

# City Council



Date of meeting: 28 February 2022  
 Title of Report: **Revenue and Capital Budget 2022/23**  
 Lead Member: Councillor Nick Kelly (Leader)  
 Lead Strategic Director: Brendan Arnold (Service Director for Finance)  
 Author: David Northey – Head of Integrated Finance  
 Stephen Coker – Principal Technical Accountant  
 Contact Email: [David.northey@plymouth.gov.uk](mailto:David.northey@plymouth.gov.uk)  
 Your Reference: Bud/2022/2023  
 Key Decision: No  
 Confidentiality: Part I - Official

## Purpose of Report

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

## Recommendations and Reasons

The City Council is recommended:

1. To approve the proposed net revenue budget requirement for 2022/23 of £200.179m;
2. To approve Council Tax levels for 2022/23, including an Adult Social Care Precept as detailed at Appendix 9 (to follow);
3. To approve the Capital Budget of £688.366m for 2021 to 2026;
4. To note that the precept to the Council issued by the Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area, has been confirmed;
5. To note that the Devon and Somerset Fire and Rescue Authority precepts will be confirmed for 2022/23 at the meeting;
6. To note the Section 151 Officer's statement on the Budget as set out in this report;
7. To approve the annual Treasury Management Strategy and Capital Financing Strategy 2022/23 (incorporating the authorised limits, operational boundaries and prudential indicators) as submitted in Section 4;
8. To note the response to the recommendations made by the Budget Scrutiny Select Committee and the Cabinet response to those recommendations (Appendix 6);
9. If required during 2022/23 to approve the use of flexible capital receipts to fund revenue costs for transformation projects.
10. To delegate responsibility for any technical accounting changes which may arise after the Budget to the Section 151 Officer in consultation with the Portfolio Holder for Finance.

**Alternative options considered and rejected**

Setting a balanced budget is a statutory requirement. Options for achieving this have been considered in the preparation of the proposed Budget set out in this report.

**Relevance to the Corporate Plan and/or the Plymouth Plan**

The development and approval of the annual budget and the Medium Term Financial Plan (MTFP) is fundamentally linked to delivering the priorities within the Council's Corporate Plan. Section Three of this report sets out how the proposed budget supports the Council's priorities.

**Implications for the Medium Term Financial Plan and Resource Implications:**

Implications for the above are set out in the body of the report.

**Financial Risks**

The Council is a complex service organisation with a gross revenue expenditure budget exceeding £500m. It is essential that careful consideration is given to all factors that could impact upon the budget to ensure they are – when approved - robust and deliverable within the overall budget allocations that are available.

**Carbon Footprint (Environmental) Implications:**

The proposed Budget includes provision for a Climate Fund in the Capital Programme and the revenue budget takes account of the key implications and issues set out within the Corporate Carbon Reduction Plan 2022 and the Climate Emergency Action Plan 2022.

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

*\* When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

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 whilst supporting the Council's Child Poverty Action Plan and Health and Safety has been prioritised. An Equality Impact Assessment has been undertaken and is included in Appendix 7 of this report.

## Appendices

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
1	Net additional cost pressures and adjustments 2022/23							
2	Additional Grant Resources/Adjustments and Savings by Directorate							
3	(a) General Fund Budget 2022/23 Net Revenue Budget (b) Proposed 2022/23 General Fund Budget (c) Variation Statement							
4	New Homes Bonus (NHB)							
5	Budget Engagement							
6	Budget Scrutiny Recommendations 2022/23							
7	Budget 2022/23 Equality Impact Assessment							
8	Capital Programme as at 31 December 2021							
9	Council Tax Resolution (to be tabled at the meeting)							

### Background papers:

\*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7
Budget 2022/23 – Draft Budget							

**Sign off:**

Fin	ba.21. 22.27 0	Leg	LS/38 139/A C/18/ 2/22	Mon Off		HR		Assets		Strat Proc	
Originating Senior Leadership Team member: Brendan Arnold (Service Director for Finance)											
Please confirm the Strategic Director(s) has agreed the report? Yes											
Date agreed: 18/02/2022											
Cabinet Member approval: Councillor Nick Kelly (Leader)											
Date approved: 18/02/2022											

# **REVENUE AND CAPITAL BUDGET 2022/23**

## **A BUDGET THAT BUILDS BACK BETTER**



### **Introduction**

Our budget plans for 2022/23 reflect our continuing ambition for Plymouth and its residents and to build back better and make Plymouth a great place to live, work and visit. Our work in setting the budget is guided by our drive to unlock the city's potential and care for people and communities.

We have made a range of commitments to Plymouth residents to help deliver these ambitions and these priorities are at the heart of our plans for setting a budget for 2022/23.

Getting to the stage where we can recommend a proposed budget for the next financial year has been very challenging as, like all local authorities, we are facing growing pressures on our resources as demand for services rises and costs increase while funding reduces. This has resulted in pressures on budgets for children's and adult social care, in particular. They account for around 70 per cent of our total revenue budget.

The pandemic has also caused pressures on budgets, as income – such as car parking revenue – has been affected. Due to these pressures we started the process of setting a budget for 2022/23 with a shortfall of £20 million.

We have worked hard over the last few months to identify how to close this shortfall and have identified £6.2 million savings and secured additional grants and applied one-off measures in order to propose a balanced budget.

Listening to Plymouth residents is a high priority for the Council and we received valuable feedback during a budget consultation held at the end of 2021 which has informed our budget plans and referenced in this report.

Setting the budget does not mean the work is over as financial pressures will continue to provide a challenge and we will need to deliver our savings plans that are being put in place. The Council will need to continue to transform how it operates to reduce costs. For example, major changes are due to take place this year in how the Council uses its estate. We are reducing the number of office buildings we operate, while also continuing to maximise opportunities to increase efficiency by better use of technology.

## **Section 151 Officer's Budget Robustness Statement**

### **Introduction**

Section 25 of the Local Government Act 2003 requires the Section 151 Officer (Service Director for Finance) 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 28 February 2022.

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 and plans to meet liabilities;
- Extent to which known trends and pressures have been provided for;
- Achievability of changes built into the budget;
- Attainability of income targets;
- Alignment of resources with the Council service and organisational priorities;
- A review of the major risks associated with the budget;
- The maintenance of un-earmarked reserves at a sufficient level to make a reasonable level of provision to mitigate unforeseen and extra-ordinary risks;
- The strength of the financial management and reporting arrangements.

In coming to a view as to the robustness of the 2022/23 budget, the Section 151 Officer has taken account of the following:-

- The Budget has been prepared using a process of rigorous review. 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. The Cabinet have also been actively involved in reviewing all options for income generation and cost savings.
- Following a review of savings plans, those selected for 2022/23 provide reasonable assurance that detailed, feasible plans exist, and that sufficient resources are available to undertake the change activities required, and deliver the savings.
- Senior officers have identified continuing cost pressures arising from the COVID-19 pandemic and these have been included in this budget. These have been funded from a mixture of Government grants and management actions. The general uncertainty around the ongoing progress of the pandemic is acknowledged.
- The level of contribution from local resources is considered manageable. The Cabinet has received advice that the opportunities to maximise the yield of Council Tax and the Adult Social Care Precept are in the Council's immediate and long term interests from a financial viewpoint. That said it is accepted that for reasons of policy Council may choose to adjust this assumption. In the event Council chooses this course, in order to maintain a balanced Budget commensurate adjustments in expenditure plans will need to be agreed as part of such a decision by Council.
- It is considered important that in 2022/23 the Council continues to develop its approach of managing any further cost pressures through prioritization of spend within the assigned financial limits set by the proposed Budget. This approach has the prospect of assisting the Council in managing such pressures and in meeting the overall financial target.
- In addition to specific directorate risks, the collection of Council Tax and generation of Business Rates (NNDR) are two key factors which need to be closely monitored during the year in question.

## Financial Risks – General Observations

*It is important to note that 2021/22 has been and continues to be a challenging year. Service demands have increased in all directorates especially in Place, in Children's Services and in People. Central government have recognised the pressure that the sector is under as a result of the pandemic and have provided additional support.*

*The Council has sustained significant revenue losses through not maximising council tax income in previous years. For 2022/23 the Council needs to consider raising the level of Council Tax by 1.99% or to a lower but significant level and the ASC precept by 1%. The consequences of not taking this course would entail that additional savings would need to be sought in order to balance the 2022/23 Budget and in years following. As a consequence of previous council tax decisions the Council has reduced spending power to the sum of £9m in each year that would otherwise have been available to fund core services.*

*The Council has an ambitious capital programme which has in previous years contributed to the stabilisation of the council tax base and the business rates base. Whilst the programme is strongly supported through external grants the programme is significantly reliant on prudential borrowing. Extra provision for increased costs has been included in the budget for 2022/23 but the Council cannot afford to extend beyond the borrowing envelop (as set out in the Treasury Management Strategy) without putting pressure on balances and or other service budgets. The agreed programme will still require budget uplifts in future years which must be seen alongside other service demand pressures and which must lead to a process of prioritisation in budgets subsequent to 2022/23.*

*A comprehensive review of reserves and balances has been undertaken and these are presently at the minimum required to cover risks as long as the Council remains within the proposed budget. However, it should be noted that an overspend of 1% (c. £2m) would reduce general balances by c. 25% unless alternatively funded. It is therefore important that the Council sets aside additional resources that may come to hand in the year ahead in order to equip itself for future challenges; these include the ongoing impact of the pandemic and the uncertainty as to the direction of future reforms in the funding of Local Government.*

*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 level and also to Scrutiny Committees. Given the scale of financial challenges and the number of actions that need to be implemented to ensure the Budget is on track, Cabinet will continue to monitor financial performance on a quarterly basis with monthly reports being provided to Portfolio Holders and Scrutiny Committee Members.*

*In the context of the above, the Section 151 Officer considers the proposed budget - which has been developed following input and reviews with Directors, officers and Members (including Cabinet and Budget Scrutiny), as sound and that the level of reserves are adequate for the next financial year given a clear understanding of the following:-*

- *The present level of un-earmarked reserves is regarded as a floor which will not be breached and that additional resources will as a matter of policy be set aside to provide additional flexibility in addressing the risks identified in this report;*
- *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 Management Team, and as such, are at this time considered reasonable and achievable, although it must be noted that services subject to demand outside of the Council's control are at risk of not achieving the savings or overspending resource budgets and that accordingly a level of prioritisation will be required at directorate level to constrain expenditure within budget totals;*
- *Regular budget reporting to Cabinet Members and Scrutiny will continue and will continue to be developed ;*
- *The MTFP indicates a further budget shortfall of £19.595m in 2023/24 and it is important – as is usual in this Council – that work begins to identify means of addressing this shortfall progressively in financial year 2022/23. The attainment of savings targets in respect of this Budget will need to be closely monitored in detail at Directorate, CMT and Cabinet level in the year ahead;*
- *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.*



## Background

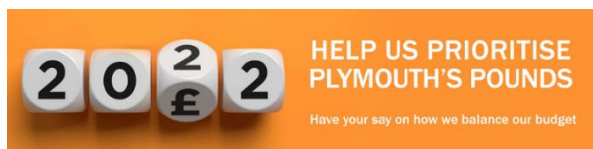
- 1.1 Cabinet received a report on the proposed Budget for 2022/23 at its meeting on 21 December 2021. This report provided an update on the budget shortfall which at the time stood at £13.533m. In addition, it also included a separate summary on the main findings from the Local Government Settlement.
- 1.2 This report builds upon the material presented in the previous report and recommends the proposed Revenue and Capital Budget to Council on 28 February 2022. The report structure is:
  - Section 1: Revenue Budget
  - Section 2: Capital Budget
  - Section 3: Delivering the Corporate Plan Priorities
  - Section 4: Capital Financing Strategy and Treasury Management Strategy
  - Section 5: Appendices
- 1.3 The preparation of the Budget and the Medium Term Financial Plan (MTFP) will always present challenges for local authorities. The Council continues to manage a challenging financial environment where service demands continue to increase, the ongoing impact of COVID-19 continues and where uncertain and unpredictable funding levels remain.

## Local Government Finance Settlement

- 1.4 The late timing of the announcement in late December 2021 was not helpful with regard to preparing the Council's Budget. The details from the Settlement have been incorporated within the planning assumptions below, however further analysis has been undertaken to ensure that these final budget proposals can be delivered within acceptable parameters.
- 1.5 A summary of the key points from the Settlement are:
  - Despite the commentary during the autumn of 2021, it is a one-year settlement and is at odds with the recent publication of CSR21, which indicates the planning envelope runs over three years.
  - The referendum threshold for Council Tax remains at 2% and councils are able to raise a further 1% through the Adult Social Care precept. These points were previously announced at CSR21 on 27 October 2021.
  - A new in year Service Grant has been created for 2022/23 only.
  - Plymouth City Council has been allocated £0.900m from the Government's Market Sustainability and Fair Cost of Care Fund (£1.6bn nationally) 2022/23 ring fenced to Adult Social Care for implementation of the White Paper.
  - There is little reference in the Settlement letter to the long expected reform of the local government finance system. A process of consultation and engagement is referred to in order to improve this position moving forward including revisions to the underlying information used in the various allocation formulae.
  - Reform to New Homes Bonus has been deferred, Rural Services Delivery Grant and Lower Tier Services Grant have been retained; the Revenue Support Grant has been uplifted by 3% for inflation and rolled over at levels seen in 2021/22.
  - We now have confirmation of the Public Health Grant allocation for 2022/23. The allocation for Plymouth has increased by £0.436m from the 2021/22 allocation (£15.504m) to the revised £15.940m, an increase of 2.81%.

- 1.6 The impact of the Settlement on the available resources combine to yield an additional £2.939m compared to the resource assumptions in the 21<sup>st</sup> December Draft Budget Report. The changes are included into the relevant sections of this report.

### Budget Engagement



- 1.7 A public engagement to support the 2022/23 budget setting process took place between Friday 5 November and Sunday 28 November 2021. A questionnaire asked respondents to prioritise key public services the Council provides and to give their views on the savings proposals being put forward by the Administration to balance the Council's budget for the 2022/23 financial year.
- 1.8 The engagement was promoted in the local media and through the Council's own channels, which included a website banner, newsroom feature and press release. More than 17,000 people on Twitter and 77,500 people on Facebook viewed social media posts, and the message arrived in almost 73,000 inboxes via e-newsletters. Library staff had access to a print version of the questionnaire and social media posts and the email newsletters asked residents to inform their friends and family without internet access on how to take part. The questionnaire was also shared with Council employees in the Staff News bulletin.
- 1.9 This year's budget engagement exercise yielded a high level of response compared to previous years with 1,196 online questionnaires completed. Initial analysis of the responses received provide a clear picture of the priorities of those who responded. The table below shows the highest priority to be delivered within each of the themed service areas;

Service Theme	Highest Ranked Priority
Leisure	Park and open spaces
Transport	Road maintenance
Children and Young People	Support for vulnerable children, children in care or in need of protection
Environment	Environmental regulation, e.g. food safety, trading standards, noise control
Waste and Recycling	Refuse collection
Growing Plymouth's Economy	Creating and protecting jobs across the city
Health and Adult Social Care	Support for mental health services

- 1.10 The engagement also provided the opportunity for respondents to give comments on a number of savings proposals. These were themed under the following headings;
- Continuously improving what we do to provide better value for money
  - Caring for the elderly and vulnerable adults in our community
  - Protecting vulnerable children and young people
  - Investing in a clean and safe city and reducing our carbon footprint
  - Raising income and reviewing fees and charges
- 1.11 More details are contained within Appendix 5.

**Budget Scrutiny**

- I.12 Budget Scrutiny provides the opportunity to test assumptions, examine risks and challenge priorities; this is with a view to establishing and maintaining resources that are fit for purpose, meet the council's obligations and priorities and address the needs and aspirations of the people of Plymouth.
- I.13 The Scrutiny Management Board agreed an alternative approach to scrutiny of the 2022/23 budget and this document outlines the methodology undertaken and provides notice of the recommendations to Cabinet.
- I.14 The new approach acknowledges feedback, from previous years, that the duration of budget scrutiny when held as a single event demands significant resourcing and impacts on the individuals involved in the process due to the amount of papers, its duration and the detail of the topic covered.
- I.15 The alternative approach split the process and paper publication between December and January providing greater opportunity for further consideration and reflection on the issues by scrutiny members.
- I.16 The recommendations and Cabinet's response are included in Appendix 6.

## **Section I – Revenue Budget**

### **Resources (Funding)**

- I.17 The total core resources available with and without a Council Tax increase and an Adult Social Care precept, are set out in the table below.

<b>Resources (Funding)</b>	<b>2022/23 without CT increase/ precept  £m</b>	<b>2022/23 with 1.99% increase in Council Tax / 1% Precept  £m</b>
Council Tax	(121.354)	(125.004)
Business Rates	(65.130)	(65.130)
Revenue Support Grant	(10.045)	(10.045)
<b>Total Resources</b>	<b>(196.529)</b>	<b>(200.179)</b>
Resources Required	200.179	200.179
<b>Budget Balance</b>	<b>3.650</b>	<b>0.000</b>

### **Council Tax**

- I.13 The Full Council meeting in January 2022 approved the Council Tax Base report for 2022/23. It set the number of Band D equivalent properties at 73,830, an increase of 715 on 2021/22.
- I.14 The rise in the tax base for 2022/23 primarily reflects the increase in the number of properties within the City, offset by an increase in the number of residents claiming Council Tax Support. The assumed collection rate continues at 97.5%; this is realistic and prudent due to the current economic climate.
- I.15 As set out above, the Settlement set the Council Tax referendum limit at 1.99% (i.e. this is the highest level of increase permissible without a referendum) and an adult social care precept (ASC) of 1.00%. For Plymouth, every quarter percent (0.25%) increase in the Council Tax would yield an additional £0.305m.
- I.16 As part of developing the 2022/23 budget, Council would have the option to consider adopting a 1.99% increase for Council Tax and a 1.00% level of ASC precept in order to present a balanced budget. If adopted, these increases would provide an additional £2.429m in council tax and £1.221m adult social care precept; a total of £3.650m. The Government have assumed we will maximise this when referencing Council's Core Spending Power.
- I.17 The final decision on these matters is that of Full Council on 28 February 2022.

## **Energy Bill Rebate**

- I.18 Council is asked to note the following in regards the recently announced energy bill rebate scheme, using the council tax system as the method of passing this rebate to council tax payers.
- I.19 The Government has announced that an Energy Bills Rebate will be provided to households in England in April 2022 to help protect them from rising energy costs. This includes a £150 rebate for most households in council tax bands A-D. In addition to this payment, discretionary funding will be provided to local authorities to support people on low incomes that do not pay council tax, or who pay council tax for properties in bands E-H.
- I.20 All local authorities will be required to include the same insert to the wording on their council tax bills. This initiative is expected to have no impact on Plymouth City Council's Budget, as the rebate will be compensated via Section 31 Grant of equal value.

## **Business Rates**

- I.21 The CSR21 stated the multiplier for the calculation of Business Rates would be set at 0%, but with a Section 31 Grant to compensate for the resultant impact. As a result, business rates income will increase by £2.120m in 2022/23 from the current £63.010m to a revised £65.130m

## **Revenue Support Grant (RSG)**

- I.22 The Settlement announced a RSG of £10.045m. This is an incremental inflationary increase of £0.303m to the forecast figure assumed in the budget report to Cabinet on 21 December, written before the Settlement.

## **New Homes Bonus (NHB)**

- I.23 The allocation for New Homes Bonus in 2022/23 is £1.7m. This is £0.897m more than the forecast figure included in the budget report to Cabinet on 21<sup>st</sup> December because the Government has continued the existing policy on NHB which is contrary to expectations nationally. There has not been an indication as to the longer-term future for the scheme and allocations from 2023/24 onwards. Details of the allocation are set out in Appendix 4.

## **2022/23 Services Grant and Social Care Grant**

- I.24 Nationally, the Government has provided a one off 2022/23 Services Grant worth £822m. Plymouth's allocation is £4.021m. This Grant is in recognition of the vital services delivered by local government.
- I.25 The Council also receives a Social Care Grant. There was no clear indication of the continuation of this one-off grant before the Settlement, however it has continued and our allocation for 2022/23 is £3.573m. Taken together, these grants amount to £7.594m which compares with a forecast of £5.876m. This was based on the CSR21 announcement that local authorities would be compensated for the impact of the increased National Living Wage and the new National Insurance costs. The confirmation of these two grants against the forecast provides an additional sum of £1.718m in 2022/23.

### **Lower Tier Services Grant**

- 1.26 Last year, the Government announced a new Lower Tier Services grant. This has continued for 2022/23 and Plymouth's allocation is £0.408m, an increase of £0.021m.

### **Public Health Grant**

- 1.27 We now have confirmation of the Public Health Grant for 2022/23. Plymouth's allocation for 2022/23 is £15.940m, an increase of £0.436m on the 2021/22 grant. This represents an increase of 2.81% in cash terms.

### **COVID-19**

- 1.28 COVID-19 has had a significant impact on the cost base for the Council. All relevant COVID-19 cost pressures have been included within the base budget for 2022/23. The budget assumes a carry forward of £4.9m of grant provided to meet Covid19 pressures to assist with the additional placement and other costs arising from the pandemic.
- 1.29 Community Connections have identified an increase in costs, in particular in the Bed & Breakfast provision and as a direct result of the pandemic. The Government's drive is to ensure the number of people sleeping on the streets is minimised. As a late announcement in December 2021, we were advised of a £0.250m top up to our usual rough sleeping grant. Together with an identified reduction in the adult social care cost and volume calculation of £0.250m, this budget allocates an additional £0.500m to the service provision.

### **Spending Assumptions**

- 1.30 A significant proportion of our revenue budget (approximately 68%) is spent on two main areas; adult social care services and children's social care provision. Nationally and locally the costs of providing health and wellbeing services are rising as demand and complexity increases. We have an ageing population and higher levels of young children requiring our services and the ongoing impact of COVID-19 is impacting on future years.
- 1.31 For example, Plymouth provides around 610,000 hours of care each year to help elderly residents to remain living at home and around 4,700 long-term care support packages to residents with a wide range of conditions and disabilities. The Council also investigated around 1,700 referrals about the safety of adults. The People budget in the current year is £89 million in this area, but demand for services continues to rise due to a growing elderly population and the complexity of the needs.
- 1.32 The Council continues to work and provide more joined up care services with the NHS and has been pioneering in combining our adult social care services with the community health services provided by Livewell Southwest. The aim is to reduce costs and improve the health of Plymouth residents. This includes work to prevent more people from needing care by focusing on services that help people stay healthy and remain independent for longer.
- 1.33 Nationally there has been significant pressures within Children's Services. A combination of increased numbers and increasingly complex cases has meant costs have been rising beyond the existing budget provision. Plymouth is responsible for ensuring children and young people are safe and protected from harm. This includes working with more than 5,500 children in need.

- I.34 Plymouth spends around £36 million on providing placements for children in care through foster carers, residential care and secure placements and services for children with special needs or a disability. There is also a range of services for children in children's centres, nurseries, and school transport and school places. The total budget on services for children in the current year is around £53 million.
- I.35 Attention has been focused on early intervention and prevention to try to prevent children and young people needing to come into care and work closely with partners in health, schools and the police on all of this work.
- I.36 The coronavirus pandemic has placed further pressures on budgets due to a rise in the number of children needing support. The cost of care packages for children and young people with very complex needs is also increasing. The Council is determined to protect these vital services and is proposing to reduce costs by increasing the number of in-house foster carers we use, reducing the need for more expensive placements with external providers.
- I.37 The Place Directorate accounts for a net budget in the current year of £25m (more than 13% of the overall Council net budget) with gross expenditure budget of the department at £86m. Over many years, the directorate has striven to maximise income, increase efficiency and remove costs wherever possible. This work continues.
- I.38 The Place Directorate covers a wide range of areas under the headline departments of Economic Development; Strategic Planning and Infrastructure (SPI); and Street Services. The services provided cover a broad range, including but not limited to
- Land and property/major regeneration programmes; commercial estate and business parks; economy and enterprise;
  - Arts/culture/events and Freeport and Freezones; support of concessionary fares and support for non-commercial bus routes;
  - Planning, housing delivery, strategic transport, climate change and Green Infrastructure;
  - Universal services to all residents of the city in areas such as highways and parking as well as street scene and waste.

### **Additional Costs**

- I.39 The estimated additional budget costs for 2022/23 are set out in Appendix I. These include;
- Cost and volume increases for Adults' and Children's Services
  - An allocation for initial cost associated with children's poverty and Violence Against Women and Girls Commission.
  - Net cost and volume increased allocation for Homelessness.
  - Covering the Council's commitment to the National Living Wage for our adult social care providers, and ensuring they receive the necessary funding
  - Additional corporate costs covering salary increases, the new NI charge and pension provision.
  - The cost of financing the Capital Programme.
  - Place Directorate specific pressures as a direct result of Covid covering reduced car park income and additional domestic waste collection costs.
  - The ongoing service adjustments adopted by the incoming Administration during summer 2021.

## **Savings Plans**

- I.40 Cabinet Members and Officers included £6.751m of savings in the draft budget, approved by Cabinet in December 2021. The proposals included a preliminary saving within the People Directorate which has now been amended following further analysis. The saving has been adjusted by £0.570m to reflect this position resulting in a total set of £6.181m as shown in Appendix 2.

## **Closing the Budget Shortfall**

- I.41 As in previous years, the additional resources available to fund the budget for 2022/23 are insufficient to cover the base budget plus the additional costs. Cabinet Members and Officers have worked to identify a range of solutions to offset the net budget pressures. These include:
- a. The capitalisation of £1.000m of community equipment with a consequent saving to the revenue budget. The equipment offers the support needed to allow people to live in their own homes.
  - b. Application of grants (£4.890m) that were provided to deal with COVID-19 related expenditure in 2022/23
  - c. Within revenue resources in 2021/22, £2.845m is available for carry forward to support balancing the 2022/23 Budget.
  - d. Full Council in June 2021 approved the 2020/21 Outturn Report. The report included a decision as follows: “As part of this position, and to assist in preparing for budget settlements in 2022/23 and 2023/24, the Council is proposing to set aside a contingency in the sum of £3.526m.” During 2021/22 some of these resources have been used to devise recurring savings to serve the 2022/23 budget process. The residual balance of £1.708m is available to assist in balancing the 2022/23 Budget.
- I.42 The overall Budget position is shown in Appendix 3(a) with the Proposed 2022/23 General Fund Budget by directorate shown in Appendix 3(b). There is also a variation statement set out in Appendix 3(c).

## **Settlement impact and Closing the Budget shortfall**

- I.43 The Cabinet meeting in November 2021 received a budget report for 2022/23 that highlighted that due to estimated reductions in funding and rising demand for services the forecast budget shortfall was £20m. This was after the ongoing savings targets already agreed in previous years in order to protect services for Plymouth residents.
- I.44 The Council has worked hard over the last few years to reduce costs and has achieved this without significantly reducing services. Savings of over £25 million largely related to improved efficiency have already been achieved over the last three years. Cabinet Members and Officers identified initial savings of £6.751m and together with a number of adjustments and grant assumptions moved to the December report showing the budget shortfall adjusted to £13.533m.



- 1.45 The movement from this shortfall to the proposed balanced position is set out below. The budget balances on the premise of the maximum Council Tax and Precept increases.

	£m
<b>Budget shortfall December Report</b>	<b>13.533</b>
Additional allocations	(8.443)
Additional Resources post Settlement	(2.939)
Additional Costs identified	1.499
<b>Revised shortfall</b>	<b>3.650</b>
Level of Council Tax to be agreed at Full Council	-
Level of Adult Social Care Precept to be agreed at Full Council	-
<b>Budget Shortfall</b>	<b>3.650</b>

- 1.46 The overall Budget position is shown in Appendix 3(a)

### Conclusion

- 1.47 This report sets out the remaining budget shortfall before the application of a Council Tax increase which is to be agreed at Full Council on 28 February 2022.

- 1.48 To get to this position, Cabinet Members and Officers have:

- Incorporated the impact of the Final Settlement.
- Included the additional grant allocations
- Included all identified costs
- Proposed recurring savings of £6.181m
- Applied a suite of in year adjustments.

- 1.49 Council are advised to note that the Budget position as set out could be balanced if Council were to adopt:

- A Council Tax increase of one point nine nine percent (1.99%)
- An Adult Social Care Precept increase of one percent (1.00%)

### Medium Term Financial Plan (MTFP)

- 1.50 As part of developing the 2022/23 Budget future years have been considered and modelled in the following table. This includes the full year effect of savings proposals introduced in 2022/23 and the ongoing pressures within all services.

- 1.51 For purposes of modelling only, for 2023/24 through 2025/26 Council Tax has been shown at the current referendum threshold limits. Attention is drawn to the ongoing forecast shortfalls in resources and the Council is already considering means of achieving balance in those years.

Outturn Prices;

General Fund Budget	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Resources	(196.529)	(202.996)	(210.393)	(216.012)	(221.757)
Costs	195.568	195.568	195.568	195.568	195.568
Costs	29.506	44.800	56.297	66.970	75.624
Grants	(12.591)	(2.823)	(2.823)	(2.823)	(2.823)
Savings	(6.181)	(11.303)	(11.303)	(11.303)	(11.303)
One-off	(6.123)	0.000	-	-	-
<b>Shortfall</b>	<b>3.650</b>	<b>23.245</b>	<b>27.346</b>	<b>32.400</b>	<b>35.309</b>
Assumed Resource Increase to Balance the Budget	(3.650)	(3.650)	(3.650)	(3.650)	(3.650)
<b>Revised Shortfall</b>	<b>0.000</b>	<b>19.595</b>	<b>23.696</b>	<b>28.750</b>	<b>31.659</b>

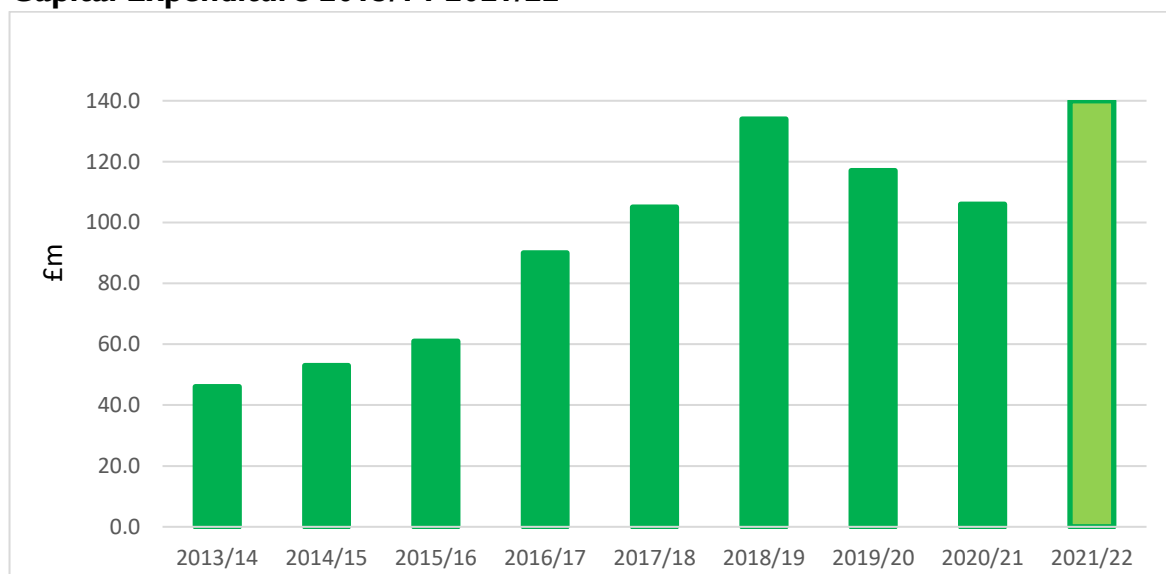
**Note:** It should be noted that when the shortfall in 2023/24 of £19.595m is met a commensurate adjustment will apply to the shortfalls in 2024/25 and 2025/26.

1.52 Moving forward the MTFP will be closely monitored to take account of proposals emerging from Government policy and Council initiatives as they become available to mitigate the shortfall.

## **Section 2 - Capital Budget**

- 2.1. The Plymouth Plan is the principal driver for the capital programme. Primarily through its planning vehicle, the Plymouth and South West Devon Joint Local Plan, there are proposals to build new homes across the area, create new jobs, and to continue a major investment programme in modernising infrastructure including transport, schools and green spaces.
- 2.2. This investment is assisting Plymouth in becoming the key economic driver for the far South West; it will ensure that communities and businesses have the facilities they need to continue to thrive and prosper. The investment supports growth within the local economy, and is generating additional business rates, Council Tax, and Community Infrastructure Levy (CIL).
- 2.3. The Council continues to take a strategic approach to the Capital Programme, having established 10 outcomes aligned to the Plymouth Plan and the Plymouth and South West Devon Joint Local Plan; together with the investment and business planning programmes of other organisations to maximise delivery in the city and surrounding areas.
- 2.4. The Capital Programme consists of the approved capital projects the Council intends to deliver over a five-year period. During recent years, the programme has grown substantially, however due to the COVID-19 pandemic some projects have been delayed or slowed. The programme, in challenging times, delivered expenditure of approximately £106m in 2020/21 and the forecast reported at month 8 for 2021/22 is £140m.

### **Capital Expenditure 2013/14-2021/22**



- 2.5. The capital programme includes the following major projects:
  - Future High Streets Fund - £12.047m (Grant funded)
  - National Marine Park - National Heritage Lottery Fund £9.6m;
  - The Eclipse project - £1.887m;
  - Forder Valley Link Road – £41.191m (includes LEP Funding £22.6m)
  - Forder Valley Interchange - £7.336m (includes NPIF Funding £5.0m)
  - Transforming Cities Fund – £51.244m (includes Tranche 1 £7.8m Grant)
  - Brunel Plaza redevelopment of the Train Station – £26.224m;
  - Highway maintenance and essential engineering – £19.198m;
  - Woolwell to the George – Levelling Up Fund - £19.924m.

2.6. The table below shows the breakdown of the current five-year Capital Programme forecast across the Directorates. A full breakdown of the Capital Programme is available in Appendix 8.

#### Five-Year Capital Programme by Directorate

Directorate	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m	£m
People	8.930	11.876	3.716	0.132	0.132	24.786
Place - Economic Development	29.534	74.537	34.728	0.418	0.080	139.297
Place – Strategic Planning and Infrastructure	58.149	84.886	18.465	8.600	0.756	170.856
Place – Street Services	22.404	14.702	3.963	2.017	0	43.086
Customer & Corporate Services	8.768	3.193	0	0	0	11.961
Public Health	12.370	0	0	0	0	12.370
<b>Total</b>	<b>140.155</b>	<b>189.194</b>	<b>60.872</b>	<b>11.167</b>	<b>0.968</b>	<b>402.356</b>
<b>Financed by:</b>						
Capital Receipts	1.618	5.632	6.428	0.619	0.836	15.133
Grant funding	50.860	69.000	14.293	0.132	0.132	134.417
Corporate funded borrowing	47.282	33.011	10.208	9.310	0	99.811
Service dept. supported borrowing	33.041	70.424	26.433	0.304	0	130.202
Developer contributions	5.051	11.124	3.510	0.802	0	20.487
Other contributions	2.303	0.003	0	0	0	2.306
<b>Total Financing</b>	<b>140.155</b>	<b>189.194</b>	<b>60.872</b>	<b>11.167</b>	<b>0.968</b>	<b>402.356</b>

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

#### Five-Year Capital Programme by Outcome

Primary Outcome of Projects	£m
Delivering a Net Zero Plymouth	73.279
Delivering a sustainable City Centre and Waterfront	32.883
Delivering a sustainable Derriford / Northern Corridor	73.192
Delivering a sustainable Eastern Corridor	2.516
Delivering sustainable homes for the City	32.929
Delivering essential City infrastructure / Improving neighbourhoods	35.545
Ensuring sufficient good quality school places	1.950
Delivering a sustainable economy	84.816
Connecting the City	32.068
Commercialisation of services (including property)	33.178
<b>Total</b>	<b>402.356</b>

## New Capital Approvals

- 2.8. The following capital schemes will be added to the Plan once a full business case has been completed and all legal and financial implications considered. At that stage, a decision will be taken by the Executive which will be reflected in the quarterly report to Council. The required corporate borrowing has been funded within the revenue budget proposals for 2022/23.

Committed Priority Pipeline Projects included in 2022/23 Budget and MTFP	2022/23	2023/24	2024/25
	£m	£m	£m
Additional Borrowing costs Health & Safety	0.113	0.185	0.236
Crematorium – additional investment	0.191	0.191	0.191
Improvements to the Corporate Estate	0.411	0.711	0.861
Woolwell to George – medium term costs	0.000	0.160	0.321
Manadon Interchange	0.000	0.000	0.040
National Marine Park	0.000	0.033	0.323
Mill Ford School	0.120	0.371	0.503
Freeport and Freezones	0.020	0.095	0.182
Airport	0.100	0.210	0.210
Fish Quay	0.000	0.000	0.040
Climate Fund Capital	0.250	0.250	0.250
Central Park Drainage Capital	0.150	0.150	0.150
<b>Total as listed in Appendix I for 2022/23</b>	<b>1.355</b>	<b>2.356</b>	<b>3.307</b>

**Note;** a number of these schemes receive government grants as the greater part of their funding package.

## Funding of the Capital Programme

- 2.9. The current estimate of future capital funding for the five years 2021/22-2025/26 is £286m. (See table below). This figure changes from time to time and comprises both ring-fenced and un-ringfenced grants, S106 resources and other external contributions. The revenue implications of the current programme and the agreed priorities have been addressed in developing the 2022/23 Medium Term Financial Plan.
- 2.10. The Council takes an organised and proactive approach to identifying, bidding for and then securing external grants which reduces the pressure on the revenue budget. To ensure the capital programme remains sustainable in the long term the level of borrowing continues to be regularly monitored.

## Capital Programme 2021/22 – 2025/26

- 2.11. The table below includes both existing programming and programming where funding may become available looking forward the forecast five year capital programme, 2021/22-2025/26, is £688.366m as at 31 December 2021. The Capital Budget has been adjusted to take into account new approvals and changes to the capital programme and adjustments to the income assumptions.

Description	£m
Approved Capital Programme 2021/22-2025/26	402.356
Future Funding Assumptions (Capital Pipeline)*	286.010
<b>Total Revised Capital Budget for Approval (2021/22-2025/26)</b>	<b>688.366</b>

\* Estimate of funding required to finance future capital projects

- 2.12. 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 (33%). Capital receipts make up about 4% of the programme with S106 contributions and CIL constituting about 5%. Every effort is being made to secure funding from grant programmes and other external sources.

### Flexible use of Capital Receipts

- 2.13. In line with the existing Flexible Use of Capital Receipts Policy approved in 2018, the Council may wish to employ capital receipts as part of this policy in 2022/23 which can be used to fund revenue costs for transformation projects. This report includes a recommendation asking Council to endorse this approach if needed.

### Prudential Code

- 2.14. The Prudential Code for capital finance in local authorities 2021 edition was published in December 2021 and changes were primarily in respect of commercial investments and associated risks. The key change is a local authority must not borrow to invest primarily for financial return. Investment is permissible for projects that are for regeneration purposes within a local authority area. These changes involve additional financial implications for the revenue account and all projects have been reviewed accordingly. No new projects are included in the programme at this time.
- 2.15. Commercial property and development activities in the Council operate under robust and effective governance arrangements as set out in the Constitution. The Council has a small team of experienced in-house chartered surveyors including an Asset Manager recruited specifically for the Regeneration Investment Fund who has significant experience in property fund management obtained in the private sector.
- 2.16. The Capital Finance Strategy gives an overview of how the associated risks are managed and the implications for future financial sustainability. The Capital Strategy and Treasury Management Strategy are attached in Section 4. Both of these reports were approved by the Audit and Governance Committee on 29 November 2021.

- 2.17. The pandemic has delayed overall delivery of the Capital Programme but since April 2021 national restrictions have been easing and projects have been re-commencing. Inflation pressures are acknowledged due to global and national issues which may impact on some projects. This is due to cost increases for raw materials and external labour. It is recognised the global economy is volatile and may place pressure on existing capital budgets which is in addition to other unforeseen project cost increases. Project Managers are closely monitoring cost pressures and associated timing issues; these will be managed within existing budgets which include where necessary contingency budgets which is provided for in all capital budgets to mitigate against increased costs. For grant funded schemes, where appropriate, Project Managers have been encouraged to contact funders to see if any additional funding is available.

### **Climate Emergency Investment Fund**

- 2.18. In order to work towards the 2030 net zero target significant investment will be required. The draft Capital Budget proposes to set up a Climate Emergency Investment Fund with an initial programme value of at least £2m. Drawdown of this ring-fenced fund will include match funding, and/or to deliver interventions that enable the City to secure external investment into delivering Climate Emergency solutions. Examples could include:
- Match funding
  - Retrofit Loans
  - Asset Investment
  - Staff incentives to de-carbonise.
  - Future CCRP and CEAP actions
  - Carbon off-setting initiatives
  - ECO Homes Programme.
  - Transport Decarbonisation Plan
  - Behavioural Change Programmes
- 2.19. Many of the projects that could utilise the investment fund will also generate an income, either through financial savings or through the selling of services, for example electricity. These financial benefits would be recycled into the Climate Emergency Investment Fund, increasing the investment pot and therefore the ability to scale up activity further in future years.
- 2.20. The benefits of investment in the Climate Emergency Fund include:
- Reducing PCC's carbon emissions
  - Reducing the City's carbon emissions
  - Helping contribute to the Council's declaration to be carbon net-zero by 2030.
  - Allows the Council to be more agile and successful in pursuing external funds that support the Climate Emergency.
  - Ensuring equality within the Climate Emergency response.
  - Saving the Council money in the longer term by scaling up the response to the climate emergency now delivering actions that will get more expensive over time.

### **Conclusion**

- 2.21. The Capital Programme sets out a scheme of investment with all financial implications included in the revenue budget. This investment is supporting the growth agenda, within the City, including regeneration and contributing to the local economy and creation of jobs. On 8 February 2022. Cabinet RECOMMENDED the Capital Programme for adoption by Council on 28 February 2022.

### **Section 3 – Delivering the Corporate Plan Priorities**

- 3.1. The Council agreed a revised Corporate Plan at its meeting of 14 June 2021, which reflected the new Administration's vision for the city and the Council and reframed the Council's mission, values and priorities to support this. In addition and following fifteen months of unprecedented challenges created both nationally and locally by the COVID-19 pandemic the opportunity was taken to reintegrate response and recovery activities into the Corporate Plan and the Council's associated delivery plans.
- 3.2. Below are key examples of how the proposed budget for 2022/23 is supporting our Corporate Plan priorities of unlocking the city's potential and caring for people and communities.

#### **Unlocking the City's potential**

- 3.3. Delivering the day-to-day Council services that Plymouth residents value and which affect their daily experiences of living in the city to a better standard. This means prioritising our services that tackle litter, graffiti and dog fouling and that are responsible for clearing weeds, cutting grass and repairing potholes. We are investing in these services while driving greater efficiency through new ways of working.
- 3.4. We will aim to look after the condition of the city's roads and pavements and ensure potholes are addressed as quickly as possible. The proposed capital programme for next year includes £2.8 million on road resurfacing, £1.1 million on road surface improvements, £750,000 on permanent repairs and £679,000 for resurfacing footways.
- 3.5. We are tackling the climate emergency and working to deliver our ambition to make Plymouth a carbon neutral city by 2030 through a wide range of measures, including securing funding for further infrastructure in the city for electric vehicles, working more closely with our local communities and businesses to create innovative ways to reduce waste, avoiding single use plastic and increasing recycling rates.
- 3.6. The Capital Programme for next year includes £1.8 million investment in green homes, as well as more than £373,000 for the planting of new trees under the Plan for Trees. We will continue to work with local businesses to help them reduce their use of plastics, as well as with a wide range of partners in the city committed to making Plymouth a plastic free city. We will continue to reduce our own carbon footprint through a range of initiatives, including introducing further electric vehicles.
- 3.7. We are driving the City's growth agenda through delivery of a package of measures which make Plymouth a great place to live, do business in, invest in and visit. This includes leveraging investment, business development and support, spatial planning and strategy, a strong cultural and events offer, housing delivery and our own capital delivery programme which includes major sustainable transport improvements.
- 3.8. Delivering the ambitious economic recovery programme will continue to be a key priority for 2022/23 alongside helping businesses to navigate both the challenges and opportunities posed by Brexit, addressing the challenges set by the Levelling Up agenda and the envisaged long term impact of COVID-19 on employment and the wider economy.



- 3.9. We will also be working with partners on innovative projects and initiatives that will provide significant benefits to the city's economy and secure jobs or provide income to support the delivery of Council services. This includes working with partners on initiatives such as the regeneration of the Fish Quay and securing investment to develop the Plymouth and South Devon Freeport and Freezone, which will help the city bounce back from the pandemic.
- 3.10. We are investing in the city centre, as well as local shopping centres, which are at the heart of local communities. The proposed capital programme for next year includes £4.9 million towards the scheme to regenerate Old Town Street and New George Street East, and £8 million investment of Future High Streets Funding for major improvements in the area around the Civic Centre. There is also £12.7million in the capital programme for Armada Way as part of the Better Places programme.
- 3.11. We are also investing in the city's transport infrastructure next year, including the Woolwell to the George scheme to reduce congestion in the north of the city. This includes £19.9 million from the Levelling Up Fund, £3.7 million on the Forder Valley Link Road, £3.9 million on the Forder Valley interchange, seeking to acquire the leasehold of Plymouth Airport site with the aim of making it operational again, investing in schemes that make it easier to get around the city using public transport or by walking and cycling, including £1.5 million in the capital programme for the northern corridor strategic cycle network and £1.2 million for the Eastern corridor strategic cycle network. The regeneration of the railway station remains a priority and next year there's £13 million in the capital programme for a new multi-storey car park.
- 3.12. We are providing more and better quality homes for Plymouth residents through working with local housing associations and other partners to create new homes, providing grants and loans to housing providers to provide infrastructure and unblock stalled sites, through raising standards in the private rented sector and continuing to tackle empty homes. There's £4.54 million allocated in the capital programme to invest in phase 3 of our Plan for Homes.
- 3.13. We are continuing to invest in Central Park, which is one of the city's most important green spaces and continuing to improve it for Plymouth residents remains a priority. The capital programme already includes £1.7 million for repairs to Pounds House, which sits within the park and further improvements are planned to deal with drainage in the park.
- 3.14. We will make sure Plymouth has the digital infrastructure to help drive the city's growth agenda by supporting significant investment in high speed networks by City Fibre. We are working across the city and with our partners to continue to maximise our investments and pilot new technologies to their best effect, including a 5G Sound Project. This is all part of our wider plan to support and invest in digital skills and tackle digital inclusion.

### **Caring for people and communities**

- 3.15. We are prioritising ways of increasing the safety of Plymouth residents, including providing better CCTV coverage in areas where people feel unsafe. We will be maximising the impact of investment in better CCTV and are supporting the work of the Violence Against Women and Girls Commission by providing £50,000.

- 3.16. Improving the health and wellbeing of Plymouth residents is a key priority, and providing support to the most vulnerable in our community, promoting early intervention to help people stay well and independent for longer are central to our plans. We are continuing to provide health and wellbeing hubs in areas where they will have the most impact in tackling health inequalities. For example, our capital programme for next year includes £1.3 million funding for a joint project with the NHS to offer a new health hub at Colin Campbell Court to offer a range of health and wellbeing services in the city centre.
- 3.17. Supporting our ambition to raise standards in Plymouth schools, we will be progressing the place based trailblazer programme to deliver the five priorities that have been identified. We will be delivering the new Bright Future service plan and will continue to work to secure further Government resources for this work.
- 3.18. Our aim is to continue improving the experiences of both adults and children in our community who need social care, while addressing the ongoing national challenges caused by the rising demand and cost of social care.
- 3.19. These challenges are due to the combination of a growing and ageing population, more people with long-term conditions, and a challenging economic climate means greater demand on services and more problems for people in accessing care.
- 3.20. We are developing our Caring for Plymouth operating model, which involves a series of system-wide transformations across social care and communities aimed at improving the experience of our citizens and delivering improvements to the city's care system.
- 3.21. We will continue to focus on working with individuals at the earliest point on the pathway in order to enable professionals and the community to help keep them as healthy and independent as possible. This in turn will lead to reducing health inequalities and keeping those we are responsible for safe.
- 3.22. We will continue to prioritise the principle of 'promoting independence', recognising the assets and strengths of people and enabling people to live independent and fulfilled lives as part of their communities.
- 3.23. We will also be investing £10 million in an innovative new centre of excellence in Outland Road to provide emergency and planned respite for people with complex physical and learning disabilities.
- 3.24. The Government has acknowledged the serious strains on council budgets as a result of the rising demand for adult social care services. While it has recently announced additional future funding for social care, this is unlikely to be available to councils immediately as the NHS is being prioritised. To ensure that councils don't have to cut social care services the Government has given them authority to add a precept of one per cent to the Council Tax to support these services.
- 3.25. The cost of children's social care is also increasing due to the rising cost of care packages and placements for vulnerable children and the COVID-19 pandemic has seen a doubling in the number of children requiring support.

## **Section 4 – Capital Financing Strategy and Treasury Management Strategy**

### **Capital Financing Strategy 2022/23**

#### **INTRODUCTION AND CONTEXT**

This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas. It is a requirement of the amendments implemented in the 2018 Treasury Management Code of Practice Guidance that all Local Authority's will need to produce a Capital Strategy each year.

Decisions made this year on capital and treasury management will have financial consequences for the Council for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

The strategy will provide an overarching policy framework for the Council's capital programme and planning, and will form part of a suite of strategies which provide a holistic view of the Council's financial planning framework. With this in mind this document should be considered in conjunction with the Medium-Term Financial Strategy, Treasury Management Strategy and Investment Strategy.

#### **CAPITAL FRAMEWORK**

The Council updated the Plymouth Plan 2014-2034 on 25 January 2021 which sets out the strategic direction for the city.

The Plan identifies specific strategic outcomes for the Council and its partners for the medium and longer-term; these outcomes align to those set in the Plymouth and South West Devon Joint Local Plan.

Performance is measured towards the delivery of the agreed outcomes and reported against on an annual basis.

In February 2021 the Council approved a budget which contained an uplift to the revenue budget of £1.771m to meet some of the increased costs associated with borrowing requirements to fund the capital programme. The current MTFP contains proposals to further increase this sum in 2022/23. The MTFP sets out a summary of schemes that the Council wishes to support and an indicative level of Council financial support which will assist in the delivery of those schemes which all deliver towards the city's outcomes.

#### **GOVERNANCE**

The Financial Regulations detail how capital projects are approved and added into the capital programme.

All new schemes must be fully financed and receive relevant approval by Section 151 Officer; up to £0.200m, or by the Leader when above this threshold.

Each scheme will need to detail:

- the aim of the project and any other ways of achieving it
- how it will be funded
- if there are any future revenue implications from the project e.g. building maintenance
- effects on staffing
- legal, contractual and prudential borrowing code implications
- if the Council is acting through an agent or partnership, legal advice must be sought on whether it has the power to act this way
- if it is a key decision, any comments made during consultation and the Council's response
- the estimated amount and timing of any capital and revenue spending.

All proposed new schemes will need to demonstrate how they meet the requirements of the City by presenting a Business Case for approval and detail which of the City's outcomes are being achieved and how the scheme will address this need.

Due diligence is carried out on all new proposals to determine whether the scheme is deemed suitable. Financial and capital planning reviews are carried out prior to any Business Case being presented to the City Council Investment Board (CCIB) to provide members with the confidence that the schemes meet the expected requirements in line with the strategic direction of the city.

Once accepted, all new schemes, which will require both finance and legal sign-offs, are published in the Executive Decision along with the Leaders decision.

## **CAPITAL PLAN**

The Capital Plan is the collective term which defines two key elements; the Capital Programme as approved by the Leader or S151 Officer and the Capital Pipeline which refer to possible future funding that may be available for future projects yet to be approved.

The Capital Programme is the list of schemes which have a confirmed funding source and have been approved for capital investment by the Leader following consideration of a robust, evidence-based business case.

"The Capital Pipeline" is the term used to refer to funding that the Council hopes to receive in the future but has not yet been approved. These consist of both ringfence and unringfenced resources.

Ringfenced resources are essentially those that can only be applied to a specific purpose and include specific grants and S106 contributions etc. Unringfenced resources can be applied to any project and include unringfenced grants and corporate borrowing etc.

## **CAPITAL PROGRAMME**

Once approved, schemes are added to the capital programme for delivery.

Any adverse variance to approved schemes are required to seek further approval, with identified funding, to enable authorisation for increased expenditure providing details of the variance.

## **CAPITAL EXPENDITURE AND FINANCING**

Capital expenditure is defined as money spent on assets, such as property or vehicles, which will provide a service benefit for more than one year. In local government, this also includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 (land and buildings) and £5,000 (vehicles, plant or equipment) are not capitalised and are charged to revenue in year.

Capital expenditure is financed by a range of sources which may either be ringfenced or unringfenced. The source of financing is always identified and approved at the time of capital project approval. The capital programme is currently financed by:

- Capital Receipts;
- Grants and contributions;
- S106 and Community Infrastructure Levy (CIL);
- Revenue Contribution to Capital Outlay (RCCO);
- Borrowing – both funded corporately, or where schemes deliver a saving, this is offset against the project and repaid by service.

## **PROPERTY AND REGENERATION FUND**

The Property and Regeneration Fund's strategic objectives are to deliver regeneration, economic and employment growth with associated income benefits in the Plymouth Functional Economic Area.

This will enable the Council to invest in direct developments and forward funding opportunities to promote regeneration, safeguarding and creating new jobs as well as encouraging economic growth in Plymouth Functional Economic Area.

The investment fund helps deliver the Plymouth Plan and assists in the redevelopment of brown field sites in the Plymouth area where it is difficult to attract external investment. Any regenerated areas encourage other private companies to invest in the locality as well as attracting external investment from inward investment by companies moving into the area.

## **EXISTING INVESTMENT PROPERTIES**

The Property and Regeneration Fund (previously known as the Asset Investment Fund) has approved investment of over £250 million in commercial property including direct development and forward funding commercial property schemes to deliver:

- Stimulation of economic and employment growth and regeneration in Plymouth Functional Economic Area.
- Associated long-term income generation (via rental revenues) to support the wider financial position of the Council.

All investment decisions have been fully accountable and followed a sequence of internal reporting and sign-offs. In addition, verification of purchase price by external suitably qualified RICS Approved Valuers were obtained prior to any investment.

In terms of on-going governance arrangements, the fund's properties are managed alongside the Council's existing commercial property portfolio in accordance with delegated land and property procedures as set out in the Council's Constitution. In addition, the team undertake regular analysis at both a portfolio and property-level to benchmark performance and manage risk. To improve transparency and disclosure, a regular fund managers' report is produced and a Management Group of key stakeholders meet regularly to review outputs.

## **AFFORDABILITY**

The Council considers all finances from a prudent perspective; this includes the assessment of affordability of all capital investments.

At the point of approval of a scheme, both the funding implications and any ongoing revenue implications are evaluated to enable informed decisions to be made regarding investment opportunities.

The short, medium and longer-term impacts are all assessed taking into account any other wider policy implications which could impact on the decision.

As much of the capital programme is funded by borrowing, assumptions and decisions on the cost and affordability of the Council's borrowing is linked to the Public Works Loan Board (PWLB) interest rates, prudential indicators and the approved borrowing strategy as set out in the Treasury Management Strategy 2022/23.

## **RISK MANAGEMENT**

Risks are assessed continually from both an operational and financial perspective.

In carrying out due diligence, potential project risks are identified and relevant mitigation measures documented prior to approval.

All risks are then managed in line with the Council's risk management policy which includes documenting risks on a risk register, assigning owners, regular review of risks and Red Amber Green (RAG) rating.

Subject to careful consideration, the Council may consider investing in a higher risk initiative should there be a significant direct gain to the Council's resources or enable more effective delivery of statutory duties.

## **KNOWLEDGE AND SKILLS**

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Service Director of Finance is a qualified accountant with over 20 years' experience.

The Council pays for staff to study towards relevant professional qualifications including CIPFA, ACCA, CIMA, MRICS, and CIPS etc.

Where Council staff does not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

## **Treasury Management Strategy 2022-23**

**Councillor Nick Kelly**

**Leader of the Council and Cabinet Member for Finance**

*This Strategy demonstrates the network of controls that are in place to provide confidence in the way we management of our investments and borrowing.*

*It also demonstrates our commitment to sound management and control of the Council's cash and investments.*

**Brendan Arnold**

**Service Director for Finance**

*This Strategy is designed to underpin the Council's ambition to invest in the future of Plymouth. The strategy sets out a framework within which the Council's treasury management needs and risks can be managed successfully.*

*The strategy will keep us within our prescribed limits under the Prudential Code.*

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## This section explains how we invest and borrow

### Introduction

Treasury Management is the management of the Council's cash flows, borrowing and investments, and the associated risks. Of necessity, the Council borrows and invests substantial sums of money and is therefore exposed to financial risks including the effects of changing interest rates.

This Treasury Management Strategy sets out how the Council will invest to meet future Infrastructure needs in an affordable way.

### INVESTMENTS – FACTS AT A GLANCE

#### Principles and Objectives of the Treasury Management Strategy

- To achieve the best secure investment returns
- 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*

#### Investments

- Sterling only
- Can use UK Government, Local Authority or a body of high credit quality
- The Council defines "high credit quality" organisations and securities as those having a credit rating of [A-] or higher and domiciled in UK

#### Counterparties and Limits (see table on page 20)

#### Investment Limits – subject to Counterparty table on page 20

- **Unlimited** UK Government
- **Unlimited** Money Market Fund
- **£25m** any single local authority or government entity
- **£25m** secured investment
- **£10m** per Bank (unsecured)
- **£20m** unrated corporates
- **£60m** Strategic Pooled Funds
- **£10m** Real estate investment

#### Key Council Budget Assumption for 2022/23

- Investments make an average rate of return of 1.5%

#### Approach

*Choices made within the framework*

**Objective** - Security first, Liquidity second and then Yield

**Strategy** - to maximise returns, reduce risk and diversify investments

**Risk Assessment and credit ratio** - Our advisors monitor credit ratings daily so any new investments will be made using the latest credit information

**Other information on security of Investments** - Market intelligence from our advisors may give warnings before credit warning changes e.g. credit default swaps information

### BORROWING – FACTS AT A GLANCE

## Principles and Objectives of the Treasury Management Strategy

- 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*

### Borrowing

- **£203m** Total Capital Expenditure
- **£1068m** Capital Finance Requirement (need to borrow)
- **£1086m** Total Debt (loans and private finance initiative)
- **£1135m** Operational Boundary (practical ceiling on borrowing)
- **£1180m** The Authorised Limit (absolute maximum debt approved)

### Prudential Indicators

- **10.7%** Ratio of finance costs to net revenue stream (borrowing costs as a proportion of net revenue budget)
- **£10.70** Hypothetical increase in Council Tax affordability. (this is technical measure; the Council has made no future years tax decisions)

### Treasury Management Indicators

- **60%** Limit on Fixed Interest Exposure
- **80%** Limit on Variable Interest Rate
- **0% to 80%** Maturity Structure of Borrowing, exposure in any duration

### Minimum Revenue Provision Policy (MRP)

- Annuity Method
- PFI/Leases charged on an annuity method over the life of the asset
- Option for capital receipts to be used towards repaying debt

### Key Council Budget Assumption for 2022/23

- New long-term loans will cost an average rate of 2.0%

## Approach

*Choices made within the framework*

**Objective** - Balance low interest rates with long term certainty

**Strategy** – to have a balanced portfolio that utilises the benefits of low interest rates for short term borrowing together with the security of longer term fix rate borrowing

**Sources of Finance** - Banks or Building Society, Public Works Loan Board, Pension Funds, Capital Market Bonds, Municipal Bonds Agency, anyone with whom we would invest. Also, Leasing, PFI, Sale & Lease back

**LOBOs** will be repaid if there is a NPV saving and if there is agreement with the lenders

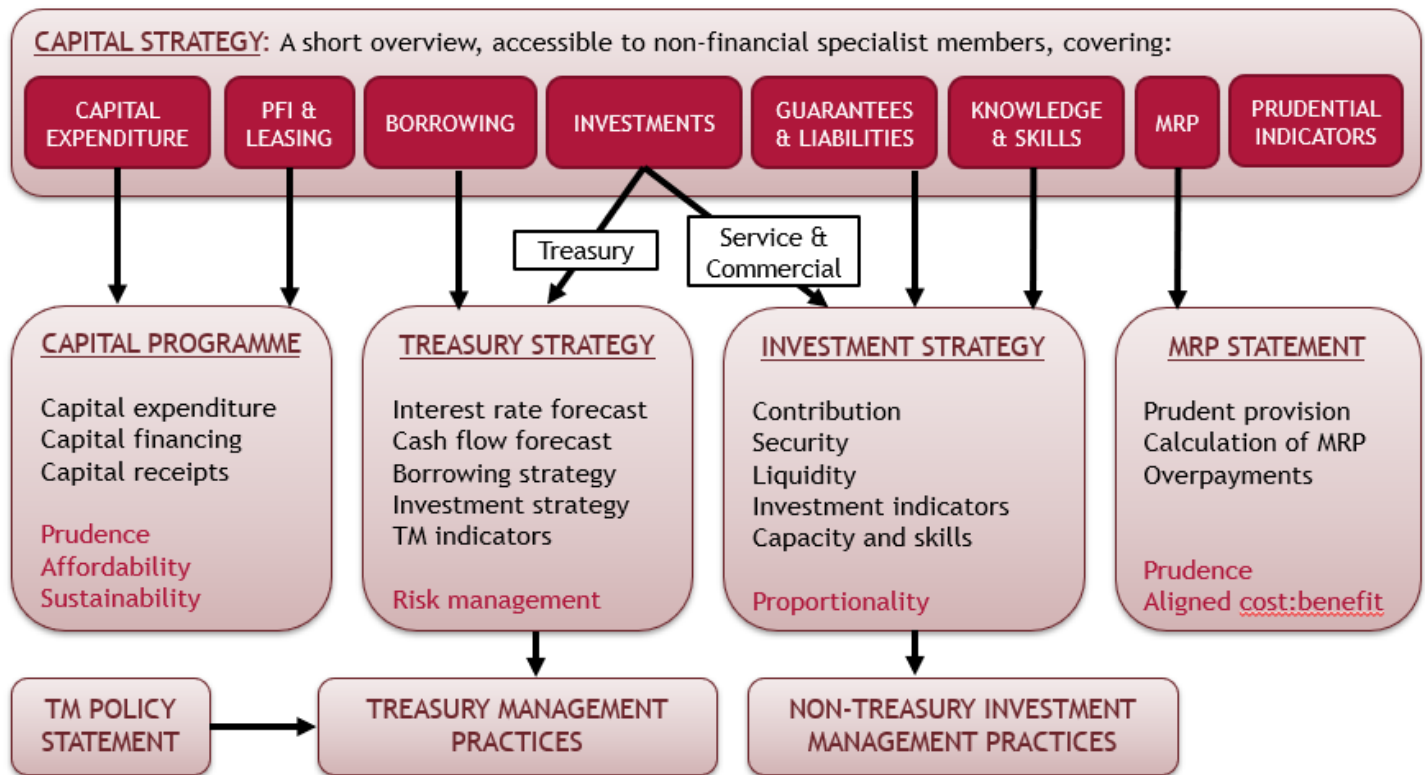
**Municipal Bonds Agency** Council will use where appropriate

**Debt Restructuring** A present value calculation based on current rates for the same period of loan may result in a discount or premium.

- Council will re-schedule if it reduces cost or risk

The diagram below shows how Capital expenditure affects the Treasury Management Strategy

## Strategy Reports: England



The diagram above shows how the requirements of the Department of Levelling Up Housing and Communities (DLUHC) Guidance and The CIPFA Code interact with the Capital and Treasury Management. There is a new Capital Strategy (presented in a separate document) and a new Non-Treasury Management Investment Strategy (shown as service and commercial in the diagram) included in this document.

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 background as at December 2021:

The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain the asset purchase programme.

Within the announcement the MPC noted that the pace of the global recovery was broadly in line with its November Monetary Policy Report. Prior to the emergence of the Omicron coronavirus variant, the Bank also considered the UK economy to be evolving in line with expectations, however the increased uncertainty and risk to activity the new variant presents, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%. Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. The labour market was generally performing better than previously forecast and the BoE now expects the unemployment rate to fall to 4% compared to 4.5% forecast previously, but notes that Omicron could weaken the demand for labour.

UK CPI for November 2021 registered 5.1% year on year, up from 4.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 4.0% y/y from 3.4%. The most recent labour market data for the three months to October 2021 showed the unemployment rate fell to 4.2% while the employment rate rose to 75.5%.

In October 2021, the headline 3-month average annual growth rate for wages were 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.7% while regular pay was up 1.0%. The change in pay growth has been affected by a change in composition of employee jobs, where there has been a fall in the number and proportion of lower paid jobs.

Gross domestic product (GDP) grew by 1.3% in the third calendar quarter of 2021 according to the initial estimate, compared to a gain of 5.5% q/q in the previous quarter, with the annual rate slowing to 6.6% from 23.6%. The Q3 gain was modestly below the consensus forecast of a 1.5% q/q rise. During the quarter activity measures were boosted by sectors that reopened following pandemic restrictions, suggesting that wider spending was flat. Looking ahead, while monthly GDP readings suggest there had been some increase in momentum in the latter part of Q3, Q4 growth is expected to be soft.

GDP growth in the euro zone increased by 2.2% in calendar Q3 2021 following a gain of 2.1% in the second quarter and a decline of -0.3% in the first. Headline inflation has been strong, with CPI registering 4.9% year-on-year in November, the fifth successive month of inflation. Core CPI inflation was 2.6% y/y in November, the fourth month of successive increases from July's 0.7% y/y. At these levels, inflation is above the European Central Bank's target of 'below, but close to 2%', putting some pressure on its long-term stance of holding its main interest rate of 0%.

The US economy expanded at an annualised rate of 2.1% in Q3 2021, slowing sharply from gains of 6.7% and 6.3% in the previous two quarters. In its December 2021 interest rate announcement, the Federal Reserve continue to maintain the Fed Funds rate at between 0% and 0.25% but outlined its plan to reduce its asset purchase programme earlier than previously stated and signalled they are in favour of tightening interest rates at a faster pace in 2022, with three 0.25% movements now expected.

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

#### **Credit outlook:**

Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low and had steadily edged down throughout the year up until mid-November when the emergence of Omicron has caused them to rise modestly. However, the generally improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.

The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable and even making a handful of rating upgrades.

Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Authority's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Authority's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.

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

#### **Interest Rate Forecast**

The Authority's treasury management adviser Arlingclose is forecasting that Bank Rate will continue to rise in calendar Q1 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates.

Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.

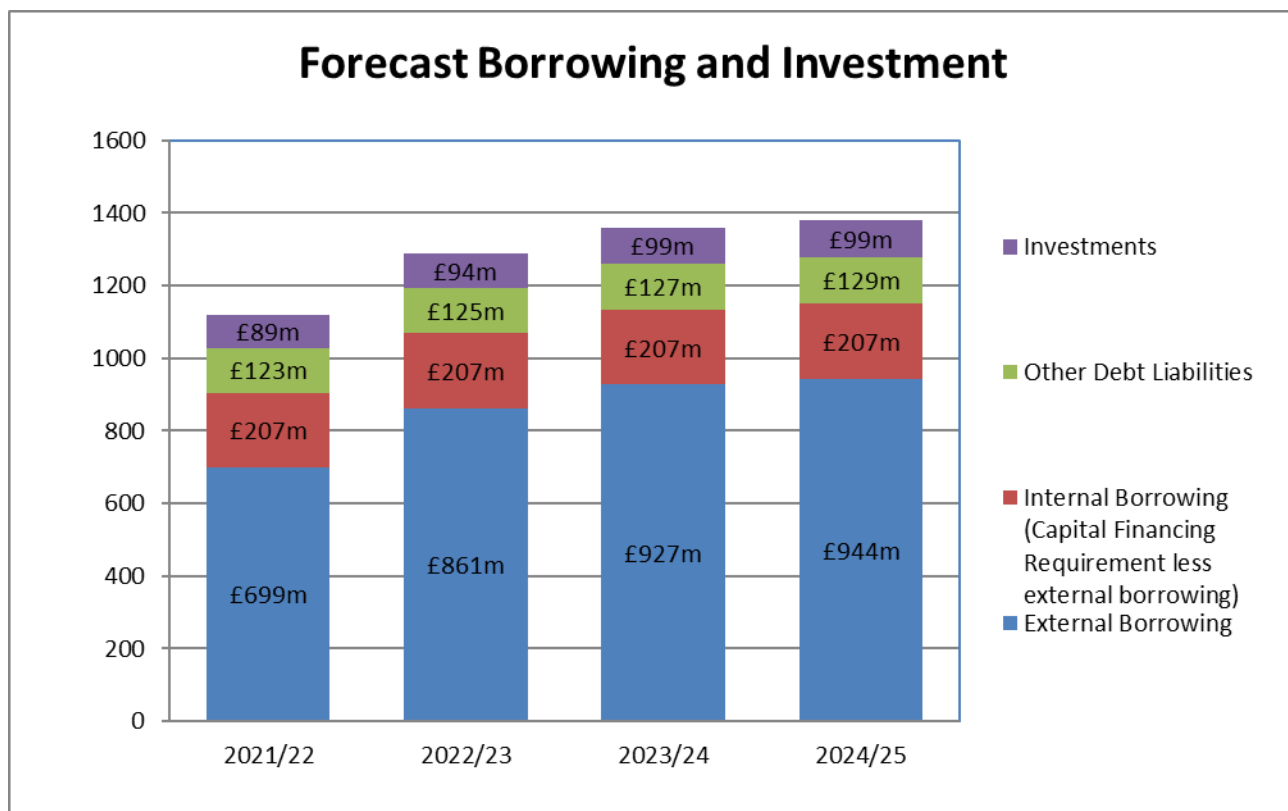
Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around for short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the upside. However, as ever there will almost certainly be short-term volatility due to economic and political uncertainty and events.

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

## Part 2 – Technical Detail for Analysis

### Borrowing

**This is how much debt and investments we expect to have in the next three years 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 held £600 million of loans in as at 31 March 2021. This was a decrease of £3 million on the previous year. The decrease in loans is because many of the capital project were slowed down by Covid and the Council received grants for capital and revenue purposes and will be used in 2022/23.

The Council expects to hold borrowing up to £ 861m in 2022/23. The total borrowing must not exceed the authorised limit set by the Council of £900 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.**

### **Objectives of Borrowing Decisions**

- To strike an appropriately low risk balance between securing low interest and fixed borrowing to obtain certainty of costs.
- Flexibility to renegotiate loans or to reschedule debt 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.**

### **Borrowing Strategy**

Since the Covid pandemic, we have seen the Bank of England cut the Bank Rate to its lowest rate ever. The Council has taken the opportunity to refinance some of its short term borrowing with long term fixed rate borrowing from PWLB. This has reduced the Council's short term borrowing and therefore reduced the interest rate risk (risk of interest rates rising).

There will be additional costs for taking the additional PWLB borrowing but it gives the Council certainty over more of its fixed costs. Long-term fixed rate loans remove the interest rate risk by fixing the rate for the term of the loan. These are popular among local authorities but are relatively expensive.

The Council will continue to review its portfolio of borrowing and may refinance its debt dependant on the market conditions. The benefits of short-term borrowing will continue to be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly.

Short term borrowing is the cheapest option but leaves the Council exposed to refinancing risk, which can be divided into interest rate risk (the risk that rates will rise) and availability risk (the risk that no-one will lend to the Council).

The Council has taken additional long term fixed rate borrowing from the PWLB (£100m in September and October 2021) to reduce the amount of short term borrowing and to reduce the interest rate risk. The Council also has an Interest Rate Swap to mitigate part of this risk by a contract that fixes the rate of interest on £75m for 20 years.

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 to reduce the overall long term costs of the loan portfolio.

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:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- Any institution approved for investments (see below)
- Any other bank or building society authorised to operate in the UK
- Any other UK public sector body
- 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 and short term borrowing
- Any other counterparty that is recommended by the Council's TM advisors
- A Plymouth City Council bond or similar instruments
- Interest Rate Swaps – although not actual borrowing they can be used to reduce the interest rate risk

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

- Leasing
- Hire purchase
- Private Finance Initiative
- Sale and leaseback

The Council continues to investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.

**The LOBO 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)

The Council holds £64m 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.

**The Municipal Bonds Agency may offer an alternative for short term borrowing**

### Municipal Bond Agency (MBA)

UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. In 2020 the agency issued its first bonds to the capital markets for individual local authorities. By issuing a single name bond, albeit using the MBA's infrastructure, the bond is again "solely, unconditionally and irrevocably guaranteed by the authority. This eliminates many of the



problems associated with aggregating funding across authorities, with no need to compromise on funding structure, timing, and no requirement to guarantee the debt of other issuers.

The MBA are looking at offering short term loans (1-3 years) to Local Authorities which would offer an alternative source of short term borrowing.

#### **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 interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk.

**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.

## Prudential Indicators 2022/23

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	2021/22 Forecast £m	2022/23 Forecast £m	2023/24 Forecast £m	2024/25 Forecast £m
General Fund	139.955	202.662	55.080	17.791
<b>Total Expenditure</b>	<b>139.955</b>	<b>202.662</b>	<b>55.080</b>	<b>17.791</b>
Capital Receipts	1.618	5.637	6.128	0.619
Grants and Contributions	57.159	64.309	3.586	0.132
Reserves	0.000	0.000	0.000	0.000
Revenue	1.055	0.003	0.000	0.000
Borrowing	80.123	132.713	45.366	17.040
Leasing and PFI	0.000	0.000	0.000	0.000
<b>Total Financing</b>	<b>139.955</b>	<b>202.662</b>	<b>55.080</b>	<b>17.791</b>

### 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 21 Actual £m	31 Mar 22 Forecast £m	31 Mar 23 Forecast £m	31 Mar 24 Forecast £m
General Fund	905.236	1067.949	1133.315	1151.355
<b>Total CFR</b>	<b>905.236</b>	<b>1067.949</b>	<b>1133.315</b>	<b>1151.355</b>

The Council has an increasing CFR and is forecast to rise by £283m over the next three years for the capital programme and therefore will require additional borrowing.

## 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 22 Forecast £m	31 Mar 23 Forecast £m	31 Mar 24 Forecast £m	31 Mar 25 Forecast £m
Borrowing	698.680	861.393	926.759	943.799
PFI liabilities & Finance Leases*	123.000	225.000	227.000	229.000
<b>Total Debt</b>	<b>821.680</b>	<b>1086.393</b>	<b>1153.759</b>	<b>1172.799</b>

\* A provision has been made for IFRS 16 to allow for operating leases being brought onto the balance sheet as a debt liability with effect from 1 April 2022.

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	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Borrowing	700	900	950	1000
Other long-term liabilities	135	235	245	245
<b>Total Debt</b>	<b>835</b>	<b>1,135</b>	<b>1,195</b>	<b>1,245</b>

## 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	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Borrowing	775	935	1,000	1,030
Other long-term liabilities	140	245	255	255
<b>Total Debt</b>	<b>915</b>	<b>1,180</b>	<b>1,255</b>	<b>1,285</b>

### Ratio of Financing Costs to Net Revenue Stream

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

**This measure demonstrates that our proposed borrowing is affordable.**

Ratio of Financing Costs to Net Revenue Stream	2020/21 Actual	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
General Fund	10.1%	10.6%	11.6%	12.1%

### 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	2020/21 Actual	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
General Fund - increase in annual band D Council Tax	£22.10	£10.70	£21.40	£11.90

### 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 Investment Strategy

**This explains the types of Investments under the CIPFA and DLUHC rules including non-Treasury Management Investments**

## Introduction

The Council invests its money for four broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- Financial investments to obtain a return in the form of interest or dividend (known as **non-treasury management investments**), e.g. Pooled Funds
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- Regeneration of areas within the City or immediate economic area to encourage private investment and to create or retain local jobs (known as **commercial investments** where this is the main purpose).

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories.

**This sets out how we invest any surplus funds for cash management**

The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds grants received in advance of future expenditure. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from CIPFA. The balance of treasury investments is expected to fluctuate between £20m and £60m during the financial year.

## Objectives

The CIPFA Code requires the Council to invest its treasury 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 its treasury management funds is to have the monies available at short notice for unexpected payments.

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 or if unrated an assessment will be made from the financial information available.

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

### Investment Limits

When considering investment limits in the chart below you must also refer to the credit ratings of the individual organisations 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.

### Treasury Investment Counterparty Limits

Sector	Time Limit	Counterparty Limit	Sector limit
The UK Government	50 Years	Unlimited	n/a
Local authorities & other government entities	25 years	£25m	Unlimited
Secured investments *	25 years	£25m	Unlimited
Banks (unsecured) *	13 months	£10m	Unlimited
Building Societies (unsecured) *	13 months	£5m	£10m
Registered providers (unsecured) *	5 years	£5m	£10m
Money Market Funds *	n/a	£12m	Unlimited
Strategic pooled funds	n/a	£25m	£60m
Real estate investments trusts	n/a	£5m	£10m
Loans and investments to unrated corporates	n/a	£5m	£20ml
Other investments, unrated investments in equity, quasi-equity, debt or otherwise	n/a	£5m	£20m

This table must be read in conjunction with the notes below:

### Liquidity Management

The Council uses a cash flow forecasting spreadsheet to determine the amount of cash required on a day to day basis 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 2022/23

- Investments will make an average rate of 1.5%
- New long-term loans will cost an average rate of 2.0%

### Negative Interest Rates

As we come out of the COVID-19 pandemic and the economy starts to grow at a fast rate it puts pressure on rising inflation. The Bank of England looks unlikely to raise the Bank Rate in order to reduce inflationary pressures. Therefore this has removed the concerns of negative interest rates.

### Strategy

Given the increased risk and very low returns from short-term unsecured bank investments, the Council holds non-treasury management investment in diversified managed funds which offer a higher yielding. The Council holds £50m as a long-term investment (CCLA Property Fund, CCLA Diversified Fund, Schroder's Income Maximiser and Fidelity Enhanced Income Fund) and these give a higher return than the short term investments. Although there is a higher return there is an increased risk that of capital values falling. The purpose of having medium to long-term investments is to generate income that supports the revenue budget and the provision of local services.

The majority of the Council's surplus cash is currently invested in short-term money market funds which offer very low rates but allows immediate withdrawal. The Council will continue to look for investment opportunities that give a good return whilst being a secure investment.

### Business models:

Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

### Approved Counterparties

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

### Credit Rating

Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. 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 other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £10m per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

**Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies 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. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

**Banks and building societies (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.

**Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England). As providers of public services, they retain the likelihood of receiving government support if needed.

**Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

**Strategic pooled funds:** Bond, equity and property funds that 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 assets. 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.

**Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.

**Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

### 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 AAA- 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 should be kept below £5m 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. The credit rating agencies in current use are listed in the Treasury Management Practices document 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 and analysis and advice from the Council’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, 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 investment returns to fall but will protect the principal sum invested.

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:

	2021/22	2022/23	2023/24	2024/25
Upper limit on fixed interest rate exposure	50%	60%	60%	60%
Upper limit on variable interest rate exposure	80%	80%	75%	70%

Fixed rate investments and borrowings are those where the rate of interest is fixed for more than 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	50%	20%
12 months and within 24 months	25%	0%
24 months and within 5 years	25%	0%
5 years and within 10 years	25%	0%
10 years and above	80%	5%

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:

## Non-Treasury Management Investments

### Introduction

	2021/22	2022/23	2023/24
Limit on principal invested beyond one year	£10m	£10m	£10m

The non-treasury management investment strategy was a new report introduced in 2019/20, following the requirements of statutory guidance issued by the government (DLUHC) in January 2018, and focuses on the second and third of the following investment categories.

The Council invests its money for three broad purposes:

1. **Non-Treasury Management Investments** – to invest surplus cash from reserves and other funds that are not required for the day-to-day cash flow activities.
2. **Service Investments** - to support local public services by lending to or buying shares in other organisations; and
3. **Commercial Investments** - to regenerate areas within the City or immediate economic area to encourage private investment and to create or retain local jobs (known as commercial investments where these are the main purpose).

### **Non-Treasury Management Investments**

The Council holds reserves that are not required for the day-to-day treasury management cash flow activities so can be invested in non-treasury management investments.

The surplus cash reserves can be invested in accordance with the CIPFA guidance. The balance reserve available for non-treasury investments is expected to fluctuate between £60m and £80m during the financial year.

### **Objectives**

The CIPFA Code requires the Council to invest its treasury 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.

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 or if unrated an assessment will be made from the financial information available.

**Contribution:** The contribution that these investments make helps support the Council's budget to enable it to delivery its essential services.

### **Service Investments**

#### **Loans**

The Council may lend money to its subsidiaries, its suppliers, local businesses, local charities or housing associations etc. to support local public services and stimulate local economic growth. For example the Council has given a loan to Plymouth Community Energy to support the construction of the solar energy farm at Ernesettle.

The Council wants to move away from these types of activities.

The council will ensure that a full due diligence exercise is undertaken and adequate security is in place. The business case will balance the benefits and risks. All loans are agreed by the Section 151 Officer. All loans will be subject to close, regular monitoring.

Loans are treated as capital expenditure for accounting treatment.

**Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. Therefore the Council will take security against assets to mitigate the risk of default.

Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts will be shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

**Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding service loans by:

1. reviewing the financial statements of the organisation and reviewing the organisation's business plans and future projections and future cash flows;
2. assessing what security is available to secure the loan and if necessary carry out a professional valuation of any property;
3. using external advisors to provide professional information such as due diligence requirements;
4. the loan agreements are reviewed by our legal team to ensure that they are legally compliant and includes any safeguards for the Council;
5. if an organisation has a credit rating we will carry out a credit check to assist;
6. State Aid rules are taken into account before a loan can be considered.

## **Shares**

The Council may invest in the shares of its subsidiaries, its suppliers, and local businesses to support local public services and stimulate local economic growth.

**Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered.

**Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding shares by reviewing the history of the organisation; its financial statements and its share values. The Council will also look at business plans, future cash flows and any other market information that may affect the organisation.

**Liquidity:** The Council covers its liquidity for working capital and cash flow by holding cash in its Money Market Fund and being able to borrow short term loans from other local authorities.

## **Property and Regeneration Fund**

Commercial Investment Strategy: From 1 April 2021 the Council does not invest in commercial property if it is held primarily to generate income.

From the 1 April 2021 the Council will invest in the commercial property only where the main purposes are to regenerate areas of the City, encourage private investment and to create or retain local jobs.

### **The Property and Regeneration Fund**

The Property and Regeneration Fund invests in commercial property for the purposes of regenerating areas of the city that the council wants to improve, encourage private investment and to create or retain local jobs.

The Council has historical commercial investment portfolio that it had built up over many years. The local and regional, commercial and residential property provides a return to the council, after paying the borrowing costs and this can be spent on local public services.

#### **Property and Regeneration Fund**

<b>Property and Regeneration Fund</b>	<b>Actual 2020/21</b>	<b>Estimate 2021/22</b>	<b>Forecast 2022/23</b>
Commercial Property Net Income	£2.556m	£2.534m	£2.494m
Net Return	1.3%	1.3%	1.3%

**Security:** In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its development cost including taxes and transaction costs.

A fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. The following table summarises the movement in the fair value of investment properties over the year 2020/21:

<b>Analysis of Movement in Investment Properties</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>197,732</b>	<b>254,440</b>
Additions	47,576	26,558
Disposals	(215)	(160)
Net gains/(losses) from fair value adjustments	5,526	(8,300)
<b>Transfers:</b>		
(to)/from Property, Plant and Equipment	3,821	2,904
<b>Balance at 31 March</b>	<b>254,440</b>	<b>275,442</b>

Where the fair value of the Council's investment property portfolio is no longer sufficient to provide security against loss, and the Council will take mitigating actions to protect the capital invested. These actions include enhancing or refurbishing the assets and reviewing the rents agreements.

**Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding property investments by carrying out the evaluation process described below. The risk of not achieving the desired profit or borrowing costs increasing or the having vacant premises is partially covered by a

void reserve. Annual payments are deducted from the rental income each year to add to the void reserve.

**Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed; the Council makes an internal charge (service borrowing) to cover the capital repayments from the rental income.

The Council also makes alternative arrangement to cover their short term cash requirements.

### Proportionality

The Council uses the profit generated by the commercial investment to provide services for the city and to achieve a balanced revenue budget. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Council is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Plan.

Table 4: Property Regeneration Fund

	2020/21 Actual
Gross expenditure on provision of services	£595.386m
Gross Investment income	£2.556m
Proportion	0.43%

### Borrowing in Advance of Need

Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Council has chosen not to follow this guidance and has previously borrowed for this purpose because it wants to generate income to support its local economy and its statutory duties. This is a common practice by local authorities since the Localism Act of 2011.

### Investment Evaluation Process for the Property and Regeneration Fund

The Council's due diligence assessment processes are consistent and robust evaluation process and is set out below:

1. Proposed development opportunities are reviewed by Land and Property in areas of the City which require redevelopment or regeneration of brown and green field sites or areas where the Council want to stimulate inward private investment and to create or retain local jobs. A report is prepared by suitably qualified and experienced in-house MRICS (Member of the Royal Institute of Chartered Surveyors) professionals.
2. This assessment provides analysis of a set of key criteria against which every prospective development is evaluated. The presentation of information highlights fundamental matters such as tenant covenant strength, lease length and location, in a transparent and consistent format, to support clear scrutiny and decisions.

3. The assessment provides a basis for scoring and weighting risk, to support the analysis of potential development and qualify overall suitability for inclusion in the portfolio.
4. The score threshold is not an absolute, but helps guide decisions.
5. To ensure arms-length objectivity, external agents provide professional market analysis, data and advice, in the context of the Capital Finance Strategy, to support the evaluation and internal reporting process.
6. Since tenant default is a significant threat to the performance of the property investment financial checks are made on the proposed tenants. This is augmented by additional internal assessment of tenants' covenant and likely future performance.
7. With all the additional information a detailed model is produced. The model is tailored for each prospective development, by including items such as future demand, yield, cash flows; rental movement, optimal holding periods for the property and data to support the regeneration and job creation to cover the cost modelling.
8. If a decision is made to proceed, in-house surveyors lead negotiations, via the introducing/retained external agents, who are professional property firms.
  - A valuation, in accordance with the RICS Red Book, Professional Valuation Standards, issued by RICS as part of their commitment to promoting and support high standards in valuation delivery worldwide. The publication details mandatory practices for RICS members undertaking valuation services.
  - A Building Survey report is produced, as part of the proposed development, including preparation of a Site Environmental Assessment and preparation of a Reinstatement Cost Assessment for insurance purposes.
9. The above is reviewed by the Asset Portfolio Manager as an experienced in-house MRICS (Member of the Royal Institute of Chartered Surveyors) professional, with support from the internal multi-disciplinary property teams, for final decision by the Head of Land and Property on whether to proceed.
10. Head of Land and Property Projects receives regular updates on market activity, trends, forecasts and occupier activity from RICS firms and in-house surveyors to support the decision process.

### **Property and Regeneration Governance**

Clear, robust and transparent governance is critical to the Capital Finance Strategy and meeting the statutory guidance and ensuring an appropriate level of due diligence and scrutiny is applied, together with objective arms-length external advice where appropriate. It is also important to ensure any decision process retains fluidity, so officers are empowered to respond promptly to changes in the market. For example if there is a commercial company failure in the city the officers would be able to respond quickly to help retain local jobs and look for alternative purchasers.

The Council to acquire or dispose of land is vested in the Head of Land and Property and where the land is purchased through the Property and Regeneration Fund a proposal is presented to the Officers

and Members with a recommended for authorisation by the relevant Leader, Legal and the Section 151 Officer.

### **Capacity, Skills and Culture**

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Service Director of Finance is a qualified accountant with over 20 years' experience.

The Council employs staff with professional qualifications including CIPFA, ACCA, CIMA, MRICS, CIPS etc. and pays for junior staff to study towards relevant qualifications.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

Head of Land and Property and the property team receives regular updates on market activity, trends, forecasts and occupier activity from RICS firms and in-house surveyors to support the decision process.

### **How investments are funded:**

Property and Regeneration Fund commercial property developments are funded by borrowing and repaid by the service from rental income from the development. The borrowing is not directly taken out against each property but is managed through our Treasury Management function.

The rental income generated from the development of commercial property is used to repay the borrowing before any net income is used in the supporting of services.

**Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

### **Loan Commitments and Financial Guarantees**

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council.



## Annual Minimum Revenue Provision Statement 2022/23

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 Levelling Up, Housing and Communities (DLUHC) Guidance on Minimum Revenue Provision (the DLUHC Guidance) updated in 2018.

The DLUHC 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

The Department of Levelling Up, Housing and Communities (DLUHC) 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.

For assets acquired after 31 March 2008 MRP will be determined by charging the expenditure over the expected useful life of the asset, to a maximum of 50 years, on an annuity basis, 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 to repay debt.

MRP will commence in the financial year following the asset coming into use or after purchase.

Expenditure funded by borrowing where the project is being built and 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.

For capital expenditure incurred before 1st April 2008, for supported capital expenditure incurred on or before that date, MRP will be charged on an annuity basis over 50 years, incorporating an "Adjustment A" in accordance to the guidance.

Investment properties will be charged MRP for properties that have reduced in value at the year-end valuation. For investment properties that have increased in value at the year-end valuation these will have nil MRP charge in that year. The investment properties are required to have life cycle maintenance and therefore are assumed to increase in value over time. This will extend the life of the assets and therefore it would not be appropriate to charge MRP.

All investment properties that are sold by the Council will use the capital receipts to repay the outstanding loan finance for that property before any balance of capital receipts is available for other capital projects.

### 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 after 1 April 2008 MRP will be made using the annuity method over 50 years.

**PFI/Leases** - For assets acquired by leases or the Private Finance Initiative, the Council has changed its policy with effect from 01/04/2021 that MRP is charged over the life of the assets on an annuity basis. This is in line with the Council's MRP policy for all other assets as described above.

## Other Items

There are a number of additional items that the Council is obliged by CIPFA or DLUHC 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 Council has no plans to make use of derivative instruments at the present time but does not discount the possible use of these in the future dependent on the existence of appropriate operating conditions, the acquisition and analysis of specialist advice and thorough consultation with stakeholders.

This approach is in line with the CIPFA Code, which encourages the Council to seek external advice and to consider such advice before entering into financial derivatives to ensure that it fully understands the implications.

### **Investment Training**

The needs of the Council'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.

### **Markets in Financial Instruments Directive**

Markets in Financial Instruments Directive: The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Section 151 Officer believes this to be the most appropriate status.

## Other options considered

The DLUHC 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.

### The Treasury Management Practices, Principles and Schedules

The Treasury Management Practices, Principles and Schedules sets out the responsibilities and duties of members and officers, allowing a framework for reporting and decision making on all aspects of treasury management. The Audit Committee is required to approve the Treasury Management Practices, Principles and Schedules each year under delegated decision.

#### Investment of Money Borrowed in Advance of Need

The Council 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 Council 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 Council's overall management of its treasury risks.

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

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 2021

### Underlying assumptions:

- The global economy continues to recover from the pandemic but has entered a more challenging phase. The resurgence of demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. This is particularly apparent in the UK due to the impact of Brexit
- While Q2 UK GDP expanded more quickly than initially thought, the 'pingdemic' and more latterly supply disruption will leave Q3 GDP broadly stagnant. The outlook also appears weaker. Household spending, the driver of the recovery to date, is under pressure from a combination of retail energy price rises, the end of government support programmes and soon, tax rises. Government spending, the other driver of recovery, will slow considerably as the economy is taken off life support
- Inflation rose to 3.2% in August. A combination of factors will drive this to over 4% in the near term. While the transitory factors affecting inflation, including the low base effect of 2020, are expected to unwind over time, the MPC has recently communicated fears that these transitory factors will feed longer-term inflation expectations that require tighter monetary policy to control. This has driven interest rate expectations substantially higher
- The supply imbalances are apparent in the labour market. While wage growth is currently elevated due to compositional and base factors, stories abound of higher wages for certain sectors, driving inflation expectations. It is uncertain whether a broad-based increase in wages is possible given the pressures on businesses.
- Government bond yields increased sharply following the September FOMC and MPC minutes, in which both central banks communicated a lower tolerance for higher inflation than previously thought. The MPC in particular has doubled-down on these signals in spite of softer economic data. Bond investors expect higher near-term interest rates but are also clearly uncertain about central bank policy.
- The MPC appears to be playing both sides, but has made clear its intentions to tighten policy, possibly driven by a desire to move away from emergency levels. While the economic outlook will be challenging, the signals from policymakers suggest Bank Rate will rise unless data indicates a more severe slowdown.

### Forecast:

- Arlingclose expects Bank Rate to rise in Q2 2022. We believe this is driven as much by the Bank's desire to move from emergency levels as by fears of inflationary pressure.
- Investors have priced in multiple rises in Bank Rate to 1% by 2024. While we believe Bank Rate will rise, it is by a lesser extent than expected by markets
- Gilt yields have risen sharply as investors' factor in higher interest rate and inflation expectations. From here, we believe that gilt yields will be broadly steady, before falling as inflation decreases and market expectations fall into line with our forecast
- The risk around our forecasts for Bank Rate is to the upside over the next few months, shifting to the downside in the medium term. The risks around the gilt yield forecasts are initially broadly balanced, shifting to the downside later

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Official Bank Rate													
Upside risk	0.15	0.15	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.10	0.10	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	0.00	-0.15	-0.15	-0.15	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40
3-month money market rate													
Upside risk	0.10	0.15	0.20	0.20	0.30	0.30	0.30	0.30	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	0.10	0.15	0.35	0.40	0.45	0.60	0.65	0.65	0.60	0.60	0.60	0.60	0.60
Downside risk	0.00	-0.05	-0.25	-0.25	-0.30	-0.45	-0.50	-0.50	-0.45	-0.45	-0.45	-0.45	-0.45
5yr gilt yield													
Upside risk	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.65	0.65	0.65	0.65	0.65	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Downside risk	-0.25	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40
10yr gilt yield													
Upside risk	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	1.05	1.05	1.05	1.05	1.05	1.05	1.00	0.95	0.95	0.95	0.90	0.90	0.90
Downside risk	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50
20yr gilt yield													
Upside risk	0.30	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	1.40	1.40	1.40	1.40	1.35	1.35	1.30	1.30	1.30	1.30	1.30	1.30	1.30
Downside risk	-0.35	-0.40	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
50yr gilt yield													
Upside risk	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	1.30	1.30	1.30	1.30	1.25	1.25	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Downside risk	-0.35	-0.35	-0.35	-0.40	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

PWLB certainty rate = relevant gilt yield + 0.80%

## Appendix B - Existing Investment and Debt Portfolio Position

	30 Sept 2021 Actual Portfolio £m	30 Sept 2021 Average Rate %
<b>External Borrowing:</b>		
PWLB – Fixed Rate	90.5	3.30%
Short Term Borrowing	370.0	0.16%
LOBO Loans	64.0	4.34%
Long Term Borrowing	18.0	4.37%
<b>Total External Borrowing</b>	<b>542.5</b>	<b>1.51%</b>
<b>Other Long Term Liabilities:</b>		
PFI, Finance Leases and other liabilities	100.6	n/a
Other loans	18.1	n/a
<b>Total Gross External Debt</b>	<b>661.2</b>	
<b>Investments:</b>		
<i>Managed in-house</i>		
Short-term Money Market Funds	34.4	0.01%
Other Short Term investments	3.7	0.01%
<i>Managed externally</i>		
CCLA Pooled Funds	31.7	2.50%
Other Pooled Funds	24.3	1.62%
<b>Total Investments</b>	<b>94.1</b>	<b>1.24%</b>
<b>Net Debt</b>	<b>567.1</b>	

### Treasury Management Strategy 2022-23

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Plymouth PL1 3BJ

**Section 5 - Appendices****Appendix I****Net additional cost pressures and adjustments 2022/23**

<b>Additional Costs</b>	<b>£m</b>
<b>People Directorate</b>	
Adult Social Care – Care Packages	1.944
National Living Wage, ASC providers	4.476
People Directorate inflation	0.449
Impact of 1.25% NI increase on ASC providers	0.700
Short term additional Leisure Management costs	0.250
Homelessness – net cost and volume additional allocation	0.250
<b>Office of the Director of Public Health (ODPH)</b>	
Capital Financing cost for Crematorium additional investment	0.191
<b>Children's Directorate</b>	
Children's social care - Additional volume	7.599
COVID Ongoing costs - Social Workers	0.385
<b>Place Directorate</b>	
Legacy Regeneration Investment Fund Income Target	0.500
Parking income shortfall	0.848
Waste tonnage and additional costs	0.490
Decisions of the Incoming Administration	0.300
<b>Customer &amp; Corporate Services</b>	
Financing the Approved Capital Programme	1.648
ICT Inflation	0.400
Capital Financing cost – replacement for Mill Ford school	0.120
Capital Financing cost – Freeport and Freezones	0.020
Capital Financing cost – Airport project	0.100
Capital Financing cost - Estate Maintenance	0.411
Corporate borrowing cost for capital (Central Park)	0.150
Additional Bad Debt provision - Housing Benefit	0.300
<b>Corporate Items</b>	
Staff pay and pensions	6.974
Capital Financing cost - Health and Safety	0.113
Climate Fund - minimum £2m investment	0.250
Provide general contingency for 2022/23	0.305
Provide for resources for Child Poverty report	0.025
Provide for Utility inflation	0.235
Provide for resources for Violence Against Women	0.050
Access Plymouth	0.023
<b>Total Cost Pressures</b>	<b>29.506</b>

**Appendix 2****Additional Grant Resources / adjustments**

<b>Proposal</b>	<b>Savings £m</b>
Social Care Grant / Services Grant	(7.594)
COVID Grant	(4.890)
Additional Lower Tier Grant allocation	(0.021)
New Homes Bonus	(0.086)
<b>Sub-total Additional Grant Resources</b>	<b>(12.591)</b>
<i>Plus:</i>	
Community Equipment Capital / Revenue Swap	(1.000)
Surplus – 2021/22 Outturn forecast	(2.845)
Remaining balance of set aside resources at Outturn 2020/21	(1.708)
Drawdown of set aside resources (Adult Social Care savings)	(0.570)
<b>Sub-total In Year Adjustments</b>	<b>(6.123)</b>
<b>Total</b>	<b>(18.714)</b>

**Savings by Directorate**

<b>Proposal</b>	<b>Savings £m</b>
Place Directorate	(0.734)
People Directorate	(2.937)
Children's Directorate	(1.111)
Office of the Director of Public Health	(0.117)
Customer & Corporate Services Directorate and Chief Executive's Office	(1.282)
<b>Total</b>	<b>(6.181)</b>



Savings Proposals	2022/23 Budget Saving
<b>Customer &amp; Corporate Services &amp; Chief Executive</b>	
Discretionary spending and management actions	(0.309)
Maximise benefits from Plymouth family of companies	(0.160)
Corporate Services Review	(0.813)
	(1.282)
<b>People</b>	
Care Package and Commissioned Contracts Reviews	(1.772)
Leisure Management Review	(0.065)
Maximise Grant Income and Management actions	(1.100)
	(2.937)
<b>Children</b>	
Contracts review and Management actions	(0.161)
In House Fostering	(0.450)
Step Up Adolescent Support	(0.500)
	(1.111)
<b>Place</b>	
Bus shelter advertising & concessionary fares	(0.258)
Highways	(0.105)
Review of Service Level Agreements (SLAs)	(0.233)
Fees & charges and management actions	(0.138)
	(0.734)
<b>Office of the Director of Public Health</b>	
Fees & Charges	(0.117)
	(0.117)
<b>Total Savings Proposals</b>	<b>(6.181)</b>

**Appendix 3(a)****General Fund 2022/23 Net Revenue Budget**

Item	2021/22	2022/23
	£m	£m
Council Tax	(121.449)	(121.354)
Business Rates	(63.010)	(65.130)
Revenue Support Grant	(9.742)	(10.045)
Use of Reserves	(1.367)	-
<b>Total Resources</b>	<b>(195.568)</b>	<b>(196.529)</b>
2021/22 Budget Costs	195.568	195.568
Additional Costs (Appendix 1)	-	29.506
Adjustments to Grant Funding / In Year adjustments (Appendix 2)	-	(18.714)
Savings (Appendix 2)	-	(6.181)
<b>Total Costs</b>	<b>195.568</b>	<b>200.179</b>
<b>Balance</b>	<b>0.000</b>	<b>3.650</b>

## Proposed 2022/23 General Fund Budget

## Appendix 3(b)

Plymouth City Council General Fund Budget 2022/23		Budget 21/22			Budget 2022/23						
Directorate	Department	Expenditure	Income	Net Budget	Cost Increases	Savings	Income Generation	Grant Income	Total Expenditure	Total Income	Net Budget
Executive Office	Chief Executives Office	1.363	(0.176)	1.187	0.000	(0.147)	(0.003)	0.000	1.216	(0.179)	1.037
	Business Support	0.462	(0.016)	0.446	0.000	0.000	0.000	0.000	0.462	(0.016)	0.446
	Electoral Function	0.803	(0.015)	0.788	0.000	0.000	0.000	0.000	0.803	(0.015)	0.788
	Members	1.447	0.000	1.447	0.000	(0.100)	0.000	0.000	1.347	0.000	1.347
	Legal	1.927	(0.343)	1.584	0.000	0.000	0.000	0.000	1.927	(0.343)	1.584
Total Executive Office		6.002	(0.550)	5.452	0.000	(0.247)	(0.003)	0.000	5.755	(0.553)	5.202
People	Strategic Commissioning	121.845	(35.076)	86.769	7.819	(2.837)	0.000	0.000	126.827	(35.076)	91.751
	Community Connections	5.845	(3.394)	2.450	0.250	0.000	(0.005)	0.000	6.095	(3.399)	2.695
	Management and Support People	0.189	(0.047)	0.141	0.000	(0.100)	0.000	0.000	0.089	(0.047)	0.041
Total People		127.879	(38.518)	89.361	8.069	(2.937)	(0.005)	0.000	133.011	(38.523)	94.488
Children	Children,Young People,Families	47.365	(4.617)	42.749	7.984	(0.950)	0.000	0.000	54.399	(4.617)	49.783
	Education Participation Skills	95.910	(85.611)	10.299	0.000	(0.161)	(0.023)	0.000	95.749	(85.633)	10.116
	Management and Support People	0.070	0.000	0.070	0.000	0.000	0.000	0.000	0.070	0.000	0.070
Total Children		143.346	(90.228)	53.118	7.984	(1.111)	(0.023)	0.000	150.219	(90.250)	59.969
Place	Economic Development	21.586	(22.650)	(1.064)	0.500	(0.188)	(0.047)	0.000	21.898	(22.697)	(0.799)
	Strategic Planning	16.784	(6.984)	9.800	0.000	(0.263)	(0.133)	0.000	16.521	(7.117)	9.404
	Street Services	47.293	(29.564)	17.729	1.338	(0.105)	0.000	0.000	48.526	(29.564)	18.962
	Management and Support - Place	0.148	(1.649)	(1.501)	0.300	0.000	0.000	(0.086)	0.448	(1.735)	(1.287)
Total Place		85.810	(60.846)	24.964	2.138	(0.556)	(0.180)	(0.086)	87.392	(61.112)	26.280
Public Health	Public Health	15.742	(15.742)	0.000	0.000	0.000	0.000	0.000	15.742	(15.742)	0.000
	Operational and Development	0.162	(0.008)	0.155	0.000	(0.037)	0.000	0.000	0.125	(0.008)	0.118
	Trading Standards	0.358	0.000	0.358	0.000	0.000	0.000	0.000	0.358	0.000	0.358
	Environ Health (Food & Safety)	0.420	(0.040)	0.380	0.000	0.000	0.000	0.000	0.420	(0.040)	0.380
	Bereavement Services	1.545	(3.341)	(1.796)	0.191	0.000	0.000	0.000	1.736	(3.341)	(1.605)
	Licensing	0.324	(0.410)	(0.086)	0.000	0.000	(0.013)	0.000	0.324	(0.423)	(0.099)
	Environmental Protection	0.669	(0.384)	0.285	0.000	0.000	(0.020)	0.000	0.669	(0.404)	0.265
	Civil Protection Unit	0.215	(0.047)	0.168	0.000	0.000	(0.060)	0.000	0.215	(0.107)	0.108
Total Public Health		19.435	(19.973)	(0.537)	0.191	(0.037)	(0.093)	0.000	19.589	(20.066)	(0.476)
Customer and Corporate Services	Finance	18.344	(2.712)	15.632	2.449	0.000	(0.040)	0.000	20.793	(2.752)	18.041
	Customer Services	66.873	(65.523)	1.350	0.300	(0.030)	(0.008)	0.000	67.143	(65.531)	1.612
	Human Resources & OD	14.154	(2.461)	11.693	0.000	0.000	(0.124)	0.000	14.154	(2.585)	11.569
	Departmental Management	(0.682)	0.000	(0.682)	0.000	(0.758)	0.000	0.000	(1.440)	0.000	(1.440)
	ICT	8.714	(0.337)	8.377	0.400	0.000	0.000	0.000	9.114	(0.337)	8.777
	Transformation	1.965	0.000	1.965	0.000	(0.025)	0.000	0.000	1.940	0.000	1.940
	Business Support	6.335	(0.652)	5.683	0.000	0.000	(0.004)	0.000	6.335	(0.656)	5.679
Total Customer and Corporate		115.704	(71.685)	44.019	3.149	(0.813)	(0.177)	0.000	118.040	(71.862)	46.178
Corporate Finance	Corporate Items	17.920	(38.729)	(20.809)	7.975	0.000	0.000	(18.628)	25.895	(57.357)	(31.462)
Total Corporate Items		17.920	(38.729)	(20.809)	7.975	0.000	0.000	(18.628)	25.895	(57.357)	(31.462)
Total General Fund		516.097	(320.528)	195.568	29.506	(5.701)	(0.480)	(18.714)	539.902	(339.722)	200.179

## Appendix 3(c)

## Plymouth City Council Budget 2022/23 - Variation Statement

<b>Total 2021/22 General Fund Net Expenditure</b>		<b>195.568</b>
<b>Additional Costs</b>		<b>£m</b>
<b>People Directorate</b>	Adult Social Care – Care Packages	1.944
	National Living Wage, ASC providers	4.476
	People Directorate inflation	0.449
	Impact of 1.25% NI increase on ASC providers	0.700
	Short term additional Leisure Management costs	0.250
	Homelessness – net cost and volume additional allocation	0.250
<b>Office of the Director of Public Health (ODPH)</b>	Capital Financing cost for Crematorium additional investment	0.191
<b>Children's Directorate</b>	Children's social care - Additional volume	7.599
	COVID Ongoing costs - Social Workers	0.385
<b>Place Directorate</b>	Legacy Regeneration Investment Fund Income Target	0.500
	Parking income shortfall	0.848
	Waste tonnage and additional costs	0.490
	Decisions of the Incoming Administration	0.300
<b>Customer &amp; Corporate Services</b>	Financing the Approved Capital Programme	1.648
	ICT Inflation	0.400
	Capital Financing cost – replacement for Mill Ford school	0.120
	Capital Financing cost – Freeports	0.020
	Capital Financing cost – Airport project	0.100
	Capital Financing cost - Estate Maintenance	0.411
	Corporate borrowing cost for capital (Central Park)	0.150
	Additional Bad Debt provision - Housing Benefit	0.300
<b>Corporate Items</b>	Staff pay and pensions	6.974
	Capital Financing cost - Health and Safety	0.113
	Climate Fund - minimum £2m investment	0.250
	Provide general contingency for 2022/23	0.305
	Provide for resources for Child Poverty report	0.025
	Provide for Utility inflation	0.235
	Provide for resources for Violence Against Women	0.050
	Access Plymouth	0.023
<b>Total Cost Pressures</b>		<b>29.506</b>
<b>Savings Proposals</b>		<b>£m</b>
<b>Customer &amp; Corporate Services &amp; Chief Executive</b>	Discretionary spending and management actions	(0.309)
	Maximise benefits from Plymouth family of companies	(0.160)
	Corporate Services Review	(0.813)
<b>People</b>	Care Package and Commissioned Contracts Reviews	(1.772)
	Leisure Management Review	(0.065)
	Maximise Grant Income and Management actions	(1.100)
<b>Children</b>	Contracts review and Management actions	(0.161)
	In House Fostering	(0.450)
	Step Up Adolescent Support	(0.500)
<b>Place</b>	Bus shelter advertising & concessionary fares	(0.258)
	Highways	(0.105)
	Review of Service Level Agreements (SLAs)	(0.233)
	Fees & charges and management actions	(0.138)
<b>Office of the Director of Public Health</b>	Fees & Charges	(0.117)
<b>Total Savings Proposals</b>		<b>(6.181)</b>
<b>Grant Income</b>		<b>£m</b>
<b>Corporate Items</b>	Social Care Grant	(3.573)
	Services Grant	(4.021)
	Lower Tier Grant	(0.021)
	COVID 19 Additional Grant Income	(4.890)
	New Homes bonus	(0.086)
<b>Total Savings Proposals</b>		<b>(12.591)</b>
<b>One-Offs</b>		<b>£m</b>
<b>Corporate Items</b>	Community Equipment Capital / Revenue Swap	(1.000)
	2021/22 Outturn	(2.845)
	Adult social Care Original Savings	(0.570)
	Remaining balance of set aside resources at Outturn 2020/21	(1.708)
<b>Total Savings Proposals</b>		<b>(6.123)</b>
<b>Total 2022/23 General Fund Net Expenditure</b>		<b>200.179</b>

## Appendix 4

## New Homes Bonus (NHB)

	2011 / 12	2012 / 13	2013 / 14	2014 / 15	2015 / 16	2016 / 17	2017 / 18	2018 / 19	2019 / 20	2020 / 21	2021/22	2022/23
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Year 1	832	832	832	832	832	832						
Year 2		706	706	706	706	706						
Year 3			868	868	868	868	868					
Year 4				1,189	1,189	1,189	1,189					
Year 5					602	602	602	602				
Year 6						1,319	1,319	1,319	1,319			
Year 7							1,168	1,168	1,168	1,168		
Year 8								398	398	398	398	
Year 9									1,141	1,141	1,141	1,141
Year 10										716		
Year 11											82	
Year 12												566
NHB	£832	£1,538	£2,406	£3,595	£4,197	£5,516	£5,146	£3,487	£4,026	£3,423	£1,621	£1,707
Cumulative	£832	£2,370	£4,776	£8,371	£12,568	£18,084	£23,230	£26,717	£30,743	£34,166	£35,787	£37,494
Movement		£706	£868	£1,189	£602	£1,319	(£370)	(£1,659)	£539	(£603)	(£1,802)	£86

### **Budget Engagement**

In summary, there was a lot of support for the presented proposals for continuously improving what we do to provide better value for money, particularly in respect of reducing the number of committee meetings and cutting down on the amount of paper being printed in support of these meetings. However, there was a note of caution coming through about ensuring that decision making was still open and transparent. There was also support for doing more council transactions online, although there was concern about those people unable to access services or information digitally.

A positive response was received about improving efficiency in the Council. Analysis showed that there was support for proposals that would reduce management, administration or building costs and for any changes that would make interactions with customers more efficient. However, in reviewing how the Council can be more efficient, there was some concern about services being reduced as a result.

There was a mixed response for saving proposals in relation to caring for the elderly and vulnerable adults in our community. There was some support for an increase in Council Tax to support these services, however others felt that the Council should focus on prevention and early intervention to help prevent residents having to receive care and support. There was also positive comments about more joining up of care services. Conversely, some were clearly opposed to any further Council Tax increases to support Adult Social Care and felt that Government should be providing more funding.

When asked about proposals that might reduce the costs associated with protecting vulnerable children and young people, many were in favour of a focus on prevention and early intervention. There were also several comments supporting bringing services in-house to reduce the cost of external provision. Several expressed the view that this area needed more investment rather than less. Others were concerned that reducing costs could lead to vulnerable children not being adequately supported.

There was a really positive response to proposals set out for investing in a clean and safe city and reducing our carbon footprint and nearly half agreed that they would be prepared to pay more for an improved environment and initiatives to tackle climate change.

There was a mixed response for proposals to raise income and the review of fees and charges. Many were keen to see fee increases for services such as boat moorings, but were less convinced about closing and charging for public conveniences. There was an overwhelming call not to close toilets, but a mixed response for charging. Many indicated that they would be happy to pay a fee to use a public toilet, but only if they were clean and accessible, where others felt that they should be free at the point of use and that charging may impact on vulnerable and disabled residents.

Finally, respondents were asked to provide comment on whether the Council should consider an increase in Council Tax to help cover the rising costs and avoid having to make substantial cuts to local services - just under half indicated that they would support the council considering an increase in Council Tax. For others, who clearly indicated that they would not be supportive of an increase in Council Tax, the top three reasons related to affordability, the Council needing to improve efficiencies in the first instance and a view that council staff structures and wages needed to be reviewed and/or reduced alongside the cost associated with councillors.

In total 5,228 comments have been themed and analysed as part of this budget engagement exercise. A full engagement report has been published alongside this budget report.

## CABINET RESPONSE TO BUDGET SCRUTINY RECOMMENDATIONS 2022/23

To Cabinet		Response
1.	That Cabinet Members and Officers should review the budget development process to ensure that options for closing expected budget gaps are identified during Cabinet's review of the draft budget ahead of its submission to the scrutiny function.	<b>Accepted</b> – A review will be undertaken in the 1 <sup>st</sup> quarter of 2022/23.
2.	That the ongoing costs and impact of Covid-19 continue to be reviewed through the finance monitoring process at Cabinet and regular reporting to the scrutiny function, to enable the development of an evidence base to support any requests to government for additional funding and / or flexibilities to enable us “to live with the virus”.	<b>Accepted</b> – The recommendation will be reflected in the regular Finance Monitoring reports considered at Cabinet.
3.	That cabinet should clarify, before council consideration of the budget <ul style="list-style-type: none"> <li>The status of the Disabled Facilities Grant</li> <li>Contingency and mitigation measures in place to address external factors such as inflation, supply chain and workforce issues both on the Capital Programme and Revenue Budget.</li> </ul>	<b>Accepted</b> – Recommendations will be reflected in the draft budget and Officers will report to the relevant scrutiny committee.
	<ul style="list-style-type: none"> <li>Approach to cyber security and how this is / will be reflecting in the Strategic Risk Register.</li> </ul>	<b>Accepted</b> – this will be actioned by the Performance and Risk team and reflected in future submission to the Audit and Governance Committee.

4.	That climate outcomes are clearly identified within the capital programme.	<b>Accepted</b> – Reflected in draft budget.
5.	To note the progress which has been made against the delivery of “Fair Shares” health funding and recommend that Cabinet continue to lobby for further acceleration of the redistribution	<b>Accepted</b> – The relevant portfolio holder will continue to make progress and lobby NHS commissioners for accelerated redistribution of funding.
6.	That Cabinet recommend to council to apply the Adult Social Care 1% precept, but that the council should lobby for funding in future years delivered through central government grants.	<b>Accepted</b> – The 1% ASC precept is reflected in the draft budget.  The City Council has and will continue to press the Government for a fair settlement for Plymouth tax payers.
7.	That Cabinet make provision in the budget for the recommendations arising from the Violence Against Women and Girls Commission.	<b>Accepted</b> - An initial sum of money has been allocated to contribute towards the cost of any commissioned work by the Violence Against Women and Girls Commission to assist them in reaching an agreed set of recommendations.  The Commission will be reporting on their findings at the end of March 2022. This report will include a set of recommendations for the City to respond to, which will include public, private and VCSE organisations.  Any recommendations that sit solely with the Council will be considered and addressed appropriately, including ensuring funding is made available if needed.
8.	That Cabinet consider within its invest to save programme, the development of further resources / facilities specifically within Children’s Social Care to manage local demand locally.	<b>Accepted</b> – proposals will be developed and brought to the relevant scrutiny panel.
9.	That through the Local Care Partnership, a Plymouth Workforce Plan for Children and Adults Health and Care Services is developed for review by the Health and Wellbeing Board.	<b>Accepted</b> – Progress will be reported to the Health Scrutiny function and approvals sought in line with the statutory requirements.



10.	The council, through its HR teams identify Mental Health First Aiders within the work force and champion the approach with public and private sector partners	<p><b>Accepted</b> – Plymouth City Council operates a Wellbeing Champions network, mental health training and the ability to offer support is one of the key roles (<a href="#">click for example</a>).</p> <p>This is in addition to the Employee Assistance Programme where more in depth support can be accessed.</p> <p>Through Thrive Plymouth, OCC Public Health Team commission a workplace wellbeing training offer through Livewell SW which is open to all employers in the city. This offer includes a range of mental health training, including Mental Health First Aider training but also other options such as Connect 5, Mental Health Awareness, SafeTalk etc.</p> <p>Please see more detail here  <a href="http://www.wellbeingatworkcouthwest.co.uk">http://www.wellbeingatworkcouthwest.co.uk</a></p>
<b>Government</b>		
11.	To lobby for multiyear settlements in respect of the Public Health Grant and for earlier announcements of grant allocations which meets local government budget timelines.	<p><b>Accepted -</b></p> <p>The City Council has and will continue to press the Government for a fair Public Health settlement for Plymouth including multi-year settlements and an earlier announcement.</p>
12.	Recognise the investment and work which has been carried out locally in respect of homelessness but lobby government for multiyear funding for homelessness, extending beyond rough sleepers.	<p><b>Accepted -</b> The City Council has and will continue to press the Government for streamlined and multi-year funding for homelessness.</p>
13.	To lobby for earlier, equitable distribution of the National Insurance Health and Social Care Levy to Social Care.	<p><b>Accepted –</b> The City Council is currently reviewing its policy position around adult social care as we await more information through the Integration White Paper. Once this is available there will be an opportunity to reflect this in public affairs plans.</p>
14.	To lobby government for a national health and social care workforce strategy.	<p><b>Accepted -</b> The City Council and its health partners will seek to include in future public affairs activity.</p>

<b>To scrutiny</b>		
15.	Further review of the Corporate and Commercial Estate and Accommodation Strategy.	<b>Accepted</b> – Cabinet Members and Officers will report to the relevant scrutiny committee.
16.	Further consideration of digital exclusions and the councils measures to address it.	<b>Accepted</b> - Cabinet Members and Officers will report to the relevant scrutiny committee.

**BUDGET 2022/23 EQUALITIES IMPACT ASSESSMENT****Appendix 7****STAGE I: WHAT IS BEING ASSESSED AND BY WHOM?**

<p><b>What is being assessed - including a brief description of aims and objectives?</b></p>	<p><b>BACKGROUND</b></p> <p>The Equality Act 2010 harmonised and replaced pre-existing equality legislation and extended statutory protection across nine 'protected characteristics'. It recognised forms of discrimination that were previously beyond the scope of legislation and introduced the concept of the Public Sector Equality Duty (PSED).</p> <p>The protected characteristics include; age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.</p> <p>The PSED placed specific responsibilities on public sector organisations to consider equality in their decision making. It consists of a general equality duty, supported by specific duties, which are imposed by secondary legislation. In summary, those subject to the equality duty must, in the exercise of their functions, have due regard to the need to:</p> <ul style="list-style-type: none"> <li>▪ Eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct.</li> <li>▪ Advance equality of opportunity between people who share a protected characteristic, and those who do not.</li> <li>▪ Promote good relations between people who share a protected characteristic and those who do not.</li> </ul> <p><b>CONTEXT</b></p> <p>This budget Equality Impact Assessment (EIA) was developed through identifying several budget proposals included within the savings proposals (see below) that have potential equality impacts. Information has been supplemented with desk-based research to help identify possible impacts on different communities. Where appropriate EIAs will be completed for individual policy changes as they are developed and in accordance with our normal criteria, this is key to ensuring that 'due regard' is given to equality considerations.</p> <p>The draft budget proposals for 2022/23 are set out in the table below.</p>
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		2022/23 Budget Saving
<b>Customer &amp; Corporate Services &amp; Chief Executive</b>		
Discretionary spending and management actions		(0.309)
Maximise benefits from Plymouth family of companies		(0.160)
Corporate Services Review		(0.813)
		(1.282)
<b>People</b>		
Care Package Reviews		(1.772)
Leisure Management Review		(0.065)
Maximise Grant Income and Management actions		(1.100)
		(2.937)
<b>Children</b>		
Contracts review and Management actions		(0.161)
In House Fostering		(0.450)
Step Up Adolescent Support		(0.500)
		(1.111)
<b>Place</b>		
Bus shelter advertising & concessionary fares		(0.258)
Highways		(0.105)
Review of Service Level Agreements (SLAs)		(0.233)
Fees & charges and management actions		(0.138)

	(0.734)
<b>Office of the Director of Public Health</b>	
Fees & Charges	(0.117)
	(0.117)
<b>Total Savings Proposals</b>	<b>(6.181)</b>

This EIA has been informed by the budget engagement survey which asked respondents to give their views on the savings proposals being put forward by the Administration to balance the Council's budget for the 2022-23 fiscal year. We received 1,196 responses to an online questionnaire which ran between 05 and 28 November. Where possible demographic trends have been identified and included within the evidence column.

A key theme running throughout the budget consultation responses was a concern amongst respondents about increasing living costs. Given recent announcements to increase National Insurance, increased energy costs and the ongoing impact of COVID-19, it is important that the budget EIA is viewed in this context.

### **COUNCIL TAX**

As set out in the budget papers, following the Comprehensive Spending Review, it is understood from Government that the Council Tax Referendum Limit is to remain at 1.99 per cent (i.e. this is the highest level of increase permissible without a referendum) and an adult social care (ASC) precept of 1 per cent. These increases, if adopted, would provide an additional £2.429m in Council Tax and £1.221m of ASC Precept to an overall total of £3.650m. The Government has assumed that councils will maximise these items when referencing increases to councils' core spending power across the CSR. Any rise to Council Tax which is lower than 1.99 per cent will go some way to mitigating the financial impacts on residents.

The Council operates a means-tested scheme for people on low incomes to help them pay their Council Tax. Council tax support (CTS) data broken down by protected characteristic has been included within this EIA within the evidence column. There are no proposed changes to the CST.

	<b>REDUNDANCIES</b> 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 basis of them having a particular protected characteristic under the Equality Act (2010).
<b>Author</b>	Laura Hill, Policy and Intelligence Advisor
<b>Department and service</b>	Policy and Intelligence Team
<b>Date of assessment</b>	Updated 03 February 2022

## STAGE 2: EVIDENCE AND IMPACT

Protected characteristics (Equality Act)	Evidence and information (e.g. data and feedback)	Any adverse impact	Actions	Timescale and who is responsible
<b>Age</b>	<p>The average age in Plymouth (38.8 years) is lower than the rest of England (40.3 years) and the South West (44.1 years).</p> <p>Council Tax Support scheme claimants by age range:</p> <p>3.14 percent of claimants are aged between 18 and 24.</p> <p>14.63 percent of claimants are aged between 25 and 34.</p> <p>16.52 percent of claimants are aged between 35 and 44.</p> <p>15.96 percent of claimants are aged between 45 and 54.</p> <p>15.89 percent of claimants are aged between 55 and 64.</p>	<p><b>Care Package Review Programme</b></p> <p>The proposal to review care packages may disproportionately impact older people as by the nature of the service they are over-represented within adult social care services.</p> <p><b>Highways</b></p> <p>Reflecting the Council's commitment to reducing its environmental footprint, this includes a proposal to ensure enhanced efficiency of the city's street lighting. Increased</p>	<p><b>Care Package Review Programme</b></p> <p>This proposal will be equality impact assessed in line with the Council's usual EIA process as it develops. Any review of care packages will be carried out in a person-centred manner, ensuring that we meet our statutory responsibilities.</p> <p><b>Highways</b></p> <p>We will undertake clear communication and engagement to minimise any adverse impacts. This will include engagement with residents affected by any</p>	<p><b>Care Package Review Programme</b></p> <p>Adult Social Care</p> <p><b>Highways</b></p> <p>Place</p>

	<p>15.90 percent of claimants are aged between 65 and 74.</p> <p>17.93 percent of claimants are aged 75 and older.</p> <p>Compared to the overall population, children are more likely to be in low income households.</p> <p>There will be a major shift in the population structure of Plymouth over the next 20 years as the proportion of the population aged 65 and over increases and the population aged 0-4 year's decreases. ONS projects a rise in the percentage of the Plymouth 65+ population from 17.9 per cent in 2016 to 22.7 per cent by 2034. An ageing population suggests an increasing need for care and support services and an increasing burden placed on the working age population (Plymouth Plan, 2019).</p> <p>Working-age adults in working families are less likely to be in relative low income than those in families where no one is in work.</p> <p>Since 2011, adults over the age of 65 years have consistently made up the largest proportion of the adult</p>	<p>technology allows for lighting needs to be better controlled and directed to where it is needed most. Older people may be affected by this proposal due to the vulnerabilities that some older people may face after dark.</p> <p><b>Council Tax</b></p> <p>Any increase to Council Tax may disproportionately impact older people as this demographic (especially those over 85 years old) is more likely to be found experiencing financial hardship. Younger people may also be affected by any Council Tax rises due to their over representation of employment in sectors affected by the COVID-19 pandemic.</p>	<p>proposed changes, the police and wider public. Careful consideration will be given to balancing environmental, social and economic considerations. Ongoing feedback will be monitored. This proposal will be equality impact assessed in line with the Council's usual EIA process as it develops.</p> <p><b>Council Tax</b></p> <p>The Council operates a means-tested scheme for people on low incomes to help them pay their Council Tax.</p>	<p><b>Customer and Corporate Services</b></p> <p>Annual review of CTS and signposting to information, guidance and advice services where relevant.</p>
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	<p>internet non-users (ONS, 2021).</p> <p>Older people are statistically more likely to rely on cash. Findings from the Financial Lives 2020 Survey found that around 2.4 million people aged 65 and over in the UK relied on cash to a great extent in their day-to-day life around 21 per cent) of all older people (Age UK, 2021).</p> <p><b>Budget engagement</b></p> <p>The 55 - 64 age group (220) is the age group with the highest number of respondents to the budget engagement survey. This was closely followed by respondents in the 65 – 74 age group (218) and those aged between 35 and 44 (210). There was a lower level of response from respondents aged 75 and over and those aged 24 or under.</p> <p>Respondents up to the age of 54 primarily tended to identify support for mental health services as the highest priority, whereas those aged 55 and over indicated that support for older people to live independently as the higher priority.</p> <p><b>COVID-19</b></p>			
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	<p>Older people have been one of the groups most at risk of serious illness from COVID-19. Older people and in particular those who have shielded have faced extreme isolation at times (Age UK; 2020.)</p> <p>Young people have also felt the impacts of the COVID-19 pandemic and have experienced increased isolation. They too have faced additional challenges, especially during the height of the pandemic when schools were largely closed.</p>			
<b>Disability</b>	<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 (11.6m (2011 Census)).</p> <p>After housing costs, the proportion of working age people with disabilities living in poverty (26 per cent) is higher than the proportion of working age non-disabled people (20 per cent) (Scope, 2020). On average, tax and benefit changes on families with a disabled adult will</p>	<p><b>Care Package Review Programme</b></p> <p>The proposal to review care packages may impact people with disabilities as by the nature of the service they are overrepresented within adult social care services.</p> <p><b>Highways</b></p> <p>Reflecting the Council's commitment to reducing its environmental footprint, this includes a proposal to ensure enhanced efficiency of the city's street lighting. Increased</p>	<p><b>Care Package Review Programme</b></p> <p>This proposal will be equality impact assessed in line with the Council's usual EIA process as it develops. Any review of care packages will be carried out in a person-centred manner, ensuring that we meet our statutory responsibilities.</p> <p><b>Highways</b></p> <p>We will undertake clear communication and engagement to minimise any adverse impacts. This will include engagement with</p>	<p><b>Care Package Review Programme</b></p> <p>Adult Social Care</p> <p><b>Highways</b></p> <p>Place</p>

	<p>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 (EHRC). People who have physical or mental health conditions or illnesses lasting or expected to last for 12 months or are more likely to be digitally excluded.</p> <p>34.84 per cent of CTS claimants have some form of disability premium indicator.</p> <p><b>Budget engagement</b> Most respondents to the budget engagement survey indicated that they did not have any limitations due to a disability (801), 283 respondents did indicate that they were 'limited a little' (181) or 'limited a lot' (102). A further 62 respondents chose not to respond to the demographic monitoring question.</p> <p><b>COVID-19</b> People with certain disabilities and underlying health</p>	<p>technology allows for lighting needs to be better controlled and directed to where it is needed most. This proposal may disproportionately affect people with disabilities due to the vulnerability and barriers that some people with disabilities may feel and experience after dark.</p> <p><b>Council Tax</b> Council Tax increases may disproportionately impact people with disabilities as this demographic is more likely to be found experiencing financial hardship.</p>	<p>residents affected by any proposed changes, the police and wider public. Careful consideration will be given to balancing environmental, social and economic considerations. Ongoing feedback will be monitored. This proposal will be equality impact assessed in line with the Council's usual EIA process as it develops.</p> <p><b>Council Tax</b> The Council operates a means-tested scheme for people on low incomes to help them pay their Council Tax. Discounts are available for people with disabilities in some circumstances.</p>	<p><b>Customer and Corporate Services</b> Annual review of CTS and signposting to information, guidance and advice services where relevant.</p>
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	conditions have been one of the groups most at risk of serious illness from COVID-19. Those who have shielded have experienced isolation. Research has shown that anxiety and depression increased during the pandemic particularly within this demographic.			
<b>Faith/religion or belief</b>	<p>Christianity is the biggest faith in the city with more than 58 per cent of the population (148,917 people).</p> <p>32.9 per cent (84,326) of the Plymouth population stated they had no religion.</p> <p>Those with a Hindu, Buddhist, Jewish or Sikh religion combined totalled less than 1 per cent.</p> <p><b>Budget engagement</b></p> <p>Respondents were not asked about their faith, religion or belief as part of the demographic monitoring section within the budget engagement. It is not possible to identify any trends within responses.</p>	No adverse impact is anticipated.	Not applicable.	Not applicable.
<b>Sex - including marriage, pregnancy and maternity</b>	50.2 per cent of Plymouth's population are women and 49.8 per cent are men.	<p><b>Highways</b></p> <p>Reflecting the Council's commitment to reducing its environmental footprint, this</p>	<p><b>Highways</b></p> <p>We will undertake clear communication and engagement to minimise any</p>	<p><b>Highways</b></p> <p>Place</p>

	<p>Of those customers in receipt of CTS, 20.33 per cent have children in the household. Of single-parent households in receipt of CTS, 92.95 per cent of these are headed by a female.</p> <p><b>Budget engagement</b></p> <p>When respondents were asked to identify their priority area, in the area of Health and Adult Social Care, females were more likely to view support for mental health services as the highest priority, whereas males view the support to help older live independently as the highest priority. It is worth noting that support for mental health services was the second-highest priority for male respondents.</p> <p><b>COVID -19</b></p> <p>Evidence suggests that females have disproportionately felt the economic impacts of COVID-19. This is largely as a result of females being over-represented in some of the sectors worst effected by COVID (House of Commons, 2020).</p>	<p>includes a proposal to ensure enhanced efficiency of the city's street lighting. Increased technology allows for lighting needs to be better controlled and directed to where it is needed most. This proposal may impact males and females due to the vulnerability that some people may feel after dark.</p> <p><b>Council Tax</b></p> <p>Any increases to Council Tax may disproportionately affect female-headed single-parent households as they are more likely to live in poverty. Women more broadly may also be disproportionately affected as they are over represented in part-time employment and sectors affected by the COVID-19 pandemic.</p>	<p>adverse impacts. This will include engagement with residents affected by any proposed changes, the police and wider public. Careful consideration will be given to balancing environmental, social and economic considerations. Ongoing feedback will be monitored. Particular consideration will be given to women and girls given recent events in the city. This proposal will be equality impact assessed in line with the Council's usual EIA process as it develops.</p> <p><b>Council Tax</b></p> <p>The Council operates a means-tested scheme for people on low incomes to help them pay their Council Tax.</p>	<p><b>Customer and Corporate Services</b></p> <p>Annual review of CTS and signposting to information, guidance and advice services where relevant.</p>
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<p><b>Gender reassignment</b></p>	<p>There are no official estimates for gender reassignment at either the national or local level. However, in a study funded by the Home Office, the Gender Identity Research and Education Society (GIRES) estimate that between 300,000 and 500,000 people aged 16 or over in the UK are experiencing some degree of gender variance.</p> <p><b>Budget engagement</b></p> <p>The majority of respondents to the budget engagement survey indicated that their gender identity was the same as the sex that they registered with at birth. It is not possible to identify any trends within responses.</p> <p><b>COVID-19</b></p> <p>Research has shown that the physical and mental health of LGBT+ communities has been affected by COVID-19 (NatCen, 2021). This has exacerbated existing inequalities and social isolation. Research has shown that people who identify as LGBT+ are more likely to experience poor mental health</p>	<p><b>Highways</b></p> <p>Reflecting the Council's commitment to reducing its environmental footprint, this includes a proposal to ensure enhanced efficiency of the city's street lighting. Increased technology allows for lighting needs to be better controlled and directed to where it is needed most. Trans people may be impacted due to the vulnerability that some people may feel after dark.</p>	<p><b>Highways</b></p> <p>We will undertake clear communication and engagement to minimise any adverse impacts. This will include engagement with residents affected by any proposed changes, the police and wider public. Careful consideration will be given to balancing environmental, social and economic considerations. Ongoing feedback will be monitored. This proposal will be equality impact assessed in line with the Council's usual EIA process as it develops.</p>	<p><b>Highways</b></p> <p>Place</p>
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	in general (Intercom, 2020; NatCen, 2021).			
<b>Race</b>	<p>92.9 per cent of Plymouth's population identify themselves as White British.</p> <p>7.1 per cent identify themselves as Black, Asian or Minority Ethnic with White Other (2.7 per cent), Chinese (0.5 per cent) and Other Asian (0.5 per cent) the most common ethnic groups. Recent census data suggests we have at least 43 main languages spoken in the city, showing Polish, Chinese and Kurdish as the top three.</p> <p>Plymouth is a refugee dispersal location under the Vulnerable Persons Resettlement Scheme. Plymouth.</p> <p>Plymouth is becoming more diverse. The population identifying as Black, Asian and Minority Ethnic rose from 3 per cent in 2001 to 6.7 per cent in 2011 and therefore has more than doubled since the 2001 census.</p> <p>Plymouth City Council operates a CST scheme which limits the amount eligible recipients have to pay. In</p>	<p><b>Highways</b></p> <p>Reflecting the Council's commitment to reducing its environmental footprint, this includes a proposal to ensure enhanced efficiency of the city's street lighting. Increased technology allows for lighting needs to be better controlled and directed to where it is needed most. People who identify as Black, Asian and Minority ethnic may be impacted due to the vulnerability that some people may feel after dark.</p> <p><b>Council Tax</b></p> <p>Black, Asian and Minority Ethnic households are more likely to be living in poverty when compared to White households and so may be disproportionately affected by any Council Tax rises.</p>	<p><b>Highways</b></p> <p>We will undertake clear communication and engagement to minimise any adverse impacts. This will include engagement with residents affected by any proposed changes, the police and wider public. Careful consideration will be given to balancing environmental, social and economic considerations. Ongoing feedback will be monitored. This proposal will be equality impact assessed in line with the Council's usual EIA process as it develops.</p> <p><b>Council Tax</b></p> <p>The Council operates a means-tested scheme for people on low incomes to help them pay their Council Tax.</p>	<p><b>Highways</b></p> <p>Place</p> <p><b>Customer and Corporate Services</b></p> <p>Annual review of CTS and signposting to information, guidance and advice services where relevant.</p>

	<p>addition, an exceptional hardship policy exists to support those in financial need.</p> <p>We will continue to monitor CTS data to identify any under/over-representation amongst different ethnic groups where appropriate.</p> <p><b>Budget engagement</b></p> <p>The majority of respondents to the budget engagement identified their ethnicity as 'White.' Responses from people from other ethnic groups. It is not possible to identify any trends within responses.</p> <p><b>COVID -19</b></p> <p>Evidence suggests that Black, Asian and Minority Ethnic communities have disproportionately felt the economic and health impacts of COVID-19 (House of Commons, 2020).</p>			
<b>Sexual orientation - including civil partnership</b>	<p>There is no precise local data on sexual orientation in Plymouth. The ONS Annual Population Survey 2017 estimates, approximately 1.7 per cent of the UK population is lesbian, gay or bisexual (LGB).</p>	<p><b>Highways</b></p> <p>Reflecting the Council's commitment to reducing its environmental footprint, this includes a proposal to ensure enhanced efficiency of the city's street lighting. Increased technology allows for lighting</p>	<p><b>Highways</b></p> <p>We will undertake clear communication and engagement to minimise any adverse impacts. This will include engagement with residents affected by any proposed changes, the police</p>	<p><b>Highways</b></p> <p>Place</p>

	<p><b>Budget engagement</b></p> <p>Respondents were not asked about their sexual orientation as part of the demographic monitoring section within the budget engagement. It is not possible to identify any trends within responses.</p> <p><b>COVID-19</b></p> <p>Research has shown that the physical and mental health of LGBT+ communities has been affected by COVID-19 (NatCen, 2021). This has exacerbated existing inequalities and social isolation. Research has shown that people who identify as LGBT+ are more likely to experience poor mental health in general (Intercom, 2020; NatCen, 2021).</p>	<p>needs to be better controlled and directed to where it is needed most. This proposal may impact people from LGBT+ community due to vulnerability that some people may feel after dark.</p>	<p>and wider public. Careful consideration will be given to balancing environmental, social and economic considerations. Ongoing feedback will be monitored. This proposal will be equality impact assessed in line with the Council's usual EIA process as it develops.</p>	
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**STAGE 3: ARE THERE ANY IMPLICATIONS FOR THE FOLLOWING? IF SO, PLEASE RECORD ACTIONS TO BE TAKEN**

Local priorities	Implications	Timescale and who is responsible
<b>We have set one overarching objective to celebrate diversity and ensure that Plymouth is a welcoming city.</b>	Plymouth City Council remains committed to celebrating the diversity of the city.	Not applicable.
<b>Pay equality for women, and staff with disabilities in our workforce.</b>	Plymouth City Council is committed to equal opportunities and the fair treatment of its workforce. As an employer, we have a clear policy of paying employees equally for the same or equivalent work regardless of gender or disability. The Council operates a comprehensive job evaluation scheme to ensure that rates of pay are fair and are based wholly on the role being undertaken.	Not applicable.
<b>Supporting our workforce through the implementation of Our People Strategy 2020 – 2024</b>	Our People Strategy 2020 – 2024 sets out our approach towards ensuring that the Council's workforce can adapt and meet the ever changing needs of the Council and our residents.	Not applicable.
<b>Plymouth is a city where people from different backgrounds get along well.</b>	Unify Plymouth, a cohesion project funded by the Department for Levelling Up, Housing and Communities has several initiatives which aim to promote cohesion in some of the city's least cohesive wards.	Not applicable.
<b>Supporting victims of hate crime so they feel confident to report incidents, and working with, and through our partner organisations to achieve positive outcomes.</b>	The Council is committed to reducing and tackling hate crime and ensuring that victims are treated in a trauma informed manner to ensure that they get the outcome which is most appropriate for them. The Council works closely with the Safer Plymouth Partnership, the community safety partnership for the city. Hate crime data is monitored.	Not applicable.
<b>Human Rights</b> Please Refer To <a href="#">Guidance</a>	Where relevant, budget savings proposals will be EIA assessed to ensure that they are compliant with the Human Rights Act.	Various.

**STAGE 4: PUBLICATION AND SIGN OFF**

Date \_\_\_\_\_

## Capital Programme as at 31 December 2021

## Appendix 8

Details	2021/22 Latest Forecast	2022/23 Latest Forecast	2023/24 Latest Forecast	2024/25 Latest Forecast	2025/26 Latest Forecast	Total
<b>Delivering a Net Zero Plymouth</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Transforming Cities Fund Tranche 2 Grant	3.240	39.575	-	-	-	<b>42.815</b>
Heat Sourcing in Corporate Buildings (Big 4 Decarbonisation)	4.641	-	-	-	-	<b>4.641</b>
Home Energy	0.220	0.172	-	-	-	<b>0.393</b>
Warm Homes	0.500	0.252	-	-	-	<b>0.752</b>
Green Homes	1.859	1.402	-	-	-	<b>3.261</b>
TCF T2 Mobility Hubs	2.910	-	-	-	-	<b>2.910</b>
TCF T2 Signal Optimisation / ITS (citywide) and Traffic Control Centre	1.029	-	-	-	-	<b>1.029</b>
TCF T2 Workplace Travel Package	0.182	0.514	-	-	-	<b>0.697</b>
TCF T2 St Budeaux to Dockyard	0.263	0.835	-	-	-	<b>1.097</b>
TCF T2 St Budeaux Station Interchange	0.177	-	-	-	-	<b>0.177</b>
TCF T2 Royal Parade Bus Infrastructure	0.158	0.115	-	-	-	<b>0.273</b>
TCF T2 Mayflower Street Bus Stops	0.067	0.008	-	-	-	<b>0.076</b>
TCF T2 Crownhill Sustainable Transport Corridor	0.416	0.183	-	-	-	<b>0.599</b>
TCF T2 Dockyard to City Centre Walking & Cycling	0.256	0.039	-	-	-	<b>0.295</b>
Northern Corridor Strategic Cycle Network	0.913	1.536	-	-	-	<b>2.450</b>
Eastern Corridor Strategic Cycle Network	0.224	1.182	-	-	-	<b>1.406</b>
Cycle A: Somerset Pl to Ponsonby Rd	0.168	-	-	-	-	<b>0.168</b>
Cycle B: Routes Within Central Park	0.018	-	-	-	-	<b>0.018</b>
Cycle C: Broxton Dr to Saltram Meadow	0.229	-	-	-	-	<b>0.229</b>
Cycle F:Derriford Community Park, Bircham Valley and Forder Valley	1.143	-	-	-	-	<b>1.143</b>

Details	2021/22 Latest Forecast	2022/23 Latest Forecast	2023/24 Latest Forecast	2024/25 Latest Forecast	2025/26 Latest Forecast	Total
<b>Delivering a Net Zero Plymouth cont</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Derriford Community Park Biodiversity / Access Networks	0.115	0.247	-	-	-	<b>0.362</b>
National Marine Park	0.789	0.551	0.080	-	-	<b>1.419</b>
Plan for Trees	0.511	0.373	0.371	0.023	-	<b>1.277</b>
Active Travel Fund T2	0.237	0.100	-	-	-	<b>0.337</b>
Billacombe / Barbican Footbridges	0.595	-	-	-	-	<b>0.595</b>
Plymouth's Natural Grid	0.025	0.144	-	-	-	<b>0.169</b>
Civic Centre District Energy	0.303	-	-	-	-	<b>0.303</b>
Chelson Meadow Solar Farm	0.100	-	-	-	-	<b>0.100</b>
Solar Roof Tops	0.554	-	-	-	-	<b>0.554</b>
PCC LED Lighting Replacement Programme	0.627	-	-	-	-	<b>0.627</b>
Millbay Boulevard	0.175	0.004	0.004	-	-	<b>0.182</b>
Electric Vehicle Charging - On Street	0.387	-	-	-	-	<b>0.387</b>
Electric Vehicle Charging - PCC Car Parks	0.041	-	-	-	-	<b>0.041</b>
ATF T2 - Larkham Lane Traffic Calming	0.099	-	-	-	-	<b>0.099</b>
Flood Defence Projects	0.296	-	-	-	-	<b>0.296</b>
Electric Vehicles	0.359	0.348	-	-	-	<b>0.707</b>
Garden Waste Collection Vehicles / Containers	1.398	-	-	-	-	<b>1.398</b>
<b>Total Delivering a Net Zero Plymouth</b>	<b>25.222</b>	<b>47.580</b>	<b>0.454</b>	<b>0.023</b>	<b>-</b>	<b>73.279</b>

Details	2021/22 Latest Forecast	2022/23 Latest Forecast	2023/24 Latest Forecast	2024/25 Latest Forecast	2025/26 Latest Forecast	Total
<b>Delivering a sustainable City Centre and Waterfront</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Re-development of Old Town Street / New George Street East	0.499	2.000	-	-	-	<b>2.499</b>
Future High Streets Fund - Civic Centre	1.401	8.000	1.106	-	-	<b>10.507</b>
Future High Streets Fund - Guildhall	0.043	0.377	3.570	-	-	<b>3.990</b>
City Centre Old Town St/ New George St	0.268	0.282	0.018	-	-	<b>0.568</b>
Civic Square	0.320	0.456	0.285	-	-	<b>1.061</b>
Armada Way	0.118	8.055	1.917	-	-	<b>10.089</b>
Royal Parade	0.697	-	-	-	-	<b>0.697</b>
Retail Redevelopment	-	1.271	-	-	-	<b>1.271</b>
Quality Hotel	0.014	0.285	-	-	-	<b>0.299</b>
HSHAZ Façade Restoration	0.100	0.100	0.100	-	-	<b>0.300</b>
Western Approach Car Park	0.253	-	-	-	-	<b>0.253</b>
Charles Cross	0.204	-	-	-	-	<b>0.204</b>
Colin Campbell Court	0.627	-	-	-	-	<b>0.627</b>
Development Funding	0.175	0.125	-	-	-	<b>0.300</b>
Various Projects under £100k	0.219	-	-	-	-	<b>0.219</b>
<b>Total Delivering a sustainable City Centre and Waterfront</b>	<b>4.937</b>	<b>20.951</b>	<b>6.996</b>	<b>-</b>	<b>-</b>	<b>32.883</b>

	2021/22 Latest Forecast	2022/23 Latest Forecast	2023/24 Latest Forecast	2024/25 Latest Forecast	2025/26 Latest Forecast	Total
<b>Delivering a sustainable Derriford / Northern Corridor</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Woolwell to The George	0.605	11.128	13.110	8.073	0.755	<b>33.671</b>
Forder Valley Link Road	21.378	3.655	-	-	-	<b>25.032</b>
Forder Valley Interchange	4.678	3.890	-	-	-	<b>8.568</b>
Morlaix Drive Access Improvements	2.538	1.879	-	-	-	<b>4.416</b>
Charlton Road	0.014	0.716	-	-	-	<b>0.730</b>
Purchase of Properties in the North of Plymouth	0.654	0.016	-	-	-	<b>0.670</b>
Derriford Transport scheme - Derriford Roundabout / William Prance Road	0.072	-	-	-	-	<b>0.072</b>
Northern Corridor Junction Improvements	0.028	0.003	-	-	-	<b>0.032</b>
<b>Total Delivering a sustainable Derriford / Northern Corridor</b>	<b>29.967</b>	<b>21.288</b>	<b>13.110</b>	<b>8.073</b>	<b>0.755</b>	<b>73.192</b>

Details	2021/22 Latest Forecast	2022/23 Latest Forecast	2023/24 Latest Forecast	2024/25 Latest Forecast	2025/26 Latest Forecast	Total
<b>Delivering a sustainable Eastern Corridor</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
E Corridor Junction Improvements	0.823	0.085	-	-	-	<b>0.909</b>
A379 Pomphlett to The Ride	-	0.078	-	-	-	<b>0.078</b>
A38 Manadon Junction	1.207	0.019	-	-	-	<b>1.226</b>
Plymouth Major Road Network	0.303	-	-	-	-	<b>0.303</b>
<b>Total Delivering a sustainable Eastern Corridor</b>	<b>2.334</b>	<b>0.182</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.516</b>

Details	2021/22 Latest Forecast	2022/23 Latest Forecast	2023/24 Latest Forecast	2024/25 Latest Forecast	2025/26 Latest Forecast	Total
Delivering sustainable homes	£	£	£	£	£	£
Re-provision of Vines and Colwill Lodge	0.222	7.206	3.025	-	-	10.453
PfH Bath Street	1.677	-	-	-	-	1.677
PfH Self Build Housing Sites - Lancaster Gardens / Maidstone	0.116	-	-	-	-	0.116
PfH Plan for Homes Phase 3	-	4.474	1.250	-	-	5.724
PfH Colebrook Road, Plympton	0.150	0.150	-	-	-	0.300
PfH P3 Healy Place, Morice Town Dev.	-	0.450	-	-	-	0.450
PfH P3 Stoggy Lane	0.054	-	-	-	-	0.054
PfH North Prospect Regeneration - Phase 4	0.123	-	-	-	-	0.123
PfH Empty Homes Financial Assistance	0.200	0.363	0.437	0.004	-	1.004
PfH Broadland Gardens	0.073	-	-	-	-	0.073
PfH Extra Care Housing Support Millbay	-	0.450	-	-	-	0.450
Douglass House Site Development	0.300	0.263	-	-	-	0.563
Disabled Facilities (incl Care & Repair works)	2.917	1.500	-	-	-	4.417
Integrated Health Hub - Colin Campbell Court	0.100	1.354	-	-	-	1.454
Eclipse Project	0.739	0.589	0.559	-	-	1.887
6 Victoria Place	-	0.178	-	-	-	0.178
Coombe Way, Kings Tamerton	-	0.300	0.300	-	-	0.600
Elgin Crescent	-	0.045	0.045	-	-	0.090
Windmill Carpark	-	0.053	0.053	-	-	0.105
Broadland Gardens BLRF	-	0.050	0.050	-	-	0.100

	2021/22 Latest Forecast	2022/23 Latest Forecast	2023/24 Latest Forecast	2024/25 Latest Forecast	2025/26 Latest Forecast	Total
<b>Delivering sustainable homes cont.</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bampfylde Way	-	0.028	0.028	-	-	<b>0.055</b>
Plymouth Care Limited	0.030	-	-	-	-	<b>0.030</b>
PATH Loan: Settled Housing	0.220	-	-	-	-	<b>0.220</b>
Short Term Care Centre	0.823	-	-	-	-	<b>0.823</b>
Acquisition of West Park	0.038	-	-	-	-	<b>0.038</b>
Asbestos Claims by PCH	0.445	0.500	0.500	0.500	-	<b>1.945</b>
<b>Total Delivering sustainable homes</b>	<b>8.227</b>	<b>17.952</b>	<b>6.246</b>	<b>0.504</b>	<b>-</b>	<b>32.929</b>
<b>Delivering essential city infrastructure / Improving Neighbourhoods</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Minor Structure Repairs (Reactive)	1.094	0.516	-	-	-	<b>1.610</b>
Minor Structure Repairs (Preventative)	0.463	-	-	-	-	<b>0.463</b>
Carriageway Permanent Repairs	0.737	0.750	-	-	-	<b>1.487</b>
Carriageway Resurfacing	2.945	2.810	1.100	-	-	<b>6.855</b>
Carriageway Micro Asphalt	0.615	1.150	0.900	-	-	<b>2.665</b>
Carriageway Lining	0.251	0.200	-	-	-	<b>0.451</b>
Footway Permanent Repair	0.772	0.679	-	-	-	<b>1.451</b>
Footway Resurfacing	0.280	-	-	-	-	<b>0.280</b>
Kerb Replacements	0.193	0.150	-	-	-	<b>0.343</b>
Capitalised drainage schemes	0.423	0.480	-	-	-	<b>0.903</b>
Flood Alleviation Works	0.138	0.020	-	-	-	<b>0.158</b>
Vehicle Restraint System	0.335	0.200	-	-	-	<b>0.535</b>

Street Furniture Replacements	0.152	0.150	-	-	-	<b>0.302</b>
Street Lighting Columns Replacement	1.900	2.162	1.963	2.017	-	<b>8.042</b>
Traffic signal replacement	0.395	0.133	-	-	-	<b>0.528</b>
Minor Traffic Schemes	0.104	0.080	-	-	-	<b>0.184</b>
Traffic Calming	0.028	0.129	-	-	-	<b>0.157</b>
Bretonside Viaduct	0.079	-	-	-	-	<b>0.079</b>
Collision Reviews (Millbay Roundabout)	0.193	0.077	-	-	-	<b>0.270</b>
Old Laira Road - 20 MPH	0.231	-	-	-	-	<b>0.231</b>
Car Parks - Maintenance & Payment System	0.006	1.594	-	-	-	<b>1.600</b>
Various Projects under £100k	0.618	0.109	-	-	-	<b>0.726</b>
Plymouth Life Centre	2.098	-	-	-	-	<b>2.098</b>
Living Streets Coordination of Cllr Schemes	0.143	0.265	-	-	-	<b>0.407</b>
Willow Childcare	-	0.025	-	-	-	<b>0.025</b>
Plym Bridge Nursery School	-	0.025	-	-	-	<b>0.025</b>
Tamar Folk Children's Centre	-	0.030	-	-	-	<b>0.030</b>
Little Blossoms	-	0.050	-	-	-	<b>0.050</b>
Little Deers - Morley Centre	-	0.120	-	-	-	<b>0.120</b>
Central Park Improvements	0.200	0.768	-	-	-	<b>0.968</b>
Bond Street (Southway Community Football )	0.110	0.260	-	-	-	<b>0.370</b>
Variable Message Systems	-	0.179	-	-	-	<b>0.179</b>
Higher Efford Play Pitch Enhancements	0.170	0.031	-	-	-	<b>0.201</b>
Improving Outdoor Play Phase 2 & 3	0.600	-	-	-	-	<b>0.600</b>
Mayflower 400 - Environmental Improvements	0.162	-	-	-	-	<b>0.162</b>
Safer Streets	0.418	-	-	-	-	<b>0.418</b>



Neighbourhood Projects under £100k	0.453	0.118	-	-	-	<b>0.571</b>
<b>Total Delivering essential city infrastructure / Improving Neighbourhoods</b>	<b>16.304</b>	<b>13.260</b>	<b>3.963</b>	<b>2.017</b>	<b>-</b>	<b>35.544</b>

Details	2021/22 Latest Forecast	2022/23 Latest Forecast	2023/24 Latest Forecast	2024/25 Latest Forecast	2025/26 Latest Forecast	Total
<b>Ensuring sufficient good quality school places</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Pomphlett Basic Need	0.093	-	-	-	-	<b>0.093</b>
Plymstock School Expansion	0.774	-	-	-	-	<b>0.774</b>
SEN Access and Safeguarding	0.025	-	-	-	-	<b>0.025</b>
Schools - Devolved Capital Formula	0.239	0.176	0.132	0.132	0.132	<b>0.812</b>
Schools - Devolved Capital Projects	0.159	0.087	-	-	-	<b>0.246</b>
<b>Total Ensuring sufficient good quality school places</b>	<b>1.291</b>	<b>0.263</b>	<b>0.132</b>	<b>0.132</b>	<b>0.132</b>	<b>1.950</b>
Details	2021/22 Latest Forecast	2022/23 Latest Forecast	2023/24 Latest Forecast	2024/25 Latest Forecast	2025/26 Latest Forecast	Total
<b>Delivering a sustainable economy</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Commercial / Office Development	4.392	30.009	15.693	0.304	-	<b>50.397</b>
Retail Development	1.500	15.508	5.603	-	-	<b>22.611</b>
Oceansgate Remediation/separation works	0.883	0.912	-	-	-	<b>1.795</b>
Oceansgate Phase 1	0.966	-	-	-	-	<b>0.966</b>
Oceansgate Phase 2	0.680	0.761	-	-	-	<b>1.441</b>
Langage Development Phase 2	0.212	0.252	-	-	-	<b>0.464</b>
Langage Development Phase 3	1.390	1.214	0.030	-	-	<b>2.634</b>
Highway Works At The Former Seaton Barracks Site	0.033	-	-	-	-	<b>0.033</b>

Mayflower 400 - Public Realm	1.160	-	-	-	-	1.160
The Box	0.936	-	-	-	-	0.936
39 Tavistock Place	0.030	-	-	-	-	0.030
Co-operative & Mutuels Development Fund	0.239	0.185	0.162	0.115	0.080	0.782
Social Enterprise Fund	0.203	-	-	-	-	0.203
PEC Homes	0.130	-	-	-	-	0.130
Fish Quay	0.050	-	-	-	-	0.050
City Business Park - Redevelopment	0.528	-	-	-	-	0.528
RIO Loan Devonport Market Hall	0.657	-	-	-	-	0.657
<b>Total Delivering a sustainable economy</b>	<b>13.990</b>	<b>48.840</b>	<b>21.488</b>	<b>0.418</b>	<b>0.080</b>	<b>84.816</b>

Details	2021/22 Latest Forecast	2022/23 Latest Forecast	2023/24 Latest Forecast	2024/25 Latest Forecast	2025/26 Latest Forecast	Total
<b>Connecting the City</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Plymouth Rail Station Regeneration	0.399	-	-	-	-	0.399
Plymouth Rail Station Forecourt	6.159	-	8.182	-	-	14.341
Plymouth Rail Station MSCP	0.342	13.014	0.303	-	-	13.659
Ply Railway Station Concourse	3.321	-	-	-	-	3.321
Mayflower Coach Station	0.008	-	-	-	-	0.008
Cot Hill Bridge	0.340	-	-	-	-	0.340
<b>Total Connecting the City</b>	<b>10.570</b>	<b>13.014</b>	<b>8.485</b>	<b>-</b>	<b>-</b>	<b>32.068</b>
Details	2021/22 Latest Forecast	2022/23 Latest Forecast	2023/24 Latest Forecast	2024/25 Latest Forecast	2025-/6 Latest Forecast	Total
<b>Transforming Services</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>

Bereavement Infrastructure	12.370	-	-	-	-	<b>12.370</b>
Schools - ICT Projects	0.055	-	-	-	-	<b>0.055</b>
Ballard House	0.167	-	-	-	-	<b>0.167</b>
Commercial Development at Broadley Park (Haxter Court)	0.110	-	-	-	-	<b>0.110</b>
Crownhill Court	0.274	-	-	-	-	<b>0.274</b>
Street lighting Energy Savings	0.558	0.921	-	-	-	<b>1.479</b>
Challenge Fund	-	1.500	-	-	-	<b>1.500</b>
Car Parks - Replacement Payment System	0.300	0.100	-	-	-	<b>0.400</b>
Replacement of Hire Vehicles	1.801	-	-	-	-	<b>1.801</b>
Street Scene & Waste Vehicles	1.698	-	-	-	-	<b>1.698</b>
Grass Cutting Equipment	0.199	-	-	-	-	<b>0.199</b>
Chelson Meadow Push Walls	0.650	-	-	-	-	<b>0.650</b>
Chelson Meadow Closure & Leachate Plant Upgrade	0.105	-	-	-	-	<b>0.105</b>
Investment in Community Connections	0.111	-	-	-	-	<b>0.111</b>
Transformation/Modernisation Technology Projects	0.448	0.350	-	-	-	<b>0.798</b>
New Data Centre Migration	0.221	-	-	-	-	<b>0.221</b>
Local Full Fibre Network	2.051	-	-	-	-	<b>2.051</b>
Repairs to Plymouth Guildhall	0.159	-	-	-	-	<b>0.159</b>
Corporate Estate Condition Surveys	0.180	-	-	-	-	<b>0.180</b>
Ballard House Roof Repairs	0.350	0.166	-	-	-	<b>0.516</b>
Pounds House Repairs	0.020	1.802	-	-	-	<b>1.822</b>
Hoe Foreshore Repairs	1.062	-	-	-	-	<b>1.062</b>
City Business Park - Computer Complex Demolition	0.362	-	-	-	-	<b>0.362</b>
Accommodation Strategy	0.377	-	-	-	-	<b>0.377</b>

Hoe Promenade Toilets	0.444	-	-	-	-	<b>0.444</b>
Business Park	2.069	0.733	-	-	-	<b>2.802</b>
Mount Edgumbe Commercialisation	0.065	0.150	-	-	-	<b>0.215</b>
Various projects under £100k	1.108	0.143	-	-	-	<b>1.251</b>

	2021/22 Latest Forecast	2022/23 Latest Forecast	2023/24 Latest Forecast	2024/25 Latest Forecast	2025/26 Latest Forecast	Total
	£	£	£	£	£	£
<b>Total</b>	<b>140.155</b>	<b>189.194</b>	<b>60.872</b>	<b>11.168</b>	<b>0.968</b>	<b>402.356</b>

Project Income Assumptions:	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m	£m
Manadon Interchange	1.238	3.674	3.617	11.690	90.496	110.714
DTp - Major Road Network	-	9.713	8.500	13.600	14.597	46.410
Environment Agency	-	0.655	0.545	-	-	1.200
DTp - St Levan Road Junction	-	2.000	-	-	-	2.000
DTp - Highway Maintenance	1.000	1.000	2.000	-	-	4.000
DfT incentive Funding	0.390	0.390	-	-	-	0.780
Pothole Action Fund	0.117	0.117	-	-	-	0.234
National Marine Park – HLF	-	1.661	4.000	3.000	-	8.661
DEFRA - Litter Bin	0.020	-	-	-	-	0.020
BEIS - Green Homes - Phase 3	4.100	-	-	-	-	4.100
Social Housing Decarbonisation	1.500	-	-	-	-	1.500
Lawn Tennis Association (LTA) -	-	0.020	-	-	-	0.020
DEFRA - Nature for Climate	0.425	-	-	-	-	0.425
Urban Tree Challenge	0.250	-	-	-	-	0.250
Urban Innovation Action	0.248	-	-	-	-	0.248

Adult Social Care Grant / DFG	-	2.126	2.126	2.126	-	6.378
OPE - Accommodation Strategy	0.500	-	-	-	-	0.500
Unallocated grants	0.761	1.101	-	-	-	1.862
Fleet Replacement	-	4.050	1.320	-	-	5.370
Redevelopment Opportunities	25.000	25.000	-	-	-	50.000
Records store	0.550	-	-	-	-	0.550
ICT Business Case	0.700	0.800	0.800	0.800	-	3.100
Burial Land extension	-	1.000	-	-	-	1.000
Service Efficiency projects	-	-	-	3.896	5.000	8.896
Existing Grants future funding	2.771	0.971	1.288	1.335	1.290	7.655
Developer Contributions	4.071	4.452	4.088	3.736	3.791	20.138
<b>TOTAL</b>	<b>43.640</b>	<b>58.729</b>	<b>28.283</b>	<b>40.183</b>	<b>115.175</b>	<b>286.010</b>

Total Revised Capital Budget	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m	£m
<b>Total</b>	<b>183.795</b>	<b>247.923</b>	<b>89.155</b>	<b>51.351</b>	<b>116.142</b>	<b>688.366</b>

**Council Tax Resolution**  
To be distributed separately