

# PROPOSED REVENUE AND CAPITAL BUDGET 2024/25

Cabinet Report - 12 February 2024



## Section I – Revenue Budget

### **I. Context**

- 1.1 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.
- 1.2 Together with all authorities the Council is in a serious and unprecedented position due to the continuing additional national and international factors largely beyond its control, including the higher energy costs, broader inflation related cost increases, the large increase in the National Living Wage and demand pressures and costs in both adults' and children's social care.
- 1.3 The Council is also experiencing the impact of increasing costs and demand within the homelessness department and the provision of emergency bed and breakfast placements, together with additional demand and costs for the statutory provision of home to school transport for children with SEND (Special Education Needs and Disability).
- 1.4 A key component taken into consideration for the financial year 2024/25 is the on-going high cost of borrowing. The Capital Programme section of this report sets out in detail the funding assumptions for the next five years. Particular attention is drawn to the percentage of funding sourced from corporate borrowing (i.e. funded from central resources), which stands at 25.26% or £100m of borrowing.
- 1.5 The affordability of the Capital Programme and future funding assumptions is under review. Continuing high interest rates against the borrowing requirement to finance the current programme will create a revenue pressure in 2024/25 if immediate action is not taken to limit borrowing. An additional £1.171m of funding has been included within the Customer and Corporate Services Directorate to cover known pressures.
- 1.6 This proposed budget breaks the recent tradition of allocating growth to demand-led directorates and then setting large savings targets to all directorates to compensate.
- 1.7 There is growth included totalling £36.196m as set out in Appendix 2, but this is offset by £18.182m of additional resources (Appendix 4) built into the budget plus a further £14.318m (Appendix 2) of corporate adjustments, reflecting additional social care grant and the reversal of previous years' contingency budgets. Whilst there are savings allocated, being £1.096m in Children's plus £1.500m in the People Directorate (£1.000m in Homelessness and £0.500m in Adult Social Care) these have been carefully considered to reflect work currently in progress to mitigate the increased budget allocations included for these services. There are also technical adjustments within the Office for the Director of Public Health (ODPH) of £0.200m and within Customer and Corporate Services of £0.400m. A further adjustment to the bad debt provision saves £0.500m. These are set out in Appendix 3.

- 1.8 Whilst the 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), it must be remembered the 2023/24 budget incorporated an unprecedented in-year savings target of £23m. At the end of quarter three (December 2023) we are forecasting a shortfall against this target, but this budget assumes that the £23m reduction in the base budgets from 2023/24 are delivered as sustainable savings.
- 1.9 This budget is not about savings and budget reductions. It consolidates our focus to close the current and forecasted future financial gaps, allowing Strategic Directors to introduce new ways of delivering their services.
- 1.10 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 and work within the budget allocations that are being proposed.
- 1.11 Following early discussion with DLUHC in July and August 2023, the Council formally requested a Capitalisation Direction at the beginning of September. The discussion is around seeking resolution to a difference of opinion between Plymouth City Council and our external auditors Grant Thornton (GT), concerning the payment in full of the pension deficit in October 2019, value £72m. The Council has accounted for the transaction as capital expenditure; GT maintain that the liability was paid in full in the financial year 2019/20 and therefore needs to be accounted for as a revenue expenditure in one year.
- 1.12 Plymouth City Council is seeking a retrospective accounting solution from DLUHC, to ensure we obtain closure of the 2019/20 accounts and to allow the setting of a lawful Budget for 2024/25 and future years.
- 1.13 The Direction, if granted, will allow the relaxation of accounting guidance, and enable the revenue costs of the 2019/20 transaction to be treated as a capital transaction. If not granted, we will be required to account for the full residual value of the transaction to be expensed as part of the 2024/25 revenue budget.
- 1.14 This budget is built on receiving the Capitalisation Direction and sets out a balanced position for the Council's budget for 2024/25.

## **2. Local Government Finance Settlement**

- 2.1 On 18 December 2023, 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 2024/25. Following consultation, the Final Finance Settlement (Settlement) was published on 5 February 2024.
- 2.2 The Settlement held few surprises as the main areas had been trailed in both the Autumn Statement and a subsequent DLUHC briefing note. It was again a settlement for one year only. One grant reduction which was not trailed was the decision to further reduce the Services Grant. This was introduced in 2022/23 as an additional grant reflecting the increasing costs of running a local authority. Although the grant was reduced in 2023/24, Plymouth's allocation was decreased from £2.359m to £0.407m, a reduction of 83% for 2024/25.
- 2.3 In response to the usual consultation with local authorities, on 24 January 2024 the Government announced additional measures for local authorities in England, worth £600 million. The two main strands were an additional £500m of new funding for councils with responsibility for adults and children's social care, distributed through the Social Care Grant

and an increase in the funding guarantee so that all local authorities will see a minimum 4% in their Core Spending Power, before taking any local decisions on raising council tax.

- 2.4 The second initiative has no impact on Plymouth City Council. The additional social care grant allocation is confirmed in the sum of £2.675m and will be required within the People Directorate to cover already assumed additional grant funding.
- 2.5 The impact of the Settlement on the available resources combine to yield a net additional £10.945m including the £2.675m, compared to the resource assumptions in the 13 November 2023 Draft Budget Report. Details are set out in the report.

### **3. Select Committee Review**

- 3.1 The Select Committee undertook two full days of Budget Scrutiny in December 2023.
- 3.2 The Committee focused the majority of their time on the greatest areas of risk facing the Council in Children's Services, Adult Social Care and Health, Homelessness, and the cost of living.
- 3.3 There are five recommendations to Cabinet, and the response to each is set out in Appendix 10 of this report.
  1. That work is undertaken to assess the impact upon all council budgets of dealing with unauthorised encampments (UE).
  2. Welcome continuation of current Community Grant Scheme and recommend an increase back to £5,000 per Member
  3. Reprofile the Capital programme to ensure that the programme is affordable for the revenue budget
  4. Recommend an expansion of the housing programme for Care Leavers.
  5. Recommend that a cross party working group is established to consider contractual arrangements for major projects and the methodology for procurement
- 3.4 The Select Committee also congratulated Cabinet on:
  - Additional Funding provided in the budget for Grass Cutting.
  - The commitment to a new Living Streets programme.
  - Increased involvement of Ward Councillors in discussion in the delivery of Section 106 schemes.
  - Commitment to not implementing Car Park charges where they are not currently in place.
  - The new Bus Service Improvement Plan.

### **4. Budget Engagement**

- 4.1. The Council's annual budget engagement was launched in November and ran for 4 weeks. It received 436 online responses from a wide range of people. In addition, an engagement with business representatives took place on 13 December 2023 – we received a supportive letter in response from the Chief Executive of the Chamber of Commerce.

- 4.2. The questionnaire asked respondents to select up to three priorities that the Council should focus on in the coming year, and to provide their level of agreement on six statements regarding managing the Council's budget. Overall, there was a good response to this engagement with some considered comments, however it is a small proportion of the population, and the results are not representative, but they do provide an indication of people's priorities and level of support.

#### **Results – Council Priorities:**

- 4.3 The top priorities selected most often as those the Council should focus on over the next 12 months:
- Working with the NHS to provide better access to health, care and dentistry (251 respondents)
  - Fewer potholes, cleaner, greener streets and transport (169 respondents)
  - Working with the Police to tackle crime and anti-social behaviour (160 respondents)
- 4.4 Working with the NHS to provide better access to health, care and dentistry was the top priority across all age groups and for both female and male respondents, for those veterans who responded, for those who said they had a health condition or disability and for those who said they experience of the care system.

#### **Results – Managing our Budget:**

- 4.5 Just over 90% of respondents agreed or strongly agreed that 'the Council should protect local services where possible by delivering these in different and/or more efficient ways' and 'the Council should lobby central government for more funding and a fairer share for Plymouth'.
- 4.6 50% of respondents agreed or strongly agreed that 'the Council should help avoid reducing or stopping services by increasing fees and charges by the rate of inflation' and 'the Council should avoid cutting services by following the Government's assumption that councils will maintain their spending power by increasing Council Tax by up to 2.99%'.
- 4.7 Just over 50% of respondents agreed or strongly agreed that 'the Council should help pay for rising demand for care services for elderly and vulnerable adults by accepting the 2% precept the Government allows to be added to Council Tax for this purpose' and that 'the Council should help achieve the ambition for Plymouth to become a carbon neutral city by 2030 by using 'green' energy sources wherever possible'

## **5. Revenue Budget**

### **Council Tax**

- 5.1 The Council Tax base for 2024/25 has been calculated at 75,389 properties, an increase of 498 on 2023/24. The Council Tax Base report was approved at Full Council 29 January 2024.
- 5.2 The rise in the tax base for 2024/25 primarily reflects the increase in the number of properties within the City and yields additional income of £1.767m. The assumed collection rate continues at 97.5%; this is realistic and prudent due to the current economic climate.

- 5.3 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.
- 5.4 Our accounts are showing a modest surplus on our Council Tax collection, allowing an additional £0.500m to be utilised in 2024/25.
- 5.5 The Settlement confirmed 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 £0.330m.
- 5.6 As part of developing the 2024/25 budget, Cabinet have agreed to recommend to Council the adoption of a 2.99% increase for Council Tax and a 2.00% level of ASC precept to present a balanced budget. These increases if approved would provide an additional £3.947m in Council Tax and £2.640m Adult Social Care precept; a total of £6.587m. The Government have assumed we will maximise this when referencing Council's Core Spending Power.
- 5.7 The final decision on these matters will be taken at Full Council. If approved, the additional Council Tax for 2024/25 totals £8.854m.

### **Council Tax Premiums**

- 5.8 The Levelling Up and Regeneration Act received Royal Assent in October 2023. This introduced changes impacting Council Tax relating to second homes and long-term empty dwellings. The Act allows billing authorities to reduce the period before which a premium can be charged for empty homes and introduces the ability to charge a premium for properties which are furnished but not occupied as a primary residence, known as second homes.
- 5.9 The changes to second homes allow billing after twelve months rather than the current twenty four and can be enacted from April 2024. This will yield an estimated additional income of £0.200m which has been set aside as funding for a package of additional support proposed for in-house Foster Carers.
- 5.10 The changes to second homes require a full year's notice to homeowners and can be implemented from April 2025.
- 5.11 Full Council approved these changes at the meeting 29 January 2024. The full impact will be in 2025/26 resulting in a minimum, but yet uncalculated impact on the income in 2025/26 from the empty properties of £1.000m. This has been allocated to the provision of housing.

### **Business Rates**

- 5.12 As in previous years, the multiplier for the calculation of Business Rates has been 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 £4.338m in 2024/25.
- 5.13 The final calculation of resources from Business Rates is determined by the completion of the Government return NNDRI (National Non Domestic Rates). The outcome will now be confirmed with our external advisors. This year was again difficult to predict due to the uncertainty of inflation on the multiplier, and the impact of continuing business rates revaluation exercises.
- 5.14 The growth in the business rates base, reflecting the additional number of business premises in the city gives rise to additional income of £2.474m.

### **Business Rates Pool**

- 5.15 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 £2.750m of additional resources for 2024/25.
- 5.16 Taken together this equates to a total increase of £9.562m from the current £75.253m to a revised £84.815m.

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

- 5.17 The Settlement announced a RSG of £12.328m. This is an increase of £0.766m on the current £11.562m and represents a CPI increase of 6.7%.

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

- 5.18 The allocation for New Homes Bonus payment in 2024/25 is £0.043m. This is a full increase on the assumed £nil forecast figure included in the budget report to Cabinet in November 2023.

### **Services Grant**

- 5.19 The Government has continued the grant to 2024/25 and Plymouth's allocation is £0.407m, a reduction of £1.952m. This represents a reduction of 83% from the previous year.

### **Social Care Grant**

- 5.20 The Council also receives a Social Care Grant. The additional payment is £4.131m in 2024/25 increasing the grant from £21.702m to a revised £25.833m. As previously noted, on 24 January 2024 the Government announced additional measures for local authorities in England. This additional allocation was confirmed in the Settlement, and this has given an additional, but already committed, uplift of £2.675m.
- 5.21 The Settlement is again silent on additional funding for the pressures within children's social care, although, in line with last year's allocation, we are again advised this grant encompasses both adult and children's.

### **Adult Social Care Market Sustainability Grant / Adult Social Care Discharge Fund**

- 5.22 Plymouth City Council has been allocated £5.618m from the Government's Adult Social Care Market Sustainability Grant. This is a ring-fenced grant intended for local authorities to

make tangible improvements to adult social care, and to address discharge delays; social care waiting times; low fee rates; workforce pressures; and to promote technological innovation in the sector. This is an increase of £0.659m from 2023/24 and includes the rolled in Market Sustainability Workforce Grant of £1.953m

- 5.23 The Adult Social Care Discharge Fund introduced in 2023/24 has continued with a £3.022m grant allocation for Plymouth, to form part of Better Care Fund plans, and is aimed at reducing delayed transfers of care. In 2023/24 the allocation was £1.813m.

### Public Health Grant

- 5.24 The Public Health Grant is another key source of income and is used to improve the health of the population, particularly to tackle large differences in health outcomes that we see between local areas. The grant for 2023/24 is £16.460m and the confirmed allocation for 2024/25 is advised as £16.737m. The funding is ring-fenced and does not have an impact on the budget resources as set out in this report.

### Resources (Funding)

- 5.25 The total core resources available, incorporating the Settlement, and with a Council Tax increase and an Adult Social Care precept, are set out in the table below.
- 5.26 A detailed schedule of the movements in resources are set out in Appendix 4.

Unringfenced Resources	Budget	Proposed Budget	
	2023/24 £m	2024/25 £m	Movement £m
Council Tax	(130.625)	(139.479)	(8.854)
Business Rates	(75.253)	(84.815)	(9.562)
RSG	(11.562)	(12.328)	(0.766)
Reserves	(1.000)	0.000	1.000
<b>Total Resources</b>	<b>(218.440)</b>	<b>(236.622)</b>	<b>(18.182)</b>

- 5.27 If Council do not approve the proposed increase to the Council Tax and precept, a drawdown of £6.587m from un-earmarked reserves will be required. This will leave the already low reserves in a weaker position and result in the income being lost in 2024/25 and all future years.

### Additional Costs

- 5.28 The additional budget costs for 2024/25 are set out in Appendix 2 and include cost and volume increases for Adults' and Children's Services; net cost and volume increased 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 £10.42 to the revised £11.44 from April 2024.

- 5.29 As part of the final adjustments to close the budget gap of £2.358m, a series of amendments have been made to the proposed additional cost allocations and reflect the additional funding sources. These are set out in Appendix 1.
- 5.30 Included in the 2024/25 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.
- 5.31 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.
- 5.32 The Capital Programme (budget) has been formulated based on the assumptions set out in the Capital Strategy and the December 2023 (Quarter 3) 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.
- 5.33 The Capital Programme is subject to a full project-by-project review to ensure the overall cost of financing the programme is contained within the revised budget allocation.
- 5.34 We have accounted for additional costs of £0.181m associated with the Schools' PFI (Private Finance Initiative) contract within Corporate Items. 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.
- 5.35 The proposed budget includes an allocation of £4.000m to consolidate the staff remuneration costs from the 2023/24 and assumed 2024/25 increases.
- 5.36 Within the Place Directorate, one-off savings totalling £1.050m built into the 2023/24 budget have been reversed. Details are set out in Appendix 2. In addition, 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.
- 5.37 Within the People Directorate, the additional cost and volume of adult social care packages has been allocated an increase of £5.047m. The increase to the National Living Wage (NLW) requires an additional allocation of £5.372m.
- 5.38 Also, within the People Directorate, the homelessness budget is experiencing increasing demand and costs. We have record numbers of households in temporary accommodation, with an additional £3.287m allocated.
- 5.39 There are additional cost and volume social care pressures of £7.072m within the Children's Directorate. An additional £2.379m has also been allocated to increase the number of social workers and support staff, with a further £0.486m allocated to cover management practice and leadership training. A total of £9.937m.
- 5.40 Home to School Transport is another area where we are experiencing additional cost every year. Despite putting an additional £1.000m into the 2023/24 budget, we are still estimating a further £1.000m overspend in year due to increase in costs and volume. This budget makes an additional allocation of £2.142m. At this stage the department are still formulating cost mitigations, and no savings have yet been put in place to offset some of this additional cost.
- 5.41 The Customer and Corporate Services Directorate has been allocated an additional £4.727m for 2024/25. Of this, £1.171m has been allocated to support the capital budget as



set out in 4.32 above. It also covers the replenishment of the one-off Minimum Revenue Provision set out in 4.30.

- 5.42 From Corporate Items, an existing budget of £3.528m has been transferred to this directorate to cover these costs and rebase the ICT and HROD budgets and acknowledge the costs associated with ICT license fees for the new children's social workers.
- 5.43 The Legal Department has been allocated an additional £0.153m to allow additional resource to manage the increased demand for children's social care cases.

### **Savings Plans**

- 5.44 As previously stated, this proposed budget breaks the recent tradition of allocating growth to demand-led directorates and then setting large savings targets to all directorates to compensate.
- 5.45 Savings plans totalling £3.696m have been included in this budget. These are set out in detail in Appendix 3. Whilst there are savings allocated, being a net £1.096m in Children's plus £1.500m in the People Directorate (£1.000m in Homelessness and £0.500m 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. Within Corporate Items there is a further one-year only use of a previous over provision to the MRP charge of £0.400m and a release from Bad Debt reserve £0.500m. Public Health are contributing £0.200m.
- 5.46 The 2023/24 Budget included £23.436m of savings, across all directorates. This year, modest additional targets have been set where clear plans are in place. The 2024/25 Budget is predicated on the full consolidation of these or alternative sustainable savings.

### **Flexible use of Capital Receipts**

- 5.47 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 in 2024/25 which can be used to fund revenue costs for transformation projects. This report includes a recommendation asking Council to endorse this approach.
- 5.48 Included in the additional allocation to the Children's Directorate is investment in a project team delivering revised ways of working in service delivery plus an agreed investment in training in improved management practice and leadership development. This investment is in this directorate with a view to rolling out learning and best practice outcomes across the wider directorates. The investment required is £1.448m and will supplement the carry forward of receipts drawn down and approved as part of the 2023/24 budget.

### **Closing the Budget Gap**

- 5.49 A budget gap of £2.358m was presented to Cabinet on 13 November 2023. As a result of the Settlement and other updates to the budget this report sets out a final balanced budget to be recommended to Full Council.
- 5.50 Adjustments to the Draft Budget, supplementing the cost pressures and savings as set out in the December Cabinet Report net to clear the gap.
- 5.51 The resources have increased by £2.228m reflecting confirmation of the Government's use of the 30 September 2023 RPI figure of 6.7% against the assumed (May RPI figure) 5.41% to increase both the RSG allocation and Business Rates multiplier offset.

- 5.52 There has been further identified increases in costs totalling £7.340m taking the final allocation to £36.196m. The narrative is set out under Additional Costs in Section 5 of this report. The movements are itemised in Appendix 2.
- 5.53 Whilst the proposed savings have reduced by £0.020m there have been further favourable adjustments totalling £7.490m to balance the budget.
- 5.54 The Medium Term Financial Strategy 2023/24 - 2027/28 approved in September stated our intention to work 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 £3.1m to equate to 5%, which is about the average for Unitary Councils. The planned contribution for 2024/25 of £0.750m has had to be backed out from the draft proposals to assist with the balanced position.
- 5.55 A summary of the final amendments is set out in this table.

Area	2024/25 Draft £m	2024/25 Revisions £m	2024/25 Proposed £m
Additional Resources	(15.954)	(2.228)	(18.182)
Additional Costs	28.856	7.340	36.196
Savings	(3.716)	0.020	(3.696)
Adjustments	(6.828)	(7.490)	(14.318)
<b>Budget Gap</b>	<b>2.358</b>	<b>(2.358)</b>	<b>0.000</b>

## 6. Conclusion

- 6.1 This report sets out a balanced budget after the application of a council tax and precept increase which is proposed to be approved at Full Council.
- 6.2 To get to this position, Cabinet Members and Officers have incorporated the impact of the Settlement.
- 6.3 Cabinet are therefore being asked to recommend to Council to approve a budget position that will require it to adopt:
- A Council Tax increase of two point nine nine percent (2.99%)
  - An Adult Social Care Precept increase of two percent (2.00%)

## **7. Section 114 Report**

- 7.1 A report under Section 114 of the Local Government Finance Act 1988 is issued by the authority's Chief Finance Officer (Section 151 Officer). In law they are the most senior financial advisor to the wider Council's leadership on its financial plans and have the power and responsibility to legally suspend spending for a period if they judge the Council does not have a balanced budget or the imminent prospect of one.
- 7.2 It means that no new expenditure is permitted, apart from that funding statutory services. Any spending that is not essential or which can be postponed should not take place and essential spend will be monitored. Councillors have 21 days from the issue of a Section 114 report to discuss the implications at a Full Council meeting.
- 7.3 In addition, the Government can intervene on the running of a Council's services. Precedent shows intervention by Commissioners or an Intervention Board. These are individuals with expertise and vast experience in local government and ultimately, they have the power to direct the Council's day-to-day running, including all expenditure and budgetary decisions.
- 7.4 The Council has been actively engaged with DLUHC over the past six months and following CiPFA guidance and LGA advice, the Section 151 Officer is not proposing to issue a Section 114 report at this stage. The outcome of the request for a Capitalisation Direction is expected to be known in early March 2024.

## **8. Medium Term Financial Plan (MTFP)**

- 8.1 As part of developing the 2024/25 Budget, future years have been considered and modelled.
- 8.2 For the purposes of modelling only, Council Tax has been assumed at the current referendum threshold limits. It must be noted there are ongoing forecast shortfalls in resources and anticipated continuing costs and volume demands. The Council is already considering means of achieving balance in those years.
- 8.3 Moving forward the MTFP will be closely monitored to take account of proposals emerging from Government policy and Council initiatives as they become available to mitigate the shortfall. Further analysis of the full impact of the 2024/25 additional costs and savings, plus estimates of grant funding is required. This will include incorporating the impact of the revised regulations around Council Tax Premiums.

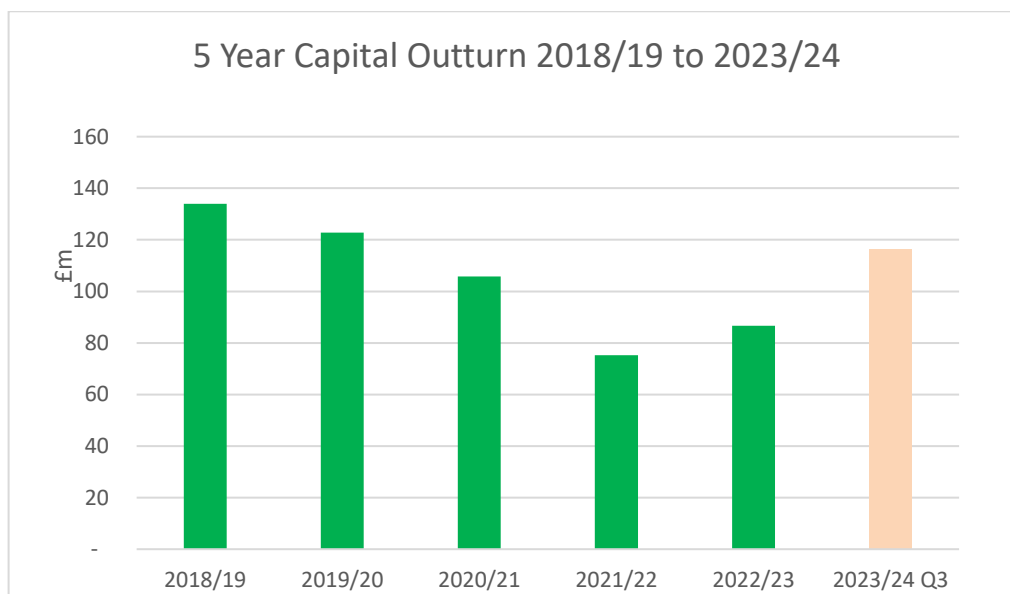
## **9. Equality & Diversity**

- 9.1 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 our budget decisions. A completed equality impact assessment will be presented with the final budget paper.
- 9.2 Alongside the overarching budget EIA (Equality Impact Assessment), separate assessments will be completed on individual decisions as they go through the decision-making cycle.

## **10. Section 2 - Capital Budget**

- 10.1 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.
- 10.2 This investment is assisting Plymouth in becoming the key economic driver for the far Southwest; 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).
- 10.3 The Council continues to take a strategic approach to the Capital Programme, having established ten 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.
- 10.4 The Council must ensure sufficient funding is available to meet the requirements of the agreed projects within its Treasury Management Strategy, which is updated annually to reflect projects as they are developed for delivery. The Treasury Management Strategy is set out in appendix 13. This report was approved by the Audit and Governance committee on the 28th of November 2023.
- 10.5 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 we maintain the affordability of the programme.
- 10.6 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 these 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.

## Capital Expenditure 2018/19 – 2023/24



10.7 The table below shows the breakdown of the current five-year Capital Programme forecast across the Directorates as at 31 December 2023. A full breakdown of the Capital Programme is available in Appendix 6.

### Five-Year Capital Programme by Directorate

Directorate	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m
Children's Services	3.540	0.304	0.130	-	-	3.974
People	8.764	21.506	9.030	0.220	-	39.520
Place - Economic Development	22.994	50.562	33.427	26.232	10.415	143.630
Place - Strategic Planning & Infrastructure	36.503	79.843	13.142	3.291	0.622	133.401
Place - Street Services	28.081	19.462	1.768	0.105	0.044	49.460
Customer & Corporate Services	4.718	5.166	2.206	-	-	12.090
Office for Director of Public Health	11.580	4.440	0.105	-	-	16.125
<b>Total</b>	<b>116.180</b>	<b>181.283</b>	<b>59.808</b>	<b>29.848</b>	<b>11.081</b>	<b>398.200</b>
Finance by:	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m
Capital Receipts	4.306	3.587	1.414	0.245	0.611	10.163
Grant Funding	53.783	74.934	2.136	0.023	0.022	130.898
Corporate Funded borrowing	30.211	54.820	15.023	0.478	0.043	100.575
Service dept. supported borrowing	23.809	44.283	38.826	25.987	10.373	143.278
Developer contributions	2.859	3.526	2.323	3.071	0.032	11.811
Other Contributions	1.212	0.133	0.086	0.044	-	1.475
<b>Total</b>	<b>116.180</b>	<b>181.283</b>	<b>59.808</b>	<b>29.848</b>	<b>11.081</b>	<b>398.200</b>

10.8 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	68.758
Delivering a sustainable City Centre and Waterfront	43.372
Delivering a sustainable Derriford / Northern Corridor	43.940
Delivering a sustainable Eastern Corridor	0.966
Delivering sustainable homes for the city	26.385
Delivering essential City infrastructure / Improving neighbourhoods	48.936
Ensuring sufficient good quality school places	3.775
Delivering a sustainable economy	92.862
Connecting the City	28.702
Commercialisation of services (including property)	40.504
<b>Total</b>	<b>398.200</b>

10.9 The table below includes both existing programming and programming where funding may become available. Looking forward the forecast five year capital programme, 2023/24-2027/28, is £723.701m as at 31 December 2023. The Capital Budget has been adjusted reflecting new approvals and changes to the capital programme and adjustments to the future funding assumptions.

Description	£m
Approved Capital Programme 2023/24-2027/28	398.200
Future Funding Assumptions (Capital Pipeline) *	325.501
<b>Total Revised Capital Budget for Approval (2023/24-2027/28)</b>	<b>723.701</b>

\* Estimate of funding required to finance future capital projects

10.10. 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 being 33%. Capital receipts make up about 3% of the programme with S106 contributions and CIL constituting about 3%. Every effort is being made to secure funding from grant programmes and other external sources. With 61% of programme being financed from internal resources through corporate and service borrowing there is ongoing review of the programme to ensure the financing remains affordable.

### **New Capital Approvals**

10.11 Provision has been made within the 2024/25 proposed revenue budget for £1.171m 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 Cabinet which will be reflected in the quarterly report to Council. The required corporate borrowing has been funded within the revenue budget proposals for 2024/25.

### **Funding of the Capital Programme**

10.12 The current estimate of future capital funding for the five years 2023/24-2027/28 is £325.501m.

This has increased from £227.547m included in the 2023/24 budget setting report which included the five years 2022/23 – 2026/27.

The increase totalling £97.954m includes:

- £53.431m New grant funding announcements (Levelling Up fund £19.946m and Zero Emission Bus Regional Areas Scheme 2 £33.482m).
- £29.636m Incorporating 2027/28 in 5 year range (Manadon)
- £7.480m 5 year forecast Better Care Fund assumption for Disabled Facility adaptations (previously 2 year assumption).
- £10.472m recognition of capital forecast for Improvements to Corporate Estate and Health & Safety works being factored into revenue budget setting as priority pipeline projects financing corporate borrowing.

These assumptions will follow the Council's capital programme governance.

10.13 A full breakdown of the future funding assumptions is available in Appendix 2. 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 2024/25 Medium Term Financial Plan.

10.14 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 officers continue to regularly monitor the level of borrowing.

### **Prudential Code**

10.15 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 currently.

10.16 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 extensive experience in property fund management obtained in the private sector.

10.17 The Capital Finance Strategy gives an overview of how the associated risks are managed and the implications for future financial sustainability. The strategy is attached as appendix 12. This report was approved by the Audit and Governance Committee on 28<sup>th</sup> of November 2023.

### **Climate Emergency**

10.18 Significant investment will be required to achieve the 2030 net zero target. A Climate Emergency Investment Fund was created in 2022/23 and projects continue to come forward for approval.

10.19 We are tackling the climate emergency and working to deliver our ambition to make Plymouth a carbon neutral city by 2030 through a wide range of measures, including securing funding for the Zero Emission Bus Regional Areas Scheme (ZEBRA 2).

### **Delivering the Corporate Plan Priorities**

10.20 The Council agreed a revised Corporate Plan at its meeting of 19 June 2023, which reflected the vision for the city and the Council and reframed the Council's mission, values and priorities to support these further details will be included in the finance budget report to Full Council.

### **Conclusion**

10.21 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.

10.22 With the impact of high borrowing rates, the Capital Programme will continue to come under pressure.



## Appendix I

Movement from Draft Budget to Proposed Budget	2024/25 £m	
<b>November Cabinet Report – gap</b>		<b>2.358</b>
Resources - Business Rates multiplier additional to assumptions	(2.088)	
Resources - Revenue Support Grant - additional to assumptions	(0.140)	
Subtotal Additional Resources		(2.228)
Additional Social Care Grants	(7.951)	
Drawdown of available Capital Receipts	(1.448)	
Services Grant – reduction	1.952	
New Homes Bonus - allocation £43k v forecast £nil	(0.043)	
Subtotal adjustments		(7.490)
Public Health additional contribution to social care	(0.200)	
Income assumptions adjustments – Children’s Directorate to revised £1.096m from previous £1.316m	0.220	
Subtotal savings		0.020
Cost allocation adjustments (see below)		7.340
<b>Revised - Proposed Budget Gap 2024/25</b>		<b>0.000</b>

Movement from Draft Budget to Proposed Budget - costs	2024/25 £m
Children’s Directorate – additional staff	2.379
Children’s Directorate - Management practice / leadership	0.486
Children’s Directorate – SEND Home to School Transport	0.842
People Directorate – National Living Wage further increase to revised £11.44	1.924
Public Health - reversal assumed one-off 2023/24 allocation to social care	(0.250)
Customer and Corporate Services – rebase ICT and HROD budgets	2.556
Chief Executive Office – Legal Services additional resource	0.153
Corporate Items – reversal of assumed replenishment of Working Balance Reserve	(0.750)
<b>Additional Costs movement</b>	<b>7.340</b>

**Appendix 2 – Additional cost pressures and adjustments****Net additional cost pressures and adjustments 2024/25**

<b>Directorate Summary Cost Pressures</b>	<b>£m</b>
Children's	12.079
People	13.706
Place	1.350
Chief Executive Office	0.153
Customer and Corporate Services	4.727
Corporate Items	4.181
	<b>36.196</b>

<b>Children's Directorate</b>	<b>£m</b>
Social care provision – Additional cost and volume of placements	7.072
Additional Social Workers	2.379
Management practice and leadership development	0.486
SEND Home to School Transport – Additional cost and volume	2.142
	<b>12.079</b>

<b>People</b>	<b>£m</b>
National Living Wage	5.372
Adult Social Care – Care Packages	5.047
Homelessness Cost and volume	3.287
	<b>13.706</b>

<b>Place Directorate</b>	<b>£m</b>
Reverse 2023/24 One-off savings – Strategic Contract Optimisation	0.430
Reverse 2023/24 One-off savings – Economic Development commercial bad debt	0.343
Reverse 2023/24 One-off savings – Foreshore reserve	0.129
Reverse 2023/24 One-off savings – Park & Ride reserve	0.100
Reverse 2023/24 One-off savings – Licence fee income	0.048
Grounds Maintenance (grass cutting including crematoria and play parks)	0.300
	<b>1.350</b>

<b>Chief Executive Office (CEX)</b>	<b>£m</b>
Legal Services – additional resource for Children's Social Care	0.153
	<b>0.153</b>

<b>Customer and Corporate Services</b>	<b>£m</b>
Financing the existing Capital Programme	1.171
Replenish Minimum Revenue Provision (MRP) used in 2023/24	1.000
Additional departmental costs	1.014
Additional ICT costs – right-sizing the budget	1.322
Reverse 2023/24 HROD savings target	0.220
	<b>4.727</b>

<b>Corporate Items</b>	<b>£m</b>
Consolidation of 2023/24 and 2024/25 staff remuneration costs	4.000
Schools Private Finance Initiative (PFI) additional utility cost adjustment	0.181
	<b>4.181</b>

<b>Corporate Adjustments</b>	<b>£m</b>
Reduction to 2023/24 additional allocation for utility (energy) inflation	(2.000)
Reallocate Treasury Management base budget to Customer and Corporate	(3.528)
Reverse 2023/24 one-off allocations (Social Care £1m & Street Services £0.3m)	(1.300)
Flexible use of Capital Receipts – Children’s Directorate training and development	(1.448)
Amendments to Government Grants	
Adult Social Care Grants	(7.951)
New Homes Bonus	(0.043)
Reduction in Services Grant	1.952
	<b>(14.318)</b>

**Appendix 3 – Savings Proposals 2024/25**

<b>Summary of Savings by Directorate</b>	<b>£m</b>
Corporate Items	(0.900)
Children's Directorate	(1.096)
ODPH (Office of the Director of Public Health)	(0.200)
People	(1.500)
	<b>(3.696)</b>

<b>Corporate Items</b>	<b>£m</b>
MRP one-off use of previous over provision	(0.400)
Release from Bad Debt provision	(0.500)
	<b>(0.900)</b>

<b>Children's Directorate</b>	<b>£m</b>
Reduce Residential - improved Commissioning Service and identify more appropriate placements	(1.380)
Reduce Independent Fostering and increase In-House capacity	(0.245)
Reduce Supported Living Cohort with improved Edge of Care & Locality services	(0.248)
Enabled by: Review In-House Fostering and improve capacity and	0.649
Improved Special Guardianship Offer	0.128
	<b>(1.096)</b>

<b>ODPH</b>	<b>£m</b>
Maximisation of grants across ODPH	(0.200)
	<b>(0200)</b>

<b>People</b>	<b>£m</b>
Managing demand in homelessness	(1.000)
Review Adult Social Care Bad Debt provision	(0.500)
	<b>(1.500)</b>

**Appendix 4 – Resources 2024/25**

Unringfenced Resources	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)
<b>Revised Council Tax</b>	<b>(130.625)</b>	<b>(139.479)</b>	<b>(8.854)</b>
Business Rates 2023/24 Base	(75.253)	(75.253)	-
Business Rates Growth (number of properties)		(2.474)	(2.474)
S31 Grants – Multiplier offset		(4.338)	(4.338)
Business Rates Pool gain		(2.750)	(2.750)
<b>Revised Business Rates</b>	<b>(75.253)</b>	<b>(84.815)</b>	<b>(9.562)</b>
RSG with 6.7% CPI uplift	(11.562)	(12.328)	(0.766)
Reserves – no drawdown for 2024/25	(1.000)	0.000	1.000
<b>Total Resources</b>	<b>(218.440)</b>	<b>(236.622)</b>	<b>(18.182)</b>

**Appendix 5 - Indicative 2024/25 Directorate Budgets**

Directorate	2023/24	2024/25			
	Net Budget	Cost Increases	Adjustments	Savings/ Income	Net Budget
Corporate Items	(31.318)	4.181	(14.318)	(0.900)	(42.355)
Children's	63.493	12.079	-	(1.096)	74.476
People	96.345	13.706	-	(1.500)	108.551
Public Health	2.829	-	-	(0.200)	2.629
Place	29.469	1.350	-	-	30.819
Chief Executive's Office	6.403	0.153	-	-	6.556
Customer and Corporate Services	51.219	4.727	-	-	55.946
<b>Total</b>	<b>218.440</b>	<b>36.196</b>	<b>(14.318)</b>	<b>(3.696)</b>	<b>236.622</b>

**Appendix 6 – Capital Programme Breakdown**

Details	2023-24 Latest Forecast	2024-25 Latest Forecast	2025-26 Latest Forecast	2026-27 Latest Forecast	2027-28 Latest Forecast	Toal
Delivering a Net Zero Plymouth	£m	£m	£m	£m	£m	£m
National Marine Park - New Horizons	0.125	-	-	-	-	0.125
National Marine Park - Tinside Pool	0.090	2.893	-	-	-	2.983
Civic Centre District Energy	0.090	0.041	-	-	-	0.131
Civic Centre District Energy - Phase 2	0.120	1.865	0.922	0.066	-	2.973
Civic Centre District Heating Grant	-	0.030	0.570	-	-	0.600
Chelson Meadow Solar Farm	3.782	12.573	-	-	-	16.355
Theatre Royal Car Park - Solar Scheme	0.142	0.057	-	-	-	0.199
PCC LED Lighting Replacement Programme	0.405	0.131	-	-	-	0.536
Heat Sourcing in Corporate Buildings	0.362	0.271	-	-	-	0.633
Home Energy - Eco Homes pot	0.041	0.350	-	-	-	0.391
Green Homes LAD 3	1.355	-	-	-	-	1.355
Social Housing Decarbonisation	0.845	-	-	-	-	0.845
Social Housing Decarbonisation Wave 2.1	0.500	6.562	-	-	-	7.062
Home Upgrade Grant	1.134	-	-	-	-	1.134
Home Upgrade Grant Phase 2	0.200	3.153	-	-	-	3.353
Billacombe Footbridge	-	-	-	-	0.590	0.590
Transforming Cities Fund Tranche 2 Grant	1.300	2.330	-	-	-	3.630
Crownhill Sustainable Transport Corridor	0.191	-	-	-	-	0.191
St Budeaux Station Interchange	0.478	0.340	-	-	-	0.818
St Budeaux to Dockyard	0.956	2.696	-	-	-	3.652
Dockyard to City Centre Walking & Cycling	0.376	2.526	-	-	-	2.902
Mobility Hubs	3.751	2.850	-	-	-	6.601
St Levan Park Flood Defence	0.093	-	-	-	-	0.093
Street lighting Energy Savings	0.350	0.218	-	-	-	0.568
Electric Vehicles	0.212	0.103	-	-	-	0.315
Fleet Decarbonisation Programme	0.457	0.434	-	-	-	0.891
Plan for Trees	0.272	0.219	0.052	0.033	0.020	0.596
Nature based solutions for Climate Change	0.196	0.021	0.034	0.024	0.022	0.297
Plymouth & South Devon Community Forest	3.000	4.200	0.971	-	-	8.171

Ocean City Biodiversity - Ply Habitat Bank Loan	0.120	0.380	-	-	-	<b>0.500</b>
Various Projects under £0.1m	0.228	0.029	0.007	0.002	0.002	<b>0.268</b>
<b>Total Delivering a Net Zero Plymouth</b>	<b>21.171</b>	<b>44.272</b>	<b>2.556</b>	<b>0.125</b>	<b>0.634</b>	<b>68.758</b>
<b>Details</b>	<b>2023-24 Latest Forecast</b>	<b>2024-25 Latest Forecast</b>	<b>2025-26 Latest Forecast</b>	<b>2026-27 Latest Forecast</b>	<b>2027-28 Latest Forecast</b>	<b>Total</b>
<b>Delivering a sustainable City Centre and Waterfront</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Quality Hotel	0.023	0.107	-	-	-	<b>0.130</b>
Civic Centre - Future High Streets Fund	1.500	7.768	-	-	-	<b>9.268</b>
Guildhall - Future High Streets Fund	0.750	2.993	-	-	-	<b>3.743</b>
West End Options Study	0.125	-	-	-	-	<b>0.125</b>
Colin Campbell Court	0.081	-	-	-	-	<b>0.081</b>
3-19 Raleigh St & 91-95 New George St	0.230	0.227	-	-	-	<b>0.457</b>
Colin Campbell Court Demolitions	0.030	0.661	-	-	-	<b>0.691</b>
Colin Campbell Court – Health Facility	0.865	2.264	-	-	-	<b>3.129</b>
Toys 'R Us	-	1.271	-	-	-	<b>1.271</b>
Charles Cross	0.009	0.183	-	-	-	<b>0.192</b>
Civic Square Walking & Cycling	0.181	-	-	-	-	<b>0.181</b>
Royal Parade Bus Infrastructure	0.235	0.125	-	-	-	<b>0.360</b>
Mayflower Street Bus Stops	0.307	-	-	-	-	<b>0.307</b>
City Centre Public Realm Old Town St/ New George St	6.726	4.174	-	-	-	<b>10.900</b>
Civic Square	1.165	-	-	-	-	<b>1.165</b>
Armada Way	2.001	8.609	-	-	-	<b>10.610</b>
Royal Parade	0.023	0.400	-	-	-	<b>0.423</b>
Façade Restoration	0.186	-	-	-	-	<b>0.186</b>
Various Projects under £0.1m	0.081	0.040	-	-	0.032	<b>0.153</b>
<b>Total Delivering a sustainable City Centre and Waterfront</b>	<b>14.518</b>	<b>28.822</b>	<b>-</b>	<b>-</b>	<b>0.032</b>	<b>43.372</b>
<b>Details</b>	<b>2023-24 Latest Forecast</b>	<b>2024-25 Latest Forecast</b>	<b>2025-26 Latest Forecast</b>	<b>2026-27 Latest Forecast</b>	<b>2027-28 Latest Forecast</b>	<b>Total</b>
<b>Delivering a sustainable Derriford / Northern Corridor</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Forder Valley Link Road	0.343	1.606	0.082	0.200	-	<b>2.231</b>
Forder Valley Interchange	-0.017	0.287	-	0.025	-	<b>0.295</b>
Charlton Road	0.061	1.999	-	-	-	<b>2.060</b>
Woolwell to The George	3.785	18.682	11.418	3.000	-	<b>36.885</b>



Morlaix Drive Access Improvements	-0.030	0.153	-	-	-	0.123
Northern Corridor Strategic Cycle Network	0.047	0.175	-	-	-	0.222
Plymbridge Road	0.300	1.810	-	-	-	2.110
Various Projects under £0.1m	-	0.014	-	-	-	0.014
<b>Total Delivering a sustainable Derriford / Northern Corridor</b>	<b>4.489</b>	<b>24.726</b>	<b>11.500</b>	<b>3.225</b>	<b>-</b>	<b>43.940</b>
<b>Details</b>	<b>2023-24 Latest Forecast</b>	<b>2024-25 Latest Forecast</b>	<b>2025-26 Latest Forecast</b>	<b>2026-27 Latest Forecast</b>	<b>2027-28 Latest Forecast</b>	<b>Total</b>
<b>Delivering a sustainable Eastern Corridor</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Eastern Corridor Junction Improvements	0.105	0.197	-	-	-	0.302
Eastern Corridor Strategic Cycle Network (Colesdown Hill)	0.538	-	-	-	-	0.538
Various Projects under £0.1m	0.109	0.017	-	-	-	0.126
<b>Total Delivering a sustainable Eastern Corridor</b>	<b>0.752</b>	<b>0.214</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.966</b>
<b>Details</b>	<b>2023-24 Latest Forecast</b>	<b>2024-25 Latest Forecast</b>	<b>2025-26 Latest Forecast</b>	<b>2026-27 Latest Forecast</b>	<b>2027-28 Latest Forecast</b>	<b>Total</b>
<b>Delivering sustainable homes</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Bath Street	0.079	0.900	-	-	-	0.979
Extra Care Housing Support Millbay	-	0.450	-	-	-	0.450
Re-provision of Vines and Colwill Lodge	0.594	2.743	8.880	0.220	-	12.437
Disabled Facilities (incl. Care & Repair works)	3.539	0.840	-	-	-	4.379
6 Victoria Place	0.171	-	-	-	-	0.171
Coombe Way, Kings Tamerton	0.133	0.810	-	-	-	0.943
Windmill Carpark	0.009	0.100	-	-	-	0.109
Self Build Housing Sites - Lancaster Gardens	0.003	0.179	-	-	-	0.182
Self Build Housing Sites - Clowance Street	0.004	0.100	-	-	-	0.104
Plan for Homes Phase 3	0.000	0.435	-	-	-	0.435
Plymouth Community Homes - Partnership Agreement	-	0.742	-	-	-	0.742
Livewest Partnership Agreement	-	1.000	-	-	-	1.000
Colebrook Road, Plympton	0.001	-	0.150	-	-	0.151
Healy Place, Morice Town	0.003	0.450	-	-	-	0.453
Empty Homes Financial Assistance	0.061	0.439	-	-	-	0.500
Broadland Gardens	2.015	0.400	-	-	-	2.415
Asbestos Claims by Plymouth Community Homes	0.471	-	-	-	-	0.471
Foster Home Adaptation	0.096	0.017	-	-	-	0.113

Various Projects under £0.1m	0.228	0.123	-	-	-	0.351
<b>Total Delivering sustainable homes</b>	<b>7.407</b>	<b>9.728</b>	<b>9.030</b>	<b>0.220</b>	<b>-</b>	<b>26.385</b>
<b>Details</b>	<b>2023-24 Latest Forecast</b>	<b>2024-25 Latest Forecast</b>	<b>2025-26 Latest Forecast</b>	<b>2026-27 Latest Forecast</b>	<b>2027-28 Latest Forecast</b>	<b>Total</b>
<b>Delivering essential city infrastructure / Improving Neighbourhoods</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Brickfields	0.061	0.736	0.003	-	-	0.800
Relocation of Shekinah	0.269	0.051	-	-	-	0.320
Efford Youth & Community Centre	0.035	0.474	-	-	-	0.509
Honicknowle Youth & Community Centre	0.035	0.379	-	-	-	0.414
Frederick Street Centre	0.070	0.864	-	-	-	0.934
Local Authority Housing Fund	1.531	-	-	-	-	1.531
Local Authority Housing Fund Phase 2	1.020	-	-	-	-	1.020
Purchasing Temp Homes Programme	-	15.000	-	-	-	15.000
Accommodation support loans	0.210	-	-	-	-	0.210
Family Hubs	0.104	0.072	-	-	-	0.176
Brickfields - Relocation of Hockey Facility	0.640	0.643	0.070	-	-	1.353
Brickfields - Relocation of Pétanque Facility	0.066	0.025	0.035	-	-	0.126
Minor Structure Repairs (Reactive)	0.356	-	-	-	-	0.356
Minor Structure Repairs (Preventative)	0.326	-	-	-	-	0.326
Deteriorated Street Lighting Columns Replacement	1.673	2.827	-	-	-	4.500
Traffic signal replacement	0.286	0.206	-	-	-	0.492
Marsh Mills - Upgraded Traffic Signals	0.501	-	-	-	-	0.501
Tavistock Road - Upgraded Traffic Signals	-	0.167	-	-	-	0.167
Central Management System - Street Lighting	0.550	1.950	-	-	-	2.500
Variable Message Systems CCTV	0.179	-	-	-	-	0.179
Car Parks - Capital Maintenance	1.876	0.246	-	-	-	2.122
Car Parks - Replacement Payment System	0.336	-	-	-	-	0.336
Carriageway Permanent Repairs	0.758	-	-	-	-	0.758
Carriageway Resurfacing	0.905	0.300	-	-	-	1.205
Carriageway Micro Asphalt	0.629	-	-	-	-	0.629
Carriageway Lining	0.293	0.100	-	-	-	0.393
Carriageway Surface Dressing	0.950	-	-	-	-	0.950
Carriageway Pothole Initiative	0.516	-	-	-	-	0.516
Footway Permanent Repair	0.879	-	-	-	-	0.879

Footway Resurfacing	0.218	-	-	-	-	<b>0.218</b>
Kerb Replacements	0.193	-	-	-	-	<b>0.193</b>
Capitalised drainage schemes	0.321	0.100	-	-	-	<b>0.421</b>
Street Furniture Replacements	0.192	-	-	-	-	<b>0.192</b>
Collision Reviews	0.047	0.090	-	-	-	<b>0.137</b>
Minor Traffic Schemes	0.184	-	-	-	-	<b>0.184</b>
Traffic Calming	0.043	0.090	-	-	-	<b>0.133</b>
Chelson Meadow Push Walls	0.612	-	-	-	-	<b>0.612</b>
Derriford Community Park - Phase 1 Biodiversity Improvements	0.161	0.033	-	-	-	<b>0.194</b>
Derriford Community Park - Phase 5	1.239	0.284	0.047	0.046	-	<b>1.616</b>
Central Park Improvements	3.646	-	-	-	-	<b>3.646</b>
Bond Street Playing fields (Southway Community Football Facility)	0.020	0.274	-	-	-	<b>0.294</b>
Improving Outdoor Play Phase 3	0.128	0.093	-	-	-	<b>0.221</b>
Various Projects under £0.1m	1.493	0.180	-	-	-	<b>1.673</b>
<b>Total Delivering essential city infrastructure / Improving Neighbourhoods</b>	<b>23.551</b>	<b>25.184</b>	<b>0.155</b>	<b>0.046</b>	<b>-</b>	<b>48.936</b>
<b>Details</b>	<b>2023-24 Latest Forecast</b>	<b>2024-25 Latest Forecast</b>	<b>2025-26 Latest Forecast</b>	<b>2026-27 Latest Forecast</b>	<b>2027-28 Latest Forecast</b>	<b>Total</b>
<b>Ensuring sufficient good quality school places</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Schools Emergency Condition Works	0.134	0.050	-	-	-	<b>0.184</b>
College Road - Foundation Modular Unit	0.425	-	-	-	-	<b>0.425</b>
Mill Ford - Modular Units	1.274	-	-	-	-	<b>1.274</b>
Cann Bridge (Downham) - Modular Units	0.802	-	-	-	-	<b>0.802</b>
Various Projects under £0.1m	0.723	0.237	0.130	-	-	<b>1.090</b>
<b>Total Ensuring sufficient good quality school places</b>	<b>3.358</b>	<b>0.287</b>	<b>0.130</b>	<b>-</b>	<b>-</b>	<b>3.775</b>
<b>Details</b>	<b>2023-24 Latest Forecast</b>	<b>2024-25 Latest Forecast</b>	<b>2025-26 Latest Forecast</b>	<b>2026-27 Latest Forecast</b>	<b>2027-28 Latest Forecast</b>	<b>Total</b>
<b>Delivering a sustainable economy</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Inclusive Economy Fund	0.441	0.121	0.055	0.025	0.019	<b>0.661</b>
Oceansgate Remediation/separation works	0.100	0.877	-	-	-	<b>0.977</b>
Oceansgate Phase 2 Direct Development	0.044	0.075	-	-	-	<b>0.119</b>
Oceansgate - Endeavour House Subdivide	0.025	0.225	-	-	-	<b>0.250</b>
Oceansgate Phase 3.1 - Innovation Area	0.231	0.200	-	-	-	<b>0.431</b>

Plymouth & South Devon Freeport A38 Deep Lane Pedestrian/Cycle Bridge Design	0.480	0.020	-	-	-	<b>0.500</b>
Plymouth & South Devon Freeport Project: Land Acquisition at Sherford	3.500	-	-	-	-	<b>3.500</b>
Plymouth & South Devon Freeport – Millbay Terminal Development	1.300	-	-	-	-	<b>1.300</b>
Plymouth & South Devon Freeport Langage Spine Road Design	0.236	0.007	-	-	-	<b>0.243</b>
Langage Development Phase 2	0.010	0.204	-	-	-	<b>0.214</b>
Langage Development South Phase 2 (Freeport Site)	0.156	4.758	3.620	0.128	-	<b>8.662</b>
Plymouth International Medical & Technology Park	0.150	0.627	-	-	-	<b>0.777</b>
Cot Hill Trading Estate	-	-	-	0.707	-	<b>0.707</b>
Property Regeneration Fund	10.521	15.508	24.774	22.521	-	<b>73.324</b>
City Business Park - Redevelopment	0.148	0.195	-	-	-	<b>0.343</b>
39 Tavistock Place	0.266	0.104	-	-	-	<b>0.370</b>
UK Shared Prosperity fund programme	0.118	0.265	-	-	-	<b>0.383</b>
Various Projects under £0.1m	0.101	-	-	-	-	<b>0.101</b>
<b>Total Delivering a sustainable economy</b>	<b>17.827</b>	<b>23.186</b>	<b>28.449</b>	<b>23.381</b>	<b>0.019</b>	<b>92.862</b>
<b>Details</b>	<b>2023-24 Latest Forecast</b>	<b>2024-25 Latest Forecast</b>	<b>2025-26 Latest Forecast</b>	<b>2026-27 Latest Forecast</b>	<b>2027-28 Latest Forecast</b>	<b>Total</b>
<b>Connecting the City</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Plymouth Railway Station	1.553	7.415	4.974	2.851	10.396	<b>27.189</b>
A38 Manadon Interchange (LLM)	0.507	0.847	-	-	-	<b>1.354</b>
Plymouth Major Road Network	0.141	-	-	-	-	<b>0.141</b>
Various Projects under £0.1m	0.018	-	-	-	-	<b>0.018</b>
<b>Total Connecting the City</b>	<b>2.219</b>	<b>8.262</b>	<b>4.974</b>	<b>2.851</b>	<b>10.396</b>	<b>28.702</b>
<b>Details</b>	<b>2023-24 Latest Forecast</b>	<b>2024-25 Latest Forecast</b>	<b>2025-26 Latest Forecast</b>	<b>2026-27 Latest Forecast</b>	<b>2027-28 Latest Forecast</b>	<b>Total</b>
<b>Commercialisation of Services (Including Property)</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Mount Edgcombe Orangery Toilets	0.120	-	-	-	-	<b>0.120</b>
Delt Lights-on Infrastructure	0.242	0.458	0.482	-	-	<b>1.182</b>
Transformation/Modernisation Technology Projects	-	0.407	0.450	-	-	<b>0.857</b>
Continuation of Transformation/Modernisation Projects	-	0.273	0.250	-	-	<b>0.523</b>
Replacement of Current Laptop Estate	-	0.714	0.924	-	-	<b>1.638</b>
Highways Management System	0.002	0.098	-	-	-	<b>0.100</b>
Alloy Phase 2	0.036	0.201	-	-	-	<b>0.237</b>

Development of PCC Website	0.283	0.019	-	-	-	<b>0.302</b>
Data Intelligence	-	0.200	-	-	-	<b>0.200</b>
EDRMS Data Storage and Management Solution	-	0.100	0.100	-	-	<b>0.200</b>
IA Solutions	-	0.245	-	-	-	<b>0.245</b>
cWAN Project	0.128	0.100	-	-	-	<b>0.228</b>
Repairs to Plymouth Guildhall	0.336	-	-	-	-	<b>0.336</b>
Dell Childrens Centre 375 Blandford Rd - Asbestos removal	0.345	-	-	-	-	<b>0.345</b>
Pounds House Repairs	0.008	1.702	-	-	-	<b>1.710</b>
Plymouth Life Centre Light Replacements	0.219	-	-	-	-	<b>0.219</b>
Chelson Meadow – Pedestrian Access	0.111	-	-	-	-	<b>0.111</b>
Remediation works to Raglan Court	0.100	-	-	-	-	<b>0.100</b>
Devil's Point Tidal Pool	0.075	0.075	-	-	-	<b>0.150</b>
Mount Wise Pool Filters	0.126	-	-	-	-	<b>0.126</b>
Arnold's Point Repairs (Rowing Club)	0.140	-	-	-	-	<b>0.140</b>
Mountbatten Sea Wall	0.172	-	-	-	-	<b>0.172</b>
Pebble Beach Work	0.138	-	-	-	-	<b>0.138</b>
Burrington Way - Annex Building Drake Hill Court	0.858	0.300	-	-	-	<b>1.158</b>
Midland House Staff and Services Relocation to Ballard House	0.752	-	-	-	-	<b>0.752</b>
Crownhill Court Fit Out	0.120	-	-	-	-	<b>0.120</b>
Eclipse Project	0.374	0.648	0.150	-	-	<b>1.172</b>
Douglass House Site Development	0.320	-	-	-	-	<b>0.320</b>
Bereavement Infrastructure	10.822	3.772	-	-	-	<b>14.594</b>
Development Funding	0.480	-	-	-	-	<b>0.480</b>
Signal Optimisation	0.250	0.299	-	-	-	<b>0.549</b>
Replacement of Hire Vehicles	1.014	1.090	-	-	-	<b>2.104</b>
Street Scene & Waste Vehicles	2.118	4.876	-	-	-	<b>6.994</b>
Container Provision	0.283	0.699	0.604	-	-	<b>1.586</b>
Visual Impact Mitigation Scheme	0.265	-	-	-	-	<b>0.265</b>
Various Projects under £0.1m	0.651	0.326	0.054	-	-	<b>1.031</b>
<b>Total Commercialisation of Services (Including Property)</b>	<b>20.888</b>	<b>16.602</b>	<b>3.014</b>	<b>-</b>	<b>-</b>	<b>40.504</b>
<b>Total</b>	<b>116.180</b>	<b>181.283</b>	<b>59.808</b>	<b>29.848</b>	<b>11.081</b>	<b>398.200</b>

**Appendix 7 - Future Funding Assumptions**

<b>Project Income Assumptions:</b>	<b>2023/24 Latest Forecast</b>	<b>2024/25 Latest Forecast</b>	<b>2025/26 Latest Forecast</b>	<b>2026/27 Latest Forecast</b>	<b>2027/28 Latest Forecast</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
High Needs	-	9.475	-	-	-	9.475
Basic need funding monies for LA's	-	0.792	0.077	-	-	0.869
Modernisation/Condition	-	2.146	-	-	-	2.146
Devolved Capital	-	0.100	0.069	0.050	0.040	0.259
Disabled Facility Adaptations	-	3.469	3.213	3.213	3.213	13.108
Dept for Transport - Strategic Transport Projects	1.942	1.959	-	-	-	3.901
Dept for Transport - Highways Maintenance Block - Additional Funding	0.366	0.366	1.418	1.418	1.418	4.986
Dept for Transport – Highways Maintenance Block - Needs Element	-	1.290	-	-	-	1.290
Dept for Transport - Highways Maintenance Block - Incentive Funding	-	0.323	-	-	-	0.323
Potholes Fund	-	1.290	-	-	-	1.290
Highways Capital Maintenance	-	5.844	-	-	-	5.844
Laira Cycle Bridge	0.017	-	-	-	-	0.017
Zero Emission Bus Regional Areas Scheme ZEBRA 2	-	16.741	16.741	-	-	33.482
Brownfield Land Release Funding - Registry Office	0.250	-	-	-	-	0.250
UK Prosperity Fund	-	0.100	-	-	-	0.100
Freeport	-	12.301	-	-	-	12.301
Freeport/Oceansgate Innovation Centre	-	6.530	-	-	-	6.530
Levelling up funding – various projects	-	6.000	13.946	-	-	19.946
Developer & S106 contributions	2.657	2.844	5.734	5.445	3.150	19.830
Plymouth for Homes	-	1.326	1.326	-	-	2.652
Financial Assistance Loans	0.024	0.093	0.033	0.031	0.027	0.208
Flood relief works	-	3.308	0.662	-	-	3.970
Property Sales	0.164	-	-	-	-	0.164
Local Authority Housing Fund Round 3	-	1.000	-	-	-	1.000
National Marine Park	0.398	7.760	0.811	0.676	0.551	10.196
Major road network fund and Highway maintenance	3.226	11.429	31.694	-	-	46.349
Embankment Cycle-Pedestrian Path Upgrade	1.900	1.900	-	-	-	3.800
LLM - Manadon A38 Interchange	5.805	3.718	8.771	23.489	25.948	67.731
Dept for Transport - Local Electric Vehicle Infrastructure	-	2.174	0.242	-	-	2.416
Schools Estimated Contribution to Capital Projects	0.005	0.010	0.005	-	-	0.020
Childcare Places Expansion	-	-	0.435	-	-	0.435
Harewood House Community Centre	-	-	0.108	-	-	0.108
Capital estate priority programme	0.083	2.353	3.463	3.463	1.110	10.472
Climate Emergency Investment Fund	1.236	1.376	1.718	2.000	-	6.330
Plymouth Community Homes - Asbestos	1.147	0.600	0.600	0.600	0.600	3.547
Laira Bridge Repairs	-	1.170	2.340	1.170	-	4.680
Mount Edgcombe	-	0.399	-	-	-	0.399

ICT Programme	-	0.625	0.625	0.625	-	1.875
Council House Refurbishment	0.020	0.980	-	-	-	1.000
Prince Rock Depot	-	0.500	0.500	-	-	1.000
Accommodation programme	0.500	12.910	6.000	1.500	-	20.910
Guildhall roof	0.292	-	-	-	-	0.292
<b>TOTAL</b>	<b>20.032</b>	<b>125.201</b>	<b>100.531</b>	<b>43.680</b>	<b>36.057</b>	<b>325.501</b>

	2023/24	2024/25	2025/26	2026/27	2027/28	Total
<b>Total Revised Capital Budget</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Total</b>	<b>136.212</b>	<b>306.484</b>	<b>160.339</b>	<b>73.528</b>	<b>47.138</b>	<b>723.701</b>

## Appendix 8 - Financial Risks

	Impact & Probability		Impact & Probability		
Issue	Risk before Mitigation		Management Corrective Action	Risk after Mitigation	
	I	P		I	P
<p>Pension deficit transaction October 2019</p> <p>Advised by our external auditors that we need a resolution ahead of the budget setting Full Council.</p> <p>There remains a risk that</p> <p>1) the outcome is not as requested and</p> <p>2) the subsequent budget required leaves us financially vulnerable</p>	5	5	<p>Receipt of an In Principle letter or confirmation of Emergency Financial Support in the form of a Capitalisation Direction</p> <p>Good progress is being made and we await an outcome within the timeframe.</p> <p>If received, we can proceed with the balance as proposed.</p>	1	1
<p>Without a Capitalisation Direction from DLUHC there will be a requirement to expense the pension deficit in 2024/25. Immediate impact on the proposed budget which will no longer support the transaction and the requirement to set a Council Tax for the financial year 2024/25.</p>	5	5	<p>Alternative budget will be required and presented to Cabinet for approval.</p> <p>Drawdown of all usable reserves and release of Working Balance</p> <p>A balanced but unsustainable budget – subsequent issue of SI 14 Report.</p>	5	5
<p>The Council's expenditure exceeds the resources available to meet the expenditure within the Medium Term Financial Plan period (2023/24-2027/28)</p> <ul style="list-style-type: none"> <li>Continuing high inflation</li> <li>Continuing high interest rates</li> <li>Continuing high fuel and utility costs</li> </ul>	5	5	<p>System of monthly financial reporting to DMT's, CMT, and Cabinet and Quarterly to Full Council, with monthly consideration of directorate level financial issues at each Scrutiny Committee. In addition, the Council has introduced a system of detailed monitoring of the delivery of savings targets so that a view is published monthly in Cabinet reports.</p> <p>The governance system of the Council - as unpacked in the Annual Governance Statement comprise a rigorous system of financial control.</p>	4	4



<p>The Council's income targets and savings are not met putting pressure on resources and directorate budgets.</p> <ul style="list-style-type: none"> <li>• Council Tax collection falls below rate set at 97.5%</li> <li>• Business failure leads to reduced rates income.</li> <li>• Increased fees and charges result in reduced demand e.g. car parking.</li> <li>• Savings targets not met putting pressure on directorate budgets</li> </ul>	4	4	<p>The Council holds an annual review of fees and charges and has annual and ongoing programmes of work to identify and implement potential savings opportunities.</p> <p>The 2024/25 uplift to fees and charges is in line with CPI.</p> <p>Further technical adjustments to the method of providing debt repayment should result in the income targets being achieved.</p>	4	3
<p>Treasury Management</p> <p>The capital cost of borrowing continues with no medium-term reduction in interest rate.</p> <p>Cost of borrowing prohibits future investments opportunities and limits current project profile.</p>	5	5	<p>Full review of existing Capital programme is underway by the PFH for Finance, Chief Executive and S151 Officer</p> <p>Regular TM meetings to understand the impact of high interest rates on prevailing approved project.</p>	5	4
<p>2024/25 Budget built on delivery of 2023/24 savings of £23m being achieved.</p> <p>Failure to achieve will create a gap in the 2024/25 finances, further pressure on already depleted reserves</p>	4	5	<p>The month 9 monitoring report for 2023/24 shows the delivery of £17m of the savings. Of the shortfall, £1m relates to in-year one off savings and a further £5m which have been covered in the proposed budget.</p>	3	4
<p>2023/24 Overspends continue:</p> <p>Treasury Management comes under continued pressure due to the interest rates and increasing project delivery costs.</p> <p>Service demands increased within the Children's Directorate. 2023/24 Month 9 monitoring report shows an overspend of £8.9m on the children's social care budget.</p> <p>SEND Home to School transport is reported a forecasted overspend of £1.859m</p> <p>Customer and Corporate Services is a reported an overspend of £1.9m</p> <p>People Directorate is reporting £1.3 pressure for Adult Social Care and a further £2.4 for additional costs due to the demand for temporary accommodation</p>	5	5	<p>Mitigations include:</p> <ul style="list-style-type: none"> <li>• Monthly Housing tasks force and</li> <li>• Monthly Children's Services Transition Board and review transition action plans and costs.</li> </ul> <p>Use of Capital Receipts to finance statutory services within Children's.</p> <p>Ongoing dialogues with the ICB (Health) to further improve social care provision and manage costs.</p> <p>Planned review of back office to support costs within Customer and Corporate services to drive new ways of working and incorporate the use of AI.</p>	5	3