City Council

PLYMOUTH CITY COUNCIL

Date of meeting:	27 February 2023
Title of Report:	**Revenue and Capital Budget 2023/24**
Lead Member:	Councillor Richard Bingley (Leader)
Lead Strategic Director:	David Northey (Service Director for Finance and Section 151 Officer)
Contact Email:	David.northey@plymouth.gov.uk Stephen.coker@plymouth.gov.uk
Your Reference:	Fin/Bud/2023/24
Key Decision:	No
Confidentiality:	Part I - Official
Date of meeting:	27 February 2023

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 2023/24 of £217.440m;
2. To approve Council Tax levels for 2023/24, including an Adult Social Care Precept as detailed at Appendix 9;
3. To approve the specific savings proposals as set out at paragraph 2.17 of the report.
4. To approve the Capital Budget of £591.504m for 2022 to 2027 as detailed in section 3 of the report;
5. 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;
6. To note that the Devon and Somerset Fire and Rescue Authority precepts have been confirmed for 2023/24;
7. To note the Section 151 Officer's statement on the Budget as set out in this report;
8. To approve the annual Treasury Management Strategy and Capital Financing Strategy 2023/24 (incorporating the authorised limits, operational boundaries and prudential indicators) as detailed in Section 4;
9. To approve an adjustment of £1m to the Minimum Revenue Provision (MRP), as an amendment to the Capital Financing Strategy, and as set out in this report within the Treasury Management Strategy and detailed under the Annual Minimum Revenue Provision Statement

section

10. To note the response to the recommendations made by the Budget Scrutiny Select Committee and the Cabinet response to those recommendations (Appendix 6);

11. To note the consultation feedback as set out at Appendix 5

12. To approve the use of flexible capital receipts to fund revenue costs for transformation project, as set out in Section 3 the Capital Programme paragraph 9.16.

13. 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. An alternative option to freeze or not implement the maximum Council Tax increase or to not implement all or any of the Adult Social Care precept would leave a large budget gap to be closed. Options for closing would then require a drawdown of limited reserves, or further savings on top of the already unprecedented one-year savings of £23m, leading to other issues such as cuts to services.

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.

Implications for the Medium Term Financial Plan and Resource Implications:

The implications of the 2023/24 budget will feed into the revised 5 year medium term financial plan that will be presented to Full Council in September.

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. We are still experiencing the legacy financial impact of Covid-19 and this remain a financial risk. The main risk to the Council's budget is the major impact of the current cost of-living pressures and the associated rate of inflation. Together with an increasing demand for our services including children's and adult's social care and increases in the costs of providing them. Additional allocations have been made in this budget but remain a risk.

Each savings proposal carries its own risks, the mitigation for which will be explored as they are developed.

This report includes the Council's Section 151 Officer's statement giving their view as to the robustness of the proposed budget.

Carbon Footprint (Environmental) Implications:

No impacts directly arising from this report. As the recommendations of this report relate to the Council's revenue and capital budget in totality, the scope of the decision covers all of its activities. There will be carbon footprint implications arising from these activities, negative or positive, but these can only be effectively assessed on a case by case basis. More information is covered under the Background section, points 2.14 onwards.

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

The reducing revenue resources across the public sector has been identified as a key risk within our Strategic Risk register. As proposals are developed, officers will produce where relevant a risk register relating to the above areas specific to each proposal in order to inform decision making. The register will include mitigations of identified risks where necessary, and this will be reported as part of the decision-making process.

Appendices

Ref.	**Title of Appendix**	**Exemption Paragraph Number** (if applicable) *If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.*						
		1	**2**	**3**	**4**	**5**	**6**	**7**
1	Closing the Gap							
2	Net additional cost pressures and adjustments 2023/24							
3	Additional Grant Resources/Adjustments and Savings by Directorate							
4	(a) General Fund Budget 2023/24 Net Revenue Budget (b) Proposed 2023/24 Departmental General Fund Budget							
5	Budget Engagement							
6	Budget Scrutiny Recommendations 2023/24							
7	Budget 2023/24 Equality Impact Assessment							
8	Capital Programme as at 31 December 2022							
9	Council Tax Resolution							
10	Final Local Government Settlement (Including Annex 1-3)							

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) *If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.*

	1	2	3	4	5	6	7
Budget 2023/24 – Draft Budget							

Sign off:

Fin	pl.22.23.385	Leg	EJ/1194/23.2.23(1)	Mon Off	Click here to enter text.	HR	Click here to enter text.	Assets	Click here to enter text.	Strat Proc	Click here to enter text.

Originating Senior Leadership Team member: David Northey

Please confirm the Strategic Director(s) has agreed the report? Yes

Date agreed: 23/02/2022

Cabinet Member approval: Leader

Date approved: 18/02/2022

REVENUE AND CAPITAL BUDGET 2023/24

Introduction

Our budget plans for 2023/24 reflect our continuing ambition for Plymouth and its residents and to 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 2023/24.

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 75 per cent of our total revenue budget.

We have worked hard over the last few months to identify how to close this shortfall and have identified £23m savings and secured additional grants and applied one-off measures in order to propose a balanced budget.

The size of the shortfall between anticipated resources and financial commitments for the coming year has been considerable, and a disciplined approach to achieving a balanced budget whilst maintaining delivery against the Council's agreed priorities has been necessary. The approach to balance the budget has been informed by a clear focus on agreed priorities, the delivery of measures to increase efficiency, maximising income opportunities where appropriate and changing our systems, processes and structures to improve the way we deliver services.

Listening to Plymouth's residents and stakeholders is a high priority for the Council and we have received valuable feedback throughout the year and during a budget consultation held at the end of 2022 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 have taken place this year in how the Council uses its estate with the move out of Windsor House and the use of Crownhill Court We will continue to reduce 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 27 February 2023.

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 2023/24 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.*
- *Both the Cabinet and the Corporate Management Team undertake monthly reviews of the financial performance of the Council and decisions are taken throughout the year as required which provides a sound financial framework.*
- *Full Council are advised on a quarterly basis of the financial management of the Council's resources*
- *We are reducing demand for our social services through prevention and innovation.*
- *The introduction of a pay-to-collect garden waste collection service will enable us to provide a cost effective service*
- *Senior Officers and Cabinet have worked closely to identify savings for 2023/24.. Following a review of all proposed plans those selected for 2023/24 totalling £23m provide reasonable assurance that detailed, feasible plans exist, and that sufficient resources are available to undertake the change activities required, and deliver the savings.*
- *This is an unprecedented target for one financial year and this has been taken into consideration as part of the risk assessment. Any small percentage slippage could have a major impact on the deliverability of the overall budget.*

- *Senior officers have identified continuing cost pressures arising from the COVID-19 pandemic and general inflation level. These pressures 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 inflation and cost of living crisis 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. In the event Council chooses not to implement the full increases, in order to maintain a balanced Budget, compensating adjustments in expenditure and savings plans will need to be agreed as part of such a decision by Council.*
- *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 financial year.*
- *A review of the Council's Working Balance and other unallocated reserves for emergencies and unplanned events.*

Financial Risks – General Observations

It is important to note that 2022/23 has been and continues to be a challenging year in order to achieve a balanced financial position by the end of March 2023. Like all households and local authorities across the country, the Council continues to experience considerable inflationary pressure in the economy generally and especially in respect of fuel and pay. The current year has seen £6m of non-controllable costs which could not have been foreseen at the time of setting the Budget. This includes over £3m relating to energy price inflation.

Service demands have increased in all directorates especially in Place, in Children's Services and in People. Central government have in part recognised the pressure that the sector is under as a result of the current economic climate, with growth in both the Revenue Support Grant and Business Rates.

The main risk to the Council's budget is the major impact of the current cost of-living pressures and the associated rate of inflation. Together with an increasing demand for our services including children's and adult's social care and increases in the costs of providing them. Additional allocations have been made in this budget but remain a risk

The Council retains 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 2023/24 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 2023/24.

Due to the current economic position interest rates have been rising but market expectations are these are nearly at their peak. PCC has put in place a Strategy to protect itself from rising interest rates by moving to longer term borrowing through PWLB and utilising its interest rate swap for short term loans.

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 over spend of 1% (c. £2m) would reduce general balances by c. 25% unless *alternatively funded. The Section 151 Officer has made a firm commitment to provide a full five-year Medium Term Financial Plan (MTFP) for consideration at the September meeting of Full Council.*

Our external auditors Grant Thornton have advised the Audit and Governance Committee that "our level of General Fund reserves, at some £8 million, is insufficient to maintain financial sustainability". The S151 officer has confirmed that The Council will revisit its Reserves Strategy and build up its reserves as part of the five-year Medium Term Financial Plan to be presented to Full Council in September 2023.

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 monthly basis with quarterly reports being provided to Full Council. The relevant Scrutiny Committees will also be in receipt of the latest available monitoring position.

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 adequate in the current circumstances and that additional resources will be set aside as and when they become available 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;*
- *More than 60% of the proposed savings can be labelled as business-as-usual management actions and budget reductions*
- *The £4.575m of savings proposed in the Children's Directorate will be challenging, given the current 2022/23 monitoring forecast. However, this risk is mitigated by the new leadership and management arrangements and mitigation plans.*
- *The proposed additional 10% increase to Fees and Charges as agreed by Cabinet in November are implemented from 1st April 2023.*
- *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.*
- *It should 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 in 2024/25 and it is important that work begins early to identify means of addressing this position. 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

2.1. Cabinet received a report on the proposed Budget for 2023/24 at its meeting on 17 January 2023. The report provided an update on the budget shortfall which at the time stood at £0.617m. In addition, it also included a separate summary on the main findings from the Local Government Settlement.

2.2. This report builds upon the material presented in the February Cabinet report and recommends the proposed Revenue and Capital Budget to Council on 27 February 2023. The report structure is:

- Section 1: Helping Plymouth Build Back Better
- Section 2: Revenue Budget
- Section 3: Capital Budget
- Section 4: Capital Financing Strategy and Treasury Management Strategy
- Section 5: Appendices

2.3. 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 and uncertain and unpredictable funding levels remain.

Local Government Finance Settlement

2.4. The timing of the announcement in late December 2022 continues to be unhelpful 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.

2.5. A summary of the key points from the Final Settlement can be found in Appendix 10.

Budget Engagement

2.6. A public engagement to support the 2023/24 budget setting process took place between Friday 11 November and Sunday 04 December 2022. A questionnaire was developed which asked respondents to give their views on a range of budget savings / income proposals being put forward by the Administration to help inform the Council's budget setting for the 2023/24 fiscal year.

2.7. The questionnaire was available online through Plymouth City Council's consultation portal and available in other formats upon request. A communications plan was developed which set out the required materials, branding and opportunities for advertising and promoting the engagement and the engagement exercise was promoted in the local media and through the Council's own channels; social media, Plymouth Newsroom, resident e-newsletter and direct messaging to stakeholders.

2.8. A budget engagement event on the 07 December 2022 with Plymouth's Youth Parliament explored the current situation and the savings and income options proposed. Young people were offered the opportunity to put forward suggestions for alternative savings and potential income generation and a wide range of topics were discussed, from the electrification of fleet vehicles to bringing back commissioned services into Council control. Some of the group had already responded to the online budget engagement.

2.9. A meeting was held on 21 December 2022 with several of the City's key business group representatives. Groups and organisations represented include:

- Devon and Plymouth Chamber
- Destination Plymouth
- Plymouth Growth Board
- Plymouth Business Improvement Districts (BIDs)
- Plymouth Federation of Small Businesses (FSB)
- Plymouth Social Enterprise Network

2.10. The budget issues were outlined and, with recognition of these, representatives shared their thinking on the way forward regarding economic development in the city. This was well received, and the Chair of the FSB wrote to Plymouth City Council in response to this session to recognise the achievements of the Economic Development Team to date, despite some of the challenges currently being faced.

Budget Scrutiny

2.11. 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.

2.12. The Budget Scrutiny Select Committee was convened on the 24 - 26 January 2023 to consider the Cabinet's approach to setting the budget for the 2023/24 financial year.

2.13. The recommendations and Cabinet's response are included in Appendix 5.

Climate Impact Assessment

2.14. The Council's Corporate Carbon Reduction Plan 2022 included a commitment to implement a Climate Decision Wheel for all key decisions and capital project business cases (action 3.6.1). This climate change assessment process has now been piloted and approved in principle by the Climate Emergency Board (on 14 February 2023). The next step is to develop and implement a plan for its roll-out to the organisation. This process will help inform future decision-making and will replace the Carbon Footprint (Environmental) Implications currently used for decision making.

2.15. A new three-year delivery plan for managing the City Council's approach to reducing its carbon footprint, called the Net Zero Action Plan, will be considered by the City Council at its meeting of 27 March 2023. This plan will include not only specific proposals for reducing emissions, but also set out commitments to exploring new / innovative funding solutions and ensuring that climate considerations are more fully embedded in Council decisions and activities, for example through the procurement process. The current report on the budget therefore needs to be considered within this wider context of the Council's journey to net zero.

2.16. The report itself does set out, in Appendix 3, 95 savings proposals which, subject to implementation will contribute to the proposed revenue budget requirement. The potential implications of these measures on corporate and city emissions (whether direct or indirect) can only be understood on a case by case basis.

2.17. Of these 95 proposals, only two are specifically enacted by decision made in relation to this report:

- 'Swap revenue budget funding for Community Grants programme with capital funding which is available - £93,000.' The carbon footprint impacts of community grants will always be specific to what the grants are actually being used for. The proposed back-filling of the reduced revenue with capital has the same potential to deliver either a negative or neutral or positive benefit as the current situation. There is no net difference. It would be hoped that councillors consider climate impacts in their allocations of grants.
- 'Reduction of concessionary fares budget - £500,000.' This is a demand-based service, with concessionary fares paid out in response to use of bus services. In its own right, as a savings proposal it is carbon neutral. However, notwithstanding the current budget challenges, the Council's aspiration is to see a modal shift over time to more sustainable and low carbon travel modes, which will mean planning for increased public transport use. Therefore, demand for concessionary fares will need to be kept under close review in future budget preparation process.

2.18. The Council's commitments to the net zero agenda, as for any other agenda, will always sit within the financial context it is working within, but by taking a three-year perspective, the Net Zero Action Plan will enable the Council to take a medium-term view which will assist with financial planning.

2.19. The report also sets out the capital programme at December 2022, in Appendix 8. Each capital project is already required to consider its carbon footprint implications, and the Climate Decision Wheel will shortly be rolled out to all capital investment business cases, enable a more comprehensive review for each new proposal coming forward.

Flexible Use of Capital Receipts

2.20. In order to assist in the delivery of major items within the savings plans, it is proposed to use the mechanism of drawing down a sum of £1.946m of capital receipts. This will be allocated to the Children's Directorate £0.750m; Transformation £0.610m; Street Services £0.400m; Intelligent Automation £0.070m and a review and resetting of the provision of corporate services £0.116m. This investment will deliver savings of over £6m

Section 1 – Helping Plymouth Build Back Better

Service and Organisational Context

In July 2022, the Council's Cabinet adopted Plymouth's Future: Our Opportunity, Our Delivery Plan as a statement of the administration's key priorities for delivery, focusing on four key priorities:

- Creating higher value jobs,
- Delivering good quality green homes,
- Ensuring decent education and
- Providing access to first class health and care.

Supporting the vision, mission and values set out in the Corporate Plan, these priorities remain at the centre of the Council's ambition, and continuing to deliver the actions supporting them is central to financial and service planning in the coming year. In common with all local authorities the City Council faces growing pressure on our resources as the need for services increases and costs rise faster than income. Modernising the way we work to ensure that savings in expenditure are focused on improved systems and better use of our resources to keep reductions in services to a minimum continues to be at the heart of the Council's improvement and change activities.

Creating higher value jobs

Despite the economic uncertainty that continues to have impacts nationally, the city's Freeport mobilisation has gained momentum throughout the past year, and is expected to bring over 1000 jobs in the next two years, with thousands more new jobs in the Freeport's first few years of operation across a range of skills, trades and professions, including science, engineering and logistics. The National Marine Park and wider Port Strategy will enable the Council, in partnership with Babcock, Plymouth University, Associated British Ports and Brittany Ferries to support our ambition to unleash Plymouth's full potential as a major international port and global coastal city to invest in. The delivery of major transport infrastructure projects continues to support the city's growth, with the final stages of the completion of the Forder Valley link road being reached on time and on budget. More broadly, work will continue to address employment rates and to build on the significant success in developing the culture and visitor sectors, whose contribution to the city's economy is growing as a result of successful strategic interventions.

Delivering good quality green homes

Despite the national downturn in housing construction and delivery, estate regeneration schemes in North Prospect and Barne Barton will deliver substantial numbers of new homes in the coming year, and major schemes are progressing such as the Kings Tamerton development, delivering 70 net-zero carbon affordable homes, the partnership with Plymouth Community Homes to deliver 140 new affordable homes in the city centre Millbay regeneration area to rent and buy, alongside the Stirling Project in Honicknowle, due for completion in September 2023 delivering self-build homes for veterans.

Ensuring decent education

Plymouth's students matched the national benchmark for the first time in the 2021-22 exam series for 'attainment 8' GCSE-level qualifications, and also closed the gap significantly with regional and statistical neighbours. Drivers for this, supported by the Plymouth Education Board and working with the Regional Schools Commissioner included the introduction of high performing multi-academy trusts into the city, bringing opportunities for curriculum development, resource sharing and high quality professional development for teachers. Plymouth's 'Place Based plan' is increasing the amount of students achieving the 'basics' in English and Maths, with schools on target to achieve further improvements in 2023. The final driver for change is the increasing number of secondary schools graded as 'good' or 'outstanding' in the city, indicating the importance of strong leadership in Plymouth schools. Through the city Council's 'place based' plan, city education leaders have set themselves the target of 70% of secondary schools judged as 'good' or 'outstanding' by the end of the 2022-3 academic year.

Providing access to first class health and care

There is no higher priority for the Council than ensuring that resources are in place to support our ambitions for the future of services to vulnerable children and young people. Plans are being put in place to ensure 'right service, right time' principles are consistently applied to ensure timely 'good services' are delivered to our children and young people, with families being supporting in their communities to prevent the need for escalation into statutory services. This involves more investment in driving a continuous improvement cycle with strong quality assurance systems in place, with children only coming into care when they need to in order to be safe and working with partner agencies to make a difference to outcomes for children and young people. There will be further investment in better use of key data to focus on educational risks and the early identification of need, improving our Special Educational Needs and Disability offer and approach to vulnerable learners and the further development of a stable and able workforce.

Given the challenges facing adult health and social care services nationally and locally, there are significant plans for investment in providing access to first class health and care in Plymouth. This will include further support for the development of new 'out of hospital services to help people leave acute settings, both through the short term care centre run by Livewell Southwest and Age UK Plymouth, continuing support for the Care Hotel in support of those in need of additional living support after a stay in hospital, and work with a range of voluntary sector organisations commissioned to support discharge from both acute and community settings. Pressures around homelessness and numbers in temporary accommodation remain, and the Homelessness Prevention Partnership will oversee the delivery of a single, structured and integrated multi-agency programme of work with the aim of significant reductions in homelessness in the coming year. The successful programme of wellbeing hubs and family centres will continue, building on the success of the Mount Gould and Four Greens hubs and supporting the development of three new Wellbeing Hubs at Southway, Estover and Efford. Work is also continuing to develop a wider Wellbeing Hub offer in Devonport. A range of activity is also planned to recruit and retain more care workers for both adults' and children's services, expand mental health provision and availability for children and adults in the city, and deliver a foster care recruitment campaign in the coming year.

The way we work: the Council's change programme

The Council has been working hard to modernise the way we work as part of a programme that has been in place and delivering change since before it was described by the Local Government Association in 2015 as 'having the building blocks in place to be the brilliant Council that you aspire to be'. The programme in place is focused on a 'One Council' approach to our customers, our workforce, our operating systems and our property and assets, and changes in the way we are structured to deliver our ambitions for adults' and children's services. In addition, our delivery arrangements for Street Services will be reviewed and restructured. Underpinning the whole programme are key principles that are being applied consistently – they include a requirement to simplify our procedures so that they are understandable to customers and staff alike, standardise our processes to promote efficiency and ease of use, and share data, expertise and technology to avoid duplication and provide intelligence to improve service outcomes. The corporate estate is being rationalised to minimise the number of buildings we operate from and we are revising our customer strategy to set out clear standards, treating our customers first and foremost as citizens, with support from investment in supporting community empowerment and volunteering opportunities.

Section 2 – Revenue Budget

Resources (Funding)

2.1. The total core resources available with a Council Tax increase of two point nine nine percent (2.99%) and an Adult Social Care precept of two percent (2%), are set out in the table below.

Resources (Funding)	Actual 2022/23 £m	Proposed 2023/24 £m
Council Tax	(122.575)	(130.625)
Business Rates	(65.130)	(75.253)
Revenue Support Grant	(10.045)	(11.562)
Total Resources	**(197.750)**	**(217.440)**

Council Tax

2.2. The Full Council meeting in January 2023 approved the Council Tax Base report for 2023/24. It set the number of Band D equivalent properties at 74,891, an increase of 1,061 on 2022/23.

2.2. The rise in the tax base for 2023/24 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.

2.3. The Government's Autumn Statement set the Council Tax referendum limit at 2.99% (i.e. this is the highest level of increase permissible without a referendum) and an adult social care precept (ASC) of 2.00%. For Plymouth, every quarter percent (0.25%) increase in the Council Tax would yield an additional £0.312m.

2.4. As part of developing the 2023/24 budget, Council has the option to consider adopting a 2.99% increase for Council Tax and a 2.00% level of ASC precept in order to present a balanced budget. If adopted, these increases would provide an additional £3.740m in council tax and £2.500m adult social care precept; a total of £6.240m. The Government have assumed we will maximise this when referencing Council's Core Spending Power.

2.5. The final decision on these matters is that of Full Council on 27 February 2023.

Business Rates

3.1 The CSR22 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, the business rates grant income will increase by £4.347m in 2023/24.

The final calculation of resources from Business Rates is determined by the completion of the Government return NNDR1 (National Non Domestic Rates). The timing of this report sits outside of the budget setting timetable, and the final outcome has now been confirmed with our external advisors. This year was particularly difficult to predict due to the uncertainty of inflation on the multiplier, the impact of the three-year business rates revaluation exercise and the first year without the complexities of Covid grant payments to business rate payers. As a result, the business rates resources have increased by a further £4.777m.

Taken together with £0.999m of growth in the base, this equates to a total increase of £10.123m from the current £65.130m to a revised £75.253m.CSR22 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, the business rates grant income will increase by £4.347m in 2023/24. Taken together with £0.999m of growth in the base, this equates to a total increase of £5.346m from the current £65.130m to a revised £70.476m.

Revenue Support Grant (RSG)

3.2 The Provisional Settlement announced a RSG of £11.562m. The increase is includes rolled in grants totalling £0.497m. Excluding this the increase represents a CPI increase of 10.1% (£1.020m).

New Homes Bonus (NHB)

3.3 The allocation for New Homes Bonus payment in 2023/24 is £0.022m. This is £0.822m less than the forecast figure included in the budget report to Cabinet in November 2022. It reflects the Government changes which is now simply a one-year retrospective payment and is also due to the number of new homes being less than previously forecast. It should be noted this allocation settlement is for one year only and there is still no indication of what the replacement will be.

Services Grant and Social Care Grant

3.4 Nationally, the Government has extended the grant to 2023/24 and Plymouth's allocation is £2.266m, a reduction of £1.755m. This reduction is due to the cancellation of the increase in National Insurance Contributions; to move funding to the Supporting Families programme and top-sliced to support the RSG growth.

3.5 The Council also receives a Social Care Grant. The additional payment is £8.199m in 2023/24 but includes rolled in grants worth £0.582m so the net increase is £7.617m.

3.6 Plymouth City Council has been allocated a net £2.140m from the Government's Adult Social Care Market Sustainability and Improvement Fund. The Market Sustainability and Fair Cost of Care Fund created in 2022/23 has been rolled into this new grant. This is a ring-fenced grant intended for local authorities to make tangible improvements to adult social care, and, in particular, to address discharge delays; social care waiting times; low fee rates; workforce pressures; and to promote technological innovation in the sector.

3.7 There is a new Adult Social Care Discharge Fund with a 2023/24 £0.734m grant allocation for Plymouth, to form part of Better Care Fund plans, and is aimed at reducing delayed transfers of care.

Lower Tier Services Grant

3.8 The Government has announced the discontinuation of this grant (worth £0.416m in 2022/23). It has been replaced by the Minimum Funding Guarantee of 3% for 2023/24.

Public Health Grant

3.9 The Public Health grant is another key source of income and is used to improve the health of the population, and in particular to tackle large differences in health outcomes that we see between local areas. At the time of writing this report the 2023/24 grant has yet to be advised. The grant for 2022/23 is £15.940m and was announced in early Feb 2022.

Directorate Summary

3.10 A significant proportion of our revenue budget (circa 73%) is spent on two principal 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 on our cost base.

3.11 Adult Social Care supports over 4,700 people to meet their support needs in a range of settings, at home, within supported housing or residential and nursing care. Plymouth provides over 610,000 hours of care every year to help some of our most vulnerable residents in the city. During 22/23 the Council investigated over 1,700 referrals about the safety of adults.

3.12 The People budget in 2022/23 is £95 million in this area, but demand for services continues to rise due to a growing elderly population, the increasing complexity of the need following the COVID pandemic and in line with all areas increasing costs of care provision. However, the Council is committed to ensuring that there is care and support available for our most vulnerable adults and older people, through increased focus on reducing high-cost provision supporting more people to be healthy and well at home, engagement with care providers to reduce costs and further integration of support to deliver increased efficiencies.

3.13 The Council will continue to work in partnership with the NHS and other care and support providers to ensure services are more joined up and has been pioneering in combining our adult social care services with the community health services in Livewell Southwest as well as commissioning an Alliance to address complex health and housing needs in the city.

3.14 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 2,177 children within its social care team.

3.15 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 2023/24 will be around £62 million.

3.16 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 this work.

3.17 This year Plymouth has witnessed increased pressures on budgets due to a small number of children entering into care with a high level of care needed and for some, an increase in the cost of care packages for children already in our care. 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 and supporting children to stay at home with their families or connected carers wherever possible.

3.18 The Place directorate has a net annual revenue budget of £27.3m (i.e., 14% of the Council's net revenue budget). Its Gross annual budget is £92.2m. It therefore has an income of £64.9m annually which is made up predominantly of grant and commercial income. The directorate has over the years significantly increased its income and reduced its net revenue spend significantly from £45m in 2013/14 to the current annual cost of £27.3m.

3.19 The Place directorate has three departments that carry out its work. These are Strategic Planning and Infrastructure (Strategic and development planning, housing, strategic transport schemes, public transport, climate change and green estate work), Economic Development (Regeneration, Economy and Enterprise, Commercial property, Freeport, National Marine Park, Culture, Events and Tourism) and finally Street Services (waste collection and disposals, street scene, trade and commercial waste, Highways, Parking and marine services). The majority of these services are universal services that benefit and interface with the lives all of residents, businesses and visitors to the city. However, the current financial challenges facing all businesses, individuals and councils have meant we have had to seek opportunities to address budgetary pressures and constraints.

3.20 Within Strategic Planning and Infrastructure, the reduced forecast spend in concessionary fares will be used to help address budgetary pressures. The costs of provision of non-commercial bus routes will be reviewed and options considered to maintain as many as possible, whilst at the same time looking to work within available budgets. The proposed introduction of charging at Park and Ride sites as part of ticketing for users of such sites will be introduced, meaning no increase to the cost of such facilities for park and ride customers. This will be subject to a further decision. A full review of Community Transport will be undertaken to ensure the efficient use of the limited available funding that is available. In areas where the city council currently contributes to partnership funded bodies, the level of investment will be reviewed and reduced, removed or alternate sources of funding sought to reduce pressures on PCC revenue. At the same time, the department will undertake a re-structure to deliver further savings.

3.21 The Economic Development department generates £24.7m income, covering the revenue costs of the overall economic development and includes projects grants for the Freeport, National Marine Mark, The Box and Property Regeneration fund and providing a surplus of £1.1m to wider council budgets. The Budget priority will be to continue to drive income. It will also continue to seek to reduce costs, increasing efficiency and further maximise grants to help support delivery of a council wide balanced net budget. A range of proposals are being developed that will reduce revenue costs through the capitalisation of staff costs, additional grant funding, seek cost neutrality in the running of the Tourism Information Centre, seek new commercial income streams and Increase events sponsorship thereby reducing costs.

3.22 The Street Services department provides year-round statutory services to residents across the city. It will continue to strive to provide those services and keep the city in as best a shape as possible, maintaining facilities and activities such as the continued operation of Household Waste Recycling Centres in Weston Mill and Chelson Meadow as well as the provision of a variety of daily front line services. The department will seek to maximise efficiencies and reduce costs wherever possible e.g., through the re-profiling of city-wide street lighting and a re-prioritisation of Highways maintenance; as well as maximising income in areas such as Highways Engineering client fees. It will seek to increase efficiency in the waste collection routes and services which collect 117,000 waste bins from residents every week. Reviews of charging for parking which have not changed since 2017 and Resident Permits, which have not changed since 2007, are proposed for implementing and charging introduced across a variety of waste service activities. This will include the introduction of an annual fee for the non-statutory service of garden waste collections as approved by Cabinet at its meeting of the 10 November 2022

3.23 The Customer & Corporate Services directorate has a net annual revenue budget of £47m two core objectives; supporting the organisation and delivering customer services. Core services include but are not limited to: finance, procurement, insurance, Human Resources, facilities management and our Customer and Digital service (business support, libraries, information governance).

3.24 During 2022/23, as part of the Council's Transformation Programme, the directorate has delivered a new business support service, introduced new ways of working, reduced our office accommodation, delivered the Council's new website and won awards for our digital inclusion network.

3.25 Looking forward and to support the delivery of our savings in 2023/24 our efforts will be focused on the Customer Service Strategy, ensuring the most vulnerable and digitally excluded have choice in how to access our services, consult on our front doors and libraries, improve our processes supported by automation where we can, refocus DELT, maximise our assets, deliver our people strategy and drive organisational change as well as considering how best to deliver our corporate services in the future.

3.26 Business Support is a vital component that underpins critical activities right across the Council, both in front line delivery as well as in our corporate functions. It is supported by the Council's Transformation Programme and will support the delivery of savings as it maximises opportunities to streamline, simplify and deliver services digitally.

3.27 The Chief Executive's office manages a net annual revenue budget of just under £5.6m, or just under 3% of the Council's total net revenue budget. Income, at over £0.500m is made up of a combination of services provided for other public bodies, grants and charges made for services specific to projects, such as legal support for capital schemes. Through a combination of increasing chargeable activity for other public bodies and the introduction of multi-disciplinary teams, the service has reduced its revenue requirement from the Council by over £0.700m since 2013/14.

3.28 The Chief Executive's service covers four main areas of work. The oversight and governance team provides support for the Council's democratic functions, including Members' support and all the Council's decision making, covering Cabinet, Scrutiny, and all other decision-making bodies. The team also provides and supports the Council's performance and risk framework, responsible for the provision, reporting and analysis of our delivery of services to the public and the management and reporting of strategic and operational risk.

3.29 The Legal service provides services to all the directorates, ranging from commercial, litigation, and property related support to child and adult protection and the Council's Monitoring Officer responsibilities. We have plans to further minimise the amount of legal support that the Council commissions externally through greater provision from our own expertise, and tighter scoping of legal requirements.

3.30 The Communications team is responsible for the Council's external and internal communications arrangements and our relationships with external stakeholders. The elections and registration team manages the city's electoral register and delivers local and national elections. With significant changes in voter identification being implemented through the recent Elections Act, the team will be ensuring that additional burdens funding from the government will meet the inevitable extra costs incurred in successful implementation of new responsibilities in this area.

Additional Costs

4.1. The additional budget costs for 2023/24 are set out in Appendix 2 and include cost and volume increases for Adults' and Children's Services; a net increased cost and volume allocation for Homelessness; and cover the Council's commitment to the National Living Wage for our adult social care providers, and ensuring they receive the necessary funding. The National Living Wage additional costs reflect the increase from the current £9.50 to the revised £10.42 from April 2023.

4.2. Under the heading of Right Sizing the Budget there is an allocation of £2.267m for costs to be consolidated into the 2023/24 budget base costs. This sum includes an allocation of £0.247m for the Electoral Services department to ensure they have the necessary resources to reflect the legislative changes being implemented in the election process.

4.3. As part of the final adjustments to close the budget gap of £0.617m, a series of amendments have been made to the proposed additional cost allocations. This includes the Final Settlement additional £93,000 allocation of Services Grant

4.4. The baseline budget includes an annual £0.100m allocation to the South Yard project reserve. Given recent developments and spend profiles, this allocation will be removed from the base budget, commencing 2023/24

4.5. The budget proposed to Cabinet in November 2022 included, under corporate costs, an additional energy allocation of £4.765m. This was based on the estimates for the 2022/23 financial year and projected for the full-year effect in 2023/24. Subsequent to this, we are in receipt of more accounting assumptions, allowing a reduction in the allocation of £0.210m

4.6. In addition, it is the correct course of action to charge the additional energy costs associated with the Bereavement Service against the income generated, rather than the charge being covered in the overall council budget. This results in a reduction of £0.300m

4.7. Given the associated risks within the social care budget allocations, an additional sum of £1.000m has been added within the corporate budget, to be held as a contingency against possible future demand pressures.

4.8. The result of the triannual pensions valuation undertaken for the Local Government Pension Scheme (LGPS), means the Primary Contribution Rate will increase from the current 16.6% to a revised 19%, with effect from April 2024. This adds an annual additional £1.500m to the pension costs.

4.9. The net result of these changes is an increase in the additional cost allocations totalling £1.797m.

Savings Plans

5.1. Savings plans totalling £26.166m were presented in detail at Cabinet on 10 November 2022. This comprised directorate savings of £21.413m and corporate, or council wide savings of a further £4.753m. This corporate figure included a fees and charges estimate of £0.760m which was adjusted downwards by £0.367m following detailed analysis. This resulted in an overall revised savings total of £25.799m. As part of the work to close the budget gap, adjustments have been made to the savings resulting in a net reduction of £2.363m to a revised total of £23.436m.

5.2. The previous budget proposals included an item described as one off savings, totalling £2.493m. Given the financial position in 2022/23 these savings have been brought forward and used in the current financial year.

5.3. There is a proposal to reverse a previous year's top-up of the Minimum Revenue Provision (MRP) in the sum of £1.000m. This sees a re-balancing of the MRP reserve.

5.4. The original savings proposals included a reduction in Community Grants of £0.213m. Following further discussion, it is proposed to reduce this saving by £0.120m to a revised £0.093m.

5.5. The original savings proposed, under a reduction in corporate budgets, to delete the staff exit costs budget of £1.500m. This has been refined by fifty percent to a saving of £0.750m to support savings plans in 2023/24 where departments are undertaking a restructure.

5.6. The final proposals for each Directorate (including those not requiring further decisions) are shown in Appendix 3.

Closing the Budget Gap

6.0 A budget gap of £0.617 was presented to Cabinet on 17 January 2023. Since then Officers have been working hard to close the gap. As a result of further work the following adjustments are proposed to balance the budget. The overall Budget position is shown in Appendix 4a.

Directorate	2023/24 £m	2023/24 £m
Revised post Council Tax increase / January Cabinet		**0.617**
Amended Resources :- Business Rates 2023/24		(4.777)
Amended Costs :-		
Delete South Yard additional allocation	(0.100)	
Reduce energy cost allocation corporate allocation	(0.210)	
Reduce additional energy cost – recharge Bereavement Service	(0.300)	
Pension costs as a result of Tri-Annual valuation	1.500	
Additional Social Care Provision	1.000	
Final Settlement adjustment to Services Grant reduction	(0.093)	
Total amended costs		1.797
Amended Savings :-		
One off used in 2022/23 – reverse of assumption to carry over	2.493	
Reduce saving Staff Exit Costs from £1.5m – to cover savings plans in 2023/24	0.750	
MRP one-off adjustment – reverse prior year's over provision	(1.000)	
Reduce Community Grants saving to revised £0.093m	0.120	
Total amended savings		2.363
Final Balance		**0.000**

Conclusion

7.1 This report sets out the remaining budget shortfall after the application of a Council Tax increase which is to be agreed at Full Council on 27 February 2023.

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

- Incorporated the impact of the Settlement.
- Included the additional grant allocations
- Included all identified costs
- Proposed savings of £23.436m
- Applied a suite of in year adjustments

7.3 Council are advised to note that the Budget position as set out will be balanced if Council adopt:

- A Council Tax increase of two point nine nine percent (2.99%)
- An Adult Social Care Precept increase of two percent (2.00%)

Council Tax Resolution

Implications of the proposed council tax for each band of properties

8.1 To note that the Office of the Police and Crime Commissioner for Devon and Cornwall and The Isles of Scilly has issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area, reflecting a Fifteen pounds (£15.00 or 6.08%) increase for 2023/24 for a band D property.

8.2 To note that the Devon and Somerset Fire and Rescue Authority precepts have been confirmed reflecting a Five pounds (£5.00 or 5.45%) increase for 2023/24.

8.3 To use the Council Tax base for 2023/24 as 74,891 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; calculate that the Council Tax requirement for the Councils own purposes for 2023/24 is £131,299,650.

8.4 To agree that the following amounts are calculated for the year 2023/24 in accordance with Sections 31 to 36 of the Act:

a) £555,753,539 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act (Gross Expenditure and Transfers to Reserves).
b) £424,453,889 being the aggregate of the amounts which the council estimates for the items set out in Section 31A (3) of the Act (Gross Income and Transfers to Reserves).
c) £131,299,650 being the amount by which the aggregate at 8.4(a) above exceeds the aggregate amount at 8.4(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as it's council Tax requirement for the year. (Item R in the formula in section 31B of the Act).
d) £1,753.21 being the amount at 8.4(c) above (Item R), all divided by Item T (8.3 above), calculated by the council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.

Plymouth City Council

Band	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**
2022/23	£1,113.25	£1,298.80	£1,484.34	£1,669.88	£2,040.96	£2,412.05	£2,783.13	£3,339.76
2023/24 - Council Tax 2.99%	£33.29	£38.83	£44.38	£49.93	£61.03	£72.12	£83.22	£99.86
2023/24 Adult Social Care Precept 2.00%	£22.27	£25.98	£29.69	£33.40	£40.82	£48.24	£55.67	£66.80
Total	**£1,168.81**	**£1,363.61**	**£1,558.41**	**£1,753.21**	**£2,142.81**	**£2,532.41**	**£2,922.02**	**£3,506.42**

Police

Band	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**
2022/23	£164.37	£191.77	£219.16	£246.56	£301.35	£356.14	£410.93	£493.12
2023/24 - Council Tax £15.00 (Band D)	£10.00	£11.67	£13.34	£15.00	£18.33	£21.67	£25.00	£30.00
Total	**£174.37**	**£203.44**	**£232.50**	**£261.56**	**£319.68**	**£377.81**	**£435.93**	**£523.12**

Fire

Band	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**
2022/23	£61.19	£71.39	£81.59	£91.79	£112.19	£132.59	£152.98	£183.58
2023/24 - Council Tax £5.00 (Band D)	£3.34	£3.89	£4.45	£5.00	£6.11	£7.22	£8.34	£10.00
Total	**£64.53**	**£75.28**	**£86.04**	**£96.79**	**£118.30**	**£139.81**	**£161.32**	**£193.58**

Band	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**
2022/23	**£1,338.81**	**£1,561.96**	**£1,785.09**	**£2,008.23**	**£2,454.50**	**£2,900.78**	**£3,347.04**	**£4,016.46**
2023/24	**£1,407.71**	**£1,642.33**	**£1,876.95**	**£2,111.56**	**£2,580.79**	**£3,050.03**	**£3,519.27**	**£4,223.12**

Section 3: Capital Budget

9.1. 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.

9.2. 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).

9.3. 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.

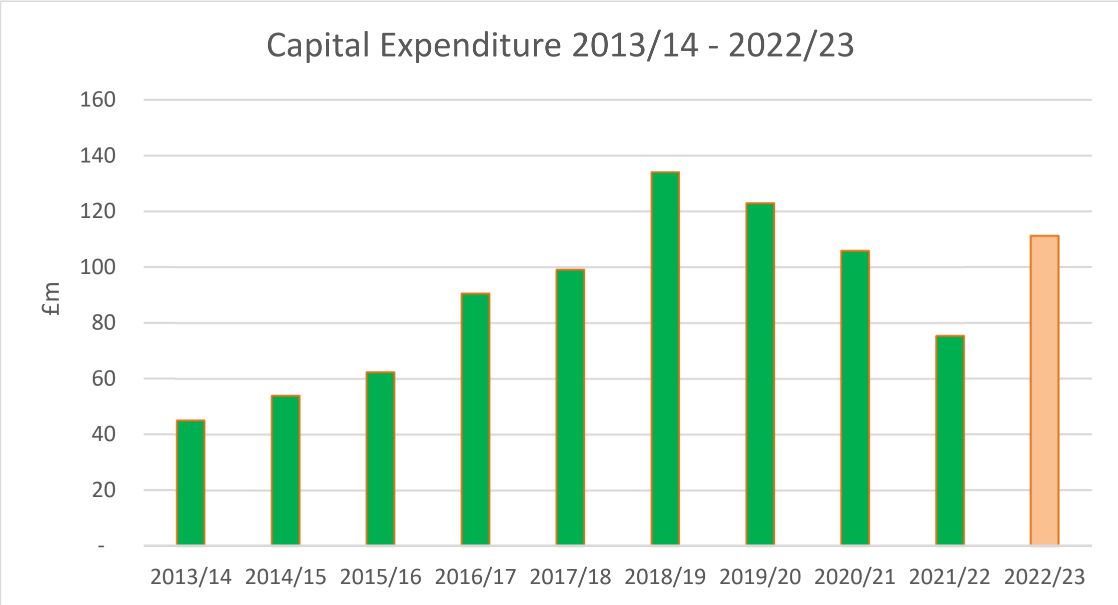
9.4. The Council must ensure sufficient funding is available to meet the requirements of the agreed projects within its Treasury Management Strategy, which is reviewed annually and updated to reflect projects as they are reviewed and developed for delivery. The Treasury Management Strategy is set out later in this report.

9.5. As a result of the increasing Bank of England interest rate there is a higher cost of borrowing externally through Public Loans Work Board and other short term borrowing arrangements which will require ongoing monitoring and capital programme review to ensure affordability of the programme is maintained.

9.6. The impact of current inflationary pressures on costs already assumed in the capital programme and on future schemes is likely to be material and to have a significant impact on what can be delivered within the existing funding boundary. Furthermore, the Council faces the risks of supply chain issues, insufficient supply of materials, increasing labour costs and skills shortage. However a range of mitigations and responses to manage this inflationary risks are available to the Council, dependant on the detail and stage of scheme delivery. Sourcing external funding and containing cost pressures through re-engineering the project within existing sources of finance remains a priority given that there is limited scope to borrow to fund these pressures

9.7. 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 throughout 2020/21 and 2021/22 due to the COVID-19 pandemic some projects have been delayed or slowed. Current forecast expenditure for 2022/23 is £111m at quarter 3 reflecting higher forecast spend by project officers, than the previous two years.

Capital Expenditure 2013/14 - 2022/23



9.8. The capital programme includes the following major projects:

- Transforming Cities Fund - £39.781m
- Woolwell to the George - £33.763m
- Bereavement Instructure - £23.175m
- Highway maintenance, drainage and essential engineering - £19.953m
- Derriford District Centre - £17.756m
- Brunel Plaza redevelopment of the Train Station - £16.730m
- Forder Valley Link Road/Interchange - £15.537m
- Future High Streets Fund - £14.424m
- Armada Way improvement £12.592m
- Plymouth & South Devon Community Forest - £8.649m

9.9. 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 1.

Five-Year Capital Programme by Directorate

Directorate	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m
People & Children's Services	8.604	8.390	3.668	0.132	0	**20.794**
Place - Economic Development	12.814	85.201	11.957	5.367	2.888	**118.227**
Place - Strategic Planning & Infrastructure	54.620	77.269	20.168	2.560	0	**154.617**
Place - Street Services	17.835	11.353	2.700	0	0	**31.888**
Customer & Corporate Services	6.979	7.672	0.605	0	0	**15.256**
Director for Public Health	9.823	10.682	2.670	0	0	**23.175**
Total	**110.675**	**200.567**	**41.768**	**8.059**	**2.888**	**363.957**
Financed by:						
Capital Receipts	2.951	7.484	0.530	0.831	0.046	11.842
Grant Funding	47.074	65.808	3.742	1.803	-	118.427
Corporate Funded borrowing	27.760	42.109	22.665	5.254	0.243	98.031
Service dept. supported borrowing	22.290	81.457	8.607	0.071	2.599	115.023
Developer contributions	9.086	3.596	6.091	0.058	-	18.830
Other Contributions	1.514	0.113	0.133	0.043	-	1.804
Total Financing	**110.675**	**200.567**	**41.768**	**8.059**	**2.888**	**363.957**

9.10. 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	63.917
Delivering a sustainable City Centre and Waterfront	40.474
Delivering a sustainable Derriford / Northern Corridor	59.286
Delivering a sustainable Eastern Corridor	1.584
Delivering sustainable homes for the City	30.705
Delivering essential City infrastructure / Improving neighbourhoods	26.842
Ensuring sufficient good quality school places	0.997
Delivering a sustainable economy	76.055
Connecting the City	18.359
Commercialisation of services (including property)	45.738
Total	**363.957**

9.11. The table below includes both existing programming and programming where funding may become available looking forward the forecast five year capital programme, 2022/23-2026/27, is £591.504m as at 31 December 2022. The Capital Budget has been adjusted to take into account new approvals and changes to the capital programme and adjustments to the future funding assumptions.

Description	£m
Approved Capital Programme 2022/23-2026/27	363.957
Future Funding Assumptions (Capital Pipeline)*	227.547
Total Revised Capital Budget for Approval (2022/23-2026/27)	**591.504**

* Estimate of funding required to finance future capital projects

9.12. 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 32%. 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.

New Capital Approvals

9.13. Provision has been made within the 2023/24 proposed revenue budget for £0.471m to fund priority pipeline projects which 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 2023/24.

Funding of the Capital Programme

9.14. The current estimate of future capital funding for the five years 2022/23-2026/27 is £228m. A full breakdown of the future funding assumptions is available in Appendix 6. 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 2023/24 Medium Term Financial Plan.

9.15. 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.

Flexible use of Capital Receipts

9.16. In line with the existing Flexible Use of Capital Receipts Policy approved in 2018, the Council wishes to employ capital receipts as part of this policy which can be used to fund revenue costs. This report includes a recommendation asking Council to endorse this approach.

Flexible use of Capital Receipts	£m
2022/23 Latest Forecast	1.728
2023/24 Latest Forecast	0.290
Total forecast (2022/23-2026/27)	**2.018**

Prudential Code

9.17. 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.

9.18. 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.

9.19. 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 28 November 2022.

Climate Emergency Investment Fund

9.20. In order to work towards the 2030 net zero target significant investment will be required. A Climate Emergency Investment Fund has been created in 2022/23 and projects continue to come forward for approval.

Conclusion

9.21. 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.

Section 4 – Capital Financing Strategy and Treasury Management Strategy

Capital Financing Strategy 2023/24

INTRODUCTION AND CONTEXT

9.1. 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.

9.2. 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.

9.3. 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

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

9.5. 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.

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

9.7. In February 2022 the Council approved a budget which contained an uplift to the revenue budget of £0.811m 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 2023/24. 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

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

9.9. 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.

9.10. 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.

9.11. 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.

9.12. Due diligence is carried out on all new proposals to determine whether the scheme is deemed suitable.

9.13. 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.

9.14. As part of Finance department restructure an updated governance process to establish projects onto the capital programme is being developed to support the programme approval process. This will provide members with further confidence that the schemes meet the expected requirements in line with the strategic direction of the city.

9.15. The Capital Financing Strategy is agreed annually with the Capital programme as part of the annual budget setting process. Variations to the Capital programme or in-year additions, subject to delegation, will be agreed by Cabinet through the presentation of quarterly Capital programme monitoring.

CAPITAL PLAN

9.16. 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.

9.17. 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.

9.18. "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.

9.19. 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

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

9.21. 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

9.22. 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.

9.23. 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

9.24. 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.

9.25. 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.

9.26. 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

9.27. 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.

9.28. 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.

9.29. 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

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

9.31. 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.

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

9.33. 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 2023/24.

RISK MANAGEMENT

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

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

9.36. 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.

9.37. 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.

NOWLEDGE AND SKILLS

9.38. 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.

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

9.40. 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 2023/24

Councillor Mark Shayer

Deputy Leader of the Council and Cabinet Member for Finance and Economy

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.

David Northey

Service Director for Finance (Interim)

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 recent turbulence with the financial markets and world economy has had an impact upon borrowing and investment rates of interest. This Strategy will help support the council in responding to this volatility in the short to medium term.

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

Contents

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 2023/24** • Investments make an average rate of return of 2%
Approach	**Objective** - Security first, Liquidity second and then Yield **Strategy** - to maximise returns, reduce risk and diversify investments

Choices made within the framework	**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

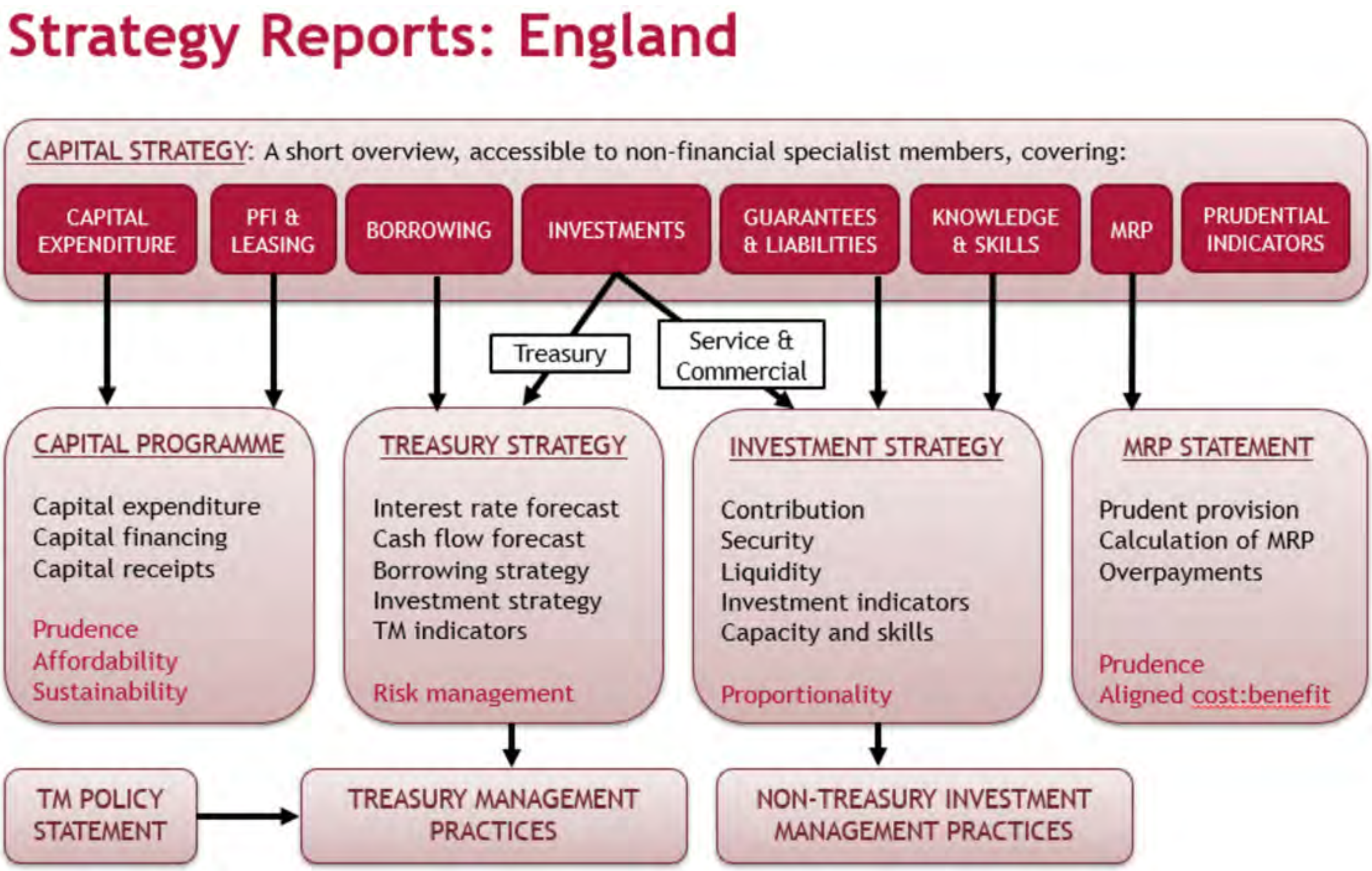
Market Intelligence

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

Statutory and Performance Framework *Rules that guide us*	**Borrowing** • **£211m** Total Capital Expenditure • **£1076m** Capital Finance Requirement (need to borrow) • **£1082m** Total Debt (loans and private finance initiative) • **£1095m** Operational Boundary (practical ceiling on borrowing) • **£1130m** The Authorised Limit (absolute maximum debt approved)
	Prudential Indicators • **12.1%** Ratio of finance costs to net revenue stream (borrowing costs as a proportion of net revenue budget) • **£12.20** Hypothetical increase in Council Tax affordability. (this is technical measure; the Council has made no future years tax decisions)
	Treasury Management Indicators • **80%** Limit on Fixed Interest Exposure • **50%** 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 2023/24 • New long-term loans will cost an average rate of 4.0%

Approach *Choices made within the framework*	**Objective -** The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. In addition to ensure required short term borrowing is held to maximise benefit from hedging arrangement. **Strategy** Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. **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** With interest rates having risen recently, there is now a reasonable chance that lenders will exercise their options. If they do, the Authority will take the option to repay LOBO loans to reduce refinancing risk in later years **Municipal Bonds Agency** Council will use where appropriate as this is a more complicated source of finance. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council. **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



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

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.

Management Investment Strategy (shown as service and commercial in the diagram) included in this document.

Economic background as at November 2022: The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Authority's treasury management strategy for 2023/24.

The Bank of England (BoE) increased Bank Rate by 0.75% to 3.0% in November 2022, the largest single rate hike since 1989 and the eighth successive rise since December 2021. The decision was voted for by a 7-2 majority of the Monetary Policy Committee (MPC), with one of the two dissenters voting for a 0.50% rise and the other for just a 0.25% rise.

CPI inflation is expected to peak at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets with a peak of 5.25%. However the BoE has stated it considers this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target.
The labour market remains tight for now, with the most recent statistics showing the unemployment rate fell to 3.5%, driven mostly by a shrinking labour force. Earnings were up strongly in nominal terms by 6% for total pay and 5.4% for regular pay but factoring in inflation means real total pay was -2.4% and regular pay -2.9%. Looking forward, the MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.
Interest rates have also been rising sharply in the US, with the Federal Reserve increasing the range on its key interest rate by 0.75% in November 2022 to 3.75%-4.0%. This was the fourth successive 0.75% rise in a pace of tightening that has seen rates increase from 0.25%-0.50% in March 2022. Annual inflation has been slowing in the US but remains above 8%. GDP grew at an annualised rate of 2.6% between July and September 2022, a better-than-expected rise, but with official interest rates expected to rise even further in the coming months, a recession in the region is widely expected at some point during 2023.

Inflation has been rising consistently in the Euro Zone since the start of the year, hitting an annual rate of 10.7% in October 2022. Economic growth has been weakening with an expansion of just 0.2% in the three months to September 2022. As with the UK and US, the European Central Bank has been on an interest rate tightening cycle, pushing up its three key interest rates by 0.75% in October, the third major increase in a row, taking its main refinancing rate to 2% and deposit facility rate to 1.5%.

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

Credit Outlook

Credit default swap (CDS) prices have followed an upward trend throughout the year, indicating higher credit risk. They have been boosted by the war in Ukraine, increasing economic and political uncertainty and a weaker global and UK outlook, but remain well below the levels seen at the beginning of the Covid-19 pandemic.
CDS price volatility has been higher in 2022 compared to 2021 and this year has seen a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.
The weakening economic picture during 2022 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several local authorities and financial institutions, revising them from to negative from stable.
There are competing tensions in the banking sector which could impact bank balance sheet strength going forward. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability.
However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant 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 forecasts that Bank Rate will continue to rise in 2022 and 2023 as the Bank of England attempts to subdue inflation which is significantly above its 2% target.

While interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected over the forecast horizon despite looming recession. Arlingclose expects Bank Rate to rise to 4.25% by June 2023 under its central case, with the risks in the near- and medium-term to the upside should inflation not evolve as the Bank forecasts and remains persistently higher.

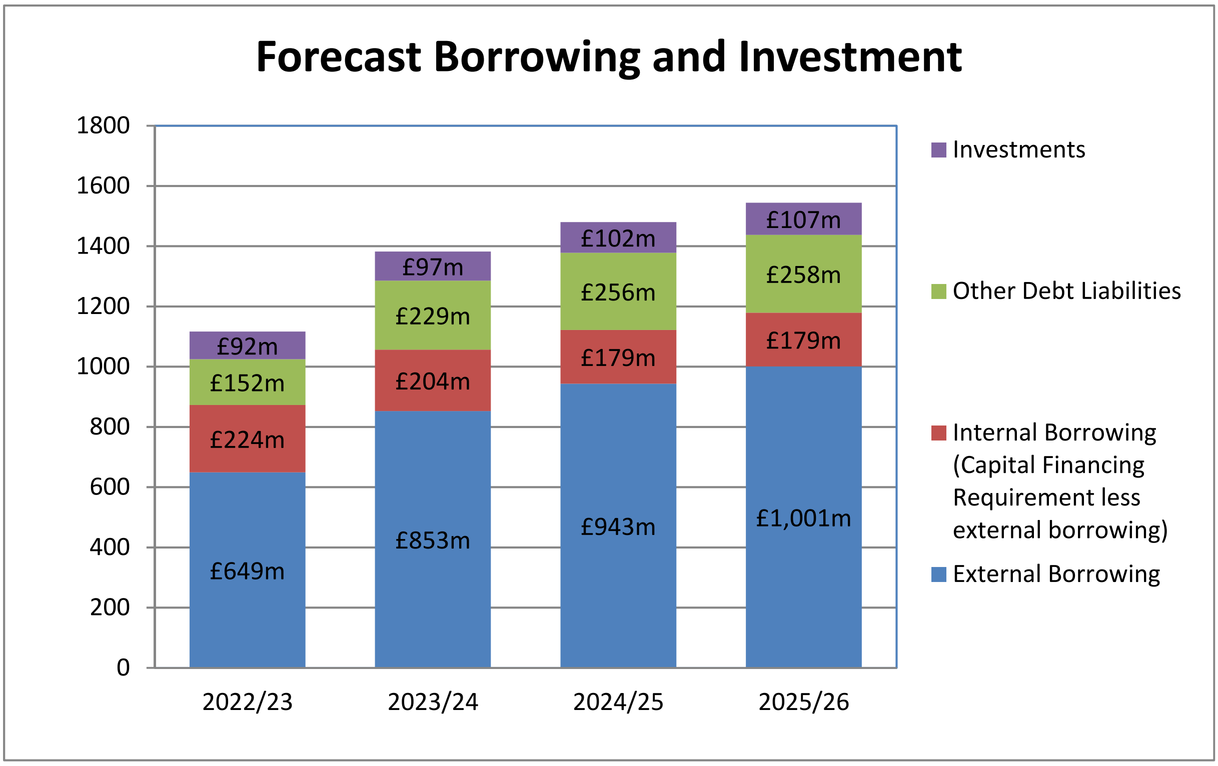
Yields are expected to remain broadly at current levels over the medium-term, with 5-, 10- and 20-year gilt yields expected to average around 3.6%, 3.7%, and 3.9% respectively over the 3-year period to September 2025. The risks for short, medium and longer-term yields are judged to be broadly balanced over the forecast horizon. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

A more detailed economic and interest rate forecast provided by Arlingclose is in 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 £554 million of loans in as at 31 March 2022. This was a decrease of £46 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 and future years.

The Council expects to hold borrowing up to £ 853m in 2023/24. The total borrowing must not exceed the authorised limit set by the Council of £1130m which includes long term liabilities of £145m.

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 we will look for opportunity to fix borrowing over long term where affordable.

Borrowing Strategy

Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of short-term borrowing will 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. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2023/24 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council has taken the opportunity to refinance some of it 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 give the Council certainty over more of it 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 - £50m in November to provide interest rate certainty and have funds available should lenders exercise right to call in LOBO loans with 4 working days notice.

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 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)
- The UK Infrastructure Bank
- 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 Authority holds £64m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost.

One loan of £5m is expected to be called in during 2022/23.

A further £44m of these LOBOs have options during 2023/24, and with interest rates having risen recently, there is now a reasonable chance that lenders will exercise their options. If they do, the Authority will take the option to repay LOBO loans to reduce refinancing risk in later years.

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. It issues bonds on the capital markets and lends the proceeds to local authorities.

This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

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

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

The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

Prudential Indicators 2023/24

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 forecast at October 2022 may be summarised as follows.

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

Capital Expenditure and Financing	2022/23 Forecast £m	2023/24 Forecast £m	2024/25 Forecast £m	2025/26 Forecast £m
General Fund	170.585	211.107	79.027	37.146
Total Expenditure	**170.585**	**211.107**	**79.027**	**37.146**
Capital Receipts	5.481	5.640	0.443	3.000
Grants and Contributions	93.598	31.775	8.013	1.861
Revenue	1.524	0.000	0.000	0.000
Borrowing	69.982	173.692	70.571	32.285
Leasing and PFI	0.000	0.000	0.000	0.000
Total Financing	**170.585**	**211.107**	**79.027**	**37.146**

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 22 Actual £m	31 Mar 23 Forecast £m	31 Mar 24 Forecast £m	31 Mar 25 Forecast £m
General Fund	832.728	902.710	1076.402	1146.973
Total CFR	**832.728**	**902.710**	**1076.402**	**1146.973**

The Council has an increasing CFR and is forecast to rise by £314m 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 23 Forecast £m	31 Mar 24 Forecast £m	31 Mar 25 Forecast £m	31 Mar 26 Forecast £m
Borrowing	673.982	952.674	968.245	1025.530
PFI liabilities & Finance Leases*	127.000	129.000	231.000	233.000
Total Debt	**800.982**	**1081.674**	**1199.245**	**1258.530**

* 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 2024.

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	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Borrowing	750.000	950.000	1000.000	1050.000
Other long-term liabilities	144.000	145.000	250.000	255.000
Total Debt	**894.000**	**1095.000**	**1250.000**	**1305.000**

Authorised Limit for External Debt

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

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

Authorised Limit	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Borrowing	775.000	985.000	1020.000	1050.000
Other long-term liabilities	140.000	145.000	255.000	260.000
Total Debt	**915.000**	**1130.000**	**1275.000**	**1310.000**

Ratio of Financing Costs to Net Revenue Stream

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

This measure demonstrates that our proposed borrowing is affordable.

Ratio of Financing Costs to Net Revenue Stream	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
General Fund	10.0%	11.5%	12.1%	12.6%

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	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
General Fund - increase in annual band D Council Tax	£10.10	£18.30	£12.20	£12.30

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 MHCLG rules including non-Treasury Management Investments

Introduction

The Authority invests its money for three 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**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (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 2023/24

- Investments will make an average rate of 2.0%
- New long-term loans will cost an average rate of 4.0%

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 £53m 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 though 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:

	2022/23	2023/24	2024/25	2025/26
Upper limit on fixed interest rate exposure	75%	75%	80%	80%
Upper limit on variable interest rate exposure	50%	40%	30%	30%

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%	50%

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:

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

Non-Treasury Management Investments

Introduction

The non-treasury management investment strategy was a new report introduced in 2019/20, following the requirements of statutory guidance issued by the government (MHCLG) 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 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. the rate of interest charged on any loan will reflect the risk of the project and potential for default;
7. subsidy controls rules are taken into account before a loan can be considered.

<u>Shares</u>

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

Property and Regeneration Fund	Actual 2021/22	Estimate 2022/23	Forecast 2023/24
Commercial Property Net Income	£2.492m	£3.203m	£2.635m
Net Return	1.19%	1.53%	1.26%

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 2021/22:

Analysis of Movement in Investment Properties	2020/21	2021/22
	£000	£000
Balance at 1 April	**254,440**	**275,442**
Additions	26,558	113
Disposals	(160)	0
Net gains/(losses) from fair value adjustments	(8,300)	(2,587)
Transfers:		
(to)/from Property, Plant and Equipment	2.904	(1,903)
Balance at 31 March	**275.442**	**271.065**

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

	2021/22 Actual
Gross expenditure on provision of services	£635.924m
Gross Investment income	£2.492m
Proportion	0.39%

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 25 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 2023/24

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008.

The Local Government Act 2003 requires the Authority to have regard to the former Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in 2018.

The MHCLG 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 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.

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.

For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the principal repayment on an annuity with an annual interest rate equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years.

For capital expenditure loans to third parties that are repaid in annual or more frequent 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.

In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. While this is not one of the options in the MHCLG Guidance, it is thought to be a prudent approach since it ensures that the capital expenditure incurred on the loan is fully funded over the life of the assets.

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.

Recommendation updated to Minimum Revenue Statement for 2023/24

Overpayments: In earlier years, the Authority has made voluntary overpayments of MRP that are available to reduce the revenue charges in later years. It is planned to make a £1m drawdown in 2023/24.

MRP Overpayments	£m
Actual balance 31.03.2022	1.381
Approved 2022/23	0.000
Expected balance 31.03.2023	1.381
Planned 2023/24	(1.000)
Forecast balance 31.03.2024	0.381

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 November 2022

Underlying assumptions:

- UK interest rate expectations have eased following the explosive mini-budget, with a growing expectation that UK fiscal policy will now tighten to restore investor confidence, adding to the pressure on household finances. The peak for UK interest rates will therefore be lower although the path for interest rates and gilt yields remain highly uncertain.
- Globally, economic growth is slowing as inflation and tighter monetary policy depress activity. Inflation, however, continues to run hot, raising expectations that policymakers, particularly in the US, will err on the side of caution, continue to increase rates and tighten economies into recession.
- The new Chancellor dismantled the mini-budget, calming bond markets and broadly removing the premium evident since the first Tory leadership election. Support for retail energy bills will be less generous, causing a lower but more prolonged peak in inflation. This will have ramifications for both growth and inflation expectations.
- The UK economy is already experiencing recessionary conditions, with business activity and household spending falling. Tighter monetary and fiscal policy, alongside high inflation will bear down on household disposable income. The short- to medium-term outlook for the UK economy is bleak, with the BoE projecting a protracted recession.
- Demand for labour remains strong, although there are some signs of easing. The decline in the active workforce has fed through into higher wage growth, which could prolong higher inflation. The development of the UK labour market will be a key influence on MPC decisions. It is difficult to see labour market strength remaining given the current economic outlook.

- Global bond yields have steadied somewhat as attention turns towards a possible turning point in US monetary policy. Stubborn US inflation and strong labour markets mean that the Federal Reserve remains hawkish, creating inflationary risks for other central banks breaking ranks.
- However, in a departure from Fed and ECB policy, in November the BoE attempted to explicitly talk down interest rate expectations, underlining the damage current market expectations will do to the UK economy, and the probable resulting inflation undershoot in the medium term. This did not stop the Governor affirming that there will be further rises in Bank Rate.

Forecast:

- The MPC remains concerned about inflation but sees the path for Bank Rate to be below that priced into markets.
- Following the exceptional 75bp rise in November, Arlingclose believes the MPC will slow the rate of increase at the next few meetings. Arlingclose now expects Bank Rate to peak at 4.25%, with a further 50bp rise in December and smaller rises in 2023.
- The UK economy likely entered into recession in Q3, which will continue for some time. Once inflation has fallen from the peak, the MPC will cut Bank Rate.
- Arlingclose expects gilt yields to remain broadly steady despite the MPC's attempt to push down on interest rate expectations. Without a weakening in the inflation outlook, investors will price in higher inflation expectations given signs of a softer monetary policy stance.
- Gilt yields face pressures to both sides from hawkish US/EZ central bank policy on one hand to the weak global economic outlook on the other. BoE bond sales will maintain yields at a higher level than would otherwise be the case.

Extract from Arlingclose Economic and Interest Forecast issued 7 November 2022

	Current	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25
Arlingclose Central Case	3.00	3.50	4.00	4.25	4.25	4.25	4.25	4.00	3.75	3.50	3.50	3.50	3.50
Downside risk	0.00	0.25	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25
Arlingclose Central Case	3.00	3.90	4.40	4.40	4.40	4.35	4.30	4.25	4.00	3.75	3.75	3.75	3.75
Downside risk	0.00	0.25	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
5yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.36	3.65	3.90	3.90	3.90	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
10yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.46	3.70	3.75	3.75	3.75	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
20yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.88	4.00	4.00	4.00	4.00	4.00	3.90	3.90	3.90	3.90	3.90	3.90	3.90
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
50yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.24	3.40	3.40	3.40	3.40	3.40	3.30	3.30	3.30	3.30	3.30	3.30	3.30
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%
PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

Appendix B - Existing Investment and Debt Portfolio Position

	30 Sept 2022 Actual Portfolio £m	30 Sept 2022 Average Rate %
External Borrowing:		
PWLB – Fixed Rate	305.5	2.35
Short Term Borrowing	135.0	0.88
LOBO Loans	64.0	4.34
Long Term Borrowing	18.0	4.37
Total External Borrowing	**522.5**	**2.28**
Other Long Term Liabilities:		
PFI, Finance Leases and other liabilities	94.3	n/a
Other loans	19.3	n/a
Total Gross External Debt	**636.1**	
Investments:		
Managed in-house		
Short-term Money Market Funds	10.2	1.39
Other Short Term investments	1.6	1.66
Managed externally		
CCLA Pooled Funds	26.8	2.50
Other Pooled Funds	25.0	1.01
Total Investments	**63.6**	1.72
Net Debt	**572.5**	

Treasury Management Strategy 2023-24

Published by:

Plymouth City Council
Ballard House
West Hoe Road
Plymouth PL1 3BJ

	2023/24 £m
November Cabinet Report – gap	**11.394**
Business Rates multiplier	(4.347)
Revenue Support Grant (RSG)	(1.517)
Local Council Tax Support Grant (subsumed into RSG)	0.395
Additional Social Care Grant	(8.199)
Independent Living Fund (subsumed into Social Care Grant)	0.582
Lower Tier Grant - Abolished	0.416
Services Grant – reduction	1.755
New Homes Bonus (allocation = £22k v forecast £0.850m)	0.828
National Living Wage further increase to revised £10.42	3.300
Cost and income assumptions adjustments – income	0.367
Cost and income assumptions adjustments - costs	0.633
Revised post Settlement	**5.607**
Additional 1% ASC Precept *	(1.250)
Additional Council Tax 2.99%	(3.740)
Revised post Council Tax increase	**0.617**

Appendix 1 (2)

Directorate	2023/24 £m	2023/24 £m
Revised post Council Tax increase / January Cabinet		**0.617**
Amended Resources :- Business Rates 2023/24		(4.777)
Amended Costs :-		
Delete South Yard additional allocation	(0.100)	
Reduce energy cost allocation corporate allocation	(0.210)	
Reduce additional energy cost – recharge Bereavement Service	(0.300)	
Pension costs as a result of Tri-Annual valuation	1.500	
Additional Social Care Provision	1.000	
Final Settlement adjustment to Services Grant reduction	(0.093)	
Total amended costs		1.797
Amended Savings :-		
One off used in 2022/23 – reverse of assumption to carry over	2.493	
Reduce saving Staff Exit Costs from £1.5m – to cover savings plans in 2023/24	0.750	
MRP one-off adjustment – reverse prior year's over provision	(1.000)	
Reduce Community Grants saving to revised £0.093m	0.120	
Total amended savings		2.363
Final Balance		**0.000**

Appendix 2

Net additional cost pressures and adjustments

Right Sizing the Budget	2023/24 £m
Right Sizing the budget	16.180
Corporate	11.207
Children	4.423
People	8.582
Place	2.734
	43.126

Right Sizing the Budget	£m
Additional 2022/23 pay award consolidated into the 2023/24 budget	2.900
One off in 2022/23 COVID 19 Additional Grant Income	4.890
One Offs in 2022/23 budget	6.123
Electoral Services	0.247
Other Budgets funded from one off' allocations in 22/23 consolidated into the base for 23/24	0.720
2022/23 Budget Amendments	0.730
Additional Children's Social Workers funded from reserves in 2022/23	0.570
Total Right Sizing the Budget Costs *	**16.180**

* Includes cost that will be allocated to Directorates

Corporate Items	£m
Energy pressures Hard FM (Facilities Management)	2.755
Energy pressures - Street Lighting	1.000
Energy pressures – Leisure facilities	0.500
Salary Increases 2023/24	3.800
Financing the Capital Programme (new projects (0.471m – existing £1.199m)	1.670
Additional pension costs	1.500
Interest and other TM pressures	2.550
PFI (Private Finance Initiative) contract	0.273
Lower Tier Grant	0.416
Services Grant	1.662
Local Council Tax Support Grant (rolled into Revenue Support Grant)	0.395
Social Care provision	1.000
Street Services additional resources – held as a contingency	0.300
South Yard additional allocation	(0.100)
New Homes Bonus (NHB)	1.685
Social Care Grant	(8.199)
Total Corporate Costs	**11.207**

Children	£m
Social care provision – Additional cost and volume of placements	3.053
Short breaks	0.370
Home to school Transport	1.000
	4.423

People	£m
Adult Social Care – Care Packages	1.700
National Living Wage	5.300
Homelessness Cost and volume	1.000
Independent Living Fund (Now in Social Care Grant)	0.582
	8.582

Place	£m
Staffing - Streets	0.327
Vehicle fuel	0.446
Parking - 50% of legacy shortfall	0.450
Reversing one off income in 22/23	0.183
Waste tonnage and additional costs	0.628
Grounds maintenance	0.700
	2.734

Summary of Savings by Directorate	2023/24 £m
Corporate	(1.750)
Children	(4.575)
People	(6.030)
ODPH (Office of the Director of Public Health)	(0.292)
Place	(7.290)
Chief Executives and Customer and Corporate Services	(3.499)
	(23.436)

Corporate	2023/24 £m
MRP	(1.000)
Reduction in Corporate Budgets	(0.750)
	(1.750)

Children	2023/24 £m
Work with families to keep more children at home	(1.627)
Reduce the use of residential care, increase the use of foster care and work to ensure children in care can return to their families or a connected person in their lives	(2.275)
Review our workforce / organisational structure. Realigning services in Targeted Support and Social Care will reduce the need for agency workers and costs associated with external assessments	(0.673)
	(4.575)

People	2023/24 £m
Managing demand in homelessness	(0.500)
Managing and reducing cost pressures across care provider market	(1.000)
18-64 Review Programme and Reducing Transition Packages	(0.430)
Managing and Reducing Demand of ASC Packages (65plus)	(1.000)
Review Reablement Service, realising efficiencies through improved ways of working.	(0.250)
Review Early Help provision and Children's centres in partnership with Children's Directorate and partners across the city	(0.600)
Review Sports Development service and align function to Plymouth Active Leisure	(0.043)
Review Youth Services working in partnership with local providers to reduce costs.	(0.100)
Transfer funding for Health and Wellbeing Hubs to Public Health Grant removing cost from People Directorate budget	(0.119)
Maximise Grants to support wellbeing services	(0.508)
Review contracts to deliver efficiencies in partnership with Providers	(0.205)
Maximise Disabled Facilities Grant to support the provision of community equipment and adaptations in peoples' homes.	(0.500)
Develop a new operating model across the directorate	(0.200)
Increase Houses of Multiple Occupation licensing fee	(0.075)
	(5.530)

ODPH	2023/24 £m
Use £250k reserve to support range of children's services	(0.250)
Maximisation of grants across ODPH	(0.250)
Increased Fees & Charges income	(0.042)
Reduce Council subsidy associated with Leisure facilities.	(0.250)
Tinside Lido: broaden offer including new events	
Plympton Pool: review operating costs and income	
Mount Wise Pools: Implement entry charge to contribute to costs of running	
Brickfields: develop community sports and wellbeing hub with partners	
	(0.792)

Place	2023/24 £m
Reduce Concessionary Fares Budget	(0.500)
Increase car parking charges as per Cabinet decision of 10 November 2022	(0.934)
Charging for collection of garden waste (councils are not required to provide garden waste collections as it is a non-statutory service) As per Cabinet decision on 10 November 2022	(0.530)
Re-instate charging for non-household waste at Household Waste Recycling Centres (Asbestos, soil, rubble, plasterboard)	(0.177)
Re-instate charging for bin delivery	(0.032)
Reduce budget for supporting non-commercial bus routes and implement charges at Park and Ride sites to support the city's bus network	(0.229)
Generate savings/ income from the commercial estate (lease renewals/ re-gearing/ new income)	(0.343)
Capitalisation of Strategic Project Teams costs	(0.050)
Review costs of the Economic Development Team through capitalisation of costs, efficiencies, income and sponsorship targets	(0.077)
Secure new and additional income and grants from cultural trusts and foundations	(0.125)
Ensure Tourist Information Centre is cost neutral	(0.025)
Seek sponsor for Bonfire Night on The Hoe or stop the event.	(0.030)
Review of Community Transport provision including release of bike hire underspend, consideration of funding underspends, the optimisation of services and identifying alternative funding models.	(0.070)
Withdraw from Devon and Cornwall Rail Partnership	(0.010)
Withdraw from South Hams/Plymouth Urban Fringe Team	(0.066)
Reduce/re-align financial contributions to environment/marine bodies	(0.010)
Increase Allotment income	(0.011)
Undertake a full-service re-structure of Strategic Planning & Infrastructure	(0.300)
Annual increase in parking fees and identify new forms of income	(0.423)
Highways Engineering Client Fees through capitalisation of back-office support	(0.128)
Re-profile Highways Maintenance in areas such as white-lining, gulley work, barriers and ironworks as well as rationalising staffing and seeking capitalisation of back-office costs	(0.500)
Route optimisation savings of refuse collection service	(0.290)
Increase fees and charges in Street Services in line with fees and charges policy – areas include commercial, trade and bulky waste, MOTs, marine, playing pitches and beach huts	(0.234)
Reduce street lighting costs by investing in a new computer management system that helps reduce energy costs	(0.500)
Strategic Contract Optimisation	(0.430)
Introduce new Chelson Meadow Solar Farm to support energy savings	(0.050)
In line with national government policy, create a habitat banking scheme to generate income from developments to improve biodiversity and offset environmental impact	(0.029)
Maximise nature-based solutions to create additional income	(0.020)
One off saving – Reduce Foreshore Reserve	(0.129)
One off saving – Reduce Park and Ride Reserve	(0.100)
One off saving – Reduce Bad Debt Provision	(0.343)
One off saving - Strategic Projects License Fee	(0.048)
Utilise funding allocated for food waste collection service pending Government guidance on next steps for introduction	(0.200)
Recovery of owed land receipts	(0.050)
Increased Fees & Charges income	(0.296)
	(7.290)

Customer & Corporate Services	2023/24 £m
Review Contact Centres/Customer Services operating within the Council to look at broader efficiencies, bringing services together and focusing on those who are not able to use digital services and the most vulnerable communities we serve	(0.188)
Reduce purchasing of library books as eBook loans are increasing	(0.050)
Cease Local Government Information Unit (LGIU) and Key Cities subscriptions	(0.021)
Swap revenue budget funding for Community Grants programme with capital funding which is available	(0.093)
Share policy and performance functions across the Council	(0.084)
Bring together marketing, design and communications functions across the Council	(0.080)
Reduce external legal advice	(0.020)
Review Lord Mayor's events and streamline resources	(0.030)
Review senior management resource across the Council	(0.200)
One-off proposal to freeze the Head of Policy and Regional Partnerships role for 23/24	(0.070)
Improve processes and implement automation technology to reduce manual work in Business Support	(0.200)
Consult residents on how the Council re-provisions its Library Service alongside a review of other community buildings and services.	Subject to consultation – likely to be 24/25 saving
Introduce a plan to save money on IT as part of review of how services are best delivered across the Council	(0.600)
Freeze vacancies from Transformation and Digital teams and identify funding sources	(0.300)
Reduce spending on agency staff used in managing council buildings	(0.060)
Adjust security provision in council buildings	(0.123)
Reduce posts within the Human Resources Organisational Development (HROD) service	(0.220)
Review learning and development spend across the Council	(0.025)
Review of audit requirements from the Devon Audit Partnership	(0.050)
Review budget for the Finance team	(0.250)
Reduce external financial advice	(0.050)
Vacate Windsor House earlier than planned	(0.500)
Accelerate transfer of Children, Young People and Families service from Midland House and sell the building	(0.230)
Increased Fees & Charges income	(0.055)
	(3.499)

Indicative 2023/24 Directorate Budget **Appendix 4a**

	Budget 22/23			Budget 2023/24			
Directorate	Expenditure	Income	Net Budget	Cost Increases	Right Sizing the Budget	Savings/ Income	Net Budget
Corporate	11.783	(50.891)	(39.108)	11.207	13.913	(1.750)	(15.738)
Children	151.478	(89.316)	62.162	4.423	0.570	(4.575)	62.580
People	132.561	(37.403)	95.158	8.582	0.000	(6.030)	97.710
ODPH	20.553	(20.861)	(0.308)	0.000	0.000	(0.292)	(0.600)
Place	92.162	(64.884)	27.278	2.734	0.950	(7.290)	23.672
Chief Executives and Customer and Corporate Services	121.971	(69.403)	52.568	0.000	0.747	(3.499)	49.816
	530.508	**(332.758)**	**197.750**	**26.946**	**16.180**	**(23.436)**	**217.440**
				Total Resources available			**(217.440)**
				Budget			**0.000**

Indicative 2023/24 Departmental Budget

Appendix 4b

Plymouth City Council General Fund Budget 2023/24		Budget 22/23			Budget 2023/24						
Directorate	Department	Expenditure	Income	Net Budget	Cost Increases	Right Sizing the Budget	New Savings	Income Increases	Total Expenditure	Total Income	Net Budget
Corporate Finance	Corporate Items	11.783	(50.891)	(39.108)	11.207	14.703	(1.750)	0.000	35.943	(50.891)	(14.948)
Total Corporate Items		**11.783**	**(50.891)**	**(39.108)**	**11.207**	**14.703**	**(1.750)**	**0.000**	**35.943**	**(50.891)**	**(14.948)**
Children	Children,Young People,Families	55.400	(4.034)	51.366	3.053	0.000	(4.575)	0.000	53.878	(4.034)	49.844
	Education Participation Skills	96.078	(85.282)	10.796	1.370	0.000	0.000	0.000	97.448	(85.282)	12.166
Total Children		**151.478**	**(89.316)**	**62.162**	**4.423**	**0.000**	**(4.575)**	**0.000**	**151.326**	**(89.316)**	**62.010**
People	Strategic Comm Adult Soc Care	126.594	(34.550)	92.044	7.582	0.000	(3.685)	0.000	130.491	(34.550)	95.941
	Community Connections	5.773	(2.806)	2.966	1.000	0.000	(0.643)	(1.202)	6.130	(4.008)	2.121
	Management and Support	0.195	(0.047)	0.148	0.000	0.000	0.000	0.000	0.195	(0.047)	0.148
Total People		**132.561**	**(37.403)**	**95.158**	**8.582**	**0.000**	**(4.328)**	**(1.202)**	**136.815**	**(38.605)**	**98.210**
Public Health	Public Health	16.366	(16.088)	0.278	0.000	0.000	0.000	0.000	16.366	(16.088)	0.278
	Operational and Development	0.385	(0.099)	0.286	0.000	0.000	(0.250)	(0.500)	0.135	(0.599)	(0.464)
	Trading Standards	0.362	0.000	0.362	0.000	0.000	0.000	0.000	0.362	0.000	0.362
	Environ Health (Food & Safety)	0.424	(0.043)	0.381	0.000	0.000	0.000	0.000	0.424	(0.043)	0.381
	Bereavement Services	1.714	(3.700)	(1.986)	0.000	0.000	0.000	0.000	1.714	(3.700)	(1.986)
	Licensing	0.332	(0.424)	(0.092)	0.000	0.000	0.000	(0.042)	0.332	(0.466)	(0.134)
	Environmental Protection	0.747	(0.459)	0.288	0.000	0.000	0.000	0.000	0.747	(0.459)	0.288
	Civil Protection Unit	0.223	(0.048)	0.175	0.000	0.000	0.000	0.000	0.223	(0.048)	0.175
Total Public Health		**20.553**	**(20.861)**	**(0.307)**	**0.000**	**0.000**	**(0.250)**	**(0.542)**	**20.303**	**(21.403)**	**(1.099)**
Place	Economic Development	23.362	(24.720)	(1.357)	0.000	0.500	(0.593)	(0.498)	23.269	(25.218)	(1.948)
	Strategic Planning	17.973	(7.872)	10.101	0.183	0.000	(1.057)	(0.319)	17.099	(8.191)	8.908
	Street Services	50.813	(30.557)	20.255	2.551	0.230	(1.977)	(2.846)	51.617	(33.403)	18.213
	Management and Support	0.014	(1.734)	(1.721)	0.000	0.000	0.000	0.000	0.014	(1.734)	(1.721)
Total Place		**92.162**	**(64.884)**	**27.278**	**2.734**	**0.730**	**(3.627)**	**(3.663)**	**91.999**	**(68.547)**	**23.452**
Customer and Corporate Services	Finance	24.408	(6.386)	18.022	0.000	0.000	(0.350)	0.000	24.058	(6.386)	17.672
	Customer Services	62.115	(58.791)	3.324	0.000	0.000	(0.050)	0.000	62.065	(58.791)	3.274
	Human Resources & OD	14.726	(2.979)	11.747	0.000	0.500	(1.158)	(0.052)	14.068	(3.031)	11.037
	Departmental Management	(0.541)	0.000	(0.541)	0.000	0.000	(0.209)	0.000	(0.750)	0.000	(0.750)
	ICT	8.826	(0.249)	8.577	0.000	0.000	(0.600)	0.000	8.226	(0.249)	7.977
	Transformation	2.024	(0.035)	1.988	0.000	0.000	(0.300)	0.000	1.724	(0.035)	1.688
	Digital and Customer Experience	4.258	(0.413)	3.845	0.000	0.000	(0.200)	0.000	4.058	(0.413)	3.645
Total Customer and Corporate		**115.816**	**(68.853)**	**46.963**	**0.000**	**0.500**	**(2.867)**	**(0.052)**	**113.449**	**(68.905)**	**44.544**
Executive Office	Chief Executives Office	1.438	(0.155)	1.284	0.000	0.000	(0.434)	0.000	1.004	(0.155)	0.850
	Business Support	0.397	(0.016)	0.381	0.000	0.000	0.000	0.000	0.397	(0.016)	0.381
	Electoral Services	0.838	(0.016)	0.822	0.000	0.000	0.000	(0.003)	0.838	(0.019)	0.819
	Members	1.401	0.000	1.401	0.000	0.000	(0.030)	(0.093)	1.371	(0.093)	1.278
	Legal	2.082	(0.365)	1.717	0.000	0.247	(0.020)	0.000	2.309	(0.365)	1.944
Total Executive Office		**6.156**	**(0.551)**	**5.605**	**0.000**	**0.247**	**(0.484)**	**(0.096)**	**5.919**	**(0.647)**	**5.272**
Total General Fund		**530.508**	**(332.759)**	**197.750**	**26.946**	**16.180**	**(17.881)**	**(5.555)**	**555.754**	**(338.314)**	**217.440**

Appendix 5 Budget Engagement

<table>
<tr><td>Author(s):
This is the person completing the EIA template.</td><td>Laura Hill</td><td>Department and service:</td><td>Policy and Intelligence Team, Executive Office</td><td>Date of assessment:</td><td>09/12/2022
(Last updated 16/01/2023)</td></tr>
<tr><td>Lead Officer:
Please note that a Head of Service, Service Director, or Strategic Director must approve the EIA.</td><td>David Northey, Service Director for Finance</td><td>Signature:</td><td></td><td>Approval date:</td><td></td></tr>
<tr><td>Overview:</td><td colspan="5">Introduction
This EIA assesses the potential impact of increasing Council Tax, an Adult Social Care precept and reduction to overall directorate budgets, rather than the equality impacts from individual proposals and decisions that may be taken as part of the budget setting process. The exception to this is where budget proposals include budget reductions that relate to specific activity, for example, the Community Grants programme proposal and the Concessionary Fares budget proposal. These budget proposals have been assessed and where potential equality impacts have been identified, these have been included in the table below.
EIAs will be completed for individual policy/service changes as they are developed and brought forward in accordance with the Council's standard decision making process. These EIAs will assess the potential impacts of individual decisions and put in place mitigation activity where appropriate.
It should be noted that it is anticipated that numbers included within this EIA will change as the budget is developed and budget papers are finalised for final publication.

Context
In February, the Council's annual budget for 2023/24 is being presented to Cabinet. The budget paper sets out the plans to deliver a legally required balanced budget in a challenging financial environment where service demands continue to increase, the longer-term impact of COVID-19 continues to be felt and where uncertain and unpredictable funding and cost levels remain.
To help balance the Council's budget, 67 savings plans totalling £26.166m were presented at Cabinet on 10 November 2022. The current savings proposed are:
▪ Children – £4.575m
▪ People – £6.030m
▪ Office of the Director of Public Health – £0.292m
▪ Place – £7.290m
▪ Chief Executives and Customer and Corporate Services - £3.449
▪ Corporate - £1.750
Public engagement to support the 2023/24 budget setting process took place between 11 November and 04 December 2022. People were invited to provide their feedback on the proposals and suggest other ideas for saving money. The results of this engagement have been analysed and have been used to inform the development of this EIA.
Although socioeconomic background is not a protected characteristic, it is important to place this year's budget setting process in the wider socioeconomic</td></tr>
</table>

	context. Whilst our most recent City Survey suggests that 77 per cent of residents agree that Plymouth is a great place to live and over 60 per cent have pride in their local area and also feel as though they belong, this is a challenging time economically for residents and service users. Many are experiencing increased financial and wellbeing pressures from the rising cost of living and the same survey showed that 21 per cent of people agreed that the food they buy doesn't last and they don't have money to get more. The social and economic impacts of the rising cost of living are felt differently across the social strata but they should not be underestimated. The 2019 Index of Multiple Deprivation highlighted that of the 317 local authority districts in England, Plymouth is ranked as the 64th most deprived. For those people in some of the city's most deprived wards, the rising cost of living places them in an increasingly uncertain financial position which will only worsen inequality in the city. **Council Tax** As part of developing the 2023/24 budget, Council have the option to adopt a 2.99 per cent increase for Council Tax and a 2 per cent level of Adult Social Care precept as part of the budget setting process. If adopted, these increases would provide an additional £3.740m in council tax and £2.500m adult social care precept; a total of £6.240m. The Council Tax base for 2023/24 has been assumed at 74,891 properties, an increase of 1,061 on 2022/23. The final decision on these matters will be taken at Full Council on 27 February 2023. Analysis of the current council tax support caseload was undertaken to assess whether there may be an indirect impact on one or more groups with protected characteristics as a result of any possible council tax rises. This data is included where it is available in the evidence for each protected characteristic below. Plymouth City Council currently operates a council tax support scheme where working age customers (including people with disabilities, adults with children etc.) can apply for up to 80 per cent relief depending on their circumstances. In addition, an exceptional hardship policy exists to support those in financial need. **Impacts and mitigation** The impacts from the Council's budget decisions are likely to be felt by people with protected characteristics. These impacts will primarily be felt by younger and older people and, those with disabilities. Those already in precarious financial positions or with multiple vulnerabilities may also feel some impacts.

Protected characteristics (Equality Act, 2010)	**Evidence and information (e.g. data and consultation feedback)** Where available, the latest census 2021 data has been included.	**Adverse impact**	**Mitigation activities, timescale and responsible department**
Age	Plymouth • 16.4 per cent of people in Plymouth are children aged under 15.	A reduction in the budget for Children's Services may disproportionally negatively impact children and care experienced young people. As, due to	EIAs will be completed as budget proposals develop and are brought forward. Where appropriate mitigations and

	65.1 per cent are adults aged 15 to 64. 18.5 percent are adults aged 65 and over. 2.4 percent of the resident population are 85 and over. South West 15.9 per cent of people are aged 0 to 14, 61.8 per cent are aged 15 to 64. 22.3 per cent are aged 65 and over. England 17.4 per cent of people are aged 0 to 14. 64.2 per cent of people are aged 15 to 64. 18.4 per cent of people are aged 65 and over. (2021 Census) Claimants by Council Tax Support caseload: 2.68 per cent of claimants are aged 18 to 24. 14.19 per cent of claimants are aged 25 to 34. 17.46 per cent of claimants are aged 35 to 44. 15.75 per cent of claimants are aged 45 to 54. 16.29 per cent of claimants are aged 55 to 64. 15.43 per cent of claimants are aged 65 to 74.	the nature of the service, young people are overrepresented within the service. A reduction in the budget for People may disproportionally negatively impact older people. As, due to the nature of the service, older people are overrepresented within the service. A reduction in the budget for Chief Executives and Customer and Corporate Services may disproportionally negatively impact older people. For example, some older people may find accessing online information and resources more challenging when compared to the wider population. The proportion of young people and older people receiving Council Tax Support suggests that there could be an adverse impact on these groups from any increases in Council Tax. Any impacts are likely to be exacerbated due to rising living costs. A reduction in the Concessionary Fares budget may disproportionally negatively impact older people. As, due to the nature of the budget, older people are overrepresented as beneficiaries. A reduction in the Community Grants programme budget may negatively impact both	timeframes will be identified as part of that process. Plymouth City Council currently operates a council tax support scheme which limits the amount eligible recipients have to pay to up to 20 per cent. In addition, an exceptional hardship policy exists to support those in financial need along with a scheme for eligible pension age applicants. The concessionary fares budget will be closely monitored going forward. It may not be possible to fully mitigate the adverse impact from the Community Grants programme proposal if there is no longer capacity to make revenue funds available for it.

	• 18.20 per cent of claimants are aged 75+. 31.37 per cent of Council Tax Support claimants have children. 99 per cent of adults aged 16 to 44 years in the UK were recent internet users in 2019, compared with 54 per cent of adults aged 75 years and over (Data sourced from ONS 2021) On 31 March 2022, Plymouth had 491 children in care. A further 184 young people (care experienced aged 18 to 20) were supported by our Care Leavers Team. Families with three or more children and single parent families are disproportionately likely to be amongst low income groups. The City Survey 2022 showed that those aged 16-24 (35 per cent) were significantly more likely to have agreed with the statement, (food that [I/we] buy just doesn't last, and [I/we] don't have money to get more), than those aged 35 plus (16-23 per cent).	older and younger people. As, due to the nature of the programme, community grants have supported youth groups and projects which have brought older people together to combat social isolation.	
Disability	9.4 per cent of residents in Plymouth have their activities limited 'a lot' because of a physical or mental health problem. While,12.2 per cent of residents in Plymouth have their activities limited 'a little' because of a physical or mental health problem. (2021 Census) National evidence suggests that a higher proportion of individuals who live in	A reduction in the budget for People may disproportionally negatively impact people with disabilities. As, due to the nature of the service, adults with disabilities are overrepresented within the service. A reduction in the budget for Children's Services may disproportionally negatively impact young people and children with	EIAs will be completed as budget proposals develop and are brought forward. Where appropriate mitigations and timeframes will be identified as part of that process. Plymouth City Council currently operates a council tax support scheme which limits

	families with disabled members live in poverty, compared to individuals who live in families where no one is disabled (EHRC 2017). 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). 41.56 per cent of Council Tax Support claimants have some form of disabled premium indicator. In 2019, adults with disabilities (aged 16 years and over) in England made 757 trips on average per person per year, compared to 1,016 for adults without a disability (DFT Accessibility Statistics; 2020) The City Survey 2022 showed that the proportion of those respondents with 'no health problem/disability' (15 per cent) who agreed with the statement (food that [I/we] buy just doesn't last, and [I/we] don't have money to get more), was significantly lower than those 'limited a little' by a health problem/disability (28 per cent), which was in turn significantly lower than among those who were 'limited a lot' by a health problem or disability (43 per cent). The City Survey 2022 also showed that the proportion of those respondents who consider themselves a carer (31 per	disabilities. As, due to the nature of the service, young people and children with disabilities are beneficiaries and more likely to engage with this service. A reduction in the budget for Place may disproportionally negatively impact people with disabilities. For example, some people with disabilities are more reliant on community-based initiatives such as community transport. A reduction in the budget for Chief Executives and Customer and Corporate Services may disproportionally negatively impact older people. For example, some people with disabilities may find accessing online information and resources more challenging when compared to the wider population. The proportion of disabled people receiving Council Tax Support suggests that there could be an adverse impact on this group from any increases in Council Tax. Any impacts are likely to be exacerbated due to rising living costs. A reduction in the Concessionary Fares budget may disproportionally negatively impact people with disabilities. As, due to the nature of the budget, people with disabilities are overrepresented as beneficiaries.	the amount eligible recipients have to pay to up to 20 per cent. In addition, an exceptional hardship policy exists to support those in financial need. The concessionary fares budget will be closely monitored going forward. The concessionary fares budget will be closely monitored going forward. It may not be possible to fully mitigate the adverse impact from the Community Grants programme proposal if there is no longer capacity to make revenue funds available for it.

	cent) who agreed with the statement (food that [I/we] buy just doesn't last, and [I/we] don't have money to get more), was significantly higher than those who did not (18 per cent).	A reduction in the Community Grants Scheme budget may negatively impact people with disabilities. As, due to the nature of the programme, community grants have supported a number of groups and projects which engage with people with disabilities.	
Gender reassignment	0.5 per cent of residents in Plymouth have a gender identity that is different from their sex registered at birth. 0.1 per cent of residents identify as a trans man, 0.1 per cent identify as non-binary and, 0.1 per cent identify as a trans women (2021 Census). There is extensive research to show that people who identify as LGBT+ are more likely to experience poor mental health in general (Intercom, 2020).	A reduction in the budget for People and Children's Services may disproportionally negatively impact trans and non-binary individuals, for example if resources for outreach and engagement are limited. A reduction in the Community Grants programme budget may negatively impact the LGBT+ community. As, due to the nature of the programme, community grants have supported groups and projects which engage with the LGBT+ community.	EIAs will be completed as budget proposals develop and are brought forward. Where appropriate mitigations and timeframes will be identified as part of that process. It may not be possible to fully mitigate the adverse impact from the Community Grants programme proposal if there is no longer capacity to make revenue funds available for it.
Marriage and civil partnership	40.1 per cent of residents have never married and never registered a civil partnership. 10 per cent are divorced, 6 percent are widowed, with 2.5 per cent are separated but still married. 0.49 per cent of residents are, or were, married or in a civil partnerships of the same sex. 0.06 per cent of residents are in a civil partnerships with the opposite sex (2021 Census).	A reduction in the budget for Chief Executives and Customer and Corporate Services may disproportionally negatively impact people who wish to get married or form a civil partnership, for example if resources are more limited.	EIAs will be completed as budget proposals develop and are brought forward. Where appropriate mitigations and timeframes will be identified as part of that process.
Pregnancy and maternity	The total fertility rate (TFR) for England was 1.62	A reduction in the budget for People and Children's	EIAs will be completed as budget proposals

	children per woman in 2021. The total fertility rate (TFR) for Plymouth in 2021 was 1.5.	Services may disproportionally negatively impact pregnant women. As, within society women are overrepresented within childcare and care giving roles, which could mean that they are more likely to engage with these Council services including Children Centres. A reduction in the Community Grants programme budget may negatively impact pregnant women. As, due to the nature of the programme, community grants have supported groups and projects which engage with pregnant women specifically.	develop and are brought forward. Where appropriate mitigations and timeframes will be identified as part of that process. It may not be possible to fully mitigate the adverse impact from the Community Grants programme proposal if there is no longer capacity to make revenue funds available for it.
Race	In 2021, 94.9 per cent of Plymouth's population identified their ethnicity as White, 2.3 per cent as Asian and 1.1 per cent as Black. (2021 Census) People with a mixed ethnic background comprised 1.8 per cent of the population. 1 per cent of the population use a different term to describe their ethnicity. (2021 Census) 92.7 per cent of residents speak English as their main language. 2021 Census data shows that after English, Polish, Romanian, Chinese, Portuguese, and Arabic are the most spoken languages in Plymouth. (2021 Census) National evidence suggests that minority ethnic communities have disproportionately felt the economic impacts of the rising cost of living.	A reduction in the budget for People and Children's Services may disproportionally negatively impact people from minority ethnic backgrounds if culturally sensitive service provision is not possible within proposed resources. A reduction in the budget for Place and Chief Executives and Customer and Corporate Services may negatively impact people from minority ethnic backgrounds if there are not resources to provide varied and culturally aware events and a civic offering. In addition, reductions in the People budget could result in limitations on the ability to provide culturally sensitive community services.	EIAs will be completed as budget proposals develop and are brought forward. Where appropriate mitigations and timeframes will be identified as part of that process. Plymouth City Council currently operates a council tax support scheme which limits the amount eligible recipients have to pay to up to 20 per cent. In addition, an exceptional hardship policy exists to support those in financial need.

		Minority ethnic communities could be adversely impacted from any increases to Council Tax as any impacts are likely to be exacerbated due to rising living costs.	
Religion or belief	48.9 per cent of the Plymouth population stated they had no religion. 42.5 per cent of the population identified as Christian (2021 Census). Those who identified as Muslim account for 1.3 per cent of Plymouth's population while Hindu, Buddhist, Jewish or Sikh combined totalled less than 1 per cent (2021 Census). The City Survey 2022 showed that the proportion of those respondents who described themselves as Christian (17 per cent) and who agreed with the statement (food that [I/we] buy just doesn't last, and [I/we] don't have money to get more), was significantly lower than those describing their faith, belief or religion as 'none' (23 per cent) or 'other' (42 per cent).	A reduction in the budget for Place and Chief Executives and Customer and Corporate Services could disproportionally negatively impact people from faith backgrounds if there are not resources to provide varied and culturally aware events and a civic offering. In addition, reductions in the People budget could result in limitations on the ability to provide culturally aware services. A reduction in the Community Grants Programme budget negatively impact faith communities. The programme guidance for councillors suggests that funds may be used to assist projects that benefit religious groups where the project will bring wider community benefit. The City Survey 2022 shows that there could be adverse impacts on some faith groups (and those with no faith) from any increases to Council Tax. Any impacts are likely to be exacerbated due to rising living costs.	EIAs will be completed as budget proposals develop and are brought forward. Where appropriate mitigations and timeframes will be identified as part of that process. It may not be possible to fully mitigate the adverse impact from the Community Grants programme proposal if there is no longer capacity to make revenue funds available for it. Plymouth City Council currently operates a council tax support scheme which limits the amount eligible recipients have to pay to up to 20 per cent. In addition, an exceptional hardship policy exists to support those in financial need.
Sex	51 per cent of our population are women and 49 per cent are men (2021 Census). Young women between the ages of 16 and 24 have a	A reduction in the budget for People and Children's Services may disproportionally negatively impact women. As, within society women are over more likely to be	EIAs will be completed as budget proposals develop and are brought forward. Where appropriate mitigations and timeframes will be

	higher risk of common mental health conditions. 92.99 per cent of Council Tax Support claimants who are single parents headed by a female.	care givers, which could mean that they are more likely to engage with Council services and/or be carers themselves. The proportion of single parent families headed by a female in receipt of Council Tax Support, suggests that there could be an adverse impact on females from any increases in Council Tax. Any impacts are likely to be exacerbated due to rising living costs.	identified as part of that process. Plymouth City Council currently operates a council tax support scheme which limits the amount eligible recipients have to pay to up to 20 per cent. In addition, an exceptional hardship policy exists to support those in financial need.
Sexual orientation	88.95 per cent of residents aged 16 years and over in Plymouth describe their sexual orientation as straight or heterosexual. 2.06 per cent describe their sexuality as bisexual, 1.97 per cent of people describe their sexual orientation as gay or lesbian. 0.42 per cent of residents describe their sexual orientation using a different term (2021 Census). There is extensive research to show that people who identify as LGBT+ are more likely to experience poor mental health in general (Intercom, 2020) The City Survey 2022 showed that the proportion of lesbian, gay and bisexual respondents who agreed with the statement (food that [I/we] buy just doesn't last, and [I/we] don't have money to get more), was significantly higher than those who identified as heterosexual (20 per cent).	A reduction in the budget for People and Children's Services may disproportionally negatively impact the LGB community if service capacity is reduced and outreach to these communities is no longer possible. A reduction in the Community Grants programme budget may negatively impact the LGBT+ community. As, due to the nature of the programme, community grants have supported groups and projects which engage with the LGBT+ community. The City Survey 2022 shows that there could be adverse impacts on lesbian, gay and bisexual individuals from any increases to Council Tax. Any impacts are likely to be exacerbated due to rising living costs.	EIAs will be completed as budget proposals develop and are brought forward. Where appropriate mitigations and timeframes will be identified as part of that process. It may not be possible to fully mitigate the adverse impact from the Community Grants programme proposal if there is no longer capacity to make revenue funds available for it. Plymouth City Council currently operates a council tax support scheme which limits the amount eligible recipients have to pay to up to 20 per cent. In addition, an exceptional hardship policy exists to support those in financial need.

SECTION FOUR: HUMAN RIGHTS IMPLICATIONS

Human Rights	Implications	Mitigation Actions	Timescale and responsible department
	If there are any Human Rights implications from the 2023/23 budget, these will be identified when proposals are brought forward, and an EIA is completed at that point. It is not possible to assess human rights implications within this EIA due to its high-level nature.	EIAs will be completed as budget proposals develop and are brought forward. Where appropriate mitigations and timeframes will be identified as part of that process.	

SECTION FIVE: OUR EQUALITY OBJECTIVES

Equality objectives	Implications	Mitigation Actions	Timescale and responsible department
Celebrate diversity and ensure that Plymouth is a welcoming city.	Plymouth City Council remains committed to celebrating the diversity of the city. However, the ability of local communities to celebrate diversity through local events and activities may be reduced if the Community Grants Scheme budget is reduced.	It may not be possible to fully mitigate the adverse impact from the Community Grants programme proposal if there is no longer capacity to make revenue funds available for it.	Not applicable.
Pay equality for women, and staff with disabilities in our workforce.	Plymouth City Council is committed to promoting equality 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	Where budget proposals are likely to impact on the workforce, an EIA will be completed, and consultation will be carried out where required.	HROD.

	wholly on the role being undertaken.		
Supporting our workforce through the implementation of Our People Strategy 2020 – 2024	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.	1. Not applicable.
Supporting victims of hate crime so they feel confident to report incidents, and working with, and through our partner organisations to achieve positive outcomes.	The Council is committed to reducing and tacking 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.	We will continue to monitor hate crime data and work with our partners in the police where appropriate.	2. Community Connections.
Plymouth is a city where people from different backgrounds get along well.	The Council is committed to promoting cohesion within the city and to meeting its PSED. However, the ability of local communities to hold local events and activities where people from different backgrounds have opportunities to form relationships may be reduced if the Community Grants budget is reduced.	We will continue to monitor cohesion levels via our survey work. It may not be possible to fully mitigate the adverse impact from the Community Grants programme proposal if there is no longer capacity to make revenue funds available for it.	Policy and Intelligence Team.

Appendix 6

CABINET RESPONSE TO BUDGET SCRUTINY RECOMMENDATIONS 2023/24

<table>
<tr><th></th><th>SCRUTINY RECOMMENDATION</th><th>CABINET RESPONSE</th></tr>
<tr><td>1.</td><td>Equalities Impact Assessments (EIA)

The Committee is aware of the requirements of legislation in respect of Equalities Impact Assessments.

The Committee recommends that EIAs in support of the budget should –
Refer to the most recent census data available where appropriate to the EIA
That the impact of potential council tax increases upon those with protected characteristics should be more clearly defined.
Include the potential opportunities to improve the understanding of and foster good relationships between different groups in the community
Whilst the budget itself contains proposals, rather than decision on service, the executive is recommended to consider carefully its public sector equality duty, in particular that “Due regard is fulfilled before and at the time a particular policy or operational activity, that will or might affect people with protected characteristics is under consideration, as well as at the time a decision is taken.”</td><td>Census Data
The latest available census data has been used in the preparation of the EIA, which was updated shortly before papers were collated for budget scrutiny.
However, much of the census 2021 data is still being published nationally and the report for Cabinet/Council will have further updates.
Council Tax
Council Tax is a progressive tax and those on the lowest incomes will pay less if they qualify for Council Tax support.
Socio-economic impacts are covered by the Equality Act but the relevant section has never been given statutory force through secondary legislation and guidance referred to in the Act has not been published.
As such the Council does not require mitigation of these impacts within EIAs. Nevertheless we do through our careful consideration and scrutiny of budget setting proposals seek to minimise the impact on essential services for the most vulnerable.
Duty to promote good relations
We fully recognise our statutory Public Sector Equality Duty and the forthcoming Welcoming City Scrutiny Review may identify new opportunities to promote good relations.
Assessment of Future Impact
It is important to note that a detailed assessment can only be undertaken on specific savings proposals when business cases are available. Further consideration will be given to reflect the impact of high level budget proposals with the EIA.</td></tr>
</table>

2.	**Home Building** The Committee recommends that the Executive should set out an ambitious, significant and sustainable home building programme to ensure that the City's housing stock keeps pace with its social economic and environmental ambitions.	There remains a significant focus on providing more homes, building on the achievements of successive Plan for Homes programmes. The Cabinet would welcome the outcome of any specific, detailed work on this issue that scrutiny may wish to undertake to ensure the Council's ambitions are achievable within the context of a challenged construction industry.
3.	**Working Balances** The consequences of not keeping a minimum prudent level of balances can be serious and in the event of a major problem or a series of events, the council would run a serious risk of a deficit or of being forced to cut spending during the year in a damaging and arbitrary way. The External Audit report provided to the Audit and Governance Committee highlights that the current level of reserves is insufficient. The Committee recommends that – • the Section 151 Officer should undertake a review of the level of the working balance. As part of this review the 151 should consider best practice as advised by Chartered Institute of Public Finance and Accountancy, Local Government Association (LGA) and reviewed against our CIPFA comparator group. The output of the review should be included in the draft budget when presented to council and the productions of a robust and transparent plan to cover the future contributions working balances as set out in the MTFS.	The 2023/24 budget is based on the principles and objectives of the Medium Term Financial Strategy (MTFS), as agreed by Council. The MTFS sets out a financial objective (10) to retain a general fund revenue balance of at least 5% of net expenditure. The Section 151 Officer will undertake a review of the level of working balances as part of the MTFS review and will submit for consideration to Council in September. In addition, the Working Balance will be reflected within the statement on reserves which will form part of the Section 151 Officer's budget robustness statement included in the final budget proposals on 27 February 2023.
4.	**Medium Term Financial Plan** The Committee recommends • that a three year Medium Term Financial Plan is prepared and considered at full council in September. This reflects similar recommendations made through the LGA corporate peer challenge and external auditors report. • The committee expects the effect of this recommendation to reduce reliance of one offs in the annual budget setting process. • Recommendations from external auditors are endorsed by the budget select	The Section 151 Officer will undertake a review of the MTFS and will submit for consideration to Council in September 2023. A detailed response to the recommendation of external auditors will be provided to the Audit and Governance Committee, the outcome of that discussion will form part of the Chair's report to a future Cabinet meeting.

	committee. The Committee recommends that the Chair of the Audit and Governance Committee addresses these recommendations in their next report to Cabinet.	
5.	**Climate Emergency Assessment** The Committee believes that climate impact should be adequately reflected in the budget papers or those supporting decision making. The committee were made aware that decision making processes would include an assessment of climate impact and a tool had been developed for implementation. The Committee recommended that – • An assessment of climate impact is included in the budget report presented to Council; • That the tool for assessing climate impact of decision making is implemented with urgency and appropriate resource is identified to quality assure such assessments.	An assessment of climate impact will be provided in the budget report for Council, this will be against proposals which are enabled by way of Council approval of the budget. The assessment tool for climate impact is being developed. Given the complexities and resource requirements involved in developing and supporting such a tool, further time is required to finalise the processes. Once completed climate impact assessments will be included at business case development stage.
6.	**Fleet Decarbonisation Programme** The Committee recommends that the Executive set this as a high priority for the Council and explores further opportunities for decarbonisation of the fleet through the Capital Programme.	As described at the scrutiny sessions, there has been a significant and sustained focus on decarbonising the all vehicles within the Council's fleet. However there are limitations and the decarbonisation of larger vehicles, such has Heavy Goods Vehicles, which are cost prohibitive in the context of the budgetary challenges being experienced by the authority. The Cabinet would welcome the outcome of any specific, detailed work on this issue that scrutiny may wish to undertake.
7.	**School Transport** The Committee recommends that the Executive review options for school transport, in particular how young people may be supported to travel independently where appropriate.	An Independent Review is underway.
8.	**Children's Services Budget** The committee is not assured that the proposed budget for 23/24 is sufficient. As such Committee recommend that the draft budget is developed to	The budget for Children's Services has four key areas of planned reduction. These are relating to 1. Savings achieved from remodelling Children's Centres into Family Hubs.

	include further information so as to assure Councillors of the robustness of the Children's Services Budget as will be proposed to Council. This should take in to account all relevant future impacts e.g. impact of cost of living crisis / output of OFSTED inspection and the success of the drive to increase the number of in house fostering provision.	2. £673K based on a reduction of externally commissioned assessments realised through the creation of an internal team and a reduction of vacant posts within the Targeted Support Service. 3. a reduction of £1.627m in the current placement budget. This will be realised through a reduction of the use of unregistered places and the use of residential care for children and young people in care. 4. to reduce the number of entrants into care and therefore realise a £2.27m reduction in the planned growth for the placements budget. We are now working closely to review all high cost packages and our Edge of Care service to prevent care admissions where it is possible and safe to do so. The pressure on the placements budget has derived from the use of unregistered placements and placement breakdowns leading to higher cost packages. Our placement stability this year has increased with only 8.6% of our children in care having 3 or more placement moves compared to 12% three years ago. This will continue to be an area of development and will review all placement breakdowns so that we can understand how best to support earlier and prevent such breakdown With regards to the Education Budget we have right sized the SEND Transport budget and Short Breaks budget which has seen a £1.3m overspend over the last year. This money has been allocated to Children's Social Care as these are established pressures for statutory services. This should also support the realisation of the proposed budget for Children. It remains the case that this is a statutory service and the Local Authority is legally responsible for meeting statutory need and if children need to be supported we have a legal duty to do so. The Council conducted a thorough review of its cost base in July 2022 using CIPFA comparator data. This demonstrated that the Children's Services budget for Plymouth is within the low/median area of spend; with the majority of services being in the low spend area.

		As part of the final Budget proposal to Council, which closes the gap to a balanced position, a £1m allocation has been set-aside for social care. This provides a contingency sum to be drawn down if required.
9.	**Work Experience** The Committee recommends that Council significantly increases the availability of work experience and apprenticeships placements for Care Experienced young people to help them into employment and review the Social Value Policy to reflect this.	As part of our commitment to promoting equality we offer guaranteed interviews to those if they meet the essential criteria and are considered disabled, or have been in Plymouth City Council care. Through our work on the Care Leavers Covenant we remain committed to our aim to make Plymouth the best place for care experienced children and young people to live, to grow up and be supported for when they are ready to leave care. As a council we are offering a number of work experience placements to students in years 10 and 12 who meet at least one of the following criteria: • Live in Plymouth • Attend a Plymouth School • Looked after young person/Care leaver There will be an opening and closing event each week, which will induct the cohort of students to their week at the Council, as well as celebrating their achievement of successfully completing the scheme. Details are available in the "Jobs" section of the Council's website. https://www.plymouth.gov.uk/work-experience
10	**Alliance Contract / Local Care Partnership** The Committee recommends to the Local Care Partnership that the principles which have driven the alliance contact are embedded within the development of the Local Care Partnership.	The Local Care Partnership and integrated commissioning arrangements for Plymouth will ensure that the principles and learning from Alliance commissioning arrangements are considered as part of future service redesign and procurement of health and care services.
11	**NHS Capital Funding** The Committee recommends to the Health and Wellbeing Board that it should use all of the levers available to it to ensure adequate capital and revenue resources are directed to Plymouth. The Health and Wellbeing Board is asked, as a first step, to require NHS Devon (ICB) to provide the ICB joint capital resource plan at the next meeting of the Health and Wellbeing Board to ensure	The recommendation to the Chair of the Health and Wellbeing Board is noted and will be included for consideration at a future meeting of the Board.

	planned capital resource is being aligned against local priorities.	
12	**Elections** The Committee recommends that adequate resources for the delivery of new burdens in relation to the election process (e.g. Identification Requirements) are clearly identified within the draft budget.	The Section 151 Officer will ensure the resources are identified in the draft budget report.
13	**Take up of free school meals** The Committee recommends a communications campaign is implemented to increase uptake awareness of free school meals.	Relevant officers will make arrangements for further communications in support of the annual communication campaign to improve uptake.
14	**Corporate Property** The Committee discussed corporate property and the potential of alternative use of the estate, and recommends a review of the corporate estate to meet the Council's corporate objectives, and specifically - • Identify if there are any potential buildings capable of being developed to provide residential care homes for young people in the care of the local authority. And • Where buildings are found to be surplus to the requirements of the Authority, ensure that overage agreements are agreed, where appropriate, with buyers / developers.	**Residential Care Homes** • This process is underway. **Overage Agreements** • This recommendation accords with the current position. Restrictive covenants are used to limit future uses to accord with value received on disposal or overage provisions are included for future change of use to a higher value in order to protect the Council's position.
15	**Balancing** The committee expresses its concerns that savings within the draft budget are still subject to public consultation and may not be delivered.	**Noted.**

16	**Councillor Community Grant Scheme** The committee recommend that the community grant fund to remain at its current level.	When the Council set its budget for 2022-3 in February last year, an amendment was agreed that set up a Community Improvement Fund, allowing a capital allocation of £50k for each three Councillor Ward, and £33k for each two Councillor Ward, adding up to a total of £950k across the city for Councillors to invest in their communities on a discretionary basis. It is clear from feedback from Councillors that the ability to make "revenue" contributions to community projects is highly valued. As a result of this feedback the draft budget will include a fund of £3,000 per Councillor for the coming year. While this is a reduction on previous years, it is substantially more than the original proposal of £1,250 per Councillor and has been made possible by a small windfall from the Government
17	**Residential Disabled Parking Bays** The committee recommend that the relevant Cabinet member reviews the fees and charges for residential disabled parking bay.	The relevant portfolio holder will review the fees and charges with officers.
18	**Footpath Maintenance** The Committee recommend that the relevant Cabinet Member review the level of funding within the budget for footpath maintenance and resurfacing	The relevant portfolio holder will review the level of funding with officers.
19	**Ring-fence Council Tax on empty homes or homelessness** Additional empty homes premium is ring-fenced to deliver ambitions to bring empty homes back into use.	The premium from empty homes is included within the core resources of the council, forming part of the Business Rates calculation. As stated previously in relation to home building, the Cabinet would welcome the outcome of any specific, detailed work on this issue that scrutiny may wish to undertake to include bringing empty homes back into use.

APPENDIX 7: EQUALITY IMPACT ASSESSMENT – BUDGET 2023/24

Author(s): This is the person completing the EIA template.	Laura Hill	**Department and service:**	Policy and Intelligence Team, Executive Office	**Date of assessment:**	09/12/2022 (Last updated 16/01/2023)
Lead Officer: Please note that a Head of Service, Service Director, or Strategic Director must approve the EIA.	David Northey, Service Director for Finance	**Signature:**		**Approval date:**	23/02/2023
Overview:	**Introduction** This EIA assesses the potential impact of increasing Council Tax, an Adult Social Care precept and reduction to overall directorate budgets, rather than the equality impacts from individual proposals and decisions that may be taken as part of the budget setting process. The exception to this is where budget proposals include budget reductions that relate to specific activity, for example, the Community Grants programme proposal and the Concessionary Fares budget proposal. These budget proposals have been assessed and where potential equality impacts have been identified, these have been included in the table below. EIAs will be completed for individual policy/service changes as they are developed and brought forward in accordance with the Council's standard decision making process. These EIAs will assess the potential impacts of individual decisions and put in place mitigation activity where appropriate. *It should be noted that it is anticipated that numbers included within this EIA will change as the budget is developed and budget papers are finalised for final publication.* **Context** In February, the Council's annual budget for 2023/24 is being presented to Cabinet. The budget paper sets out the plans to deliver a legally required balanced budget in a challenging financial environment where service demands continue to increase, the longer-term impact of COVID-19 continues to be felt and where uncertain and unpredictable funding and cost levels remain.				

	To help balance the Council's budget, 67 savings plans totalling £26.166m were presented at Cabinet on 10 November 2022. The current savings proposed are: ▪ Children – £4.575m ▪ People – £6.030m ▪ Office of the Director of Public Health – £0.292m ▪ Place – £7.290m ▪ Chief Executives and Customer and Corporate Services - £3.449 ▪ Corporate - £1.750 Public engagement to support the 2023/24 budget setting process took place between 11 November and 04 December 2022. People were invited to provide their feedback on the proposals and suggest other ideas for saving money. The results of this engagement have been analysed and have been used to inform the development of this EIA. Although socioeconomic background is not a protected characteristic, it is important to place this year's budget setting process in the wider socioeconomic context. Whilst our most recent City Survey suggests that 77 per cent of residents agree that Plymouth is a great place to live and over 60 per cent have pride in their local area and also feel as though they belong, this is a challenging time economically for residents and service users. Many are experiencing increased financial and wellbeing pressures from the rising cost of living and the same survey showed that 21 per cent of people agreed that the food they buy doesn't last and they don't have money to get more. The social and economic impacts of the rising cost of living are felt differently across the social strata but they should not be underestimated. The 2019 Index of Multiple Deprivation highlighted that of the 317 local authority districts in England, Plymouth is ranked as the 64th most deprived. For those people in some of the city's most deprived wards, the rising cost of living places them in an increasingly uncertain financial position which will only worsen inequality in the city. **Council Tax** As part of developing the 2023/24 budget, Council have the option to adopt a 2.99 per cent increase for Council Tax and a 2 per cent level of Adult Social Care precept as part of the budget setting process. If adopted, these increases would provide an additional £3.740m in council tax and £2.500m adult social care precept; a total of £6.240m. The Council Tax base for 2023/24 has been assumed at 74,891 properties, an increase of 1,061 on 2022/23. The final decision on these matters will be taken at Full Council on 27 February 2023. Analysis of the current council tax support caseload was undertaken to assess whether there may be an indirect impact on one or more groups with protected characteristics as a result of any possible council tax rises. This data is included where it is available in the evidence for each protected characteristic below. Plymouth City Council currently operates a council tax support scheme where working age customers (including people with disabilities, adults with children etc.)

	can apply for up to 80 per cent relief depending on their circumstances. In addition, an exceptional hardship policy exists to support those in financial need. **Impacts and mitigation** The impacts from the Council's budget decisions are likely to be felt by people with protected characteristics. These impacts will primarily be felt by younger and older people and, those with disabilities. Those already in precarious financial positions or with multiple vulnerabilities may also feel some impacts.

Protected characteristics (Equality Act, 2010)	Evidence and information (e.g. data and consultation feedback) Where available, the latest census 2021 data has been included.	Adverse impact	Mitigation activities, timescale and responsible department
Age	Plymouth • 16.4 per cent of people in Plymouth are children aged under 15. • 65.1 per cent are adults aged 15 to 64. • 18.5 percent are adults aged 65 and over. • 2.4 percent of the resident population are 85 and over. South West • 15.9 per cent of people are aged 0 to 14, 61.8 per cent are aged 15 to 64. • 22.3 per cent are aged 65 and over. England • 17.4 per cent of people are aged 0 to 14.	A reduction in the budget for Children's Services may disproportionally negatively impact children and care experienced young people. As, due to the nature of the service, young people are overrepresented within the service. A reduction in the budget for People may disproportionally negatively impact older people. As, due to the nature of the service, older people are overrepresented within the service. A reduction in the budget for Chief Executives and Customer and Corporate Services may disproportionally negatively impact older people. For example, some older people may find accessing online	EIAs will be completed as budget proposals develop and are brought forward. Where appropriate mitigations and timeframes will be identified as part of that process. Plymouth City Council currently operates a council tax support scheme which limits the amount eligible recipients have to pay to up to 20 per cent. In addition, an exceptional hardship policy exists to support those in financial need along with a scheme for eligible pension age applicants. The concessionary fares budget will be closely monitored going forward.

	64.2 per cent of people are aged 15 to 64. 18.4 per cent of people are aged 65 and over. (2021 Census) Claimants by Council Tax Support caseload: 2.68 per cent of claimants are aged 18 to 24. 14.19 per cent of claimants are aged 25 to 34. 17.46 per cent of claimants are aged 35 to 44. 15.75 per cent of claimants are aged 45 to 54. 16.29 per cent of claimants are aged 55 to 64. 15.43 per cent of claimants are aged 65 to 74. 18.20 per cent of claimants are aged 75+. 31.37 per cent of Council Tax Support claimants have children. 99 per cent of adults aged 16 to 44 years in the UK were recent internet users in 2019, compared with 54 per cent of adults aged 75 years and over (Data sourced from ONS 2021) On 31 March 2022, Plymouth had 491 children in care. A further 184 young people (care experienced aged 18 to 20) were supported by our Care Leavers Team.	information and resources more challenging when compared to the wider population. The proportion of young people and older people receiving Council Tax Support suggests that there could be an adverse impact on these groups from any increases in Council Tax. Any impacts are likely to be exacerbated due to rising living costs. A reduction in the Concessionary Fares budget may disproportionally negatively impact older people. As, due to the nature of the budget, older people are overrepresented as beneficiaries. A reduction in the Community Grants programme budget may negatively impact both older and younger people. As, due to the nature of the programme, community grants have supported youth groups and projects which have brought older people together to combat social isolation.	It may not be possible to fully mitigate the adverse impact from the Community Grants programme proposal if there is no longer capacity to make revenue funds available for it.

	Families with three or more children and single parent families are disproportionately likely to be amongst low income groups. The City Survey 2022 showed that those aged 16-24 (35 per cent) were significantly more likely to have agreed with the statement, (food that [I/we] buy just doesn't last, and [I/we] don't have money to get more), than those aged 35 plus (16-23 per cent).		
Disability	9.4 per cent of residents in Plymouth have their activities limited 'a lot' because of a physical or mental health problem. While 12.2 per cent of residents in Plymouth have their activities limited 'a little' because of a physical or mental health problem. (2021 Census) National evidence suggests that a higher proportion of individuals who live in families with disabled members live in poverty, compared to individuals who live in families where no one is disabled (EHRC 2017). 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). 41.56 per cent of Council Tax Support claimants have some form of disabled premium indicator. In 2019, adults with disabilities (aged 16 years and over) in England made 757 trips on average per person per year, compared to	A reduction in the budget for People may disproportionally negatively impact people with disabilities. As, due to the nature of the service, adults with disabilities are overrepresented within the service. A reduction in the budget for Children's Services may disproportionally negatively impact young people and children with disabilities. As, due to the nature of the service, young people and children with disabilities are beneficiaries and more likely to engage with this service. A reduction in the budget for Place may disproportionally negatively impact people with disabilities. For example, some people with disabilities are more reliant on community-based initiatives such as community transport. A reduction in the budget for Chief Executives and Customer and Corporate Services may disproportionally negatively impact older people. For example, some people with disabilities may find accessing online information and resources more	EIAs will be completed as budget proposals develop and are brought forward. Where appropriate mitigations and timeframes will be identified as part of that process. Plymouth City Council currently operates a council tax support scheme which limits the amount eligible recipients have to pay to up to 20 per cent. In addition, an exceptional hardship policy exists to support those in financial need. The concessionary fares budget will be closely monitored going forward. The concessionary fares budget will be closely monitored going forward. It may not be possible to fully mitigate the adverse impact from the Community Grants programme proposal if there is no longer capacity to make revenue funds available for it.

	1,016 for adults without a disability (DFT Accessibility Statistics; 2020) The City Survey 2022 showed that the proportion of those respondents with 'no health problem/disability' (15 per cent) who agreed with the statement (food that [I/we] buy just doesn't last, and [I/we] don't have money to get more), was significantly lower than those 'limited a little' by a health problem/disability (28 per cent), which was in turn significantly lower than among those who were 'limited a lot' by a health problem or disability (43 per cent). The City Survey 2022 also showed that the proportion of those respondents who consider themselves a carer (31 per cent) who agreed with the statement (food that [I/we] buy just doesn't last, and [I/we] don't have money to get more), was significantly higher than those who did not (18 per cent).	challenging when compared to the wider population. The proportion of disabled people receiving Council Tax Support suggests that there could be an adverse impact on this group from any increases in Council Tax. Any impacts are likely to be exacerbated due to rising living costs. A reduction in the Concessionary Fares budget may disproportionally negatively impact people with disabilities. As, due to the nature of the budget, people with disabilities are overrepresented as beneficiaries. A reduction in the Community Grants Scheme budget may negatively impact people with disabilities. As, due to the nature of the programme, community grants have supported a number of groups and projects which engage with people with disabilities.	
Gender reassignment	0.5 per cent of residents in Plymouth have a gender identity that is different from their sex registered at birth. 0.1 per cent of residents identify as a trans man, 0.1 per cent identify as non-binary and, 0.1 per cent identify as a trans women (2021 Census). There is extensive research to show that people who identify as LGBT+ are more likely to experience poor mental health in general (Intercom, 2020).	A reduction in the budget for People and Children's Services may disproportionally negatively impact trans and non-binary individuals, for example if resources for outreach and engagement are limited. A reduction in the Community Grants programme budget may negatively impact the LGBT+ community. As, due to the nature of the programme, community grants have supported groups and projects which engage with the LGBT+ community.	EIAs will be completed as budget proposals develop and are brought forward. Where appropriate mitigations and timeframes will be identified as part of that process. It may not be possible to fully mitigate the adverse impact from the Community Grants programme proposal if there is no longer capacity to make revenue funds available for it.

Marriage and civil partnership	40.1 per cent of residents have never married and never registered a civil partnership. 10 per cent are divorced, 6 percent are widowed, with 2.5 per cent are separated but still married. 0.49 per cent of residents are, or were, married or in a civil partnerships of the same sex. 0.06 per cent of residents are in a civil partnerships with the opposite sex (2021 Census).	A reduction in the budget for Chief Executives and Customer and Corporate Services may disproportionally negatively impact people who wish to get married or form a civil partnership, for example if resources are more limited.	EIAs will be completed as budget proposals develop and are brought forward. Where appropriate mitigations and timeframes will be identified as part of that process.
Pregnancy and maternity	The total fertility rate (TFR) for England was 1.62 children per woman in 2021. The total fertility rate (TFR) for Plymouth in 2021 was 1.5.	A reduction in the budget for People and Children's Services may disproportionally negatively impact pregnant women. As, within society women are overrepresented within childcare and care giving roles, which could mean that they are more likely to engage with these Council services including Children Centres. A reduction in the Community Grants programme budget may negatively impact pregnant women. As, due to the nature of the programme, community grants have supported groups and projects which engage with pregnant women specifically.	EIAs will be completed as budget proposals develop and are brought forward. Where appropriate mitigations and timeframes will be identified as part of that process. It may not be possible to fully mitigate the adverse impact from the Community Grants programme proposal if there is no longer capacity to make revenue funds available for it.
Race	In 2021, 94.9 per cent of Plymouth's population identified their ethnicity as White, 2.3 per cent as Asian and 1.1 per cent as Black. (2021 Census) People with a mixed ethnic background comprised 1.8 per cent of the population. 1 per cent of the population use a different term to describe their ethnicity. (2021 Census)	A reduction in the budget for People and Children's Services may disproportionally negatively impact people from minority ethnic backgrounds if culturally sensitive service provision is not possible within proposed resources. A reduction in the budget for Place and Chief Executives and Customer and Corporate Services may negatively impact people from minority ethnic backgrounds if there are not	EIAs will be completed as budget proposals develop and are brought forward. Where appropriate mitigations and timeframes will be identified as part of that process. Plymouth City Council currently operates a council tax support scheme which limits the amount eligible recipients have to pay to up to 20 per

	92.7 per cent of residents speak English as their main language. 2021 Census data shows that after English, Polish, Romanian, Chinese, Portuguese, and Arabic are the most spoken languages in Plymouth. (2021 Census) National evidence suggests that minority ethnic communities have disproportionately felt the economic impacts of the rising cost of living.	resources to provide varied and culturally aware events and a civic offering. In addition, reductions in the People budget could result in limitations on the ability to provide culturally sensitive community services. Minority ethnic communities could be adversely impacted from any increases to Council Tax as any impacts are likely to be exacerbated due to rising living costs.	cent. In addition, an exceptional hardship policy exists to support those in financial need.
Religion or belief	48.9 per cent of the Plymouth population stated they had no religion. 42.5 per cent of the population identified as Christian (2021 Census). Those who identified as Muslim account for 1.3 per cent of Plymouth's population while Hindu, Buddhist, Jewish or Sikh combined totalled less than 1 per cent (2021 Census). The City Survey 2022 showed that the proportion of those respondents who described themselves as Christian (17 per cent) and who agreed with the statement (food that [I/we] buy just doesn't last, and [I/we] don't have money to get more), was significantly lower than those describing their faith, belief or religion as 'none' (23 per cent) or 'other' (42 per cent).	A reduction in the budget for Place and Chief Executives and Customer and Corporate Services could disproportionally negatively impact people from faith backgrounds if there are not resources to provide varied and culturally aware events and a civic offering. In addition, reductions in the People budget could result in limitations on the ability to provide culturally aware services. A reduction in the Community Grants Programme budget negatively impact faith communities. The programme guidance for councillors suggests that funds may be used to assist projects that benefit religious groups where the project will bring wider community benefit. The City Survey 2022 shows that there could be adverse impacts on some faith groups (and those with no faith) from any increases to Council Tax. Any impacts are likely to be exacerbated due to rising living costs.	EIAs will be completed as budget proposals develop and are brought forward. Where appropriate mitigations and timeframes will be identified as part of that process. It may not be possible to fully mitigate the adverse impact from the Community Grants programme proposal if there is no longer capacity to make revenue funds available for it. Plymouth City Council currently operates a council tax support scheme which limits the amount eligible recipients have to pay to up to 20 per cent. In addition, an exceptional hardship policy exists to support those in financial need.
Sex	51 per cent of our population are women and 49 per cent are men (2021 Census).	A reduction in the budget for People and Children's Services may disproportionally	EIAs will be completed as budget proposals develop and are brought

	Young women between the ages of 16 and 24 have a higher risk of common mental health conditions. 92.99 per cent of Council Tax Support claimants who are single parents headed by a female.	negatively impact women. As, within society women are over more likely to be care givers, which could mean that they are more likely to engage with Council services and/or be carers themselves. The proportion of single parent families headed by a female in receipt of Council Tax Support, suggests that there could be an adverse impact on females from any increases in Council Tax. Any impacts are likely to be exacerbated due to rising living costs.	forward. Where appropriate mitigations and timeframes will be identified as part of that process. Plymouth City Council currently operates a council tax support scheme which limits the amount eligible recipients have to pay to up to 20 per cent. In addition, an exceptional hardship policy exists to support those in financial need.
Sexual orientation	88.95 per cent of residents aged 16 years and over in Plymouth describe their sexual orientation as straight or heterosexual. 2.06 per cent describe their sexuality as bisexual, 1.97 per cent of people describe their sexual orientation as gay or lesbian. 0.42 per cent of residents describe their sexual orientation using a different term (2021 Census). There is extensive research to show that people who identify as LGBT+ are more likely to experience poor mental health in general (Intercom, 2020) The City Survey 2022 showed that the proportion of lesbian, gay and bisexual respondents who agreed with the statement (food that [I/we] buy just doesn't last, and [I/we] don't have money to get more), was significantly higher than those who identified as heterosexual (20 per cent).	A reduction in the budget for People and Children's Services may disproportionally negatively impact the LGB community if service capacity is reduced and outreach to these communities is no longer possible. A reduction in the Community Grants programme budget may negatively impact the LGBT+ community. As, due to the nature of the programme, community grants have supported groups and projects which engage with the LGBT+ community. The City Survey 2022 shows that there could be adverse impacts on lesbian, gay and bisexual individuals from any increases to Council Tax. Any impacts are likely to be exacerbated due to rising living costs.	EIAs will be completed as budget proposals develop and are brought forward. Where appropriate mitigations and timeframes will be identified as part of that process. It may not be possible to fully mitigate the adverse impact from the Community Grants programme proposal if there is no longer capacity to make revenue funds available for it. Plymouth City Council currently operates a council tax support scheme which limits the amount eligible recipients have to pay to up to 20 per cent. In addition, an exceptional hardship policy exists to support those in financial need.

SECTION FOUR: HUMAN RIGHTS IMPLICATIONS

Human Rights	Implications	Mitigation Actions	Timescale and responsible department
	If there are any Human Rights implications from the 2023/23 budget, these will be identified when proposals are brought forward, and an EIA is completed at that point. It is not possible to assess human rights implications within this EIA due to its high-level nature.	EIAs will be completed as budget proposals develop and are brought forward. Where appropriate mitigations and timeframes will be identified as part of that process.	

SECTION FIVE: OUR EQUALITY OBJECTIVES

Equality objectives	Implications	Mitigation Actions	Timescale and responsible department
Celebrate diversity and ensure that Plymouth is a welcoming city.	Plymouth City Council remains committed to celebrating the diversity of the city. However, the ability of local communities to celebrate diversity through local events and activities may be reduced if the Community Grants Scheme budget is reduced.	It may not be possible to fully mitigate the adverse impact from the Community Grants programme proposal if there is no longer capacity to make revenue funds available for it.	Not applicable.
Pay equality for women, and staff with disabilities in our workforce.	Plymouth City Council is committed to promoting equality 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	Where budget proposals are likely to impact on the workforce, an EIA will be completed, and consultation will be carried out where required.	HROD.

	of pay are fair and are based wholly on the role being undertaken.		
Supporting our workforce through the implementation of Our People Strategy 2020 – 2024	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.	Not applicable.
Supporting victims of hate crime so they feel confident to report incidents, and working with, and through our partner organisations to achieve positive outcomes.	The Council is committed to reducing and tacking 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.	We will continue to monitor hate crime data and work with our partners in the police where appropriate.	Community Connections.
Plymouth is a city where people from different backgrounds get along well.	The Council is committed to promoting cohesion within the city and to meeting its PSED. However, the ability of local communities to hold local events and activities where people from different backgrounds have opportunities to form relationships may be reduced if the Community Grants budget is reduced.	We will continue to monitor cohesion levels via our survey work. It may not be possible to fully mitigate the adverse impact from the Community Grants programme proposal if there is no longer capacity to make revenue funds available for it.	Policy and Intelligence Team.

Capital Programme as at 31 December 2022 **Appendix 8**

Details	2022-23 Latest Forecast	2023-24 Latest Forecast	2024-25 Latest Forecast	2025-26 Latest Forecast	2026-27 Latest Forecast	Total
Delivering a Net Zero Plymouth	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Transforming Cities Fund (TCF)Tranche 2 Grant	1.777	19.156				**20.933**
Heat Sourcing in Corporate Buildings (Big 4 Decarbonisation)	3.547					**3.547**
Home Energy	0.088	0.060				**0.148**
Warm Homes	0.428					**0.428**
Green Homes	1.882					**1.882**
TCF T2 Mobility Hubs	2.065	2.787				**4.852**
TCF T2 Signal Optimisation / ITS (citywide) and Traffic Control Centre	2.491					**2.491**
TCF T2 Workplace Travel Package	0.576					**0.576**
TCF T2 St Budeaux to Dockyard	0.196	0.881				**1.077**
TCF T2 St Budeaux Station Interchange	0.399	0.586				**0.985**
TCF T2 Royal Parade Bus Infrastructure	0.176	0.243				**0.419**
TCF T2 Mayflower Street Bus Stops	0.303	0.207				**0.510**
TCF T2 Crownhill Sustainable Transport Corridor	0.576	0.190				**0.766**
TCF T2 Dockyard to City Centre Walking & Cycling	0.165	0.880				**1.045**

Northern Corridor Strategic Cycle Network	2.050	0.150				**2.200**
Eastern Corridor Strategic Cycle Network	1.164	0.150				**1.314**
Derriford Community Park Biodiversity / Access Networks	0.267	0.056	0.058	0.058		**0.439**
National Marine Park	0.166					**0.166**
National Marine Park- New Horizons	0.525	0.080				**0.605**
Plan for Trees	0.228	0.226	0.216			**0.670**
Billacombe / Barbican Footbridges		0.590				**0.590**
Plymouth's Natural Grid	0.173					**0.173**
Civic Centre District Energy	0.216					**0.216**
Civic Centre District Energy- Phase 2		0.475	2.422	0.076		**2.973**
Chelson Meadow Solar Farm	0.060	0.357				**0.417**
Solar Roof Tops	0.172					**0.172**
PCC LED Lighting Replacement Programme	0.120	0.507				**0.627**
Longbrook Street Flood Defence	0.139					**0.139**
Electric Vehicles	0.180	0.221				**0.401**
Social Housing Decarbonisation	0.967					**0.967**
Home Upgrade Grant HUG	2.254					**2.254**
Plymouth & South Devon Community Forest	0.640	3.845	2.493	1.671		**8.649**
Fleet Decarbonisation Programme		0.568	0.323			**0.891**
Container Provision	0.115					**0.115**
Various Projects under £0.1m	0.272	0.008				**0.280**
Total Delivering a Net Zero Plymouth	**24.377**	**32.223**	**5.512**	**1.805**	**-**	**63.917**

Details	2022-23 Latest Forecast	2023-24 Latest Forecast	2024-25 Latest Forecast	2025-26 Latest Forecast	2026-27 Latest Forecast	Total
Delivering a sustainable City Centre and Waterfront	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Future High Streets Fund - Civic Centre	1.500	8.964				**10.464**
Future High Streets Fund - Guildhall	0.212	1.436	2.312			**3.960**
Civic Square	0.756					**0.756**
Armada Way	2.755	9.836				**12.591**
Royal Parade	0.150	0.500				**0.650**
Quality Hotel	0.046	0.020	0.107			**0.173**
HSHAZ Façade Restoration	0.145	0.145				**0.290**
Charles Cross	0.012	0.185				**0.197**
Colin Campbell Court	0.030	0.157				**0.187**
3-19 Raleigh St & 91-95 New George St	0.900	0.300	0.100			**1.300**
Colin Campbell Court Demolitions	0.420	0.565				**0.985**
Plymouth Health and Wellbeing Hub at Colin Campbell Court	1.361	1.458	0.023			**2.842**
Retail Development	0.025	0.075	1.171			**1.271**
Stonehouse Creek Community Centre	0.098	0.198	0.051			**0.347**
City Centre Public Realm Old Town St/ New George St	3.462	0.769				**4.231**
Various Projects under £0.1m	0.150	0.080				**0.230**
Total Delivering a sustainable City Centre and Waterfront	**12.022**	**24.688**	**3.764**	**-**	**-**	**40.474**

Details	2022-23 Latest Forecast	2023-24 Latest Forecast	2024-25 Latest Forecast	2025-26 Latest Forecast	2026-27 Latest Forecast	Total
Delivering a sustainable Derriford / Northern Corridor	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Woolwell to The George (Widening & Park & Ride)	3.664	21.100	13.111	0.755		**38.630**
Forder Valley Link Road	9.150	2.160				**11.310**
Forder Valley Interchange	3.954	0.274				**4.228**
Morlaix Drive Access Improvements	3.795					**3.795**
Charlton Road	0.060	0.645	0.564			**1.269**
Various Projects Under £0.1m	0.040	0.014	-			**0.054**
Total Delivering a sustainable Derriford / Northern Corridor	**20.663**	**24.193**	**13.675**	**0.755**	**-**	**59.286**
Details	**2022-23 Latest Forecast**	**2023-24 Latest Forecast**	**2024-25 Latest Forecast**	**2025-26 Latest Forecast**	**2026-27 Latest Forecast**	**Total**
Delivering a sustainable Eastern Corridor	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
E Corridor Junction Improvements	0.227	0.061				**0.288**
A38 Manadon Junction	0.696	0.208				**0.904**
Plymouth Major Road Network	0.314					**0.314**
Various projects Under £0.1m		0.078				**0.078**
Total Delivering a sustainable Eastern Corridor	**1.237**	**0.347**	**-**	**-**	**-**	**1.584**

Details	2022-23 Latest Forecast	2023-24 Latest Forecast	2024-25 Latest Forecast	2025-26 Latest Forecast	2026-27 Latest Forecast	Total
Delivering sustainable homes	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Re-provision of Vines and Colwill Lodge	0.281	6.492	3.535			**10.308**
Plan for Homes (PfH) Bath Street	0.050	1.460				**1.510**
PfH Self Build Housing Sites - Lancaster Gardens	0.003	0.179				**0.182**
PfH Plan for Homes Phase 3		0.578				**0.578**
PfH Colebrook Road, Plympton	0.002	0.150				**0.152**
PfH P3 Healy Place, Morice Town Dev.	0.003	0.225	0.225			**0.453**
PfH Empty Homes Financial Assistance	0.511	0.245	0.244			**1.000**
PfH Broadland Gardens (Development)	0.945	2.050				**2.995**
PfH Extra Care Housing Support Millbay		0.450				**0.450**
Douglass House Site Development	0.522					**0.522**
Disabled Facilities (incl Care & Repair works)	4.720					**4.720**
Integrated Health Hub - Colin Campbell Court	0.811					**0.811**
Eclipse Project	0.640	0.971				**1.611**
6 Victoria Place	0.011	0.170				**0.181**
Coombe Way, Kings Tamerton	0.013	0.600	0.330			**0.943**
Elgin Crescent	0.055	0.045				**0.100**
Windmill Carpark	0.057	0.052				**0.109**
Broadland Gardens Brownfiled Land Release Fund		0.100				**0.100**
Short Term Care Centre	0.336					**0.336**

Asbestos Claims by Plymouth Community Homes (PCH)	0.662	0.500				**1.162**
PfH Self Build Housing Sites – Clowance Street	0.004	0.100				**0.104**
PfH PCH Partnership Agreements	0.338	0.702				**1.040**
PfH Livewest Partnership Agreement		0.500	0.500			**1.000**
Various Projects under £0.1m	0.216	0.122				**0.338**
Total Delivering sustainable homes	**10.180**	**15.691**	**4.834**	**-**	**-**	**30.705**
Details	**2022-23 Latest Forecast**	**2023-24 Latest Forecast**	**2024-25 Latest Forecast**	**2025-26 Latest Forecast**	**2026-27 Latest Forecast**	**Total**
Delivering essential city infrastructure / Improving Neighbourhoods	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Minor Structure Repairs (Reactive)	0.500	0.240				**0.740**
Minor Structure Repairs (Preventative)	0.742	0.020				**0.762**
Carriageway Permanent Repairs	0.525					**0.525**
Carriageway Resurfacing	2.870	1.180				**4.050**
Carriageway Micro Asphalt	0.860	1.410				**2.270**
Carriageway Lining	0.362					**0.362**
Footway Permanent Repair	0.985					**0.985**
Footway Resurfacing	0.139					**0.139**
Kerb Replacements	0.236					**0.236**
Capitalised drainage schemes	0.291	0.418				**0.709**
Vehicle Restraint System	0.237	0.110				**0.347**
Street Furniture Replacements	0.175					**0.175**
Street Lighting Columns Replacement	1.765	2.123	2.377			**6.265**

Traffic signal replacement	0.506					**0.506**
Minor Traffic Schemes	0.148					**0.148**
Collision Reviews (Millbay Roundabout)	0.131	0.010				**0.141**
Car Parks - Maintenance & Payment System	0.300	1.293				**1.593**
Plymouth Life Centre - Building Management System	0.175					**0.175**
Little Deers - Morley Centre		0.120				**0.120**
Visual Impact Mitigation Scheme (VIMS)	0.080	0.250				**0.330**
Central Park Improvements	0.941	2.959				**3.900**
Bond Street Playing fields (Southway Community Football Facility)	0.044	0.250				**0.294**
Improving Outdoor Play Phase 3	0.297	0.173				**0.470**
Variable Message Systems CCTV		0.179				**0.179**
Living Streets Coordination of Cllr Schemes	0.136	0.149				**0.285**
Various Projects under £0.1m	0.811	0.320	0.005			**1.136**
Total Delivering essential city infrastructure / Improving Neighbourhoods	**13.256**	**11.204**	**2.382**	**-**	**-**	**26.842**

Details	2022-23 Latest Forecast	2023-24 Latest Forecast	2024-25 Latest Forecast	2025-26 Latest Forecast	2026-27 Latest Forecast	Total
Ensuring sufficient good quality school places	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Pomphlett Basic Need	0.043					**0.043**
Plymstock School Expansion	0.154					**0.154**
SEN Access and Safeguarding	0.010					**0.010**
Schools - Devolved Capital Formula	0.268	0.132	0.132	0.132		**0.664**
Schools - Devolved Capital Projects	0.126					**0.126**
Total Ensuring sufficient good quality school places	**0.601**	**0.132**	**0.132**	**0.132**	**-**	**0.997**
Details	**2022-23 Latest Forecast**	**2023-24 Latest Forecast**	**2024-25 Latest Forecast**	**2025-26 Latest Forecast**	**2026-27 Latest Forecast**	**Total**
Delivering a sustainable economy	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Commercial / Office Development	2.486	43.774	2.398			**48.658**
Retail Development	0.085	22.525				**22.610**
Oceansgate Remediation/separation works	0.307	0.922				**1.229**
Oceansgate – Smart Sound Connect	0.127					**0.127**
Oceansgate Phase 2	0.001	0.118				**0.119**
Oceansgate Phase 3.1 – Innovation Area	0.893					**0.893**
Langage Development Phase 2	0.261					**0.261**
Langage Development Phase 3	0.011	0.120				**0.131**
The Box	0.247					**0.247**
City Business Park - Redevelopment	0.345					**0.345**

Inclusive Economy Fund	0.530	0.199	0.110	0.076	0.046	**0.961**
Mayflower 400 – Waterfront Event Infrastructure	0.106					**0.106**
Mayflower 400- Plymouth Signage	0.125					**0.125**
Various Projects under £0.1m	0.221	0.022				**0.243**
Total Delivering a sustainable economy	**5.745**	**67.680**	**2.508**	**0.076**	**0.046**	**76.055**
Details	**2022-23 Latest Forecast**	**2023-24 Latest Forecast**	**2024-25 Latest Forecast**	**2025-26 Latest Forecast**	**2026-27 Latest Forecast**	**Total**
Connecting the City	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Plymouth Rail Station Regeneration	0.219					**0.219**
Plymouth Rail Station Forecourt	1.262	1.754	3.063	2.296		**8.375**
Plymouth Rail Station MSCP	0.074	0.031	0.044	0.038	2.599	**2.786**
Plymouth Railway Station Concourse	0.127	0.531	0.521	1.010	0.243	**2.432**
Rail Station Accommodation Block	0.081	0.313	2.058	1.948		**4.400**
Mayflower Coach Station	0.008					**0.008**
Cot Hill Bridge	0.139					**0.139**
Total Connecting the City	**1.910**	**2.629**	**5.686**	**5.292**	**2.842**	**18.359**

Details	2022-23 Latest Forecast	2023-24 Latest Forecast	2024-25 Latest Forecast	2025-26 Latest Forecast	2026-27 Latest Forecast	Total
Transforming Services	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Bereavement Infrastructure	9.823	10.682	2.670			**23.175**
Schools - ICT Projects	0.439					**0.439**
Ballard House Roof Replacement & Insulation	0.397					**0.397**
Crownhill Court Fit Out	0.687					**0.687**
Street lighting Energy Savings	1.245					**1.245**
Challenge Fund	0.500	1.000				**1.500**
Car Parks - Replacement Payment System	0.099	0.300				**0.399**
Replacement of Hire Vehicles	0.220	1.461				**1.681**
Street Scene & Waste Vehicles	0.251	0.144				**0.395**
Chelson Meadow Push Walls	0.629					**0.629**
Transformation/Modernisation Technology Projects		0.599				**0.599**
New Data Centre Migration	0.221					**0.221**
Repairs to Plymouth Guildhall	0.118					**0.118**
Pounds House Repairs	0.085	1.702				**1.787**
Accommodation Strategy	0.162					**0.162**
Mount Edgcumbe Commercialisation		0.180				**0.180**
MOVA Marsh Mills – Upgraded Traffic Signals		0.341				**0.341**
Western Approach Car Park	0.253					**0.253**
Continuation of Transformation/ Modernisation Projects		0.418	0.100			**0.518**

Data Centre Infrastructure	0.482	0.482	0.482			**1.446**
Replacement of Current Laptop Estate		1.700				**1.700**
Highways Management System		0.100				**0.100**
Alloy Phase 2	0.034	0.215				**0.249**
Development of PCC Website	0.192					**0.192**
Data Intelligence		0.200				**0.200**
EDRMS Data Storage and Management Solution		0.200				**0.200**
Sensors and Monitors		0.100				**0.100**
AI Solutions	0.120	0.380				**0.500**
cWAN Project	0.281					**0.281**
Western Approach LED	0.374					**0.374**
Plymouth Life Centre Light Replacements	0.030	0.140				**0.170**
Toilet Demolition	0.101					**0.101**
Business Park development	1.992	0.800				**2.792**
Relocation of Midland House Staff and Services to Ballard House	0.350	0.500				**0.850**
Refit of 4 Haxter Court Close for Delt Shared Services	0.200					**0.200**
Various projects under £0.1m	1.398	0.136	0.023			**1.557**
Total Transforming Services	**20.683**	**21.780**	**3.275**	**-**	**-**	**45.738**
Total	**110.674**	**200.567**	**41.768**	**8.060**	**2.888**	**363.957**

APPENDIX 8 Future Funding Assumptions

Project Income Assumptions:	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m
Plymouth Ports	0.682	7.473	1.585			9.740
Schools Contributions	0.018	0.020	0.020			0.058
Civic Centre District Energy		0.086				
Major Road Network – Department for Transport (DfT)	4.293	10.695	15.250	16.253		46.491
Manadon Interchange	1.785	3.198	3.198			
Embankment Cycle/ Pedestrian		1.900	1.900			
Mannamead Road/ Meavy Way	0.303	0.519	0.519			
DfT Highways Maintenance	0.323	0.323	0.323			
Potholes Action Fund	1.290	1.290	1.290			
Oceansgate	2.385	11.071	14.235			27.691
National Marine Park	0.065	5.189	2.908			8.162
Home Improvement – HUG		1.500	1.500			
Social Housing – Decarb fund		3.350	3.350			
Lipson Vale Trefusis Park – Environment Agency (EA) fund		2.700				2.700
St Levan Road – EA fund	0.070	0.680				
Lawn Tennis Association	0.020					
Central Park – EA fund		0.040				
Plymouth Natural Grid		0.378				
Better Care Fund		2.814	2.814			
Connect the Classroom	0.238					
Schools Basic Needs	0.742	0.050				
High Needs Pupils	6.693	4.957				

Condition fund	2.503					
Local Transport Plan/Highway Maintenance	0.294	1.777	3.249			5.320
Seagull Bridge		0.025				
Fleet Replacement		4.050	4.086			
Street Lighting		1.000				
ICT Business Case			0.625			
Community Connection Loan	0.210					
Service Efficiency Borrowing	2.814	0.950	0.769	5.441	3.001	12.975
Developer Contributions	4.452	4.088	3.736			
TOTAL	**29.180**	**70.123**	**61.357**	**33.014**	**33.872**	**227.547**

Total Revised Capital Budget	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Total	**139.798**	**270.747**	**103.125**	**41.074**	**36.760**	**591.504**

Appendix 9

Council Tax Resolution

Implications of the proposed council tax for each band of properties

To note that the Office of the Police and Crime Commissioner for Devon and Cornwall and The Isles of Scilly has issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area, reflecting a Fifteen pounds (£15.00 or 6.08%) increase for 2023/24 for a band D property.

To note that the Devon and Somerset Fire and Rescue Authority precepts have been confirmed reflecting a Five pounds (£5.00 or 5.45%) increase for 2023/24.

To use the Council Tax base for 2023/24 as 74,891 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; calculate that the Council Tax requirement for the Councils own purposes for 2023/24 is £131,299,650.

To agree that the following amounts are calculated for the year 2023/24 in accordance with Sections 31 to 36 of the Act:

e) £555,753,539 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act (Gross Expenditure and Transfers to Reserves).

f) £424,453,889 being the aggregate of the amounts which the council estimates for the items set out in Section 31A (3) of the Act (Gross Income and Transfers to Reserves).

g) £131,299,650 being the amount by which the aggregate at 9.5(a) above exceeds the aggregate amount at 9.5(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as it's council Tax requirement for the year. (Item R in the formula in section 31B of the Act).

h) £1,753.21 being the amount at 1.4(c) above (Item R), all divided by Item T (1.3 above), calculated by the council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.

Plymouth City Council

Band	A	B	C	D	E	F	G	H
2022/23	£1,113.25	£1,298.80	£1,484.34	£1,669.88	£2,040.96	£2,412.05	£2,783.13	£3,339.76
2023/24 - Council Tax 2.99%	£33.29	£38.83	£44.38	£49.93	£61.03	£72.12	£83.22	£99.86
2023/24 Adult Social Care Precept 2.00%	£22.27	£25.98	£29.69	£33.40	£40.82	£48.24	£55.67	£66.80
Total	**£1,168.81**	**£1,363.61**	**£1,558.41**	**£1,753.21**	**£2,142.81**	**£2,532.41**	**£2,922.02**	**£3,506.42**

Police

Band	A	B	C	D	E	F	G	H
2022/23	£164.37	£191.77	£219.16	£246.56	£301.35	£356.14	£410.93	£493.12
2023/24 - Council Tax £15.00 (Band D)	£10.00	£11.67	£13.34	£15.00	£18.33	£21.67	£25.00	£30.00
Total	**£174.37**	**£203.44**	**£232.50**	**£261.56**	**£319.68**	**£377.81**	**£435.93**	**£523.12**

Fire

Band	A	B	C	D	E	F	G	H
2022/23	£61.19	£71.39	£81.59	£91.79	£112.19	£132.59	£152.98	£183.58
2023/24 - Council Tax £5.00 (Band D)	£3.34	£3.89	£4.45	£5.00	£6.11	£7.22	£8.34	£10.00
Total	**£64.53**	**£75.28**	**£86.04**	**£96.79**	**£118.30**	**£139.81**	**£161.32**	**£193.58**

Band	A	B	C	D	E	F	G	H
2022/23	**£1,338.81**	**£1,561.96**	**£1,785.09**	**£2,008.23**	**£2,454.50**	**£2,900.78**	**£3,347.04**	**£4,016.46**
2023/24	**£1,407.71**	**£1,642.33**	**£1,876.95**	**£2,111.56**	**£2,580.79**	**£3,050.03**	**£3,519.27**	**£4,223.12**

Appendix 10

Final Local Government Finance Settlement

- On 19 December 2022, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC), Rt. Hon. Michael Gove MP, released a written statement to Parliament on the provisional local government finance settlement 2023/24.

- The Settlement held few surprises as the main areas had been trailed in both the Autumn Statement and a subsequent DLUHC briefing note. The Settlement is still provisional but no major amendments are anticipated. It is recommended to Cabinet that any final adjustments are delegated to the Section 151 Officer working with the Deputy Leader.

- The impact of the Provisional Settlement on the available resources combine to yield a net additional £10.087m compared to the resource assumptions in the 10 November 2022 Draft Budget Report. Details are set out in the report.

- On confirmation of the final Settlement, the only change was an additional allocation of £93,000 to the Services Grant for 2023/24, giving a final value of £2.359m.

PROVISIONAL FINANCE SETTLEMENT 2023/24

Briefing Note - Version 1 - 21.12.2022

1. Introduction

1.1. On 19 December 2022, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC), Rt. Hon. Michael Gove MP, released a written statement to Parliament on the provisional local government finance settlement 2023-24. The Settlement held few surprises as the main areas had been trailed in both the Autumn Statement and a subsequent DLUHC briefing note. The Settlement is provisional; and issued for consultation; the consultation is open to submissions for 4 weeks from 19 December 2022 to 16 January 2023. The Council will respond and also copy its response through the LGA which responds on behalf of the sector.

2. Executive Summary

The key points of the Settlement are as follows:

2.1 Despite the discussion and commentary the 2023-24 local government finance settlement is for one year only and is based on the Spending Review 2021 (SR21) funding levels, updated for the 2022 Autumn Statement announcements. The main points are set out below.

2.2 The Settlement letter (attached as Annex 1) states "The councils you represent undertake vital work for local communities. In recognition of this, we are announcing an increase of 9% in cash terms of national level Core Spending Power which will make available £5 billion in additional resources, demonstrating how Government stands behind councils up and down the country". This statistic must be expected to vary somewhat between authorities but there is no doubt that this is a more generous settlement that the sector had feared although not markedly so and likely inadequate to meet the pressures experienced by authorities at the present time.

2.3 The referendum threshold for Council Tax as previously announced increases from the current 1.99% to the new 2.99% and councils are able to raise afurther 2% through the Adult Social Care precept. These points were previously announced in the Autumn Statement.

2.4 For Business Rates, the government has changed the inflation measure used to increase the local government funding amount within the Settlement Funding Amount (SFA). CPI (September increase of 10.1%) has been used, instead of RPI (September increase of 12.6%). However, this has been tapered by the revaluation adjustment of the base values.

2.5 The Revenue Support Grant (RSG) remains and has been increased by 10.1% however existing grants have been subsumed into the amount allocated

2.6 A new one off Service Grant was created for 2022/23 only. The 2022/23 settlement announcement stated this one-off Service Grant was to provide funding to all tiers of local government inrecognition of the vital services delivered at every level of local government. Although this has continued for a second year, it has been reduced. This reduction is due to the cancellation of the increase in National Insurance Contributions and to move funding to the Supporting Families programme. The methodology for the grant remains unchanged.

2.7 New Homes Bonus continues despite fears it would be abolished. Nationally, the 2023/24 allocations have been announced at £291m; a reduction of £265m on 2022/23. There have been no changes to the design of the scheme for 2023/24, with a single year's new allocation. The large reduction in funding from the scheme is due to all prior years' legacy payments having now been paid.

2.8 The Lower Tier Services Grant (worth £111m in 2022/23) has been removed and replaced by the Minimum Funding Guarantee of 3% for 2023/24.

2.9 Funding Guarantee – This £136m grant replaces the Lower Tier Services Grant. This grant is intended to provide a funding floor for all local authorities, so that no local authority would see an increase in Core Spending Power that is lower than 3% (before assumptions on council tax rate increases, but includes those on Council Tax base).

2.10 Nationally the Social Care Grant has increased by £1,506m to £3,852m. However, £161m of the increase is due to the roll-in of the Independent Living Fund. The "true" increase is £1,345m, which is funded from the postponement of adult social care charging reforms +£1,265m, and +£80m from other parts of the settlement (potentially NHB).

2.11 There is no change to the Improved Better Care Fund.

2.12 The Market Sustainability and Fair Cost of Care Fund created in 2022/23 has been rolled into the Adult Social Care Market Sustainability and Improvement Fund. Of the £562m total funding, £162m has been rolled in from above, with an additional £400m intended for local authorities to make tangible improvements to adult social care, and, in particular, to address discharge delays; social care waiting times; low fee rates; workforce pressures; and to promote technological innovation in the sector.

2.13 There is an new Adult Social Care Discharge Fund with a £300m grant for 2023/24 intended to form part of Better Care Fund plans, aimed at reducing delayed transfers of care, allocated on the basis of the improved Better Care Fund shares in used in 2023/24. .

2.14 There is little reference in the Settlement letter to the long expected and trailed reform of the local government finance system. The Government appears to argue that the Settlement provides stability with no intention of the long-awaited reform to local government finances (the "Fair Funding Review" and Business Rates) during this Parliament.

2.15 In addition to the main Settlement, the Department of Education (DfE) released the final funding allocations for 2023/24 for the Dedicated Schools Grant (DSG) Schools Block, High Needs Block and Central School Services Block. The main Schools Block has increased from the 2022/23 base of £189.940m by £4.312m to the 2023/24 allocation of £194.252m. The High Needs Block has increased from the 2022/23 base of £42.476m by £2.498m to the 2023/24 allocation of £44.974m.

2.16 Central Government has also confirmed additional funding for mainstream schools through a Mainstream Schools Additional Grant (MSAG) and additional funding for high needs. This funding will support schools with additional cost pressures in 2023/24. Plymouth is due to receive an additional £6.631m for mainstream schools and £1.842m for high needs funding.

2.17 The full briefing for the schools allocations is set out in Annex 3 of this report.

3. Implications for Plymouth

3.1. In overall terms PCC is £10.087m better off against the MTFP adopted assumptions. This needs to be taken in context with additional costs which have not been covered in the latest MTFP due to their timing. In particular the Autumn Statement announcement of the national Living Wage increasing to £10.42 from April 2023 has added an additional burden of £3.3m.

3.2. There will be more movements in the budget before the final proposal is put to Full Council in February and still leaves a projected shortfall before any Council Tax increase.

3.3. A schedule showing a comparison of the Settlement figures with the MTFP appears at Annex 2.

3.4. New Homes Bonus: as the Settlement has not adopted reform to New Homes Bonus on this occasion the advised figure represents a loss of £0.828m against the MTFP assumption.

3.5. Social Care Grant has increased but this needs to fund the additional demand and price increases in both Adults and Children's which leaves a deficit position.

£m	
(8.199)	Additional Social Care Grant
0.582	Independent Living Fund
7.000	NLW / growth
3.053	CYP+F
1.000	In-House Fostering
3.436	deficit

3.6. The Services Grant has been reduced from the current £4.021m to a revised allocation of £2.066m, a reduction of £1.755m. We were expecting a reduction as this grant included funding for local authorities costs for the increase in employer National Insurance (NI) contributions. The reduction is higher than the associated NI costs.

3.7. Revenue Support Grant is calculated at the 2022/23 figure plus inflation at 10.1% although the Local Council Tax Support Grant has been rolled in, giving a false growth position.

David Northey

Interim Section 151 Officer

23 December 2022

Attachments:

Annex 1: the Settlement Letter 2023/24

Annex 2: Comparison of the Settlement with MTFS assumptions

Annex 3: DSG Briefing Note

Annex 1

Department for Levelling Up, Housing & Communities

Rt Hon Michael Gove MP
Secretary of State for Department for Levelling up, Housing and Communities
Minister for Intergovernmental Relations

Department for Levelling Up, Housing and Communities
Fry Building
2 Marsham Street
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To all council leaders in England

Department for Levelling Up, Housing & Communities

Rt Hon Michael Gove MP
Secretary of State for Levelling up Housing & Communities
Minister for Intergovernmental Relations
2 Marsham Street
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SW1P 4DF

To All Council Leaders in England,
copied to all Chief Executives

19th December 2022

Dear Leader,

2023/24 Provisional Local Government Finance Settlement

On 12 December we published a policy statement that outlined our proposals for the 2023/24 Local Government Finance Settlement and details of funding in 2024/25. We have today launched our formal consultation on the proposals for 2023/24 through the provisional Local Government Finance Settlement. The consultation closes on 16 January.

The councils you represent undertake vital work for local communities. In recognition of this, we are announcing an increase of 9% in cash terms of national level Core Spending Power which will make available £5 billion in additional resources, demonstrating how Government stands behind councils up and down the country.

This Local Government Finance Settlement provides a significant boost for social care services. Ahead of any consideration of council tax, it provides around £2 billion in additional grant for social care in 2023/24.

Local government delivers a broad range of services for all our communities. That is why we are supporting all tiers of local government through this settlement. a new, one-off Funding Guarantee that ensures all local authorities will see a minimum 3% increase in their Core Spending Power before taking any local decisions on raising council tax.

The Government's manifesto commits to continuing to protect local taxpayers from excessive council tax increases. This is an additional local democratic check and balance to avoid the repeat seen under the last Labour Government when council tax more than doubled. The package of referendum principles we are proposing strikes a fair balance. This settlement confirms our intention for referendum principles of up to 3% for core council tax and up to 2% for the adult social care precept in 2023/24. When taking decisions on council tax levels, I expect Councillors, mayors, police and crime commissioners and local councils to take into consideration the pressures many households are facing.

We are also today announcing £100 million of additional funding for local authorities to support the most vulnerable households in England. This funding will allow councils to deliver additional support to the 3.8 million households already receiving council tax support, whilst also providing councils with the resources and flexibility to determine the local approaches to support other vulnerable households in their area.

I am confident that this Settlement will make good progress in addressing some of the concerns that have been raised. I also hope it provides the resources to deliver on priority areas such as housing quality, an important issue for this Government on which I have recently written to all Chief Executives to encourage more targeted action.

Further detail on our proposals can be found in the consultation document we have published today here: https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2023-to-2024.

With every good wish,

Michael Gove

Rt Hon Michael Gove MP

Annex 2

Variations from 2023/24 MTFP/Budget assumptions to Settlement 2023/24

(Brackets = income / favourable)

Variations in Core Funding MTFP to Settlement 2023/24	**Current Budget Assumptions £m**	**Provisional Settlement £m**	**(Benefit)/ Cost £m**
Social Care Grant	(13.503)	(21.702)	(8.199)
Independent Living Fund rolled into Social care Grant	(0.582)	0.000	0.582
Net Social Care Grant	**(14.085)**	**(21.702)**	**(7.617)**
Services Grant	(4.021)	(2.266)	1.755
Business Rates Multiplier	0.000	(4.347)	(4.347)
Revenue Support Grant	(10.045)	(11.562)	(1.517)
Local Council Tax Support Grant rolled into RSG	(0.395)	0.000	0.395
New Homes Bonus	(0.850)	(0.022)	0.828
Lower Tier Grant	(0.416)	0.000	0.416
Variance to Core Funding	**(29.812)**	**(39.899)**	**(10.087)**
Adult Social Care funding not included in the core funding, as ring-fenced and subject to close monitoring and working with NHS Devon:			
Adult Social Care Discharge Fund	(1.079)	(1.813)	(0.734)
Local Authority share of new £600m and £1000m IBCF allocations	(12.932)	(12.932)	0.000
ASC Market Sustainability and Improvement Fund	0.000	(3.007)	(3.007)
Market Sustainability and Fair Cost of Care Fund	(0.867)	0.000	0.867
Total ASC specific Funding Variance	**(14.878)**	**(17.753)**	**(2.874)**

Annex 3

EDUCATION AND SCHOOLS FUNDING 2023/24 ALLOCATIONS

Finance Briefing Note 23rd December 2022

PLYMOUTH CITY COUNCIL

1.1 In December 2022, the Department of Education (DfE) published final DSG allocations for 2023/24 based on October 22 pupil numbers.

1.2 The table below shows Plymouth's DSG allocation for 2023/24 compared to 2022/23 baselines.

	2022/23 Baseline £	2023/24 Updated Allocation £	Increase/ (Decrease) in Allocation £	Additional Funding for 2023/24 (separate grants) £	Total increase in funding for 2023/24 £
Schools Block	189,939,796	194,251,626	4,311,830	6,630,668	10,942,498
High Needs Block	42,476,453	44,974,214	2,497,761	1,841,701	4,339,462
Central Schools Services Block	2,631,327	2,449,940	(181,387)	-	(181,387)
Early Years Block*	16,108,522	16,877,416	768,894	-	768,894
Total	**251,156,098**	**258,553,196**	**7,397,098**	**8,472,369**	**15,869,467**

* This is not the final Early Years Block allocation as further funding adjustments will be made based on early years pupils recorded on the January 2023 and 2024 census.

Mainstream schools additional grant 2023 to 2024

1.3 The 2022 Autumn Statement announced that the core schools budget will increase by £2 billion in the 2023 to 2024 financial year, over and above the totals announced at the Spending Review 2021.

1.4 In the 2023 to 2024 financial year, mainstream schools will be allocated additional funding through the mainstream schools additional grant (MSAG) 2023 to 2024. This is in addition to schools' allocations through the schools national funding formula.

1.5 Local authority-maintained mainstream schools and mainstream academies will receive allocations under the MSAG, covering the 2023 to 2024 financial year. School-level allocations of the MSAG for the full 2023 to 2024 financial year will be published in May 2023. Funding will be paid to Local Authorities, who will be required to pay it to individual schools at the published rates. Central Government will pay funding at the published rates directly to mainstream academies.

1.6 This additional funding in the form of a separate grant will be for 2023 to 2024 only. The funding will be incorporated into core budget allocations for 2024 to 2025. So, for primary, secondary and all-through schools, this will mean the funding being rolled into the schools national funding formula for 2024 to 2025.

1.7 Schools will have the flexibility to prioritise their spending of the MSAG to best support the needs of their pupils and staff and address cost pressures.

1.8 The funding rates consist of the following 3 elements, which are based on funding already in the schools national funding formula.

- A basis per-pupil rate (with different rates for primary, key stage 3 and key stage 4)
- A lump sum paid to all schools, regardless of pupil numbers
- A per-pupil rate for pupils who are recorded as having been eligible for free school meals at any point in the last six years (FSM6), with different rates for primary and secondary pupils.

When confirming the school-level allocations of the MSAG, Central Government will apply an area cost adjustment (ACA) to the funding rates to take into account geographical variation in labour costs. The ACAs will be those used for the schools national funding formula for 2023 to 2024.

1.9 The base funding rates will be;

- A basic per-pupil rate of £119 for primary pupils, including pupils in reception
- A basic per-pupil rate of £168 for key stage 3 pupils
- A basic per-pupil rate of £190 for key stage 4 pupils
- A lump sum of £4,510
- An FSM6 per-pupil rate of £104 per eligible primary pupil
- An FSM6 per-pupil rate of £152 per eligible secondary pupil
- The funding rates consist of the following 3 elements, which are based on funding already in the schools national funding formula.

Extra High Needs Funding in 2023 to 2024

1.10 Following the autumn statement 2022, an additional £400m was allocated for high needs in the financial year 2023 to 2024.

1.11 The additional allocations have been distributed as a percentage uplift to the original amount calculated in 2023 to 2024 High Needs National Funding Formula (NFF) for the historic spend factor, other proxy factors and funding floor factor.

1.12 Each Local Authorities share of the £400m additional funding represents a 4.59% uplift to the total historic spend, other proxy factor and funding floor allocation.

1.13 These allocations are on top of the DSG high needs allocations calculated under the NFF, but are subject to the same DSG conditions of grant and an additional condition of grant.

1.14 This extra funding recognises the additional costs that Local Authorities and Schools will face in the coming year which were not foreseen when the original high needs block allocations were calculated.

2023/24 Early Years Block

1.15 Central Government have published the early years rates and operational guidance for 2023 to 2024. The early years entitlements block will receive a further £20million on top of the £180m of additional funding in 2023 to 2024 compared to 2021 to 2022 announced at the Spending Review. Local Authorities will receive average funding increases of 3.4% for the 3 and 4 year old free childcare entitlements and 4% for the 2 year old entitlement as the early years national funding formulae are updated. Plymouth's Early Years consultation document will be produced in the new year and results reported back to schools forum in February 2023.

2023/24 Pupil Premium

1.16 Funding rates for the pupil premium in the financial year 2023 to 2024 will increase by 5% to:

- primary FSM6 pupils: £1,455
- secondary FSM6 pupils: £1,035
- looked-after children: £2,530
- children who have ceased to be looked-after: £2,530
- service children: £335

1.17 Central Government will also extend pupil premium funding to children who were adopted from state care outside England and Wales. Pupil premium allocations and conditions of grant will be published in Spring 2023.