Engineer (Plymouth) and the Business Partner (Finance), Plymouth City Council.
- (iv) In respect of Income:
 - The reduction in forecast for the bridge toll cash income of £178K was due to the reduction in traffic levels. The effect had been extrapolated to the following financial year;
- (v) In respect of Purpose of Report, paragraph 2.10:
 - It was acknowledged that the revision in the forecast outturn for 2017/18 represented a variance of 17%.

- (vi) In respect of liaison with the Fire and Rescue Service, it was confirmed that liaisons were maintained with both the Cornwall and Isles of Scilly and the Devon and Somerset Fire and Rescue Services, particularly the latter as it was the closest responder.

Following consideration of the report and information provided, it was proposed by the Joint Chairman (Plymouth), seconded by the Joint Chairman (Cornwall), and

RESOLVED That the revised Revenue Forecast and Capital Programme for 2017/18 be approved.

2018/19 REVENUE ESTIMATES AND CAPITAL PROGRAMME (Agenda No. 6.2)

TBTF/24 Consideration was given to a presentation given by the Business Manager, Tamar Bridge and Torpoint Ferry, also tabled at the meeting, in respect of the 2018/19 Revenue Estimates and Capital Programme, which included:

- The Reserves position reported to September 2017 Joint Committee meeting;
- The updated Reserves position following adjustments;
- The projected Reserves as at December 2017;
- Comparison with previous projection reported to the Joint Committee in September 2017;
- A comparison of Expenditure against previous estimates;
- Changes in Revenue estimates;
- A comparison of Capital Funding, showing current forecast and Outturn 2016/17 position; and
- Estimated Risks and Uncertainties;

Consideration was also given to the previously circulated report in respect of the 2018/19 Revenue Estimates and Capital Programme, presented by the Service Accountant, Cornwall Council.

In response to comments and questions from Joint Committee members, the General Manager, Tamar Bridge and Torpoint Ferry, the Business Manager, Tamar Bridge and Torpoint Ferry, and the Service Accountant, Cornwall Council, confirmed that:

- (i) In respect of the proposed toll revision, a period of 12 months had been allowed for the process to be completed, which included submission to the Constituent Authorities, public consultation and submission to the Department for Transport (DfT). The process had been completed within a year on previous occasions;
- (ii) A Member's concern regarding a variable toll option was acknowledged, as was his suggestion that the cost-neutral position of this option be emphasised in the submission to DfT;

- (iii) A further toll increase in the mid 2020's was likely. However, the aim was to ensure that necessary improvements had been made before this was effected;
- (iv) The proposed works to the parapets and rockers were not included in the Revenue Estimates. The proposed toll increase had been brought forward to keep the Reserves above £2m, but it was not essential for them to be kept at that level should unexpected works arise;
- (v) The Reserves level was originally agreed in 2010/2011 and would now need to be reviewed. At that time, it represented the income for 3 months, which was the lead time for any emergency meeting of the Joint Committee and the subsequent approval processes involved;
- (vi) A Member's concern that the Reserves sum appeared to be excessively prudent when income from interest was significantly low was acknowledged. However it was noted that the Reserves sum did not exclusively comprise cash.
- (vii) A Member's concern that the revenue from the toll increase could potentially be used as general revenue was acknowledged;
- (viii) It was accepted as a general rule of thumb that a recession occurred every 10 years, and in this event a recession would be due shortly. This had not been factored into the Revenue estimates and Capital programme;
- (ix) It had been agreed with Cornwall Council that £1m of the balances, above the £2m Reserves, would be invested in a higher interest account;
- (x) The joint enterprise could not borrow directly, so Cornwall Council borrowed on its behalf at a highly competitive rate;
- (xi) In respect of Corporate, paragraph 2.5: - A Member's concern that paragraph 3 needed more detail was acknowledged. However it was noted that this was part of an indicative budget;
- (xii) In respect of Bridge Kerb Units, paragraph 2.8: - The contract details had not yet been finalised; however by late January or early February 2018 the details of lane closures would be better known and the Saltash Town Council, Cornwall Council and the public could then be fully informed;
- (xiii) In respect of the variations between the revised 2017/18 and 2018/19 original estimates (agenda page 44), particularly in respect of grounds maintenance:- The difference was due to rock stabilisations works having been undertaken;
- (xiv) A Member's concern that plain English, specifically in respect of 're-profiling', should be used in reports was acknowledged.

Arising from consideration of the report and information provided, it was proposed by the Joint Chairman (Cornwall), seconded by the Joint Chairman (Plymouth), and

RESOLVED THAT IT BE RECOMMENDED TO THE CONSTITUENT AUTHORITIES

1. The following be approved:

- The proposed Revenue Budget for 2018/19, as set out in Appendix 1 to the report, and
 - The proposed Capital Programme, as set out in Appendix 2 to the report;
2. The following be noted:
- The longer term forecast to 2020/21.

ANY BUSINESS THE CHAIRMAN CONSIDERS TO BE URGENT
(Agenda No. 7)

TBTF/25 The following item was accepted by the Chairman as urgent due to the need for the Joint Committee to receive information prior to the next meeting:

(i) Network Rail

A Member drew attention to the work being undertaken by Saltash Town Council in leading renovations to the station buildings at Saltash, and also to the potential for the development of a park and ride service near Saltash, both of which could potentially affect traffic flows across the Bridge.

In response, the General Manager, Tamar Bridge and Torpoint Ferry, stated that although a park and ride option was being examined, there were no firm proposals as yet.

The Portfolio Holder for Transport and Infrastructure, Cornwall Council, added that Cornwall Council was pursuing a half hourly rail service between Penzance and Plymouth, and acknowledged the work undertaken to advance improvements at Saltash station.

Following consideration of the above matter, it was moved by the Joint Chairman (Cornwall), seconded by the Joint Chairman (Plymouth), and

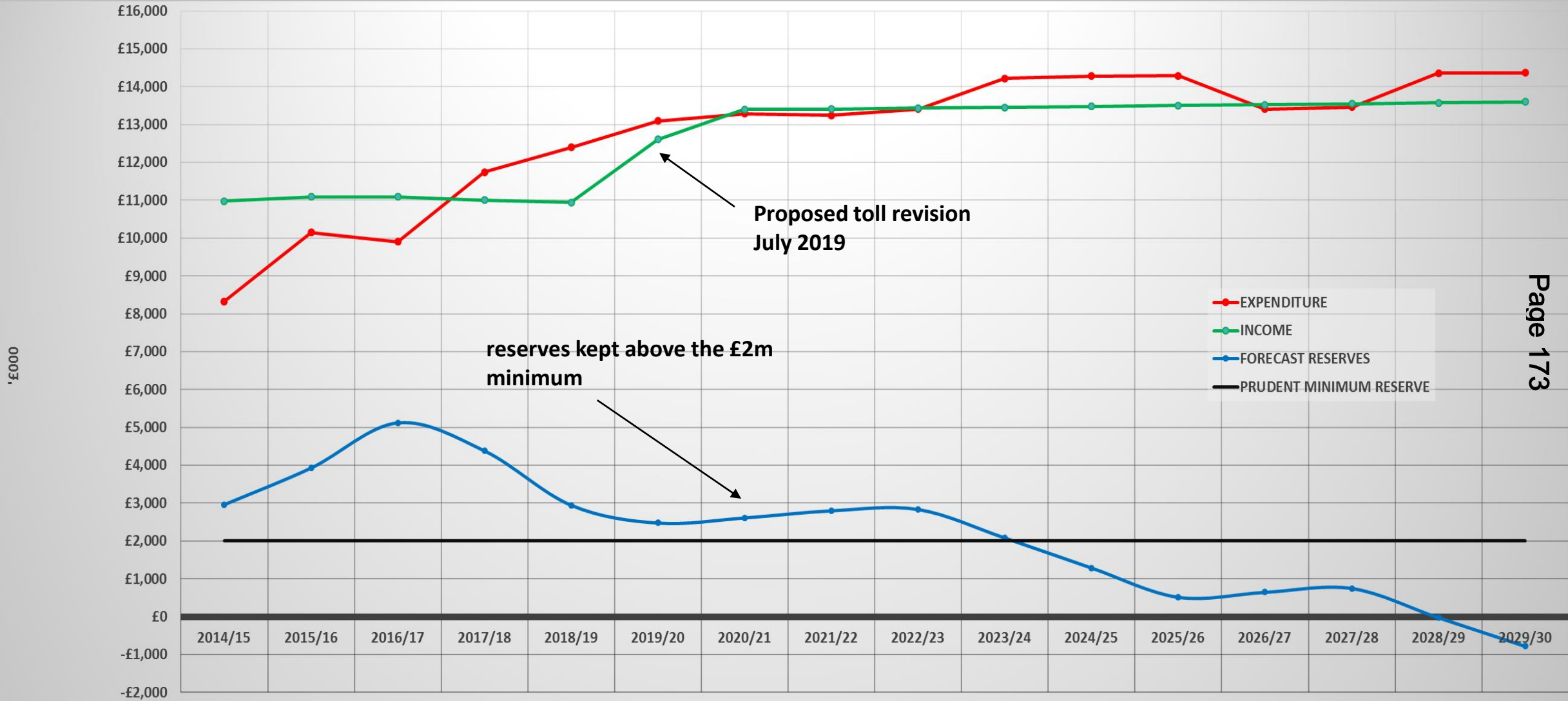
RESOLVED that the information be noted.

The meeting ended at 12.00 pm

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Tamar Bridge & Torpoint Ferry

Long Term Financial Model - 2018 Estimates



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