

Date of meeting:	08 March 2024
Title of Report:	<b>Revenue and Capital Budget 2024/25</b>
Lead Member:	Councillor Tudor Evans OBE (Leader)
Lead Strategic Director:	David Northey (Service Director for Finance)
Author:	David Northey
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, the Council is required to set a balanced Revenue and Capital Budget and set the Council Tax for each financial year. This report:

- Provides the context for budget setting, both in terms of the Council's strategic objectives for the city and the local government landscape nationally
- Sets out the Service Director for Finance's (Section 151 Officer) budget robustness statement as required by law
- Summarises financial risks, including the implications of a possible Exceptional Financial Support direction from the Department for Levelling Up, Housing and Communities (DLUHC)
- Sets out revenue budget planning assumptions in respect of income, approved savings plans and resource requirements for 2024/25
- Sets out the Capital budget, Capital financing strategy and the treasury management strategy for 2024/25
- Seeks approval of Council Tax levels for 2024/25, including an Adult Social Care Precept

### **Recommendations and Reasons**

The City Council is recommended:

1. Note that, following the request for a Capitalisation Direction, referred to as Exceptional Financial Support and receipt of an "In Principle" letter from DLUHC, the budget as proposed can be approved.
2. To approve the proposed net revenue budget requirement for 2024/25 of £241.622m
3. To approve Council Tax levels for 2024/25, including an Adult Social Care Precept as detailed at Appendix I;
4. To note the specific savings proposals as set out in Appendix 4.

5. To note the Capital Budget of £398.200m for 2023/24 to 2027/28. as detailed in section 3 of the report
6. To note that the precept to the Council issued by the Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area, has been confirmed
7. To note that the Devon and Somerset Fire and Rescue Authority precepts have been confirmed for 2024/25
8. To note the Section 151 Officer's statement on the Budget as set out in this report;
9. To approve the annual Treasury Management Strategy and Capital Financing Strategy 2024/25 (incorporating the authorised limits, operational boundaries and prudential indicators) as detailed in Appendix 11 and 12;
10. To approve a net adjustment of £0.4m to the Minimum Revenue Provision (MRP), as an amendment to the Capital Financing Strategy, and as set out in this report within the Treasury Management Strategy and detailed under the Annual Minimum Revenue Provision Statement section
11. To approve the use of flexible capital receipts to fund revenue costs for transformation project, as set out in paragraph 4.8.
12. To delegate responsibility for any technical accounting changes which may arise after the Budget to the Section 151 Officer in consultation with the Portfolio Holder for Finance.

*Reason: setting a balanced budget is a statutory requirement. The obligation to make a lawful budget each year is shared equally by each individual Member, discharged through Council. Options for achieving a balanced budget have been considered in the preparation of the proposed budget set out in this report.*

### **Alternative options considered and rejected**

1. Not to bring forward proposals in respect of the 2024/25 Budget – rejected on the basis that the Council must agree a balanced budget before the start of the next Financial Year.
2. Setting a balanced budget is a statutory requirement. Options for achieving this have been considered in the preparation of the Budget proposals set out in this report. An alternative option to freeze or not implement the maximum Council Tax increase or to not implement all or any of the Adult Social Care precept would leave a large budget gap to be closed. Options for closing would then require a drawdown of limited reserves, or further savings targets and possible cuts to services.
3. To present an alternative budget based on no indication from DLUHC regarding the requested Capitalisation Direction. This is not required following receipt of the "In-principle" letter.

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

The development and approval of the annual budget and the Medium Term Financial Plan (MTFP) is fundamentally linked to delivering the priorities within the Council's Corporate Plan.

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

The implications of the 2024/25 budget will feed into the revised 5 year Medium Term Financial Plan that will be presented to Full Council in September 2024.

## Financial Risks

The Council is a complex service organisation with a gross revenue expenditure budget exceeding £500m. In preparing this budget it was essential that careful consideration was given to all factors to ensure they are, once approved both robust and deliverable within the overall budget allocations that are available. Together with the continuing legacy financial impact of Covid-19, the main risk to the Council's budget is the major impact of the current cost of living pressures and the associated rate of inflation. The scale of the financial challenges facing the Council is very clear.

There are continuing demand pressures in both adults' and children's social care. We are seeing no reduction in demand or cost pressures in both homelessness and bed and breakfast accommodation or in delivering our statutory responsibility to provide home to school transport for our most vulnerable children. We must also consider the impact of the 2023/24 forecast overspend, Additional allocations have been made in this budget but remain a risk, given the Council's comparatively low levels of financial reserves. Each savings proposal carries its own risks, but the additional savings are minimal with mitigations in place. These will be closely monitored during the financial year.

The 2024/25 Budget as set out cannot balance without the Capitalisation Direction, known as Exceptional Financial Support, requested from DLUHC. The receipt of an "In Principle" letter has provided assurance to the Section 151 Officer that this budget can proceed, but there remains a risk if the Capitalisation Direction is not received.

The Capital Programme is subject to a full analysis and prioritisation to ensure its affordability within the financial envelope available. Council is recommended to note the programme as it currently stands, and note that a revised capital programme will be presented to a future Full Council for approval.

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

## Carbon Footprint (Environmental) Implications:

No impacts directly arising from this report. As the recommendations of this report relate to the overall revenue and capital budget, 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:

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

Reducing revenue resources across the public sector has been identified as a key risk within our Strategic Risk register. 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.



**Sign off:**

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Originating Senior Leadership Team member: David Northey (Service Director for Finance)

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

Date agreed: 29/02/2024

Cabinet Member approval: *Councillor Tudor Evans OBE, Leader – Verbally approved.*

Date approved: 29/02/2024

# REVENUE AND CAPITAL BUDGET 2024/25

## Introduction

Our budget plans for 2024/25 reflect that the Council's administration is ambitious in its vision and objectives for the city and is committed to ensuring that services to children and vulnerable adults, 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 include reductions to critical services and does not introduce 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.

Like all councils, we have continued to see big increases in our costs and rising demand for our homelessness and social care services for the elderly, vulnerable adults, and children. We spend around 73 per cent of our total revenue budget on these vital services, meaning recommending a proposed budget for the next financial year has been very challenging.

We have worked hard over the last few months to identify how to close the shortfall identified in the Draft Budget and achieve a balanced budget whilst maintaining delivery against the Council's agreed priorities. 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. The affordability of the Capital Programme and future funding assumptions are 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 £6.171m of funding has been included within Corporate Items to cover known pressures. An allocation of £2.5m has been earmarked for the Customer and Corporate Services Directorate to cover 2024/25 additional costs.

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. There is growth included totalling £41.196m as set out in Appendix 3, but this is offset by £23.182m of additional resources (Appendix 5) built into the budget plus a further £14.318m (Appendix 3) of corporate adjustments, reflecting additional social care grant and the reversal of previous years' contingency budgets.

Whilst there are savings allocated, being £1.096m from Children's Services 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 4.

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

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

### **Introduction**

Section 25 of the Local Government Act 2003 requires the Section 151 Officer (Service Director for Finance) to formally report to Council as part of the tax setting report their view on

- the minimum level of reserves available to the general fund and
- on the robustness of estimates used on the budget setting process.

The Council is required to take these views into account when setting the Council Tax at its meeting on 8 March 2024.

All local authorities have seen significant reductions in resources coincide with increasing demand for services together with inflationary pressures which in many cases exceed those experienced in the overall economy. The Final Settlement for 2024/25 was again a 'one year only' funding envelope and, given the agreement that Council tax is outdated and in need of reform, the government's increasing reliance on council tax to fund local authorities is causing a disproportionately negative impact on funding levels for authorities such as Plymouth City Council.

A key component taken into consideration for the financial year 2024/25 is the on-going high cost of borrowing, for both capital and 'business as usual' revenue expenditure. 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.

The affordability of the Capital Programme and future funding assumptions are 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 £6.171m of funding has been included within Corporate Items to cover known pressures.

The Council has requested Exceptional Financial Support (EFS) from DLUHC in the form of a Capitalisation Direction. There is an outstanding issue over a transaction made in October 2019 which has been reported regularly to the Audit and Governance Committee and relates to a transaction we made to significantly reduce the cost of our pension deficit. An 'in-principle' letter was received from DLUHC on 27 February 2024 stating that the Secretary of State is minded to approve a capitalisation direction. This letter provides the S151 Officer with the confidence to proceed with the proposed Budget as set out in this report. Our external auditors have also confirmed they are "comfortable" with the Council proceeding with this Budget.

This is still an in-principle decision and the letter does not constitute a capitalisation direction. There are several conditions setting out the actions which PCC must undertake before the formal decision will be made. The Leader has written back to the Minister acknowledging acceptance of the conditions and on this basis, there should be no barrier to the issuing of the capitalisation direction as requested. If there is an unforeseen issue and we do not receive the support as required, at that stage further options would need to be considered. This would include an alternative budget.

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

- The reasonableness of the underlying budget assumptions.
- Reasonableness of provisions and plans to meet liabilities.
- Extent to which known trends and pressures have been provided for.

- *Achievability of changes built into the budget.*
- *Attainability of income targets.*
- *Alignment of resources with the Council service and organisational priorities,*
- *A review of the major risks associated with the budget, as set out in Appendix 7.*
- *The maintenance of un-earmarked reserves at a sufficient level to make a reasonable level of provision to mitigate unforeseen and extra-ordinary risks.*
- *The strength of the financial management and reporting arrangements.*

*In coming to a view as to the robustness of the 2024/25 budget, the Section 151 Officer has taken account of the following: -*

- *The 2023/24 Base Budget*
- *Adjusting the base to remove one-off in-year items of funding, expenditure, and savings*
- *The 2023/24 finance monitoring position, including mitigations and additional budget allocations where required*
- *A process of rigorous review of all previous and current spending patterns in terms of base spending plans and the reasonableness and achievability of additional spending to meet increasing or new service pressures. This is a thorough process involving both financial and non-financial senior managers throughout the Council. The Cabinet have also been actively involved in reviewing all options for income generation and cost savings.*
- *Both the Cabinet and the Corporate Management Team undertake monthly reviews of the financial performance of the Council and decisions are taken throughout the year as required which provides a sound financial framework.*
- *The Performance, Finance and Customer Focus Overview and Scrutiny Committee are advised at each meeting of the financial management of the Council's resources.*
- *The Audit and Governance Committee plays a proactive role, supported by the Council's auditors in overseeing Risk, Treasury Management and Governance arrangements driving the Council's financial management arrangements.*
- *The Select Committee Review – Budget Scrutiny undertook a two-day budget scrutiny in December 2023.*
- *Full Council receive a quarterly report on the Capital Programme and approve all amendments.*
- *We are reducing demand for our social services through prevention and innovation.*
- *Senior Officers and Cabinet have worked closely to identify savings for 2024/25 and a review of all proposed plans provide reasonable assurance that detailed, feasible plans exist, and that sufficient resources are available to undertake the change activities required and deliver the savings.*
- *Senior officers have identified continuing cost pressures and the general uncertainty around the ongoing inflation and cost of living crisis is acknowledged.*
- *Cabinet has received advice that the opportunities to maximise the yield of Council Tax and the Adult Social Care Precept are in the Council's immediate and long-term interests from a financial viewpoint. In the event Council chooses not to implement the full increases and to maintain a balanced Budget, compensating adjustments in expenditure and savings plans will need to be agreed as part of such a decision by Council.*
- *In addition to specific directorate risks, the collection of Council Tax and generation of Business Rates (NNDR) are two key factors which need to be closely monitored during the financial year.*
- *A review of the Council's Working Balance and other unallocated reserves for emergencies and unplanned events.*



## Financial Risks – General Observations

*It is important to note that 2023/24 has been and continues to be a challenging year in achieving a balanced financial position by the end of March 2024. The quarter three (December 2023) monitoring shows a predicted overspend of £1.204m.*

*The main risk to the Council's budget is the major impact of the current cost of-living pressures and the associated rate of inflation together with the continuing high level of borrowing costs. In addition, risks arise from an increasing demand for our services including children's and adult's social care and increases in the costs of providing them. Additional allocations have been made in this budget but there remains a risk.*

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

*The Children's Directorate is reporting a forecast spend of £74.280m, an overspend of £10.787m (an additional 17%) on the budget allocation of £63.493m. This reflects higher demand and costs for placements with increased supported living numbers and new residential and bespoke placements. It also includes the Special Educational Needs and Disability (SEND) Home to School transport service's forecast overspend of £1.859m reflecting new routes and additional children who have met the statutory threshold. In addition, £4.2m of savings in this area will not be achieved.*

*The People Directorate is forecasting an overspend of £3.721m against an allocated budget of £96.345m. This is comprised of a Strategic Commissioning overspend of £1.298m and a Community Connections overspend of £2.423m, reflecting pressures within emergency accommodation and homelessness. This is a national issue, with rising demand and falling supply. For Plymouth, a full review is underway to fully understand the drivers of the financial pressures and to look at short, medium and long-term remediations including the recent approval at Cabinet to invest up to £15m to enable the purchase of properties to provide appropriate supported temporary accommodation for homeless households as an alternative to bed and breakfast and other high cost nightly paid accommodation.*

*The 2023/24 budget position must be balanced by 31 March 2024 and there will be more overspends and savings between now and then. The current pressures have been partly offset by over £6m of budget savings identified corporately plus the release of £4.8m of contingency budgets. In addition, we have had to use £6m of additional income from business rates, including the Devon Business Rates Pool, which we would normally hold back against future contingencies. This has reduced flexibility in 2024/25.*

*The Council retains an ambitious capital programme which has in previous years contributed to the stabilisation of the council tax base and the business rates base. Whilst the programme is strongly supported through external grants, it is significantly reliant on prudential borrowing. Extra provision for increased costs has been included in the budget for 2024/25 but the Council cannot afford to extend beyond the borrowing envelope (as set out in the Treasury Management Strategy) without putting pressure on balances and/or other service budgets. The agreed programme will still require budget uplifts in future years which must be seen alongside other service demand pressures, and which must lead to a process of prioritisation in budgets subsequent to 2024/25.*

*Due to the current economic position interest rates have been rising but market expectations are these are now at their peak. The Council has put in place a strategy to protect itself from rising interest rates by moving to longer term borrowing through Public Works Loan Board (PWL) and utilising its interest rate swap arrangements for short term loans.*

*The full Capital Programme is subject to a review and a revised programme will be presented to Cabinet and Full Council at the earliest opportunity.*

A comprehensive review of reserves and balances has been undertaken and these are presently at the minimum required to cover risks if the Council remains within the proposed budget. However, it should be noted that an overspend of 1% (c. £2.4m) would reduce general balances by over 25% unless alternatively funded. The Section 151 Officer will provide a full five-year Medium Term Financial Plan (MTFP) for consideration at the September 2024 meeting of Full Council. The proposed allocation of £0.750m in 2024/25 to the Working Balance has not been possible. The revised MTFP will reflect this and offer alternative allocations.

Our external auditors have advised the Audit and Governance Committee that “our level of General Fund reserves, at some £8 million, is insufficient to maintain financial sustainability”. The S151 officer has acknowledged this and confirmed that the Council will revisit its Reserves Strategy and build up its reserves as part of the five-year Medium Term Financial Plan. There are adequate levels of usable reserves to support this proposed budget.

The Council's financial controls are set out in the Council's Financial Regulations. These provide a significant degree of assurance as to the strength of financial management and control arrangements throughout the Council. The Council has a well-established framework for financial reporting at directorate, corporate and Cabinet level and to Scrutiny Committees. Given the scale of financial challenges and the number of actions that need to be implemented to ensure the budget is on track, Cabinet will continue to monitor financial performance monthly with quarterly capital reports being provided to Full Council. The relevant Scrutiny Committees will also be in receipt of the latest available monitoring position.

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

- The present level of un-earmarked reserves is regarded as adequate in the current circumstances and that additional resources will be set aside as and when they become available to provide additional flexibility in addressing the risks identified in this report
- Both the Revenue Budget and Capital Programme have been formulated having regard to several factors including funding availability; risks and uncertainties; inflation; priorities; demography and service pressures.
- The savings plans have been formulated having regard to Council priorities and assessed against an agreed set of impact criteria and equality assessments
- The proposed additional 6% increase to Fees and Charges are implemented from April 2024.
- Budget monitoring and scrutiny arrangements are in place which include arrangements for the identification of remedial action, reporting and any remedial action required is supported by a clear action plan and regularly monitored
- The budget contains several challenging targets and other actions which will be subject to specific monitoring by the Council's Corporate Management Team, and as such, are at this time considered reasonable and achievable.
- It should be noted that services subject to demand outside of the Council's control are at risk of not achieving the savings or overspending resource budgets and that accordingly a level of prioritisation will be required at directorate level to constrain expenditure within budget totals
- The MTFP indicates a further budget shortfall in 2025/26 and it is important that work begins early to identify means of addressing this position. The attainment of savings targets in respect of this Budget will need to be closely monitored in detail at Directorate, CMT and Cabinet level in the year ahead, with new proposals worked up for implementation when ready, rather than waiting until the 2025/26 financial year.
- There is a clear understanding of the duties of the Council's statutory Financial Officer and

*that the service implications of them being exercised are fully understood by Members and Senior Management alike.*

*On the basis of the above, and taking into account the risks and mitigations as set out, the Section 151 Officer is able to recommend this budget to Full Council for approval.*

## **I. Background**

- I.1 Cabinet received a report on the proposed balanced Budget for 2024/25 at its meeting on 12 February 2024. The report provided an update on the Draft Budget discussed at Cabinet 13 November 2023, which presented a shortfall which at the time stood at £2.358m. In addition, it also included a separate summary on the main findings from the Local Government Settlement.
- I.2 This report builds upon the material presented in the February report and recommends the proposed Revenue and Capital Budget to Council on 8 March 2024. The report structure is:
  - Section 1: Building a better Plymouth
  - Section 2: Revenue Budget
  - Section 3: Capital Budget
- I.3 Together with all authorities the Council is in a serious and unprecedented position due to continuing additional national and international factors largely beyond its control, including 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.
- I.4 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 Disabilities).
- I.5 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.
- I.6 Following early discussion with DLUHC in July and August 2023, the Council formally requested a Capitalisation Direction at the beginning of September 2023. The discussion is around seeking resolution to a difference of opinion between Plymouth City Council and our external auditors concerning the payment in full of the Council's 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.
- I.7 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.
- I.8 On 27 February 2024, the Leader received a letter from the Minister for Local Government stating the Secretary of State was minded to approve a Capitalisation Direction, which satisfies the S151 Officer that the proposed revenue and capital budget can be set lawfully. The Capitalisation 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.

- 1.9 There will be conditions attached to the granting of the Capitalisation Direction. The letter sets out some of the likely conditions.
- 1.10 If the Capitalisation Direction is not granted, the Council will be required to account for the full residual value of the 2019 transaction to be expensed as part of the 2024/25 revenue budget. At this point, an alternative budget would be required.
- 1.11 This budget is built on the assumption that the Council will receive the Capitalisation Direction described above 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), the 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% increase 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’

### **Flexible Use of Capital Receipts**

- 4.8 To assist in the delivery of major items within the savings plans, it is proposed to use the mechanism of drawing down a sum of £1.448m of capital receipts. This will be allocated to the Children’s Directorate.

## **Section I Building a better Plymouth**

- 5.1 The Council adopted a revised Corporate Plan in June 2023. The plan reflects the administration’s ambition for the city and the Council, takes account of the progress that the Council has made in recent years and address the new challenges that we face. The Council retained and re-endorsed the City Vision: to be one of Europe’s most vibrant waterfront cities where an outstanding quality of life is enjoyed by everyone, and revised the Council’s mission to better reflect how the Council contributes to the City Vision, with emphasis on fairness, environmental sustainability and co-operation. The Council’s adopted values were also revised to fully reflect our expectations of ourselves and each other, and provide a basis on which the Council can be held to account by its citizens.
- 5.2 The Cabinet identified six priority areas for delivery through the Corporate Plan, and highlighted the importance of retaining a focus in all of the Council’s activities on Plymouth being a great place to grow up and grow old, and on minimising the impact of the cost of living crisis. The Council’s Corporate Plan priorities are:
- Working with the Police to tackle crime and anti-social behaviour
  - Fewer potholes, cleaner, greener streets, and transport
  - Build more homes – for social rent and affordable ownership
  - Green investment, jobs, skills, and better education
  - Working with the NHS to provide better access to health, care and dentistry
  - Keeping children, adults, and communities safe
- 5.3 The Council’s business planning and performance management frameworks are the mechanism that drives delivery of the above priorities, and resource allocation is geared to ensure that delivery plans against the priorities are sustainable, alongside the Council’s wider range of statutory and discretionary services.

## **Section 2 – Revenue Budget**

### **Council Tax**

- 6.1 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.
- 6.2 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.
- 6.3 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.
- 6.4 Our accounts are showing a modest surplus on our Council Tax collection, allowing an additional £0.500m to be utilised in 2024/25.
- 6.5 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.
- 6.6 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.
- 6.7 The final decision on these matters will be taken at Full Council 8 March 2024. If approved, the additional Council Tax for 2024/25 totals £8.854m.

### **Council Tax Premiums**

- 6.8 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.
- 6.9 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.
- 6.10 The changes to second homes require a full year's notice to homeowners and can be implemented from April 2025.
- 6.11 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**

- 6.12 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.
- 6.13 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.
- 6.14 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**

- 6.15 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.
- 6.16 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)**

- 6.17 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)**

- 6.18 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**

- 6.19 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**

- 6.20 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.
- 6.21 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

- 6.22 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
- 6.23 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

- 6.24 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)

- 6.25 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.
- 6.26 A detailed schedule of the movements in resources are set out in Appendix 5.

Unringfenced Resources	Budget	Proposed Budget	
	2023/24	2024/25	Movement
	£m	£m	£m
<b>Council Tax</b>	<b>(130.625)</b>	<b>(139.479)</b>	<b>(8.854)</b>
<b>Business Rates</b>	<b>(75.253)</b>	<b>(84.815)</b>	<b>(9.562)</b>
<b>RSG</b>	<b>(11.562)</b>	<b>(12.328)</b>	<b>(0.766)</b>
<b>Reserves</b>	<b>(1.000)</b>	<b>(5.000)</b>	<b>(4.000)</b>
<b>Total Resources</b>	<b>(218.440)</b>	<b>(241.622)</b>	<b>(23.182)</b>

- 6.27 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

- 6.28 The additional budget costs for 2024/25 are set out in Appendix 3 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.

- 6.29 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.
- 6.30 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.
- 6.31 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.
- 6.32 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 £6.171m 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. There is also £1m for the replenishment of the one-off Minimum Revenue Provision set out in 6.30 above.
- 6.33 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.
- 6.34 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.
- 6.35 The proposed budget includes an allocation of £4.000m to consolidate the staff remuneration costs from the 2023/24 and assumed 2024/25 increases.
- 6.36 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 3. 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.
- 6.37 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.
- 6.38 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.
- 6.39 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.
- 6.40 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.

- 6.41 From Corporate Items, an existing budget of £3.528m has been transferred to the Customer and Corporate Services Directorate to rebase the ICT and HROD budgets and acknowledge the costs associated with ICT license fees for the new children's social workers.
- 6.42 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**

- 6.43 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.
- 6.44 Savings plans totalling £3.696m have been included in this budget. These are set out in detail in Appendix 4. 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.
- 6.45 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.
- 6.46 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**

- 6.47 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.
- 6.48 Adjustments to the Draft Budget, supplementing the cost pressures and savings as set out in the December Cabinet Report net to clear the gap.
- 6.49 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. This has been further supplemented by a one-off drawdown from reserves £5m.
- 6.50 There has been further identified increases in costs totalling £12.340m taking the final allocation to £41.196m. The narrative is set out under Additional Costs as set out above in this report. The movements are itemised in Appendix 3.
- 6.51 Whilst the proposed savings have reduced by £0.020m there have been further favourable adjustments totalling £7.490m to balance the budget.

6.52 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.

**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
<b>Additional Resources</b>	<b>(15.954)</b>	<b>(7.228)</b>	<b>(23.182)</b>
<b>Additional Costs</b>	<b>28.856</b>	<b>12.340</b>	<b>41.196</b>
<b>Savings</b>	<b>(3.716)</b>	<b>0.020</b>	<b>(3.696)</b>
<b>Adjustments</b>	<b>(6.828)</b>	<b>(7.490)</b>	<b>(14.318)</b>
<b>Budget Gap</b>	<b>2.358</b>	<b>(2.358)</b>	<b>0.000</b>

## 7 Directorate summaries

7.10 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.

7.11 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

7.12 The Chief Executive's office manages a net annual revenue budget of £6.5m, representing just over 2.5% 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 £0.500m since 2013-14.

7.13 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.

- 7.14 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 department has been allocated growth of £0.153m in 2024/25 to cover the increasing workload of the children's service. The legal department now includes responsibility for the Procurement Department.
- 7.15 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 build on successfully administered local elections in 2023 to ensure that local and police and crime commissioner elections (for which Plymouth is undertaking the Police Area Returning Officer for the police force area) run smoothly in 2024.

### **Customer and Corporate Services Directorate**

- 7.16 The Customer & Corporate Services Directorate has a net annual revenue budget of just over £36m to achieve its two core objectives: supporting the organisation and delivering customer services.
- 7.17 For the Directorate to carry out its work there are four core functions,
- Finance including Financial Planning & Accountancy, and the treasury management function.
  - HR & Organisational Development
  - Facilities Management, both Hard & Soft FM
  - Customer & Digital (Business Support, Libraries, Delt IT, Information Governance, Transformation, and the Digital agenda.)
- 7.18 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.
- 7.19 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.
- 7.20 The HR and Organisation Development 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'. The next year will see a continued focus on supporting our service areas and staff and ensuring that our people management processes and policies help to position the council as an outstanding place to work.

## Children's Directorate

- 7.21 The Children's Directorate has a net annual revenue budget 2024/25 of £74.5m, an increase of £10.983m from the current allocation – this is over 30% of the Council's revenue budget. It is also responsible for the Designated Schools Grant (DSG) at £78.2m for 2023/24, The Dedicated School Grant (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.
- 7.22 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.
- 7.23 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.
- 7.24 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, friends and connected carers where children can live safely in Plymouth and closer to their school and community. The Homes for Cared for Children Strategy is in place and the Fostering Recruitment and Retention Strategy is currently being reviewed following a successful Fostering Summit in January 2024 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. The foster carer offer in 2024/25 will 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.
- 7.25 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.

- 7.26 Financial pressures are also being driven by interim and agency costs where we are not able to recruit to permanent posts. Agency spend is starting to reduce as more permanent posts are recruited to. A dedicated Children's Services targeted recruitment campaign was launched in January 2024 to recruit more quickly to permanent posts across the Service, especially to senior roles. This will reduce dependency on interim and agency staff and reduce staffing costs.
- 7.27 The Education, Participation and Skills (EPS) Service works closely with the Schools' Forum to manage budget allocations. The Dedicated Schools Grant is a specific grant received by the Council and predominantly funds schools to undertake their work. The High Needs Block (part of the DSG) is under pressure due to significant increases in need for special school places, children requiring a higher level of support and an increase in the cost of independent school places. Like all authorities with DSG responsibility, we are finding it harder to maintain a balanced budget position. The latest forecasts show Plymouth moving from a surplus of £1.173m at the end of the 2022/23 academic year to a forecast deficit of £19.108m by the end of 2024/25. This does not currently impact on the overall revenue budget as it is covered by a nationwide Government override. We need to be aware when reviewing the MTFP when this arrangement ends in March 2026.

### **People Directorate**

- 7.28 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.
- 7.29 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.
- 7.30 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.

## Public Health

- 7.31 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.
- 7.32 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.
- 7.33 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.
- 7.34 Coroners and Registrations provides facilities and support for the registration of births and deaths as well as a variety of ceremonies.
- 7.35 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.
- 7.36 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.
- 7.37 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.

## Place Directorate

- 7.38 The Place directorate has a net annual revenue budget of £29m (12% of the Council's net revenue budget). Its gross annual budget is £101m. It has an income of £72m 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.
- 7.39 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
- 7.40 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 Low Carbon Projects (largely grant funded).

- 7.41 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 £18m. 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 a number of 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 250,000 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 more £11.6m of Heritage Lottery Funding; as well as the mobilisation of the Plymouth and South Devon Freeport.
- 7.42 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.

## 8 Conclusion

- 8.1 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.
- 8.2 To get to this position, Cabinet Members and Officers have incorporated the impact of the Settlement.
- 8.3 Cabinet have therefore recommended 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%)

## 9 Section 114 Report

- 9.10 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.
- 9.11 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.
- 9.12 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.
- 9.13 The Leader has received an In-principle letter setting out the current position of the request for a Capitalisation Direction. The Council has been actively engaged with DLUHC over the past six months and following CiPFA guidance and LGA advice, and following receipt of the letter, the Section 151 Officer is not proposing to issue a Section 114 report at this stage.

## 10 Medium Term Financial Plan (MTFP)

- 10.10 As part of developing the 2024/25 Budget, future years have been considered and modelled.
- 10.11 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.
- 10.12 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, and the revised treasury management costs to fund the capital programme, both current and future.

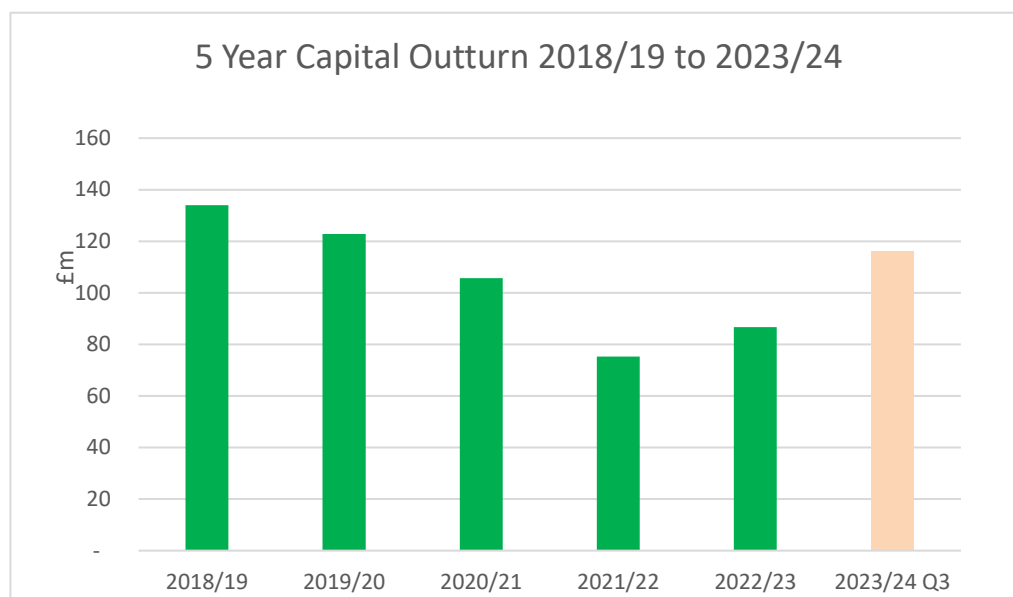
## 11 Equality & Diversity

- 11.10 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.
- 11.11 Alongside the overarching budget EIA (Equality Impact Assessment), separate assessments will be completed on individual decisions as they go through the decision-making cycle.

## **12. Section 3 - Capital Budget**

- 12.1 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.
- 12.2 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).
- 12.3 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.
- 12.4 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 12. This report was approved by the Audit and Governance committee on the 28th of November 2023.
- 12.5 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.
- 12.6 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



12.7 The table below shows the breakdown of the current five-year Capital Programme forecast across the Directorates as at 31 December 2023.

### 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>

## 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>

12.8 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.

12.9 Provision has been made within the 2024/25 proposed revenue budget for £6.171m to fund the existing programme.

12.10 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.

12.11 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**

- 12.12 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.
- 12.13 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.
- 12.14 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 28th of November 2023.

### **Climate Emergency**

- 12.15 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.
- 12.16 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 bidding for funding for the Zero Emission Bus Regional Areas Scheme (ZEBRA 2).

### **Delivering the Corporate Plan priorities**

- 12.17 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**

- 12.18 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.
- 12.19 With the impact of high borrowing rates, the Capital Programme will continue to come under pressure.

**Appendix I - Council Tax Resolution**

- 13.1 To note that the Office of the Police and Crime Commissioner for Devon and Cornwall and The Isles of Scilly has issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area, reflecting a Twelve Pounds and Ninety Four Pence (£12.94 or 4.95%) increase for 2024/25 for a band D property.
- 13.2 To note that the Devon and Somerset Fire and Rescue Authority precepts have been confirmed reflecting a Two Pounds and Eighty Nine Pence (£2.89 or 2.99%) increase for 2024/25.
- 13.3 To note a contribution of £5,000,000 from reserves to balance the 2024/25 Council budget.
- 13.4 To use the Council Tax base for 2024/25 as 75,389 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; calculate that the Council Tax requirement for the Councils own purposes for 2024/25 is £138,767,778.
- 13.5 To agree that the following amounts are calculated for the year 2024/25 in accordance with Sections 31 to 36 of the Act:
- £589,912,411 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act (Gross Expenditure and Transfers to Reserves).
  - £451,144,633 being the aggregate of the amounts which the council estimates for the items set out in Section 31A (3) of the Act (Gross Income and Transfers from Reserves).
  - £138,767,778 being the amount by which the aggregate at 9.5(a) above exceeds the aggregate amount at 9.5(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as it's council Tax requirement for the year. (Item R in the formula in section 31B of the Act).
  - £1,840.69 being the amount at 1.4(c) above (Item R), all divided by Item T (1.3 above), calculated by the council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.

**Plymouth City Council**

Band	A	B	C	D	E	F	G	H
2023/24	£1,168.81	£1,363.61	£1,558.41	£1,753.21	£2,142.81	£2,532.41	£2,922.02	£3,506.42
2024/25 - Council Tax 2.99%	£34.95	£40.77	£46.60	£52.42	£64.07	£75.72	£87.37	£104.84
2024/25 Adult Social Care Precept 2.00%	£23.37	£27.27	£31.16	£35.06	£42.85	£50.64	£58.43	£70.12
<b>Total</b>	<b>£1,227.13</b>	<b>£1,431.65</b>	<b>£1,636.17</b>	<b>£1,840.69</b>	<b>£2,249.73</b>	<b>£2,658.77</b>	<b>£3,067.82</b>	<b>£3,681.38</b>

**Police**

Band	A	B	C	D	E	F	G	H
2023/24	£174.37	£203.44	£232.50	£261.56	£319.68	£377.81	£435.93	£523.12
2024/25 - Council Tax 4.95% (Band D)	£8.63	£10.06	£11.50	£12.94	£15.82	£18.69	£21.57	£25.88
<b>Total</b>	<b>£183.00</b>	<b>£213.50</b>	<b>£244.00</b>	<b>£274.50</b>	<b>£335.50</b>	<b>£396.50</b>	<b>£457.50</b>	<b>£549.00</b>

**Fire**

Band	A	B	C	D	E	F	G	H
2023/24	£64.53	£75.28	£86.04	£96.79	£118.30	£139.81	£161.32	£193.58
2024/25 - Council Tax 2.99% (Band D)	£1.92	£2.25	£2.56	£2.89	£3.53	£4.17	£4.81	£5.78
<b>Total</b>	<b>£66.45</b>	<b>£77.53</b>	<b>£88.60</b>	<b>£99.68</b>	<b>£121.83</b>	<b>£143.98</b>	<b>£166.13</b>	<b>£199.36</b>

Band	A	B	C	D	E	F	G	H
2023/24	£1,407.71	£1,642.33	£1,876.95	£2,111.56	£2,580.79	£3,050.03	£3,519.27	£4,223.12
2024/25	£1,476.58	£1,722.68	£1,968.77	£2,214.87	£2,707.06	£3,199.25	£3,691.45	£4,429.74

**Appendix 2 - Movement from November 2023 Draft Budget Update Report**

<b>Movement from Draft Budget to Proposed Budget</b>	<b>2024/25 £m</b>	
<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)	
Drawdown from Reserves	(5.000)	
Subtotal Additional Resources		(7.228)
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)		12.340
<b>Revised - Proposed Budget Gap 2024/25</b>		<b>0.000</b>

<b>Movement from Draft Budget to Proposed Budget - costs</b>	<b>2024/25 £m</b>
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)
Treasury Management Additional cost of borrowing	5.000
<b>Additional Costs movement</b>	<b>12.340</b>



**Appendix 3 - Additional cost pressures and adjustments**

<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	2.556
Corporate Items	11.352
	<b>41.196</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 – License 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>
Additional departmental costs	1.014
Additional ICT costs – right-sizing the budget	1.322
Reverse 2023/24 HROD savings target	0.220
	<b>2.556</b>

<b>Corporate Items</b>	<b>£m</b>
Financing the existing Capital Programme	6.171
Replenish Minimum Revenue Provision (MRP) used in 2023/24	1.000
Consolidation of 2023/24 and 2024/25 staff remuneration costs	4.000
Schools Private Finance Initiative (PFI) additional utility cost adjustment	0.181
	<b>11.352</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 4 - 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 5 - Resources 2024/25**

<b>Unringfenced Resources</b>	<b>Budget</b>		
	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>Movement £m</b>
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	(1.000)	(5.000)	(4.000)
<b>Total Resources</b>	<b>(218.440)</b>	<b>(241.622)</b>	<b>(23.182)</b>

**Appendix 6 - Indicative 2024/25 Directorate Budget**

Directorate	2023/24	2024/25			
	Net Budget	Cost Increases	Adjustments	Savings/ Income	Net Budget
Corporate Items	(13.846)	11.352	(14.318)	(0.900)	(17.712)
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	33.747	2.556	-	-	36.303
<b>Total</b>	<b>218.440</b>	<b>41.196</b>	<b>(14.318)</b>	<b>(3.696)</b>	<b>241.622</b>

## Appendix 7 – 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 27 February 2024 allows us to proceed with the budget as proposed</p> <p>Good progress is being made towards the Capitalisation Direction and we await an outcome within the timeframe.</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.</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 S114 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> <p>Continuing high inflation</p> <p>Continuing high interest rates</p> <p>Continuing high fuel and utility costs</p>	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> <p>Council Tax collection falls below rate set at 97.5%</p> <p>Business failure leads to reduced rates income.</p> <p>Increased fees and charges result in reduced demand e.g. car parking.</p> <p>Savings targets not met putting pressure on directorate budgets</p>	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</p>	5	5	<p>Mitigations include:</p> <p>Monthly Housing tasks force and</p> <p>Monthly Children's Services Transition Board and review transition action plans and costs.</p> <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

to the demand for temporary accommodation

