

Date of meeting:	13 November 2023
Title of Report:	Budget 2024/25 – Draft Budget
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	David Northey (Service Director for Finance and Section 151 Officer)
Author:	David Northey, Service Director for Finance and Section 151 Officer, and Lead Accountancy Managers Stephen Coker and Helen Slater
Contact Email:	David.northey@plymouth.gov.uk
Your Reference:	Fin/Bud/2024/25
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

Under the Council's Constitution, Cabinet is required to recommend the 2024/25 Budget to Council. This report sets out the latest information available to enable Cabinet to consider the first tranche of recommendations to Council in respect of the budget. This report will now be presented to the Budget Scrutiny Committee meeting 06 and 07 December 2023.

At the time of writing, we are ahead of the Government's Autumn Statement scheduled for 22 November, with the Provisional Local Government Settlement expected late December. Full details of both events will be included in subsequent reports.

The Draft Budget sets out the current position, building on the assumptions included in the Medium-Term Financial Strategy (MTFS). Key assumptions around business rates grants and inflation uplift to Revenue Support Grant will not be confirmed until December.

Recommendations and Reasons

That Cabinet:

- I. Note this report, and that it is subject to change in line with any Government Autumn Statement, Provisional Settlement adjustments and changes required as proposals are developed.

Reason: To ensure Cabinet support for the Budget proposals prior to further development of the final Revenue and Capital Budget 2024/25.

Alternative options considered and rejected.

Not to bring forward proposals in respect of the 2024/25 Budget – rejected on the basis that the Council must agree a balanced budget, and seeking support for further developing the recommended proposals will allow this to happen.

To bring forward alternative proposals to those set out in this report: rejected on the basis that further options will be required in addition to those set out in this report to bridge the continuing forecast shortfall for 2024/25.

Relevance to the Corporate Plan and/or the Plymouth Plan

The development and approval of the annual budget and the Medium Term Financial Strategy (MTFS) is fundamentally linked to delivering the priorities within the Council's Corporate Plan. Allocating limited resources to key priorities will maximise the benefits to the residents of Plymouth.

Implications for the Medium Term Financial Plan and Resource Implications:

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

Financial Risks

The Council is a complex service organisation with a gross revenue expenditure budget exceeding £500m, and faces significant financial risks given the continuing forecast shortfall, uncertainty about resourcing from central government, the wider economic environment and the Council's comparatively low levels of financial reserves. Each savings proposal carries its own risks, and mitigation for each will need to be explored. There is continuing demand pressures in both adult social care and children's social care. We are now facing increasing demand and cost pressures in both homelessness and bed and breakfast accommodation plus our statutory responsibility to provide home to school transport for our most vulnerable children.

The Council is under a legal obligation to set a balanced budget for each municipal year, and the Council's Section 151 Officer is required to produce a statement as part of the budget documentation giving his view as to the robustness of the proposed budget.

This budget is built on using available usable balances wherever possible to allow directorates to consolidate the savings plans already built into the base budget from previous years' plans. In some areas such as children's social care, the gross impact of rising demand and cost of placements is reflected with savings plans identified separately. This ensures the true additional costs are acknowledged and the senior management have clear targets set.

The Draft Budget 2024/25 assumes an increase in both the base Council Tax and the Adult Social Care precept in line with the policy set out in the Autumn Statement 2022 and the Local Government Settlement in December 2022. No decision has been made on any changes to the council tax charge for 2024/25; this is reserved for a decision of Full Council in February.

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 its activities. There will be carbon footprint implications arising from the activities financed by the budget, negative or positive, but these can only be effectively assessed on a case-by-case basis. 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 enables the Council to take a medium-term view which will assist with financial planning.

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 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. As proposals are further developed, officers will assess, and report equalities impacts and mitigations as part of the 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 1 of Schedule 12A Of the Local Government Act 1972 by ticking the relevant box.						
		1	2	3	4	5	6	7
1	Net additional cost pressures and adjustments							
2	Net additional Resources and adjustments							
3	1 st Draft Directorate Budgets 2024/25							

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 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.						
	1	2	3	4	5	6	7

Sign off:

Fin	CH 27.1 0.23 1244	Leg	LS/00 0013 12/3/ AC/2/ 11/23	Mon Off		HR		Assets		Strat Proc	
Originating Senior Leadership Team member: David Northey (Service Director for Finance and Section 151 Officer)											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 02/11/2023											
Cabinet Member approval: Councillor Lowry (Cabinet Member for Finance) in consultation with the Leader and Cabinet colleagues. Date approved 30/10/2023 meeting											

I Introduction

- 1.1 This report provides the latest position on the Council's budget for 2024/25.
- 1.2 The Council continues to manage a challenging financial environment where service demands continue to increase, the longer-term impact of COVID-19 continues and where uncertain and unpredictable funding and cost levels remain.
- 1.3 Together with all authorities the Council is facing another year of uncertainty and financial risk due to continuing additional national and international factors largely beyond its control, including higher energy costs, broader inflation related cost increases and demand pressures and costs in both adults' and children's social care. These areas are now joined by homelessness and home to school transport as major risk factors.
- 1.4 The Council's administration is ambitious in its vision and objectives for the city and is committed to ensuring that services to children, vulnerable adults and the provision of affordable housing and helping those affected by homelessness continue to be key priorities. It is keenly aware of the impact of the current cost of living crisis on the people of Plymouth. This budget does not have reductions to critical services and does not include the introduction of any new charges for services. It does ensure there is adequate funding to repair potholes and allocates additional funding to the grass cutting service, both ensuring a better living environment for the city.
- 1.5 This draft budget breaks the recent tradition of allocating growth to demand-led directorates and then setting large stretch savings targets to all directorates to compensate. There is growth included totalling £28.856m but this is offset by £15.954m of additional resources built into the budget plus a further £7.728m of corporate adjustments. Whilst there are savings allocated, being £1.316m in Children's plus £1.5m in the People Directorate (£1m in Homelessness and £0.5m in Adult Social Care) these have been carefully considered to reflect work currently in progress to mitigate the full-cost increased budget allocations included for these services.
- 1.6 The three key areas to concentrate on for 2024/25 are within the Children's Directorate (social care and SEND school transport) and the People Directorate (adult social care costs and homelessness provision). However, the 2023/24 budget incorporated an unprecedented in-year savings target of £23m. At the end of quarter two (September 2023) we are forecasting a shortfall against this target of £4.031m. Despite this shortfall, the full £23m needs to be delivered, either in the plans as set out or alternative savings.
- 1.7 The 2024/25 budget assumes new savings totalling a modest £2.8m but also assumes that the £23m reduction in the base budgets from 2023/24 are delivered as sustainable savings.
- 1.8 This draft budget consolidates our current areas of focus to close the current and forecasted future financial gaps, allowing Strategic Directors to introduce new ways of delivering their services.
- 1.9 This report will form part of the key budget papers to be made available to the Budget Scrutiny meeting when it considers the draft budget proposals. These will include:
 - The draft 2024/25 Budget by service.
 - A list of savings proposals.
 - Full cost analysis of the critical service areas; Adult Social care; Children's Social Care; Homelessness; and Home to School transport.

- The Treasury Management Strategy scheduled for the Audit and Governance Committee on 28 November 2023.
- The Capital Strategy also scheduled for the November 2023 Audit and Governance Committee.

2 Background

- 2.1 The Council is scheduled to set a budget for the next financial year on 26 February 2024. At the meeting, the Council Tax charge for 2024/25 will need to be agreed.
- 2.2 Once again, this is a very challenging budget year as, like all local authorities, the Council is facing continuing growing pressures on resources as demand for services rises and costs increase whilst central government funding only sees marginal growth, partially offsetting the inflationary pressures being felt.
- 2.3 This report highlights that due to ever increasing demand for services and increasing costs, and after offset by additional local resources, the forecast budget shortfall is standing at £2.358m. Although this is a major improvement on the £11.215m budget gap highlighted in the latest MTFs it must be addressed to achieve a balanced budget position.
- 2.4 The Council delivers more than 300 services – as diverse as bin collections, protecting vulnerable children, providing libraries, making planning decisions, attracting investment and jobs in the city, providing leisure facilities, providing parking, maintaining roads and pavements, and looking after Plymouth’s parks and green spaces.
- 2.5 Every part of the Council has been involved in the response to the budget situation and many employees and services may need to work in new ways. A significant amount of work continues to support the city’s economy, which has been severely affected by the recent pandemic and cost of living crisis.
- 2.6 It should be noted that options are limited by the fact that the Council needs to deliver many services as a statutory requirement and has limited scope to influence how these services are delivered. Examples of this include supporting vulnerable children and adults in the city.
- 2.7 Despite these challenges, the City Council is determined to get the basics right, including fewer potholes, cleaner, greener streets, and greener transport; building more homes for both social rent and affordable ownership; green investment, jobs, skills, and better education; keeping children, adults, and communities safe. This budget builds on the MTFs to provide the financial framework to deliver these aims and our work to ease the cost-of-living crisis for the people of Plymouth.

3. Autumn Statement and Provisional Local Government Finance Settlement

- 3.1 At the time of writing this report the Government’s Autumn Statement has not been announced, with the provisional local government finance settlement expected in late December 2023. As in previous years the late timing of the announcements has not been helpful in preparing the Council’s budget. However, any differences between the assumptions made within this report and the Autumn Statement and Provisional Settlement will be updated in subsequent reports.
- 3.2 Unlike in previous years, we are aware for 2024/25, councils may increase core council tax by up to 3% without the need for a local referendum, and local authorities with social care responsibilities (such as Plymouth City Council) are able to increase the adult social care precept by up to 2% for the financial year. The Government assume this increase when allocating central funding allocations, and this Draft Budget 2024/25 has assumed this maximum will be implemented.

4 Budget Engagement

- 4.1 A public engagement to support the 2024/25 budget setting process will commence 3 November 2023 with the publication of this draft. A summary of the council's financial position will be presented, and people will be invited to provide their feedback on the proposals and suggest any ideas for saving money or increasing income.
- 4.2 The engagement will be promoted to the local media and through the Council's own channels, which will include a website banner, newsroom feature, social media, e-newsletter, promotion to local businesses and via press release. The questionnaire will also be shared internally in the Staff News bulletin.
- 4.3 The themes arising from the engagement may be considered as part of the final budget proposals in the New Year.

5. Budget Planning Assumptions – Core Funding

Council Tax

- 5.1 The Council Tax base for 2024/25 has been assumed at 75,895 properties, an increase of 493 on 2023/24. The Council Tax Base report for 2024/25 will be presented to Cabinet for consideration in January 2024 and will then be presented to Council for approval. Any changes from these base assumptions to the final report will be reflected in subsequent reports.
- 5.2 The modelled rise in the council tax base reflects changes including the number of new properties; a revised starting base reflecting the current number of properties; and changes in the number of council tax support claims. The collection rate has been maintained at 97.5% which is realistic and prudent due to the current economic climate and reflects the current year rate. The additional resources total £1.767m
- 5.3 The current working assumption includes the adoption of the 2% Adult Social Care precept, providing an additional £2.640m. This precept requires full council approval.
- 5.4 The current resource assumptions also include an increase in Council Tax of 2.99% yielding an additional £3.947m. It should be noted the Government assumes that councils will include these items when referencing increases to councils' core spending power.

Business Rates

- 5.5 The amount of income the Council can expect to receive in respect of the coming financial year through Business Rates is calculated at the end of January through the NDR1 statutory return to the government. The timing of this report sits outside of the draft budget setting timetable. The calculation reflects any deficit or surplus in actual income received to the fund compared to the previous year's budget, the total income expected through Section 31 grants compensating for rate reliefs awarded by the government, the top-up grant to ensure authorities reach the baseline funding level set by the government, and the total Rateable Value (RV, as set for each non-domestic property by the Valuation Office Agency) of the area.
- 5.6 The Business Rates income is forecast on nil growth in the gross rates receivable. This has been assumed due to the continuing economic uncertainty, a high number of appeals still to process and the impact of the recent revaluation. The business rates multiplier is assumed to be flat as per previous years and we will be compensated for the lost income by way of a government grant as per previous years. The current assumption is a 5.41% increase reflecting recent inflation figures; the final settlement will be known in late December 2023. We are forecasting an increase of £2.474m.

Business Rates Pool

- 5.7 Plymouth City Council continues to play the key role of administrator of the Devon Business Rates Pool. Working with the other business pool members and our external advisors, we are again forecasting growth in our business rates income and have included £2.5m of additional resources for 2024/25.

Income from Local Taxation – the Collection Fund

- 5.8 Income from Council Tax and Business Rates is held in a ringfenced collection fund account, from which authorities draw the budgeted level of income in each year irrespective of actual income collected. Any shortfall or increase on income collected compared to that budgeted level results in a collection fund deficit or surplus, which can be accounted for in the amount of income the Council can budget for in the following year.
- 5.9 Our accounts are showing a modest surplus on our council tax collection, allowing an additional £0.5m to be utilised and a further £2.5m on our business rates reflecting additional monies collected and the final reconciliation of Section 31 grants received covering the Covid-19 Pandemic period.

Revenue Support Grant (RSG)

- 5.10 Despite many previous announcements around reform of local government core funding, of which the RSG is a fundamental part, it has been confirmed that the existing funding model will continue for at least another year. For planning purposes at this stage, the 2023/24 allocation of £11.562m has been assumed to increase by RPI of 5.41% to £12.188m for 2024/25. The actual figure for RSG or an alternative resource will be advised in the Provisional Finance Settlement.
- 5.11 The table below Shows the total resources forecast for 2024/25, and the movement from the current 2023/24 resources.

Unringfenced Resources	Budget	Draft Budget	
	2023/24 £m	2024/25 £m	Movement £m
Council Tax	(130.625)	(139.479)	(8.854)
Business Rates	(75.253)	(82.727)	(7.474)
RSG	(11.562)	(12.188)	(0.626)
Reserves	(1.000)	0.000	1.000
Total Resources	(218.440)	(234.394)	(15.954)

- 5.12 A detailed schedule of the movements in resources are set out in Appendix 2.
- 5.13 In addition to the resources referred to above the Council receives a range of other specific grants. These include Better Care Fund grant, Social Care grant and others which form part of the awaited Settlement.

New Homes Bonus

- 5.14 No details of any replacement for New Homes Bonus have been advised, and the allocation will be confirmed as part of the subsequent Settlement. For planning purposes new homes bonus is assumed to be zero, following the 2023/24 allocation of £0.022m.

Public Health Grant

- 5.15 The Public Health grant supports the Council's public health responsibilities and grant conditions apply including responsibilities for 0-19 children services. Grant funds may only be spent on activities whose main purpose is to improve the health and wellbeing of our local population. This includes some specific requirements around health improvement, sexual health, drug and alcohol services, children and young people's public health services, NHS Health checks and health protection, as well as providing healthcare public health advice to support the commissioning of health and wellbeing services. The 2024/25 allocation will be confirmed as soon as the grant is announced, usually in late February. For 2023/24 the grant allocated was £16.460m.

6. Additional Budget Pressures

Right Sizing the Budget

- 6.1 As with every budget build, as part of the 2023/24 budget we were able to include some one-off resources to cover the on-going costs of service delivery. As these were one-off, the costs need to be brought into the 2024/25 budget base.
- 6.2 Included in the 2023/24 Budget is a reversal of a previous year's top-up of the Minimum Revenue Provision (MRP) in the sum of £1m. This was seen as a one-off re-balancing of the MRP reserve and the £1m needs to be reinstated to the base budget going forward. This budget proposal sees the reversal of a further £0.400m holiday, resulting in a net repayment this year of £0.600m, with the remaining £0.400m to be replenished in 2025/26.
- 6.3 Other items requiring additional resources include staff remuneration and the on-going commitment to honour the cost of the National Living Wage for our care providers. Another area is the increasing cost of servicing our borrowing requirements for the capital programme.
- 6.4 The Capital Programme (budget) has been formulated based on the assumptions set out in the Capital Strategy and the September 2023 (Quarter 2) monitoring report setting out the latest investment and spend profiles. An additional £1.171m is included in this Draft Budget to cover the cost of corporate borrowing recognising the slippage in delivery of approved projects; additional cost pressures from construction costs and the increased cost of borrowing. The Capital Programme is subject to a full project-by-project review with the resultant impact on the cost of financing the programme to be included in the final budget report in February 2024.

Additional Corporate and Directorate budget adjustments

- 6.5 The high levels of inflation and energy prices, increased interest rates and major demand pressures being felt across adults and children's social care plus the continuing homelessness demand remain key factors in the sustainability of local government finance. The pressures are set out below.
- 6.6 We have accounted for additional costs associated with the Schools' PFI (Private Finance Initiative) contract. The contract is structured in such a way as to leave the liability for any increased utility cost with the council. This increase is on top of the additional funding allocated in the 2023/24 budget.

- 6.7 This MTF5 2023/24 to 2027/28 works towards restoring a minimum 5% Working Balance. This reserve was steadily built up over the years and stood at £9.4 million as at March 2017. It currently stands at £8.7m. This equates to approximately 4.0% of the Council's net revenue budget. By 2027/28 this would need to be £11.8m, an increase of £2.9m to equate to 5%, which is about the average for Unitary Councils. This budget makes the first contribution of £0.750m.
- 6.8 Utility costs are assumed to have peaked from the additional cost pressure of £4.765m to cover the whole council estate including the crematoria and the Life Centre allocated in the 2023/24 budget. This budget sees a reduction of £2m from this allocation.
- 6.9 The Labour Administration has made grass cutting and general wildlife habitat maintenance a key priority. The funding for the grass cutting team has been allocated an additional £0.300m to fund the required staff and running costs. This has been met from the rebadging of the £0.300m Street's contingency held as a corporate budget in 2023/24.
- 6.10 Within the People Directorate, the additional cost and volume of adult social care packages has been allocated an increase of £5.047m. This is offset in part by a release of £0.500m from the service's bad debt provision.
- 6.11 Also within the People Directorate, the homelessness budget is experiencing increasing demand and costs. We have record numbers of households in Bed and Breakfast, with an additional £3.287m allocated. The department is working hard on bringing forward cost mitigations, and as a result a stretch savings target of £1m has been put in place to offset some of this additional cost.
- 6.12 The 2023/24 Budget included an allocation of £1m social care contingency, held as a corporate budget. This has been reversed and used to help fund the additional cost and volume pressure of £7.072m within the Children's Directorate. Again, the department is working hard on bringing forward cost mitigations, and as a result a stretch savings target of £1.316m has been put in place to offset some of this additional cost.
- 6.13 Home to School Transport is another area where we are experiencing additional cost every year. Despite putting an additional £1m into the 2023/24 budget, we are still estimating more than £1m overspend in year due to increase in costs and volume. This budget makes an additional allocation of £1.3m. At this stage the department are still formulating cost mitigations, and no stretch savings have yet been put in place to offset some of this additional cost.
- 6.14 Further budget adjustments totalling £4.028m, reversing previous years' budget allocations have been made to help offset some of these additional cost pressures,
- 6.15 These additional adjustments require additional allocations of £28.856m offset by savings and adjustments totalling £10.544m, giving a net total allocation of £18.312m. Full details are set out in Appendix I.

7. Current Budget Shortfall

- 7.1 As a result of the additional resources set out in 5.11 above totalling £15.954m and the additional Corporate and Directorate budget adjustments as set out in 6.15 totalling £18.312m, the budget shortfall stands at £2.358m. A summary of this is shown below. This budget gap will change when the detail of both the Autumn Statement and the Provisional Settlement are known and analysed.

Budget	2023/24 £m	2024/25 £m	Change £m
Total Resources (see 5.11 above)	(218.440)	(234.394)	(15.954)
Total Base Expenditure 2023/24 Budget	218.440	218.440	-
Additional Corporate and Directorate budget costs (see 6.12 above and Appendix 1 below)	-	28.856	28.856
Corporate and Directorate savings and adjustments (see 6.12 above and Appendix 1 below)		(10.544)	(10.544)
Total Base Expenditure Budget	218.440	236.752	18.312
Net Budget Shortfall	0.000	2.358	2.358

8. Capital Budget and Programme

- 8.1 Planned capital expenditure and the associated financing will be detailed within the budget report to be presented to Full Council in February 2024. Amendments to the budget are approved by Council on a quarterly basis, and the programme is being reviewed and re-profiled considering the economic environment (increasing inflation and interest rates) and changing priorities.
- 8.2 At the end of quarter two (September 2023) the amended Capital Programme for the period 2023/24 to 2027/28 stands at £629.924m. This includes approved projects £373.765m plus future funding assumptions £256.159m.
- 8.3 Officers will remain proactive at securing external grant funding wherever possible to continue to deliver significant, ambitious capital investment in the city. The budget will be continually updated as further details of funding are made available.
- 8.4 Projects requiring funding from service borrowing will be required to meet the principle of “Invest to save”. Business cases will evidence that a loan to fund capital spend can be repaid from the net revenue benefits achieved from the investment, as evidenced in a discounted cash flow.
- 8.5 We remain committed to a significant capital investment programme. The Council will engage with partners in major regeneration of the city and ensure that we maximise the outcomes and revenue savings generated through capital investment. For example, we will grow businesses in the city and build more houses to generate business rate income, and Council Tax. Consideration of the city airport remains a key element of the capital programme.

Flexible use of Capital Receipts

- 8.6 A Flexible Use of Capital Receipts Strategy was submitted to Council as part of the 2023/24 budget process. Flexible use supports local authorities to deliver more efficient and sustainable services by allowing local authorities to spend up to 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of transformation projects.
- 8.7 Within the 2023/24 Budget, Full Council approved the Council’s Strategy for the use of this flexibility, with investment in the Children’s Improvement programme, the Council’s Transformation programme and feasibility studies within Street Services featuring in the current capital programme.
- 8.8 This proposed Draft Budget reflects the addition of further capital receipts to this programme of activity. Some allocations of the funding agreed in the 2023/24 budget not spent by 31 March 2024 but will continue to support the Council’s transformation activities in 2024/25 under this Strategy.

This will see the continuation of support through this flexibility to deliver the Council's Improvement Programme. A full update will form part of the final budget proposals.

9. Directorate summaries

- 9.1 The draft budget highlights a funding shortfall of £2.358m in 2024/25. We know Local Government is changing rapidly as traditional sources of funding are reducing and the demand for our services is increasing. We know we cannot continue to deliver services in the same way we have done in the past and our transformation portfolio is taking a pioneering and ambitious approach to addressing these challenges while seeking to improve outcomes for the people of Plymouth.
- 9.2 This means providing services in new ways, joining up with partners wherever possible, investing in ways of doing things more efficiently, making the most of our assets, raising income by taking a more commercial approach and a focus and clarity on our organisational purpose.

Chief Executive's Office

- 9.3 The Chief Executive's office manages a net annual revenue budget of just over £5m, representing just over 2% of the Council's net revenue budget. 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.
- 9.4 The Chief Executive's service covers four main areas of work, including the communications team. 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.
- 9.5 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. The legal department now includes responsibility for the Procurement Department.
- 9.6 The elections and registration team manage 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.

Customer and Corporate Services Directorate

- 9.7 The Customer & Corporate Services Directorate has a net annual revenue budget of just over £50m of which £33m is allocated to two core objectives: supporting the organisation and delivering customer services, and £17m to finance the capital programme through the treasury management function.
- 9.8 For the Directorate to carry out its work there are three core functions,
1. Finance including Treasury & Capital Management also covers Financial Planning & Accountancy, and Financial Business Support.
 2. HR & Facilities Management (Hard & Soft FM, HR, Health & Safety, Wellbeing, Organisational Development & Strategic Projects)
 3. Customer & Digital (Business Support, Libraries, Delt IT, Information Governance, Transformation, and the Digital agenda.)

- 9.9 The Transformation Portfolio and Corporate Support Services, as well as playing a key role in supporting the demand-led services with financial, legal and HR expertise, will be reviewing their own operating models, whilst focusing on two prime projects. “New Ways of Working” is focused on the council’s accommodation rationalisation and delivery of the financial savings from the exit of both Windsor House and Midland House. It is important to complete this work in order not to create a bigger shortfall in our budget. “One Council” will focus on Intelligent Automation, the website upgrade, and Cyber Security.
- 9.10 Looking forward and to ensure the delivery of our savings rolled forward from 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.
- 9.11 The HR and OD Service has been working with the Corporate and Senior Leadership teams to prioritise the critical areas of work which will support the organization to work much more efficiently with the resources it has, including ensuring that our culture is developed to achieve a ‘one team approach’ to ensure we deliver vital services to our communities and residents whilst building the people management capability to manage performance ensuring that everyone is clear about what is expected of them and the priorities we must deliver over the next 3 years.

Children’s Directorate

- 9.12 The Children’s Directorate has a net annual revenue budget of £62.3m which increases to £69.4m as part of the proposed draft budget – this is 30% of the Council’s revenue budget. It is also responsible for the Designated Schools Grant (DSG) at £78.2m for 2023/24, The DSG supports several funding streams for Early Years and Education services across the city. Most of the work within the Children’s Directorate is configured around the direct delivery of statutory functions for children and young people in the city; this is focused upon Education and Social Care services and includes the vital area of the skills agenda.
- 9.13 The Directorate is currently organised around two departments, the Education, Participation and Skills (EPS) Service and the Children Young People and Families Service. The Education, Participation and Skills Department delivers key statutory functions for the city such as; School Admissions, School Transport arrangements, support to the Early Years sector, support to the remaining Local Authority Maintained Schools, services for children and young people with Special Educational Needs or Disabilities (SEND) children and a small team focused on our most vulnerable learners e.g. children and young people absent from school and those educated at home. It is responsible for delivering the Local Area (SEND) Improvement Plan. It also delivers the Adult Learning and City Skills Strategies and the Securing Education, Employment and Training (SEET) Strategy.
- 9.14 The second and largest department is the Children, Young People and Families service. This service delivers the Council’s statutory duties for children’s social care, including the ‘front door’ assessment services, services for children assessed to need a social worker and for those in the care of the Local Authority and Care Leavers. This includes a fostering service to recruit and support our in-house foster carers. The service delivers the statutory functions of the Youth Justice Service and makes provision for adolescents at risk of child exploitation and those that are on the edge of care. Universal early intervention and prevention services for children and families are delivered by the Service, including through the implementation of the Family Hubs model and locality-based service delivery with partners. The Local Authority makes a significant leadership and operational contribution to the City’s Safeguarding Children’s Partnership.

- 9.15 To contain financial pressures whilst maintaining the right support for our vulnerable children in the city, the directorate will be meeting the needs of children and young people in our care in less expensive residential settings and with foster carers and family and friends where children can live safely in Plymouth and closer to their school and community. The Children's Placements Sufficiency Strategy and the Fostering Recruitment and Retention Strategy are currently being reviewed to provide the right homes for our children in care at less cost and to increase the number of Plymouth foster carers to provide more local placements for children in Plymouth. The foster carer offer is being reviewed to ensure that it provides the best opportunity to recruit and retain Plymouth foster carers and reduce our reliance on and the cost of Independent Fostering Agencies. The aim is to support more children, young people and families through locality based early help services that meet their needs without the need for statutory social work intervention and helping partners to provide help and support for families at the earliest point of need at the lowest point of intervention.
- 9.16 The Directorate is also working very hard to mitigate the increasing cost of meeting the Council's statutory requirements for home to school transport that meets children's needs as cost effectively as possible. The numbers of children eligible for home to school transport is increasing as the number of Education Health and Care Plans (EHCP's) rise at the same time as travel and transport costs rise. The Service is currently considering a range of options, including more opportunity for children to be trained and supported to travel independently to school, enhanced mileage rates for parents, increased use of personal budgets and options appraisals to increase mini-bus travel. The Education Placement Sufficiency Strategy for children with SEND is being reviewed to increase places for children and young people in Plymouth and this will reduce home to school transport costs in the future.

People Directorate

- 9.17 The People Directorate will have an annual gross budget of £142m, made up of both revenue and income. Income is generated through contributions from individuals with care and support needs in Adult Social Care and through fees for some areas in Community Connections. The People Directorate has three departments that carry out its work; these are Strategic Commissioning; Retained Client Services and Community Connections. The Directorate over the years has worked hard to reduce revenue spend by remodelling service delivery and maximising grant income to manage increasing demand and complexity of need across a range of areas.
- 9.18 The Strategic Commissioning and Retained Client department is responsible for the planning, developing and procuring health and care services for adults, older people and children from a range of providers across the City. These services include Domiciliary Care, Residential and Nursing provision, Supported Living, Extra Care housing, Carers support, Day services, Domestic Abuse support and befriending support. In addition the retained client service delivers the statutory oversight for the safeguarding of vulnerable adults, a reablement home from hospital service to support hospital discharge, a community outreach service to assist some of our most vulnerable in the community, a day service and respite facility for individuals with extremely complex needs.
- 9.19 The Community Connections department delivers statutory responsibilities in relation to Housing, supporting people who become homeless or households who are at risk of losing their tenure to access a range of accommodation across the city. The department is responsible for managing the delivery of Disabled Facilities Grants, adapting properties to better meet the needs of vulnerable residents. The team deliver HMO licensing and oversee standards across the Private Rented sector in the city. They work in partnership across local communities delivering community safety with the Police, supporting asylum seekers, refugees and our gypsy and traveller communities. Through the small sports development team they work to improve access to sports in the city working closely with Plymouth Active Leisure and delivering schemes such as Fit and Fed and manage the open access youth programme along with delivering some targeted youth groups for vulnerable young people in Plymouth.

Public Health

- 9.20 The functions include Public Health, Public Protection Services, Community Empowerment, Plymouth Active Leisure, Coroners and Registrations, and Bereavement services. All these services have roles to support the reduction of health inequalities through impacting on health and on the social, economic, and environmental determinants of health. The ODPH directorate has several funding routes, including grants, and generates significant income; overall, this leads to a relatively small net budget.
- 9.21 The specific Public Health function receives a ring-fenced grant from the government which is spent on functions such as sexual health services, drug and alcohol treatment, health visitors, school nurses and a range of other services to support population health and wellbeing. The grant also covers the funding of the public health team who offer a range of support and advice to the city, as exemplified through the last few years of the pandemic.
- 9.22 Public protection services (environmental health, environmental protection, licensing, and trading standards (a commissioned service)) carry out a wide range of specialist technical services, from ensuring food outlets are operating safely, to ensuring the taxi trade is operating according to prescribed legislation.
- 9.23 Coroners and Registrations provides facilities and support for the registration of births and deaths as well as a variety of ceremonies.
- 9.24 Bereavement Services touches the lives of residents of the city and sub region with an economic role for the city (in terms of employment and income) and an environmental role (with 65 acres of green space). A key focus in 2024/25 will be the opening of the city's new crematorium.
- 9.25 Leisure services for Plymouth are delivered through a Local Authority Trading Company, Plymouth Active Leisure (PAL), which has been in place since April 2022. PAL receives a significant subsidy from PCC currently. 2024/25 will be its second year of operation, and PAL are developing new ways of maximising usage and income to support the services.

Place Directorate

- 9.26 The Place directorate has a net annual revenue budget of £29m (12% of the Council's net revenue budget). Its gross annual budget is £92m. It has an income of £64.8m 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.
- 9.27 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, and climate change), 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
- 9.28 Strategic Planning and Infrastructure (SPI) plays a key role in creating the frameworks to drive growth and investment across the city, through its strategic and development planning functions. It delivers significant infrastructure investment through a £485m strategic transport programme, which is over 80% externally funded. The Transforming Cities Fund programme continues to be delivered at pace with significant investment in the city's walking, cycling, public transport provision and related public realm. It will continue to support new homes delivery across the city. SPI leads the Council's climate

change response working across all departments of the council and provides a leadership and co-ordination responsibility across city-wide partners. It will continue to deliver a pipeline of 18 existing Low Carbon Projects (largely grant funded) with a value of £25m and an emerging £35m pipeline.

- 9.29 The city council's economic development department generates £24.7m income. A large part of this income comes through the running and management of a PCC owned commercial estate with a value of over £200m and annual rent roll of £10m. The department leads several major initiatives that take place across the city, including regeneration schemes in the city centre and waterfront such as the West End, Bath Street housing delivery, facilitating hotel developments, support for the refurbishment of the Civic and Guildhall as well as schemes such as the new Derriford District Centre. The department provides support to help businesses grow and create well paid jobs proactively account managing major businesses, having landed over £500m of Foreign Direct Investment into the city over the past 5 years. Our current pipeline has 20 potential investment projects. Economic development supports businesses locally through the city's two BIDs and Destination Plymouth – marketing the city locally, regionally, nationally, and globally – as well as delivering an annual events programme. Over the course of the next year, it will support the delivery of the Community Renewal and Shared Prosperity Funds and support our two business parks which employ over 250 people in 110 SME/start-up businesses. More than 220,000 annual visitors will be welcomed to the Box and it will continue to develop as a major museum and visitor attraction. Major interventions that will be further developed will include the National Marine Park, drawing down £10m of Heritage Lottery Funding; as well as the mobilisation of the Plymouth and South Devon Freeport.
- 9.30 The Street Services department provides invaluable year-round services to residents across the city in areas of waste collection, cleansing and green spaces. It will continue to strive to provide those services and keep the city in as best a shape as possible. It will collect over 100,000 tonnes of recycling and residual waste from 120,000 households weekly, operate household waste recycling centres which receive 350,000 annual visits accepting 22,500 tonnes of materials and manage recycling banks across the city. Street Services will maximise and grow its commercial waste provision. It will clean over 21,000 acres and 1700kms of public roads and footpaths; as well as manage 500 hectares of green space, 30,000 trees, 22 formal parks and 127 playgrounds. Through its Highways and Parking team, it will continue to maintain the city's roads and pavements, its 47 car parks and manage the city's highway network.

10 Conclusion

- 10.1 This Draft Budget has been formulated based on the assumptions set out in the Medium-Term Financial Strategy and Capital Strategy. In addition, budgets have been proposed to deliver the aspirations of the Corporate Plan and preserve those services that are most important to residents.
- 10.2 The proposed revenue budget requirement of £236.752m (Appendix 2) exceeds the estimated available resources by £2.358m. If we cannot identify measures to address this deficit, it will need to be met from the Council's reserves.
- 10.3 The financial risks facing the Council in the medium term are assessed within the MTFs. This includes assessing the risks around Government funding and other income streams of the Council, the subsequent budget shortfalls that the Council would then face and overall local and national economic factors which can affect the financial stability of the Council.
- 10.4 The cost-of-living crisis, including energy costs, has increased the level of risk faced by the Council, both in the cost pressures faced and the economic impact on income streams. In setting the annual budget and the MTFs the Council will ensure potential risks are assessed and actively managed so that their impact is minimised or can be contained within Contingencies, Balances or Earmarked Reserves as is necessary. In year, the Council will monitor its revenue and capital budgets monthly and report to Cabinet on a quarterly basis.

11. Current Budget Shortfall – next steps

- 11.1 The forecast budget shortfall as set out in this report is £2.358m. This includes the following assumptions:
1. The Adult Social Care precept and proposed Council Tax is approved by Full Council
 2. The New Homes Bonus will be nil value.
 3. The Business Rates growth compensation grant from Government and Revenue Support Grant growth will be 5.41% minimum.
 4. The council tax collection rate will continue to hold at the current 97.5%
 5. The numbers will change following both the November Autumn Statement and the December Provisional Settlement.
 6. The Capital Programmen costs and the additional budget allocations noted in this report are all still indicative and subject to change following further reviews.
 7. Replenish Working Balance Reserve, as set out in the MTFS – 1st tranche £0.750m
- 11.2 The current gap needs to be reduced to a balanced position in time for the final budget report to Full Council 26 February 2024.
- 11.3 Officers and Cabinet will continue to work up further savings initiatives, working with all elected members and in particular the scrutiny committees. All new plans will be included in future budget reports as options to balance the budget for 2024/25.

12. Equality & Diversity

- 12.1 The Equality Act (2010) harmonised and replaced pre-existing equality legislation and extended statutory protection across nine protected characteristics. It recognised forms of discrimination that were previously beyond the scope of legislation and introduced the concept of the Public Sector Equality Duty (PSED).
- 12.2 The protected characteristics include age, disability, gender reassignment marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The PSED placed specific responsibilities on public sector organisations to consider equality in their decision making. It consists of a general equality duty, supported by specific duties. In summary, those subject to the equality duty must have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct.
 - Advance equality of opportunity between people who share a protected characteristic, and those who do not.
 - Promote good relations between people who share a protected characteristic and those who do not.
- 12.3 Plymouth City Council is committed to equality and diversity and to ensuring that the decisions we take promote equality. To help inform the development of the Council's budget and to ensure that we give 'due regard' to equality during this process, we are considering the equality implications of each of our budget decisions. A completed equality impact assessment will be presented with the final budget paper as appropriate.

Appendix I Net additional cost pressures and adjustments

Corporate Items	£m
2023/24 and 2024/25 staff remuneration costs consolidated into the budget	4.000
PFI contract – utility cost adjustment	0.181
Replenish Working Balance Reserve – 1 st tranche	0.750
Total Additional Costs	4.931
Offset by:	
Energy pressures – reduction to 2023/24 additional allocation	(2.000)
Street Services Contingency 2023/24 reversed	(0.300)
Base budget allocation for Treasury Management activities	(3.528)
Social Care Contingency 2023/24 reversed	(1.000)
Bad Debt provision	(0.500)
Total Budget Adjustments	(7.328)
Total Corporate Costs	(2.397)

Children's	£m
CYP&F – Additional cost and volume of placements	7.072
Home to school Transport	1.300
Total Additional Costs	8.372
Offset by:	
CYP&F – stretch savings	(1.316)
Total Children's Costs	7.056

People	£m
Adult Social Care – Care Packages	5.047
National Living Wage	3.448
Homelessness Cost and volume	3.287
Total Additional Costs	11.782
Offset by:	
Adult Social Care Bad Debt provision	(0.500)
Homelessness – stretch savings	(1.000)
Total Budget Adjustments	(1.500)
Total People Costs	10.282

ODPH (Office of the Director of Public Health)	£m
Reinstate 2023/24 one-off saving	0.250

Total ODPH costs **0.250**

Place	£m
Place one-off - Strategic Contract Optimisation	0.430
Replenish bad debt	0.343
Replenish one-off Foreshore saving	0.129
Park and Ride	0.100
Reinstate License Fees	0.048
Grounds maintenance staffing – Streets (grass cutting)	0.300
Total Place costs	1.350

Chief Executive Office plus Customer & Corporate Services	£m
Financing the existing Capital Programme (Finance Department)	1.171
Replenish Minimum Revenue Provision (MRP) taken in 2023/24	1.000
Total Additional Costs	2.171
Offset by:	
Utilisation of Minimum Revenue Provision (MRP) to be repaid 2025/26	(0.400)
Total Chief Executive Office plus Customer & Corporate Services costs	1.771

Total Directorate Costs **18.312**

Appendix 2 Net Additional Resources and adjustments

Unringfenced Resources	Budget	Draft Budget	
	2023/24 £m	2024/25 £m	Movement £m
Council Tax 2023/24 Base	(130.625)	(130.625)	-
Council Tax Growth (number of properties)		(1.767)	(1.767)
Additional Council Tax		(3.947)	(3.947)
Additional Adult Social Care Precept		(2.640)	(2.640)
Council Tax Collection Fund		(0.500)	(0.500)
Revised Council Tax	(130.625)	(139.479)	(8.854)
Business Rates 2023/24 Base	(75.253)	(75.253)	-
Business Rates Growth (number of properties)		(2.474)	(2.474)
Business Rates Pool gain		(2.500)	(2.500)
Business Rates Collection Fund		(2.500)	(2.500)
Revised Business Rates	(75.253)	(82.727)	(7.474)
RSG with 5.41% CPI uplift	(11.562)	(12.188)	(0.626)
Reserves – no drawdown for 2024/25	(1.000)	0.000	1.000
Total Resources	(218.440)	(234.394)	(15.954)

Appendix 3 Indicative Directorate Budget

Directorate	Budget 2024/25 £m			Net Budget
	Net Budget	Cost Increases	Savings/ Income	
Corporate	(25.840)	4.931	(7.328)	(28.237)
Children	62.320	8.372	(1.316)	69.376
People	95.611	11.782	(1.500)	105.893
ODPH	2.628	0.250	-	2.878
Place	27.654	1.350	-	29.004
Chief Executive and Customer and Corporate Services	56.067	2.171	(0.400)	57.838
Total	218.440	28.856	(10.544)	236.752

Total Resources available (234.394)

Budget Shortfall

2.358